



GENDER MAINSTREAMING CASE STUDY

SRI LANKA

NORTH EAST COASTAL COMMUNITY DEVELOPMENT
PROJECT AND TSUNAMI-AFFECTED AREAS
REBUILDING PROJECT

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Contents

Boxes	iv
Abbreviations	v
Sri Lanka: North East Coastal Community Development Project and Tsunami-Affected Areas Rebuilding Project	1
Summary	1
Main Aims and Components	2
Approaches and Outcomes	5
Features that Contributed to Gender Equality Performance	11
Challenges Affecting Project Implementation	12
Lessons on Gender Mainstreaming	14

Boxes

Boxes

- | | | |
|---|---|---|
| 1 | North East Coastal Community Development Project: Basic Facts | 3 |
| 2 | Tsunami-Affected Areas Rebuilding Project: Basic Facts | 5 |

Abbreviations

ADB	Asian Development Bank
CBO	community-based organization
GAP	gender action plan
GND	<i>grama niladhari</i> (village officer) division
IPNGO	implementing partner nongovernment organization
LEDS	livelihood and enterprise development services
MFNGO	microfinance nongovernment organization
NECCDP	North East Coastal Community Development Project
NECORD	North East Community Restoration and Development Project
NGO	nongovernment organization
RDO	rural development officer
RDS	rural development society
RLF	revolving loan fund
TAARP	Tsunami-Affected Areas Rebuilding Project
VDP	village development plan
WRDS	women's rural development society

Note:

\$1.00 = SLRs109.61 at completion of the North East Coastal Community Development Project and SLRs110.32 at completion of the Tsunami-Affected Areas Rebuilding Project.

Sri Lanka: North East Coastal Community Development Project and Tsunami-Affected Areas Rebuilding Project

Summary

DEVELOPMENT AIMS AND IMPACTS

- (i) This case study covers two related projects funded by the Asian Development Bank: the North East Coastal Community Development Project (NECCDP), which aimed to improve sustainable livelihood and natural resource management in poor coastal communities, and Component B of the Tsunami-Affected Areas Rebuilding Project (TAARP), which was designed to provide an emergency response to urgent post-tsunami reconstruction challenges.
- (ii) These projects involved communities in the northeast region of Sri Lanka and were implemented in areas severely affected by the conflict and further devastated by the 2004 tsunami.¹ The NECCDP focused particularly on women's economic development, whereas the TAARP focused on restoring basic social infrastructure, community and public services, and livelihood in the coastal communities of the tsunami-affected north (Jaffna, Kilinochchi, and Mullaitivu) and east (Trincomalee, Batticaloa, and Amparai).
- (iii) In both NECCDP and TAARP, women's rural development societies (WRDSs) were revived, established, and strengthened. These organizations provided women with a collective forum and a mechanism to voice their concerns and priorities. Capacity building strengthened these organizations and enabled them to support participatory processes. The WRDSs were active in ensuring that women's voices were heard and that their priorities influenced community infrastructure development.
- (iv) Microcredit and training enabled women to establish or to expand economic activities. Providing small grants to the WRDSs to set up revolving loan funds (RLFs) enabled a range of women to access microcredit and engage in home/village based livelihood activities and also strengthened these organizations.

¹ The civil war in Sri Lanka lasted almost 30 years, ending in 2009, and left more than 130,000 people dead. The northern, north central, and eastern provinces were all affected by the conflict, with the northern and eastern provinces, in particular, suffering severe disruption and devastation. Hundreds of thousands of people were displaced, infrastructure was destroyed, and livelihoods were shattered.

- (v) Training by community-based organizations (CBOs) supported women's ability to speak in public gatherings, increased their confidence to participate in community decision making, and strengthened their roles in intrahousehold matters.

ASIAN DEVELOPMENT BANK PROCESSES AND MANAGEMENT TOOLS

- (i) NECCDP and TAARP employed participatory approaches. This process brought key stakeholders together and facilitated women's involvement. The visibility of women's priorities and voices was increased.
- (ii) Both projects had gender action plans (GAPs). These plans highlighted the importance of comprehensive gender analysis, concrete targets for women's participation, and ongoing monitoring of this participation.

Main Aims and Components

This case study looks at the gender dimensions of two projects supported by the Asian Development Bank (ADB) in Sri Lanka: the North East Coastal Community Development Project (NECCDP) and Component B of the Tsunami-Affected Areas Rebuilding Project (TAARP). Given the scope and scale of operations of both projects, this study focuses on the community development component that largely advocated community participation, social inclusion, and gender equality in community infrastructure development and livelihood restoration processes in the targeted communities.

