

## Executive Summary

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Despite the loss of over 35,000 precious lives and an economic devastation that amounted to 4.5% of the national GDP, the tsunami waves did not shatter the resilient spirit of those who dwell on the isle of Serendipity.

The Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL), which is the umbrella organisation for 55 Chambers of Commerce and Trade Associations island-wide, understood the importance of **speed** of channeling help and also rehabilitation of businesses affected to ensure the movement of the economic cycle.

FCCISL took immediate steps to establish help desks in ten district Chambers in the Western, Southern, Eastern and Northern Sri Lanka. It went on to sign MoUs with the RADA (Reconstruction And Development Agency- The main Government Entity responsible for Tsunami Reconstruction) CHA (Consortium of Humanitarian Agencies -The Umbrella Organisation for nearly one hundred INGOs and NGOs) to improve coordination and public, private, INGO sector cooperation and launched the Back to Business Project. This forty month project was to bring back to business, 10,000 enterprises and livelihoods including 35% women lead enterprises, create 50,000 re-employment and employment opportunities and provide trauma and business counseling for 10,000 enterprise heads including livelihoods. Project also planned to provide market linkage and corporate linkage, support in technology transfer and procurement of goods and services, provide loan facilitation and engage in post tsunami advocacy.

The National and Regional Coordinating Committees were set up with the focus on **speedy support** for solving national and regional issues at one forum. The staff was recruited and trained, Joint Evaluation Committees were formed in every Chamber at every district to facilitate approvals of each application in a transparent manner, unleashing as one of the **Most Innovative Projects**, (most probably among the all Tsunami affected countries) undertaken by the private sector, for rehabilitation of the tsunami affected enterprises. The Embassy of the Netherlands in Sri Lanka provided 95% of financial support for the project.

By the end of December 2006, with **53% time lapsed** the project

- Brought back to Business 11,119 enterprises and livelihoods (111% of the target)
- Among them were 2859 women-lead enterprises, which is 82% of the projection.
- 36,501 re-employment and employment opportunities were created (73%)
- 10586 enterprises including livelihoods were provided with trauma and business counseling(105%)
- 970 enterprises were facilitated to obtain loans to the value of Rs.517 Million
- 265 enterprises were supported with market and corporate linkages
- 38 enterprises were supported in technology transfers for greater productivity and efficiency.
- For the first time in the history of Sri Lanka, the Sri Lanka Institute of Marketing (SLIM <http://www.apmf.org.sg/sri.html>) at its **National Brand Awards** recognised and appreciated five enterprises supported by Back to Business for their brand building efforts in the small business category.
- Advocated the relaxation of buffer zone limits for business building in tsunami affected areas.
- Held an International Conference on **Post Tsunami Economic Rehabilitation - Challenges and Way Forward** in Colombo to review and adopt the regional best practices after 2 years of tsunami
- Produced a policy document on **Compensation Packages for Enterprises Payable on Natural Disasters and Proven Losses in A Weak Economic Climate**. This document was handed over to the government of Sri Lanka for appropriate action.

# FCCISL Back to Business Project

*The most comprehensive private sector initiative in Sri Lanka to revive Tsunami affected Micro, Small & Medium Enterprises (MSMEs) and Livelihoods*

## Mission

*Economic rehabilitation of Tsunami affected enterprises to bring them back to business within the shortest possible time.*

## Objectives

- Rehabilitate and bring back to business 10,000 MSMEs, with 35% being women lead enterprises.
- Provide trauma counseling and business skill development training to 10,000 entrepreneurs for psychological rehabilitation.
- Create 50,000 employment opportunities (including re-employment) by December 2008.

## Commendations from local and international bodies



*“As the main financier of the programme the Embassy of the Kingdom of the Netherlands, is very pleased with the project and sees the output of the programme as a good example for value for money. The FCCISL implements the programme in an effective way together with its affiliated regional chambers. A transparent and innovative mechanism to identify affected entrepreneurs and to establish their eligibility for compensation has been designed. The project serves as a good example for other projects in the same field and the Embassy will continue its fully support for this.” (At the launch of Management Technology Transfer Initiative on February 12th 2007)*

