

Sindh Rural Support Organization

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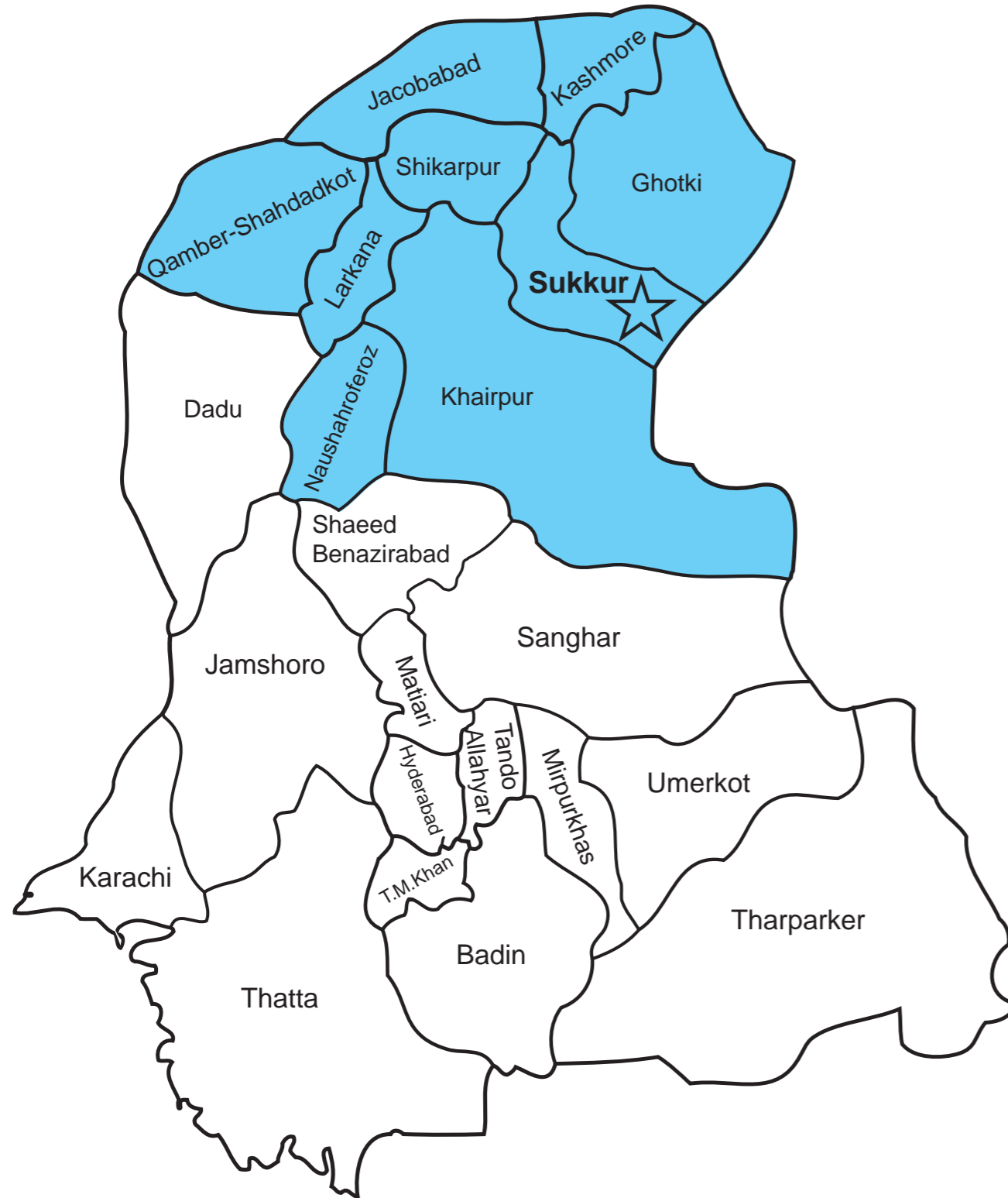
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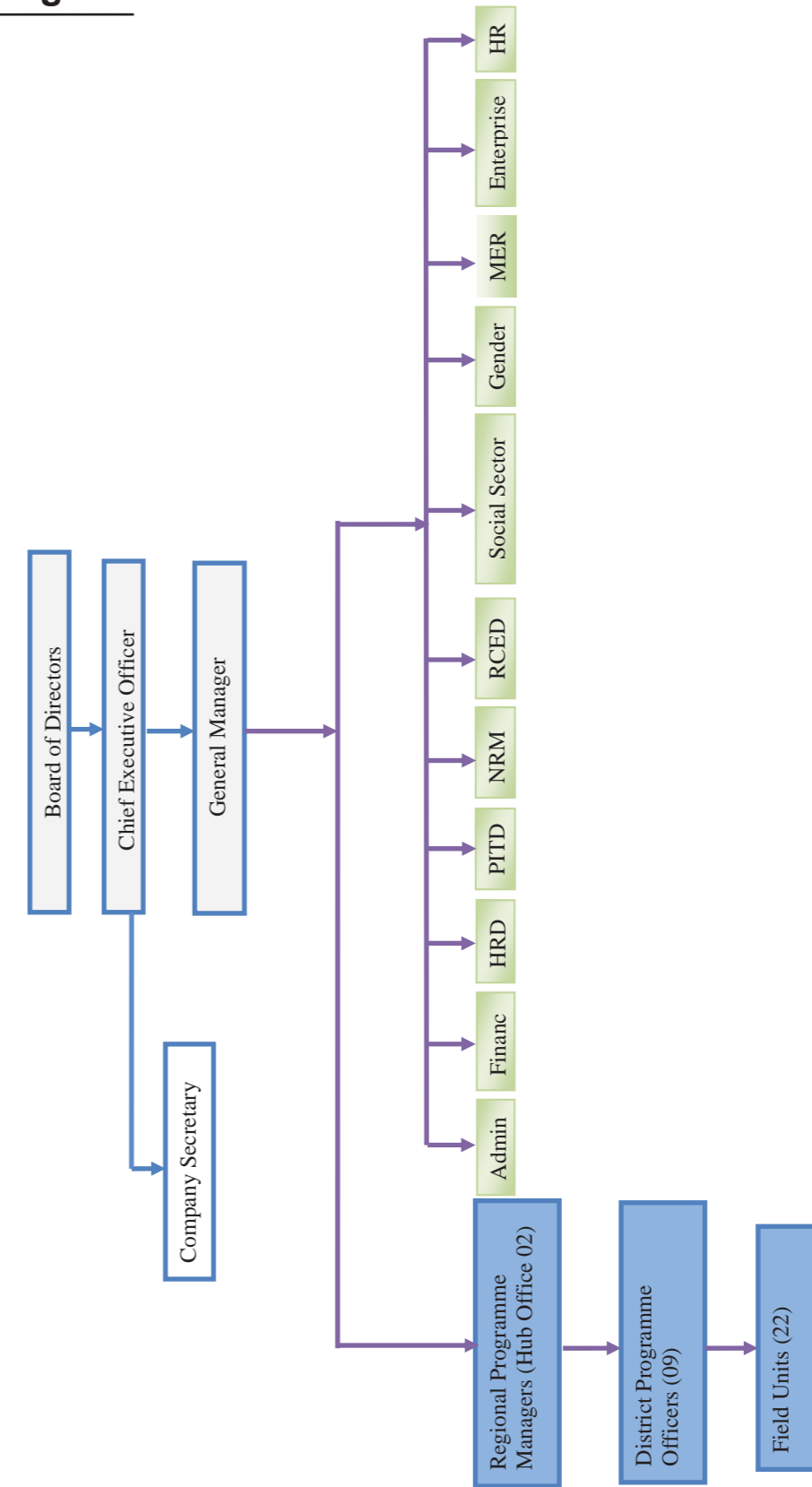
Sindh Rural Support Organization