North East Coastal Community Development Project

The NECCDP aimed to reduce poverty and meet basic needs in coastal communities in the Amparai, Batticaloa, and Trincomalee districts of the Eastern Province, with particular focus on women and emphasis on improving sustainable livelihood and sound management of natural resources. The project originally targeted 396 *grama niladhari* (village officer) divisions (GNDs), a subunit of the divisional secretariat, with 225 most vulnerable GNDs for initial intervention. Following the 2004 tsunami, the TAARP, funded by a grant from ADB, covered tsunami-affected GNDs, including 70 of the original vulnerable GNDs to be assisted by the NECCDP. This reduced the initial NECCDP target of 225 GNDs to 130 GNDs. See Box 1 for basic facts on the NECCDP.

The NECCDP had five components:

- (i) Sustainable livelihood improvement, giving equal access to women and men, including
 - (a) provision of livelihood and enterprise development services (LEDS) to identify market opportunities in farming and nonfarm activities, develop livelihood clusters, and provide entrepreneurship and skills training;

- (b) a microfinance system to support these livelihood activities; and
- (c) the construction and rehabilitation of community infrastructure.
- (ii) Natural resource management and addressing acute environmental problems in ecologically sensitive areas.
- (iii) Coastal resource planning.
- (iv) Fisheries support and development.
- (v) Project implementation support.

Box 1: North East Coastal Community Development Project: Basic Facts

Loan number:	2027
Loan approval:	November 2003
Closing date:	January 2012
Executing agency:	Ministry of Economic Development
Overall project cost (actual):	\$31.44 million
Financing:	ADB loan: \$19.77 million Borrower: \$10.98 million Government of the Netherlands: \$0.52 million Beneficiaries: \$0.17 million
Gender classification:	Gender Equity Theme (GEN)

ADB = Asian Development Bank.

Source: ADB. 2012. *Completion Report: Sri Lanka: North East Coastal Community Development Project*. Manila.

The project targeted about 40,000 households in the most vulnerable category, with emphasis on households headed by women. The project had a strong gender equality objective primarily in the sustainable livelihoods component, where it targeted women in community mobilization and provided them with skills training, access to credit, and support in starting and strengthening livelihood activities.² Key activities undertaken were (footnote 2)

- (i) recruitment of 22 implementing partner nongovernment organizations (IPNGOs) to mobilize communities and prepare participatory village development plans (VDPs) and of three national-level nongovernment organizations (NGOs)—Sarvodaya Economic Enterprise Development Services, Practical Action, and Agromart Foundation—to provide LEDCs in Trincomalee, Batticaloa, and Amparai;
- (ii) formation of 69 new women’s rural development societies (WRDSs);
- (iii) strengthening of 60 existing men’s rural development societies (RDSs);
- (iv) preparation of 129 VDPs covering 26 divisional secretariat divisions during 2005–2007, with SLRs4.0 million (approximately \$36,493)³ allocated for each GND;

² ADB. 2012. *Completion Report: Sri Lanka: North East Coastal Community Development Project*. Manila.

³ Based on \$1.00 = SLRs109.61 at project completion.

- (v) implementation of 430 skills and entrepreneurship training programs—attended by 13,546 people (7,761 women and 5,785 men)—in areas such as food processing, poultry raising, tailoring, fishing, running retail shops, and making handicrafts;
- (vi) recruitment and registration of 18 microfinance nongovernment organizations (MFNGOs) with a refinance scheme arranged through the National Development Trust Fund;
- (vii) mobilization of the MFNGOs to provide microfinance loans of up to SLRs75,000 (\$684) to beneficiaries (6,585 females and 998 males) from 7,460 households for livelihood activities. Overall lending totaled SLRs255.4 million (\$2.33 million);
- (viii) provision of support for communities to build or rehabilitate 596 small-scale community infrastructure projects such as minor roads, wells, multipurpose buildings, preschools, markets, and restrooms for fishers (cost of SLRs460.2 million or \$4.2 million); and
- (ix) establishment of 65 cluster-based community livelihood infrastructure projects, such as public markets, milk chilling centers, shopping centers, fertilizer stores, and regional training centers (cost of SLRs681.1 million or \$6.2 million).