**The Netherlands Ambassador Reynout van Dijk**



*“The United States is pleased to support the Back to Business Program of the Federation of Chambers of Commerce and Industry of Sri Lanka in collaboration with the Royal Netherlands Embassy. Less than halfway through the program's life, Back to Business has already reached 80 percent of its target. The U.S. Agency for International Development (USAID) will assist 60 outstanding entrepreneurs to expand their businesses through improved technology by providing computer equipment, vernacular language accounting software, and skills training.” (At the launch of Management Technology Transfer Initiative on February 12th 2007)*

**The U.S. Ambassador Robert Blake**



*“The 2004 December Tsunami shook the Nation's conscience as Sri Lanka experienced unprecedented devastation. However, “Unity in diversity” is the secret for success in all endeavors as preached by all religious leaders. The special four-partite memorandum of Understanding between RADA, the government agency in charge of tsunami rehabilitation, the Federation of Chambers of Commerce and Industry (FCCISL) the apex private sector representative body, the International Labour Organisation (ILO), representing the international community and the UN system for disaster recovery and the Consortium of Humanitarian Agencies (CHA) has emerged as the best model for effective co-ordination in a post disaster context in the entire region.” (At International Conference on Post Tsunami Economic Rehabilitation on December 5th 2006)*

**The Minister of Disaster Management and Human Rights Mahinda Samarasinghe**



*Economic rehabilitation is a vital component of rebuilding the livelihoods of the people when affected by disasters. When it comes to livelihoods development which is actually the economic development of the affected people, it is necessary to have private sector involvement since they are familiar with economic development. We have joined hands with FCCISL because the main goal of FCCISL was to bring back the affected people to their businesses in the shortest possible period of time. This agreement was based on leveraging the unique strengths of both the private and humanitarian sectors to encourage innovation, stimulate investment and foster sustainable growth and development in Sri Lanka.*

*The practice of the Back to Business Project of FCCISL, clearly shows a surpassing of their targets before the scheduled dates of completion. We appreciate the efforts taken by the Project to uplift the livelihoods of the tsunami affected people and are very happy to be their partner in this endeavour.*

**The Executive Director Consortium of Humanitarian Agencies (CHA) Jeevan Thiagarajah**

# The destruction & impact was enormous

## Economic Impact of the Tsunami at a Glance

### Total direct loss

4.5% of GDP

#### Tourism

- Tourism in Sri Lanka, recorded a negative growth with arrivals dropping by 3.0% to 549,308 from the record figure of 566,202 in the previous year.
- Tourism earnings dropped by 54.5%, to Rs. 36,377.3 Million (US\$ 362.3 mn) during 2005, from Rs. 42,666.3 mn (US\$ 416.8) recorded in 2004.
- Room capacity in tourist hotels decreased by 1,160 from 14,322 in 2004 to 13,162 in 2005 due to the tsunami destruction.

Source: Sri Lanka Tourist Board

#### Agriculture/ fisheries

- No. of Agriculture based livelihoods lost 8000
- Total extent of agricultural land destroyed acres 11,657
- No. of Fishing boats destroyed 15,222

#### SME's and Livelihoods

- No. of SME's affected 16,500

#### Infrastructure

- Damage to national infrastructure US\$ 970-1,000 Million

Source: Reconstruction and Development Agency



# We stepped in and adopted the 360° approach in rehabilitation efforts ...

## The 360° approach

### Bring tsunami affected MSMEs BACK TO BUSINESS

Revival	Market Linkages	Technology Transfer	Policy Advocacy
<ul style="list-style-type: none"> <li>▣ Genuine beneficiary identification &amp; support</li> <li>▣ Grants</li> <li>▣ Women lead enterprise development</li> <li>▣ Employment opportunities</li> <li>▣ Trauma counseling</li> <li>▣ Loan facilitation</li> <li>▣ Chamber membership</li> </ul>	<ul style="list-style-type: none"> <li>▣ Local and International trade fairs and exhibitions</li> <li>▣ Corporate linkages</li> <li>▣ Promotional support</li> <li>▣ Brand building</li> <li>▣ Clustering concept</li> </ul>	<ul style="list-style-type: none"> <li>▣ Vocational training</li> <li>▣ Management technology transfer</li> <li>▣ Training &amp; development</li> </ul>	<ul style="list-style-type: none"> <li>▣ Private Public dialogue</li> <li>▣ International Conference to share best practices on economic rehabilitation</li> <li>▣ Lobbying on the 100 meter buffer zone issue</li> <li>▣ Policy paper on post disaster compensation package</li> </ul>

# Success story we can be proud of

## Impact of the project

### Revival

☑ **11,110** Tsunami affected enterprises were rehabilitated and brought back to business **within 22 months**, which is an accomplishment of **111% of the target within 53% of the time allotted**.