Annual Report 2007-08

MAP



SRSO Organogram



Map of the province of Sindh, in Pakistan. The areas in blue are the working region for SRSO.

Annual Report

(July 1, 2007-June 30, 2008)



Sindh Rural Support Organization

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Acronyms

AKRSP	Agha Khan Rural Support Program
CLEW	Community Livestock Extension Worker
CMST	Community Management Skills Training
CMP-II	Crop Maximization Project II
CO	Community Organization
CPI	Community Physical Infrastructure
Cr. O	Credit Officer
DCO	District Coordination Officer
DWHP	Drinking Water Hand Pump
F	Female
M	Male
FW	Field Worker
GAD	Gender and Development
GoSindh	Government of Sindh
HRD(U)	Human Resource Development (Unit)
IMS	Institute of Management Sciences
MER(U)	Monitoring, Evaluation & Research
MIS	Management Information System
MTDF	Medium Term Development Framework
NRM	Natural Resource Management
NRSP	National Rural Support Program
NWFP	North West Frontier Province
PAX	Participants
PITD(U)	Physical Infrastructure & Technology Development
PO	Program Officer
PPAF	Pakistan Poverty Alleviation Fund
PRA	Participatory Rural Appraisal
PSC	Poverty Score Card
RCED(U)	Rural Credit & Enterprise Development
SM(U/T)	Social Mobilization (Unit/Team)
SO	Social Organizer
SRSO	Sindh Rural Support Organization
ToT	Training of Trainers
UC	Union Council
WWF	World Wide Fund for Nature

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SRSO Profile

Based in Sukkur, Sindh Rural Support Organization (SRSO) is not for profit organization registered as Company under Company's Ordinance 1984 bearing Registration Certificate No: K 09377 of 2002 – 2003 dated May 29, 2003.