Tsunami-Affected Areas Rebuilding Project

The TAARP was designed to provide an emergency response to urgent post-tsunami reconstruction challenges. It was processed together with the North East Community Restoration and Development Project (NECORD) II, and its various components were implemented through seven ongoing ADB-funded projects including the NECCDP. It aimed to rapidly improve the living conditions and well-being of a significant number of people in tsunami-affected areas by restoring basic social infrastructure, community and public services, and livelihood. The TAARP addressed the needs of tsunami-affected people through funding subprojects in a variety of sectors selected and formulated in response to requests from communities and the government. See Box 2 for basic facts of the project.

Subprojects funded by the TAARP were categorized as (i) legal assistance, governance, and anticorruption; (ii) the North East coastal community development for livelihood and coastal management assistance; (iii) road rehabilitation and reconstruction for national and access roads; (iv) water supply and sanitation; (v) coastal resources management and livelihoods; (vi) microcredit support to rural communities; and (vii) reconstruction of the basic social infrastructure works already replaced or rehabilitated in the North East coastal areas under the previous phase of the NECORD.

The TAARP also focused on rebuilding community cohesion through social mobilization and establishing relations between community-based organizations (CBOs) and government agencies so that reconstruction would be based on the needs of the communities. Under the TAARP, 322 villages were identified to receive support and 332 VDPs were developed. Of the 337 WRDSs that were formed or strengthened, 232 received funds under the revolving loan fund (RLF) program to provide microcredit to group members.

Box 2: Tsunami-Affected Areas Rebuilding Project: Basic Facts

Project number:	Loan: 2167 Grant Number: 0006
Loan approval:	April 2005
Closing date:	Loan: January 2011 Grant: April 2011
Executing agencies:	Ministry of Relief, Rehabilitation and Reconciliation Ministry of Highways Ministry of Urban Development and Water Supply Ministry of Regional Infrastructure and Development Ministry of Fisheries and Aquatic Resources Ministry of Relief, Rehabilitation and Reconciliation
Overall project cost (actual):	\$261.7 million
Financing:	ADB financed: \$154.6 million
Borrower:	\$20.7 million European Commission: \$67 million Government of the Netherlands: \$8.1 million Agence Française de Développement: \$11.3 million
Gender classification:	Effective gender mainstreaming

ADB = Asian Development Bank.

Source: ADB. 2012. *Completion Report: Sri Lanka: Tsunami-Affected Areas Rebuilding Project*. Manila.

As TAARP funds were disbursed through seven ongoing projects (including the NECCDP and the NECORD II) and with a great deal of pressure for quick approval and implementation in the post-tsunami environment, concrete targets for women's participation were not included in the gender action plan (GAP) of the TAARP. As the usual loan process was accelerated in the emergency context with a limited preparatory phase, the usual preparatory studies and analyses, including a detailed gender analysis, were not carried out. Therefore, no baseline data were collected nor were there sex-disaggregated targets and indicators in the GAP.

Approaches and Outcomes

This section presents an overview of the main approaches used by the two projects as well as their outcomes particularly with regard to women's empowerment and pursuit of gender equity in five areas: (i) participation through formation of the WRDSs and the RDSs; (ii) microfinance for livelihood development; (iii) training for livelihood development; (iv) capacity building for organizational development; and (v) community infrastructure development.

Formation of Women's Rural Development Societies and Rural Development Societies

Prior to the 2004 tsunami, multiple displacements of communities and insecure environments during the conflict made it difficult to sustain the CBOs. Both the NECCDP and the TAARP prioritized the revival and formation of the RDS and the WRDS in the

conflict-affected north and east. In a few instances, the RDSs and the WRDSs were formed at the request of international NGOs, working in the region soon after the tsunami, who wanted a local institution to deliver their tsunami relief and rehabilitation packages. The formation and revival of the RDSs and the WRDSs were carried out in consultation with and the consent of the divisional secretary and the divisional rural development officer (RDO) in each area. There was sex segregation in the composition of the RDSs and the WRDSs. Members of the RDS were mostly men (except in a small number of cases), while the membership in the WRDS was restricted to women.

In Trincomalee, one of the implementing partner NGOs (IPNGOs) intervened to establish separate organizations for men and women by segregating the membership of the existing RDSs into two. This segregation was encouraged to give more voice to women and to create a forum for their active participation and expression of their needs. In the previous organization, most female members tended to be quiet in the presence of male members and would not express their issues, grievances, and needs in the presence of their male counterparts. Male members of the RDS who did not like losing their membership had concerns about this initiative of the IPNGO. Nevertheless, members of the WRDS appreciated the initiative. On the whole, women who had been largely confined to their reproductive roles recognized the importance of having a separate forum for them to come together, discuss their issues and needs, and engage in a form of collective action to access resources and services to improve their living conditions and the well-being of their families and communities.