☑ **Rs. 784 Mn** funds were mobilized  
 Grants Rs. 267 Mn  
 Bank loans facilitated Rs. 517 Mn

☑ **2,859 (25.7%)** women led enterprises were rehabilitated with an investment of Rs. 53.6 million.

Livelihoods	6,812
Micro	2681
Small	1,511
Medium	43
Large	72

Table 1: Sector wise analysis of the No. of enterprises rehabilitated as at December 31, 2006

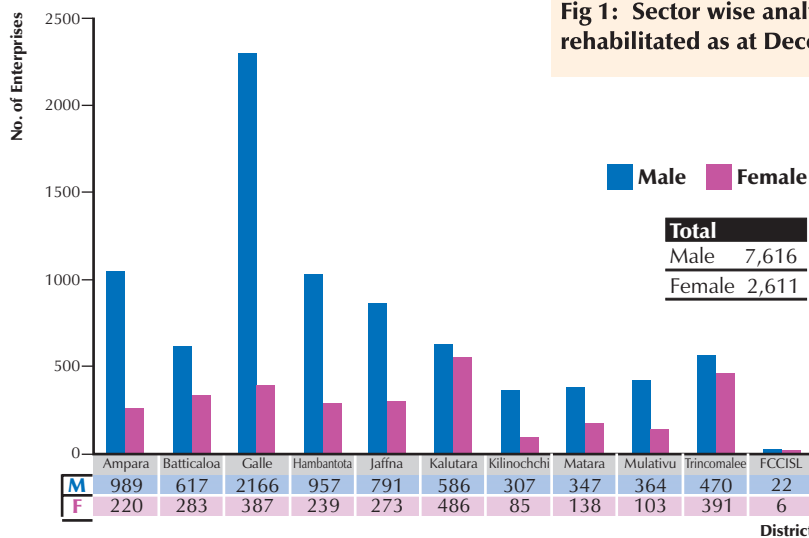
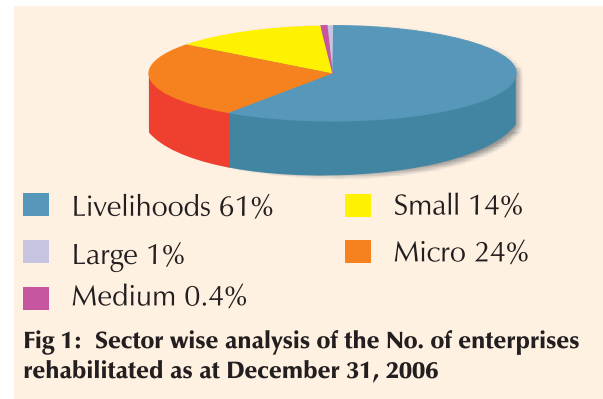


Fig 1: Sector wise analysis of the No. of enterprises rehabilitated as at December 31, 2006

**Fig 2: Women lead enterprise development.** 52% of the Sri Lankan population comprise of women, who contribute 60% to the national GDP via their contribution in the plantation and apparel sectors and in terms of remittances. Both the tsunami devastation and the two-decade long war have increased the number of women lead households. Further, research shows that women lead enterprises are 34% more resilient than those headed by men. (Source: Women's Chamber of Commerce and Industry)

☑ Over **36,501** employment opportunities were created.

Livelihoods	6,678
Micro	7,002
Small	18,122
Medium	1,122
Large	3,577



Fig 3: Sector wise analysis of employment opportunities created as at December 31, 2006

☑ **10,586** trauma counseling and business counseling services provided via 334 training sessions.

☑ **970** enterprises have been assisted to obtain loans amounting to Rs.517 Million.

☑ **808** new members have been enrolled in the regional partnering chambers to Back to Business project and over 2000 applications pending assessment.

## Interventions

### Grants

Disbursement of grants covered entire geographical area affected by the tsunami including northern and eastern part of the country which is affected by the conflict where even most of the government backed rehabilitation programs were not effective due to reach ability.

