



Microfinance in the Ayeyarwady Delta

Microfinance Support to Cyclone-Affected Communities



On 2-3 May, 2008, Cyclone Nargis hit the Ayeyarwady Delta of Myanmar, carving a path of destruction that left more than 138,000 people dead or missing. Prior to Nargis, UNDP's Microfinance Project had over 50,000 active clients in the delta region with outstanding loans of more than Kyat 2.8 billion (approximately US \$2.8 million) and savings that amounted to US \$1.2 million. The project was particularly hard hit by the storm, suffering the loss of 4,282 Microfinance clients as well as five project staff. Many of the survivors of the storm lost family members, homes, savings and productive assets. These members are no longer in a position to resume their income-generating activities without refinancing.



After a careful assessment of the situation of Microfinance clients on the ground after the storm, the Microfinance Project decided to write off the outstanding loans of cyclone affected households, restarted loan activities, and began to restore household savings to members in the Nargis affected Microfinance Project townships of Labutta, Bogalay and Mawlaminegyun. Loans averaging US \$60 have allowed members to invest in boats, livestock, and small business activities such as food processing as well as family health care and education.

As of 30 September 2009, the project had surpassed its pre-Nargis coverage, reaching over 69,500 clients (mostly women) and disbursing over 76,400 new loans, including 8,790 agricultural loans, amounting to over US \$7.03 million. In response to the revised flash appeal issued in July 2008, USAID generously made an initial contribution of US \$1 million, followed by an additional contribution of US \$950,000 in August of 2009.

Activities

Under its Human Development Initiative (HDI), UNDP has been implementing and supporting community initiatives in the delta region for more than 14 years. The current project builds on the HDI, and makes use of its systems and structures, trained staff, and extensive local community networks of more than 6,000 Community Based Organisations. The Microfinance Project is currently implementing the following main activities in the Nargis affected townships;



- Return savings to borrowers following the cyclone
- Write off outstanding loans to relieve cyclone victims of their burden of debt
- Recapitalize microfinance funds to provide new loans for the most vulnerable groups.
- Ensure the revival of income-generating activities through refinancing.
- Organize village microfinance groups to meet the credit needs of an additional 10,000 households.

Objectives

- Continue development of sustainable domestic microfinance capacity in selected townships, in order to contribute to poverty alleviation.
- Revive micro-credit services and write off outstanding loans of 50152 cyclone-affected members of UNDP's microfinance project in Labutta, Bogalay and Mawlaminegyun townships
- Expand coverage to 10,000 additional hard-hit households in the Ayeyarwady delta

Beneficiaries: 60,000+ existing micro-credit borrowers – mostly women and those most vulnerable in the affected areas. Another 10,000 members will be added under the expansion outreach activities.

Partners: PACT

Geographic Coverage: Ayeyarwady Delta (3 townships)

Total Budget (requested under revised flash appeal): US \$8,369,005

Donor Contribution: US \$1,950,000

Donors: USAID