Both the RDSs and the WRDSs were registered statutory organizations. Therefore, they were regularly supervised and monitored by the divisional secretary and the divisional RDO. When required, the RDO attended the meetings of the RDS and the WRDS and helped the members to address their issues or to observe the election of office bearers. None of the RDS and the WRDS could utilize their common funds without the prior approval of the divisional secretary and the RDO. The signatory powers for any cash withdrawals from the bank accounts of the RDS and the WRDS remained with both the divisional secretary and the RDO. It was also a statutory requirement that periodic and annual progress reports of the RDSs and the WRDSs were submitted to the divisional secretary and the RDO in addition to the audited statements of annual accounts. The RDO also instituted legal action against any misappropriation of funds or loan defaulters.

The main contribution of the WRDSs and the RDSs was social cohesion in their communities as they served as vehicles for community involvement. Both the RDS and the WRDS organized *shramadana* (voluntary labor) campaigns to clean and maintain public places, such as Buddhist temples, *kovils* (Hindu temples), and hospitals. Several RDSs and WRDSs also collected money from members and donated toward the funeral expenses of deceased members. Moreover, the WRDSs and the RDSs also maintained multipurpose buildings (mainly community halls), playgrounds, preschools, libraries, and children's parks funded by the projects. It is important to note that women constituted 60% of the participants in sessions to prepare VDPs under the NECCDP.

The RDSs and the WRDSs also had separate initiatives. For instance, the WRDSs operated the RLFs for members. Several WRDSs raised cash and materials to help the poor and vulnerable households, and to provide stationery, books, and uniforms to schoolchildren

from poor households. The WRDSs also approached both government and nongovernment agencies to provide housing facilities, toilets, and livelihood assistance (such as sewing machines, utensils for string-hopper making, and bicycles for mobile trading) to poor and vulnerable households. On the other hand, one of the RDSs in Trincomalee worked closely with the local government institutions and received their support to deal with community-level issues such as eradication of illicit liquor brewing and environmental destruction. Another RDS in Amparai fostered networks with government agencies to get their support in addressing community needs such as electricity, water and sanitation, roads, and others. An RDS in Trincomalee used the monthly interest on its cash fund to pay the salaries of the preschool teacher and the community librarian.

Microfinance for Livelihood Development

The NECCDP and the TAARP employed different strategies to provide microcredit to WRDSs. While the NECCDP invited the MFNGOs to provide loans for livelihood activities, the TAARP provided direct cash grants to the WRDSs to establish the RLFs. In the NECCDP, the MFNGOs were provided with borrowing facilities from the National Development Trust Fund (later amalgamated with the National Savings Bank) for on-lending to the WRDSs. In the TAARP, the cash grants provided to individual WRDSs varied from SLRs0.5 million (\$4,561.6) to SLRs1.8 million (\$16,421.86). These grants were disbursed in stages depending on the capacity and the performance of the WRDSs. The WRDSs, in turn, used their RLFs to provide credit facilities to their members. Loans were provided in different cycles, and the size of individual loans disbursed varied in each cycle. The loan amounts in each cycle graduated from a minimum of SLRs10,000 (\$91.3) to a maximum of SLRs50,000 (\$456.16).

Loans provided through the MFNGOs and the RLFs had significant outreach. At a time when microcredit facilities in the eastern region were scarce, the projects provided a source of credit with simple terms and conditions for poor women who could not find adequate collateral to access loans from commercial banks. Contrary to the process followed by banks, the accumulated savings of the borrower or the physical assets that the borrower owned were hardly considered in the loan approval process. The only collateral required was the guarantee provided by the WRDS to the MFNGOs. In the case of the RLFs, the borrower only required the guarantee of 2–3 fellow members. According to the NECCDP completion report, formal credit was accessed by 71% of project households, and the project reduced the vulnerability to indebtedness of 29% of households relying on formal credit systems.