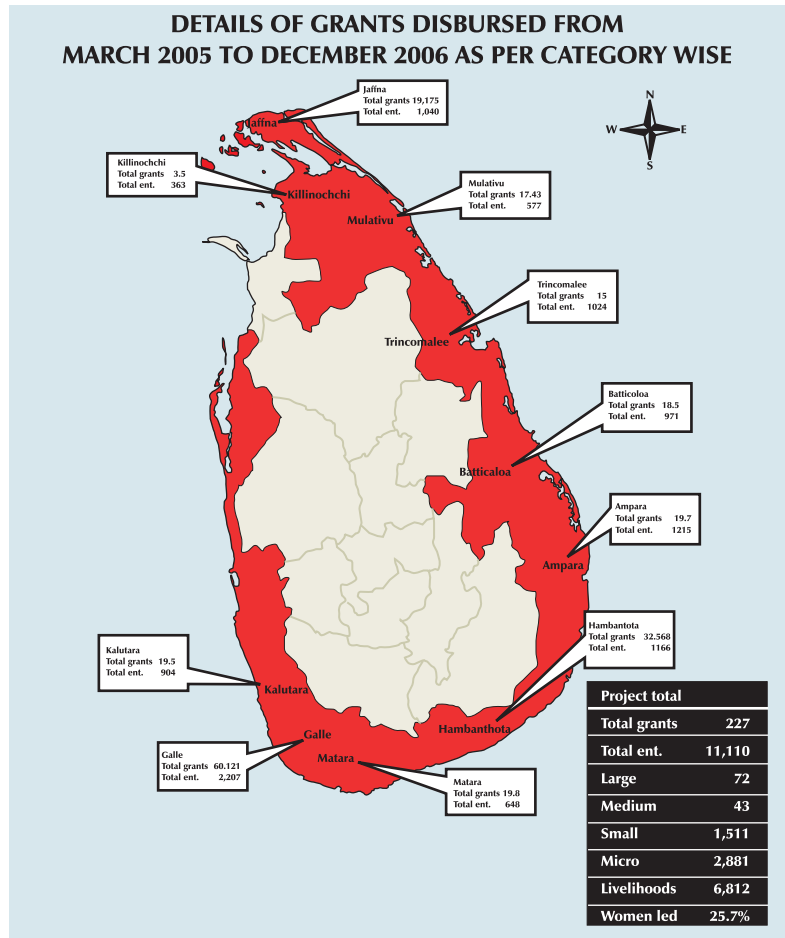
## Connectivity is the Key for Sustainability

### Market linkage initiative

☑ **Trade fairs and Exhibitions** - Over **385 enterprises** are being supported since its inception in May 2006 with a total investment of Rs. 13Mn up to now.

☑ **Corporate linkage initiative**  
This aims to position tsunami affected MSMEs as high-quality suppliers of leading large companies in Sri Lanka to ensure their long term survival and growth. **Stone & String** Sri Lanka's premier coral based jewellery producer

and **Ceylon Cargills Ltd.**, Sri Lanka's largest retail distribution networking many more large companies including Confifi Group of Hotels, Swedish Trading Co., Galle Face Hotel, Mt. Lavinia Hotel, Taj Exotica, Tangerine Hotel & ODEL have tied up with our entrepreneurs already.



\* Loan facilities amounting to Rs. 517 million was provided to 970 enterprises.  
\* All amounts in the map are presented in Rs. mn

Key Highlights of the Market Linkage Initiative		
● Exhibitions and Trade Fairs		
■ Total No. of events		11
■ Total No. of enterprises that participated		382
■ Total Sales during exhibitions		Rs. 19,067,115.00
■ Total value of secured orders		Rs. 27,700,000.00
■ % ROI on direct sales		85.33%
● Cluster arrangements		
■ Enterprises in Cinnamon Cluster		219
■ Enterprises in Coconut Cluster		200
● No. of Corporate linkage contacts		132

## B2B sends tsunami affected hoteliers' delegation to WTM

The FCCISL Back to Business Project sponsored a team of tsunami affected hoteliers to the World Travel Market in UK, in a bid to promote the Southern Province, including Kalutara District as a premier tourism destination.