The RLF repayment period fixed by the WRDSs under the TAARP ranged from 12 months to 20 months with a monthly interest rate of 1%. In contrast, the MFNGOs under the NECCDP had short-term loans with the loan repayment period fixed at 10 months. The longer repayment period of the RLF made the amount to be repaid lower than that under the MFNGOs. The short-term loan repayment period under the MFNGOs has been cited as a reason for the high rate of default and delays. Conversely, some of the WRDSs remarked that their WRDS would have ceased to exist if not for the RLF. RLFs have sustained their WRDS and kept their membership intact. Also, it was reported that incomes of loan beneficiaries under NECCDP increased by 39% in real terms, benefiting the poorest people (footnote 1). In relation to loan repayment, in one of the Muslim communities in

Amparai, interest was not charged as the WRDS members believed that the practice of charging interests on loans is a violation of their Islamic religious principles. Instead, this WRDS added SLRs75 to each loan which they defined as the cost of debt servicing.

A considerable number of WRDSs in all the three districts maintained compulsory savings schemes for their members. These savings schemes required members to deposit a minimum of SLRs100 per month in savings accounts maintained by the WRDSs. However, not all the WRDSs followed this practice. A good savings scheme facilitated more loans to members. In addition, the savings served as security for loans, and in case of default, savings of a defaulting member could be seized to recover at least part of the defaulted loan.

Training for Livelihood Development

Both the NECCDP and the TAARP provided training in a range of product development technologies and entrepreneurship skills. Training initiatives included the preparation of a variety of food items, dry fish making, animal husbandry, agriculture, dressmaking, fabric

Project interventions focusing on livelihood activities of women and their families yielded several benefits and impacts. Households that were earlier dependent on a single income source were able to establish supplementary income sources for their families. Utilizing their loans, some women were able to obtain appliances such as rice- or flour-grinding machines, gas and rice cookers, string-hopper machines, electric blenders, and refrigerators. These increased both the convenience and the efficiency of their livelihood activities. Some women, together with their husbands, bought motorized bicycles to replace their push bicycles. This increased their mobility, enabling them to travel longer distances and expand their supply area for products, such as dry fish, mixture packets, string hoppers, or short eats. There were others who invested their loan in fishing nets and *thonis* (small craft used for lagoon fishing) or leased new land for onion cultivation. Women who earlier sold rice flour purchased and stored rice in bulk when the market price was low and increased their profit margins. Women involved in the retail trading of rice, purchasing rice from the wholesale markets, began to buy large quantities of paddy to convert into rice so as to increase their profit. Women dressmakers, who earlier sewed only for the occasional order they received, expanded their business by producing and selling readymade garments at the village fairs. Households engaged in poultry, cattle, and goat raising added more animals to their herds.

Though the investments of women in livelihood activities did not produce huge profits, they reported that they were able to fund the education of their children (particularly the tuition fees); buy push bicycles for children to go to school; now have three meals a day; repay their debts and reduce dependence on private moneylenders; reduce uncertainties in their daily lives in meeting basic needs; dress better; build walls around their houses and increase the number of rooms; and sometimes invest in *cheettus*, a local loan system where a group of women or individuals contribute a fixed sum per month and draw lots to know the sequence of group members to get the total collection in a month.^a

^a The first member gets the total collection in the first month, the second member gets the total collection in the second month, and so on until the last member gets the total collection in the last month. Then, the group can opt to do another round of monthly collection.

painting, beauty culture, mobile phone repairing, handicraft making, and making leather slippers. Some of these training programs improved their existing livelihood activities.

In the NECCDP, over 80% of those who received skills and entrepreneurship training established an enterprise, including 7,583 who took at least one loan and many others who funded their undertakings themselves. Enterprises included dressmaking, beauty parlors, fabric painting, mobile phone repairing, candle making, cement bricks and flower pots making, and preparation of food items such as short eats (small snacks, usually pastries) and yoghurt. A few women also ventured into nontraditional economic activities such as running canteens in schools and government offices.

Around 90% of women who accessed microcredit used their loans to augment their existing livelihood activities. In most instances, these economic activities were conducted jointly by husband and wife. In the case of households headed by women, women were supported by other family members, including children and relatives. Thus, these economic activities were not isolated entities of individual women. Instead, they were collective household ventures. These enterprises were also marked by a gender division of labor. For example, women would prepare dry fish or short eats, and men would carry these products to the market. There were also cases of the women operating retail groceries with the men buying the requisite groceries from the wholesale market for the shops. There were also instances of women obtaining loans for the households' main economic activities, which were actually run by their spouses. Several women reported collaboration and mutual understanding between men and women in these livelihood activities, with the men repaying the monthly loan installments when the women were not able to.

Capacity Building for Organizational Development

Both the NECCDP and the TAARP provided training to strengthen the institutional capacity of the RDSs and the WRDSs. This included management of the CBOs, leadership development, financial planning and management, and bookkeeping and microcredit management. Two to three members from each RDS and WRDS, mainly the office bearers, participated in these 2- or 3-day workshops. Some programs were organized and conducted directly by the project offices. Others were conducted by the MFNGOs and the IPNGOs.

Participants recalled several benefits of these training programs.⁴ The training in financial planning and bookkeeping helped both the RDSs and the WRDSs to develop proper and more formal bookkeeping procedures. Several women remarked that financial planning and management training influenced their personal lives. They were able to maintain proper profit and loss accounts for their enterprises and learned to include a monetary value for their own labor, which they had completely overlooked earlier. After the training, some women realized that they were running their enterprises at a loss and decided to shift to alternative businesses. One WRDS member reported that the financial management training that she received helped her to raise an issue related to some missing WRDS funds.

⁴ Consultations conducted for this case study.

Leaders of the RDSs and the WRDSs expressed their satisfaction with the management of training by the CBOs. It not only created more awareness of the roles and responsibilities of the CBO leaders but also helped them conduct meetings and run the affairs of their organizations in a more systematic manner. The management training also helped the CBO leaders learn participatory approaches in working with communities. A number of women in all the three districts noted the value of the training as it enhanced their voice and agency, that is, strengthening capacities and skills in public speaking, communication and presentation, allowing them a greater presence in the public space. At the consultations for this case study, many women commented “we can speak like this today because of the training we received.” One IPNGO leader observed that capacity-building training has “largely contributed to attitudinal and behavioral change in the fishing communities as well as a change in their culture of ‘earning and spending’.” Women have now begun to ensure regular school attendance of their children. Another IPNGO coordinator remarked that “capacity-building trainings together with separate WRDSs helped the women in fishing communities who were earlier ‘locked-up’ in their homes and did not know how to obtain even a birth certificate, to come to the public domain, talk about their problems and issues and deal with government officers.”

Community Infrastructure Development

Local infrastructure facilities had been neglected for several years due to the conflict. The tsunami caused further damage and destruction, and many facilities required immediate restoration along with the resettlement of communities. The approach adopted by the projects for the construction and the restoration of community infrastructure was similar, relying on community participation and involvement in the process of needs assessments and prioritizing, planning, designing, construction, and management of facilities. Contracts for local infrastructure development were awarded mainly to the RDSs, although the WRDSs were also successful in winning several contracts. The underlying assumption of prioritizing the RDSs was that they were more capable of dealing with subcontractors, masons, and carpenters, and also more adept at purchasing construction materials and supervising work compared with the WRDSs. However, there were WRDSs, trained in bid management and contract management, which demonstrated their capacity to complete the construction work successfully. Women took responsibility for infrastructure contracts and engaged in nontraditional ways of generating incomes and contributing to communities. They also worked as unskilled labor in these subprojects to earn for the family.

Features that Contributed to Gender Equality Performance

Project design elements of the two projects that facilitated outcomes related to gender equality and women's participation are as follows:

- (i) The **participatory approach** facilitated a process of bringing together the key stakeholders (both male and female community members and their organizations, local-level administrators, local leadership of the political authority, and civil society organizations) into planning and decision-making processes. The participation of these stakeholders was ensured through a number of mechanisms, including the preparation of the village development plans (VDPs), which required the essential consultation and participation of all stakeholders, including women. The second mechanism was the review and approval process of the VDPs, which required the VDPs to be presented in a public forum. The third mechanism was the supervision and monitoring of the performance of the RDSs and the WRDSs by the divisional secretaries and the rural development officers (RDOs), which contributed to fostering linkages and interaction between the communities and their local administration. This participatory approach not only raised awareness among the different stakeholders about planned development interventions but also contributed significantly to the increased visibility of the specific needs of women.
- (ii) The **gender action plans** (GAPs) provided guidance in promoting social inclusiveness of community mobilization. Gender-related targets were not included in the TAARP GAP given the urgency and the very limited time for project processing and the fact that the TAARP was implemented through ongoing projects, some of which had gender-related targets. As a result, it was more difficult to measure and assess progress in the TAARP, compared with the NECCDP. The experience demonstrates the importance of comprehensive gender analysis, concrete targets for women's participation, persistent monitoring of women's and men's participation, and ongoing reporting.⁵ However, this may not be possible in emergency situations. It must be noted that although the TAARP emergency loan GAP had no targets, sex-disaggregated data were collected in the component that was implemented through the NECCDP.
- (iii) Both projects invested in **capacity building** for project implementers and stakeholders. Training for project implementers (IPNGOs), government partners, as well as RDS and WRDS members included gender awareness and capacity building on gender equality issues. Senior managers from both projects attended learning sessions on gender equality organized by ADB. The resident mission gender specialist delivered gender workshops for the NECCDP staff and for the IPNGOs. The need for training for a range of actors and stakeholders of the projects must be seen in the context of the ongoing conflict and the effects of the tsunami. Human resources were scarce, both for the government project implementation units and for the local NGOs. The arrival of the international

⁵ ADB. 2010. *Gender Equality Results in ADB Projects: Sri Lanka Country Report*. Manila.