Seven hoteliers are sponsored by the Back to Business Project, while three are being sponsored by the Hambantota Chamber of Commerce and Industry. Hoteliers from Kalutara District have also been included in the delegation.

The WTM 2006 was held from November 6th - 9th in London. It brings together worldwide buyers and sellers from every sector of the industry.



The Back to Business Team to the World Travel Market UK

## The clustering concept -

Three clusters have been formed namely the Cinnamon Cluster with 219 enterprises, the Coconut Cluster with 200 enterprises and the Jewellery Cluster with 11 to leverage on the synergies of working together to share technology and to link up with larger buyers as a cluster. A feasibility study has been conducted to create a centralized high-tech peeling and oil extrication centre for the Cinnamon cluster. A collective international Cinnamon auctioning facility is also in the pipeline. Current negotiations are underway to link the producers in the cinnamon cluster with larger companies interested in purchasing their produce. Further, new plating technologies will be introduced to the Jewellery cluster to increase output quality.

## Technology Transfer Phase

This phase which began in July 2006 aims to introduce new technology to the MSME sector for business expansion, growth and greater value addition. This capacity building phase has already helped 38 enterprises with an investment of Rs. 7.6 million.

## Vocational training

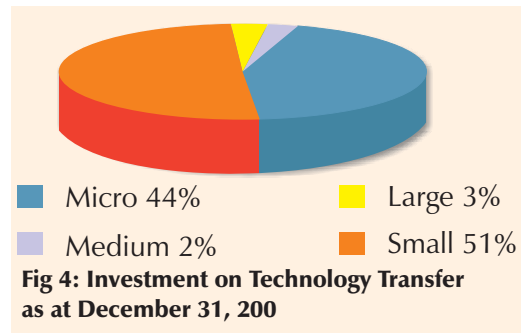
### The Handwerk Centres

This project is a joint venture of FCCISL Back to Business project the National Construction Association of Sri Lanka (NCASL) and

Germany's Chamber of Crafts of Koblenz (Handwerkskammer Koblenz (HwK)). It aims to establish vocational training centres in tsunami affected areas in Kalutara, Galle and Ampara. The Certificate will be recognized internationally, as the centre is to be accredited by the Tertiary & Vocational Education Commission, the governing body for vocational training in Sri Lanka and further National Vocational Qualification (NVQ) standards and German Standards are maintained by the centres. NCASL also aims to provide jobs for newly trained staff in their 3000 member companies.

## Management & Accounting Software for the rehabilitated SMEs for the first time

**Management technology transfer** - 60 MSMEs who have been revived under the project were awarded Computers, Printers and other accessories along with a local trilingual accounting software. This is the first batch of 360 such enterprises that have been selected under this project, implemented in partnership with USAID. This was the first comprehensive accounting software which is fully functional



in Sinhalese, Tamil and English, tailor-made for MSMEs. This will provide MSMEs much needed formal accounting system (including budgets), stock management and other key information for management decision making for their enterprises.

## Training & Development

### Enterprise Development Training

Back to Business project not only rehabilitated affected enterprises but also gave them an opportunity to rebuild bigger and better. As such internationally recognized training on trauma counselling, business orientation, entrepreneur development and management was given to 12, 369 in partnership with CEFE Net Sri Lanka (Competency based Economies through Formation of Enterprise, <http://www.cefe.net>) and SIYB Association (Start and Improve Your Business, [http://www.ilo.org/public/english/employment/skills/hrdr/init/sri\\_1.htm](http://www.ilo.org/public/english/employment/skills/hrdr/init/sri_1.htm)).

### Technical training on jewellery manufacturing

Comprehensive training on electro plating on jewellery items including proper technology, technical know how, correct methodology, chemicals & equipment required was given to the members in the Galle jewellery cluster, formed under the clustering concept of B2B. The Project took a step ahead with purchasing all state-of-the art equipment required for this technology transfer including safety equipment, pollution control chemicals & equipment. Cluster was further assisted with finding a proper location, installation, trial run & commissioning.

## Policy Advocacy

### Private Public Dialogue

Over 80 meetings have been held with key stakeholders of the project. Government Agencies such as Ministries of Enterprise Development, Disaster Management & Human Rights, Finance, Central Bank of Sri Lanka, RADA have been closely associated with the project implementation. This private public dialogue was very effectively helped to avoid bottlenecks & red tapes which would negatively affect Back to Business project.

### International conference on post tsunami economic rehabilitation 2006

The key objectives of the international conference on *Post-Tsunami Economic Rehabilitation - Challenges and Way Forward* was to formulate economic rehabilitation and development strategies based on best practices, challenges and lessons learned during the 02 years of post tsunami period. It covered the 4 key economic sectors affected by the tsunami which includes tourism, fisheries, agriculture and MSMEs. Support coordination mechanisms that have been deployed to ensure harmonious, coordinated rebuilding efforts were also discussed under cross sectoral issues.



FCCISL President Nawaz Rajabdeen handing over the policy advocacy paper to the Disaster Management and Human Rights Minister Mahinda Samarasinghe.

### Policy Document on a Compensation Package for Enterprises payable on Natural Disasters and proven losses in a weak economic climate.

After the tsunami devastation, gaps in the restoration support mechanism emerged with a need for an effective post disaster compensation package being a priority concern among them. Therefore, a study was commissioned to identify and recommend a practical, comprehensive compensation system to assist enterprises that will be affected by natural or man-made disasters. FCCISL recommends implementing an insurance scheme for all assets and other risks including business losses and other liabilities.

# Recognition by Back to Business

## Trend-setters in Back to Business ("Punarodaye Niyamuwo")

"Punarodaye Niyamuwo" award ceremony was organized in order to recognize the key volunteers from the business sector who contributed immensely to restore normalcy in the community life in their respective areas soon after the disaster.



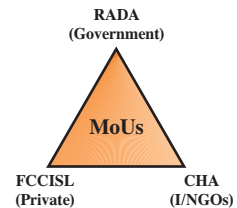
Award winners at the Punarodaye Niyamuwo (Trend-Setters in Back to Business) Award Ceremony held on December 5, 2006 at Colombo

# Why Back to Business Project Innovative ?

## Project Management

### Tri-partite partnership among private sector, government and I/NGOs

MoUs were signed between the CHA, the apex body for non-governmental & civil society organizations in Sri Lanka, and with RADA, the government institution with the mandate of coordinating the rehabilitation effort. This ensured a harmonious, collaborated effort among the three key stakeholders of the development drive. This was the first time that a tripartite agreement among the private sector, the government and the non governmental sector had been formulated in a post disaster recovery situation.



### A unique market linkage strategy

#### Immediate Short-term linkages

Trade fairs and exhibitions to strengthen cash flow

#### Strengthening existing linkages

Visibility, Point of sales promotional material

#### Long-term linkages

Training on brand building, Online Business Portal, Promoting corporate linkages, clustering

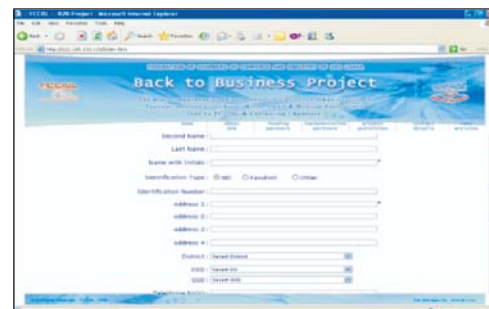
**Sustainable long-term market linkages for MSMEs**

### Multi-tier delivery and co-ordination mechanism

A three tier delivery mechanism at the national, district and village level ensured greater reach, better co-ordination and an efficient feedback mechanism at the grassroots level. This was the first ever private sector driven island wide coordination mechanism deployed in an emergency situation.

### Joint Evaluation Committee (JEC) to monitor the grant and micro-credit component

Representatives from the lending institutions, the grant/ loan applicant and the service providers were grouped into committees to assess, monitor and provide advice on -grant/ micro credit utilization. This innovative approach went a step beyond providing financial assistance and helped with the optimal utilization of the funds.



#### Online Management System

This records all the investments, grants, loans and other support provided.

#### Enterprise Support Information System

This registers the enterprises that were supported by various organisations and enables tracking for further support decision making. ( Link [www.fccisl.lk](http://www.fccisl.lk) )

## Effective resource - requirement matching system

The comprehensive needs assessment survey enabled the project to provide the assistance based on the specific requirements of each business ensuring efficient resource utilization.