NGOs for post-tsunami recovery work exacerbated this problem as they quickly acquired available human resources, often for higher remuneration, from the local NGOs and government agencies. Therefore, ongoing projects such as the NECCDP had to repeat training and capacity building of their IPNGOs and government partners to ensure continued project implementation.

Challenges Affecting Project Implementation

The NECCDP and the TAARP activities were carried out under challenging circumstances. Two types of challenges and problems are cited in this section—external challenges or those emanating from the external environment or situational context of the projects, and internal challenges or those related to project limitations or weaknesses.

The external challenges included the following:

- (i) Conflict-affected and postwar environments presented difficulties due to sudden displacements, relocation, and resettlements. Some people decided to out-migrate leaving behind their memberships in the CBOs and the loans that they had taken. Thus, the MFNGOs could not make a realistic assessment of the creditworthiness of loan applicants. Applicants found it difficult to provide evidence in support of their applications due to loss of documentation, physical assets, and livelihood sources. The chances of inappropriate persons getting chosen for loans were high. Thus, the high rates of loan defaults are not surprising.
- (ii) Also, because of the prolonged conflict, competent and qualified IPNGOs and MFNGOs who could facilitate development processes and provide the necessary services, were scarce. The organizations found it difficult to retain competent staff, especially female employees, as they were not willing to work in such situations because of security concerns.
- (iii) The government and other armed forces imposed restrictions on the mobility and accessibility of the IPNGOs and the MFNGOs in specific conflict-affected areas. At times, there were also restrictions on the participation of community members in collective activities such as participatory needs assessment, participatory rapid appraisal, VDP exercises, or in community mobilization processes.
- (iv) The membership of a majority of the RDSs represented almost the entire household population in their respective divisions, while that of the WRDSs included representation from a smaller number of the possible households. In some cases, the WRDS membership fell due to out-migration after the tsunami. In other cases, households that regarded themselves as not so poor or who had multiple sources of income did not seek membership. In other households, members did not have the time to participate in meetings and other activities.
- (v) While many divisional secretariats had women development officers whose mandate was to support women and women's CBOs in their areas, their outreach and work were often hampered by the lack of transport and funds for activities, and security concerns.

Internal challenges encountered were in the five areas mentioned in the section, Approaches and Outcomes. These were:

- (i) **Formation of the WRDS and the RDS.** Some WRDS members withdrew when they did not receive the benefits they expected or they did not fit the criteria adopted by the WRDSs for beneficiary selection, such as not having household members employed in government.
- (ii) **Microfinance for livelihood development.** In one district, concerns were expressed that the loan amounts were too small or inadequate to establish a new enterprise.⁶

Furthermore, despite the stimulus provided by the microcredit schemes, a significant proportion of loan repayments were pending. Research conducted in 2014 found that loan defaults and repayment delays ranged from 10% to 25% across the WRDS in the three districts. As many MFNGOs had laid off their staff due to lack of funding at the end of the project, they faced the critical challenge of recovering the loans disbursed.

The underlying causes of loan defaults and repayment delays are complex and diverse. In the case of the MFNGOs, only short-term loans were issued and the loan repayment period was fixed at 10 months. In these circumstances, a borrower was bound to pay per month SLRs3,300 (\$30.1) for a loan of SLRs30,000 (\$273.7) or SLRs5,500 (\$50.2) for a loan of SLRs50,000 (\$456.2). Given the small-scale nature of the economic activities (dressmaking; sari painting; beauty parlors; running small food outlets; selling string hoppers, rice flour, vegetables, and coconuts; animal husbandry), it is very unlikely that these economic activities could generate a monthly profit that is sufficient to repay the loan installments as well as support reinvestments. This could be one of the reasons for the defaults and delays, particularly among the borrowers from the MFNGOs.

Both the MFNGOs and the WRDSs reported that most of the loan defaulters were borrowers in the early years of the projects. At this point, the recent establishment or resuscitation of the CBOs meant that they had inadequate knowledge of and experience in handling credit and in monitoring. With the experience gained over the years, both the MFNGOs and the WRDSs were eventually able to select more reliable borrowers and reduce the default rate. Other reasons for defaults and delays included the out-migration of borrowers and their families and the misuse of loans for activities outside their intended purpose.

- (iii) **Training for livelihood development.** After the training, some women started new enterprises but some had to abandon them due to the rising costs of raw materials and lack of markets. The livelihood and enterprise development service (LEDS) providers did not systematically support the provision of credit and training with needed business support services, such as identification of feasible economic activities and provision of market information.
- (iv) **Capacity building for organizational development.** Capacity building for the RDSs and the WRDSs was not sustained following the end of the projects as the divisional secretaries and the RDOs did not have the financial capacity and other resources to continue this process. Without financial and technical support, most

⁶ Consultations for this case study (2014).

RDSs confine themselves to their traditional roles of conducting *shramadana* (voluntary labor) campaigns and the occasional undertaking of contracts for the construction and rehabilitation of local infrastructure. Despite some charitable work carried out by the WRDSs, their central role is now largely limited to a mechanical exercise of disbursing and recovering revolving loan funds (RLFs) payments.

- (v) **Community infrastructure development.** The long-term sustainability of some of these facilities is a concern, as they did not have long-term maintenance plans. This puts them at risk as the CBOs responsible for maintaining these facilities have limited funds and little support from the local authorities.

Lessons on Gender Mainstreaming

From the gains and failures of the projects, lessons on gender mainstreaming can be drawn, such as the following:

- (i) The formation and strengthening of separate women's organizations contribute to the empowerment of women in poor rural communities. Establishing an institutional mechanism for the exclusive participation of women is also important in a postwar environment further affected by a natural disaster.

The WRDS created a social space for collective interaction among women, a forum to express their grievances and needs, and a legitimate institutional mechanism to initiate collective action. The WRDS were able to bring women's priorities to higher level decision-making authorities and service providers. They provided an organization for the growing number of households headed by women and ensured the freedom of expression for women who suffered long years in silence. The WRDS also adopted collective measures to reduce women's vulnerability to poverty and deprivation.

- (ii) Participatory microcredit facilities for women's livelihood-related activities not only increased poor women's access to credit facilities and investments in income-generating activities but also strengthened women's confidence and the institutional capacity of their organizations.

Loans were provided for a variety of livelihood activities, including agriculture, fishing, animal husbandry, retail trading, dressmaking, fabric painting, beauty culture, leather product manufacturing, and handicraft making.

- (iii) Capacity building for the RDSs and the WRDSs is an effective strategy to strengthen organizational capacity.

The training initiatives increased the self-confidence of women and enabled them to speak out in public meetings and gatherings. Women also reported that they were able to use the training in their business activities.

- (iv) Training in product development to support the provision of microcredit helps women make use of available resources; however restricted loan size and the lack of business support services limited the start of enterprises as well as their expansion and sustainability.

Furthermore, there is still debate regarding the impact of restricting credit to women. In most cases, loans obtained by women were invested in family enterprises (run jointly with their husbands). The research done for this case study suggests that family-run enterprises, run jointly by spouses, are beneficial to women as they mitigate the risks involved in loan repayment.

- (v) Establishment of community infrastructure brings benefits to the communities and has a direct impact on improving the socioeconomic conditions of women. For example, improvements to village access roads and construction of small market centers had a direct bearing on the transportation and marketing of fish and vegetables. Members of the households, particularly the women, benefited from drinking water wells with easy access to water resources.
- (vi) Applying methods for livelihood-related activities and credit delivery, which are generally used in nonconflict areas, in the war-affected areas does not lead to successful outcomes.

When designing projects to be implemented in conflict-affected areas or areas affected by natural disasters, it is important to note that the usual systems, practices, and networks may not operate or be functional. Therefore, the design of projects should recognize existing constraints and limitations and address them in selecting approaches and modalities for project components.

- (vii) Gender-related norms and practices may be more strongly articulated and exacerbated in situations of conflict and natural disasters, and may affect the anticipated outcomes of projects.

This case study was produced by the Sri Lanka Resident Mission in consultation with the executing and implementing agencies. It builds on information included in the project progress report and on direct consultations with executing and implementing agencies and the beneficiaries, as well as inputs from ADB project officers.

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ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to the majority of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

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