**Using online tools to enhance effectiveness** An online management system was introduced to manage investments, grants and loans while an enterprise support system was implemented to track recipients.

# Back to Business Project; a model for post disaster economic rehabilitation

**Speed of Execution** Through the operational infrastructure the project achieved the desired results in 53% of time lapsed.

**Focus on inclusiveness** The Islandwide regional chamber network helped to reach affected entrepreneurs quickly and efficiently in every part of the island.

**Being conflict sensitive** Assistance was distributed equally across ethnic lines, based on the actual impact of the tsunami. Further, special mechanisms were developed to rehabilitate businesses in the war ravaged North and East provinces to ensure that violence and skirmishes did not stall the progress of the project.

**Gender sensitivity** Over 25% of revived businesses were women led enterprises. Gender sensitivity in aid distribution and later assistance was imperative as women seemed to get marginalized in a post-disaster situation, specially due to the loss of their family support units.

**Holistic and comprehensive approach** Emphasis on both business and psychological counseling of affected entrepreneurs helped to quicken the rehabilitation process. The sustainable model of business revival, providing corporate and market linkages and then capacity building through technological transfer have proven to be effective in the long run, ensuring that no business would fail.

**Lobbying for policies to create a conducive environment for the economic rehabilitation of MSMEs** Awareness creation programs on the importance and methods of economic rehabilitation were carried out for national and district level policy makers, while the project encouraged regional chambers to lobby against derisive policies like the '100 meter buffer zone' issue.

**Transfer of appropriate, sustainable technology** Once new market linkages were created, it was important to engage in capacity building for the MSMEs to ensure that their production levels, quality and standards were improved to suit the new market requirements. This helped organizations to grow and create greater employment opportunities.

**Adoption of International Best Practices** FCCISL has partnered with the Entrepreneurship Development Institute of India (EDI), which played a pivotal role in post-disaster economic rehabilitation after the Gujarat earthquake in 2001. FCCISL has adopted best practices and standards that have proven to be successful in the Indian context. Further, the international conference on post tsunami economic rehabilitation helped to charter a set of best practices from the lessons learnt from all Tsunami affected nations.

**Emphasis on Good Governance** - Transparency, integrity and ethics were at the core of project implementation policies. The Joint Evaluation Committee for credit approval, the annual reporting etc.. ensured that these principles were adhered to.

# Recognition to Back to Business

## Brand Excellence 2006

SMEs were recognized for **brand building** for the 1<sup>st</sup> time in Sri Lanka at the premier SLIM brand excellence awards. Five tsunami affected entrepreneurs (3 from the East and 2 from the South) were felicitated as emerging regional brands while the Back to Business Project received a **jury award for their catalytic role in taking the concept of brand building** to regional SMEs.



FCCISL Secretary General Samantha Abeywickrema and Back to Business Project Director Sam Stembo accepting the award from SLIM President Wasantha Mallikarachchi

## The real affected people; the inspirational stories

### Moving on from a traumatic experience

I just ran with my daughters to the closest temple. We didn't have time to take anything. My showroom was in rubble; my house was all but damaged, except for one room. I hit my leg while running and now I am permanently partially disabled. I lost everything. My tools, a few girls who were working with me Everything! I didn't know what to do or how to start. I just didn't have the strength. There was no one to turn to because everyone was suffering. I haven't even heard of psychological counseling. But I went for a workshop organised by Back to Business project.



There was one activity where I had to talk about my future dream. That was when I realized that I had to somehow let the past go and start somewhere to rebuild, **M.B. Priyani, the owner of Thilini Lace.**

### The effectiveness of the technology transfer process



I was making Jadhi (specially prepared dried, spiced fish) according to my family recipe passed on by my mother. It was very simple. But I had a problem. I had no means of supplying orders from other villages, because the fish would spoil while being transported. I couldn't produce much either because I didn't know of any way to preserve it for long. But then I was taught the technique of vacuum packaging and I was given the necessary equipment. The Back to Business project has also helped me to link up with the Country's biggest retail chain, to supply my products. Now I can employ more people and develop my business, **Saanchi Jadhi proprietor Chamli de Soya**

### International Success Story

**Pilseli** A handicraft and household item producer from Unawatuna, Galle who has already supplied 3 orders to UK market after participating in the International Trade Fair (Serendib 2006) held in London.