A strong Board of Directors (representing all walks of life) is responsible for all the policy decisions while Chief Executive Office is charged with implementation of the Programme with help of Professional Team:

• Composition of Board:

1. Mr. Shoaib Sultan Khan House No 8, Agha Khan Road Islamabad	Chairman	7. Dr. Muhammad Suleman Shaikh Secretary, Board of Trustees. SZABIST Shaikh Sultan Trust Building Karachi	Member
2. Mr. Ghulam Sarwar Khero Additional Chief Secretary (Development) Government of Sindh	Member	8. Dr. Rashid Bajwa Chief Executive Officer NRSP 46, Agha Khan Road, F6/4, Islamabad	Member
3. Brig: (retd) Akhtar Zaman Chairman Employees Old Age Benefits, Karachi	Member	9. Barrister Naim-ur-Rahman C-11/2, Sidco Avenue Centre PIA Office Karachi	Member
4. Mr. Muhammad Ishaque Lashari Secretary Local Government, Katchi Abadis and Spatial Department Government of Sindh, Karachi	Member	10. Begum Saeeda Soomro Circuit House, Jacobabad.	Member
5. Mr. Mumtazur Rehman Khan, Secretary Finance Department, Government of Sindh, Karachi	Member	11. Ms. Faryal Hussain Khan Advocate, 91, Khyaban e Rahat, 22nd St Phase VI, DHA, Karachi	Member
6. Syed Ghulam Nabi Shah Secretary Law Department Government of Sindh, Karachi	Member	12. Begum Liala Sarfraz Vice President APWA and Chairperson, Phipsons Co. Pakistan Private Ltd, Mandvi wala Chamber, Talpur Road, Karachi	Member

13. Mr. Suleman G. Abro Executive Director, SAFWCO House 248/49, Shahdadpur Coop Housing Society, Shahdadpur	Member	21. Mr. Muhammad Nazar Memon Judicial Town Islamabad	Member
14. Dr. Sono Khangrani CEO, Thardeep Rural Dev Prog Near Dargah Hussain Shah Sirani Mithi, Tharparkar	Member	<ul style="list-style-type: none"> • SRSO Company Secretary: Mr. Ghias Mohammad Khan Manager Finance SRSO • SRSO Auditors: M/S Ford Rhodes Sidat Hyder & Co. Chartered Accountants, Lal View Building, 4-Bank Square, Lahore Pakistan • SRSO Banks: <ol style="list-style-type: none"> 1. Habib Bank Ltd Sindh Sect Branch Karachi 2. First Women Bank, Queen Raod, Sukkur 3. Bank Al-Falah, Sarafa Bazar, Sukkur 4. PICIC Bank, Queen Rd Sukkur 5. Allied Bank Limited Mohammad Bin Qasim Road, Sukkur 6. Askari Bank Ltd, Sarafa Bazar, Sukkur 7. My Bank Ltd, Marich Bazar, Sukkur 8. Habib Metropolitan Bank Ltd Shaheed Ganj Branch, Sukkur 	
15. Mr. Fazallulah Qureshi House 154, St # 98, I – 8/4 Islamabad	Member		
16. Mr. Tasneem Ahmed Siddiqui Chairman, SAIBAN GRE-319 (2-B), Britto Raod Garden East, Karachi	Member		
17. Mr. Arif Hussain Architect and Planning Consultant 37-D, Mohammad Ali Housing Society Karachi	Member		
18. Mrs. Mehtab Akbar Rashdi Secretary Culture Dept Govt of Sindh, Karachi	Member		
19. Mr. Ghulam Mustafa Abro D 15, Akbat Apartments Bleak House Road, Civil Lines Karachi	Member		
20. Mr. Azar Ayaz Executive Director, The Researchers, Suite 6, 2nd Floor, Malik Complex 80, West, Blue Area, Jinnah Ave, Islamabad	Member		



Foreword by CEO

The expansionary process and increase in Micro-Finance during 2006-07 resulted in problems like increased PAR (Portfolio at Risk). Due diligence process revealed that there was lack of monitoring at the district level and some communities were taking advantage of lax attitude of Social organizers and Credit Officers and indulging in connivance to abuse the facility of Micro-Credit.

On the other hand, Physical Infrastructure Sector benefitted more communities. However, Community Organization (CO) formation process did not benefit from the valuable input by SRSO, with the support of PPAF. It was observed by the Board that there was lack of Field Monitoring and District Officers were not performing their functions. There was gap in information sharing with the Head Office. Monthly Progress and Planning Meeting (PPM) was the only source of exchanging and discussing different interventions.

It was realized that if District Officers were not performing to the scale and with weak monitoring system, it may result in distorted programmes and losing the opportunity of benefitting communities. Office of the General Manager (GM) became hostage to misinformation and loose Field Management.

Board therefore, decided to decentralize and put in place two (02) Regional Hub Offices; one at Shikarpur and other at Khairpur. Simultaneously, the office of General Manager (GM) was kept in abeyance. CEO was made responsible to supervise the field with the support of Hub Offices.

Qualitative changes were made in Micro-Finance disbursement. Indeed for sometime, further loaning was stopped and Hub Offices were requested to evaluate the RCED operations.

Subsequently, three actions were recommended:

1. To capacity built Credit Section and Credit Officers;
2. Limit disbursement for Livestock and encourage Enterprise and Agricultural inputs;
3. Decentralize (Financial Part) and issuing cheques to the communities from Hub Offices.

These actions resulted in consolidation of SRSO interventions and opting for damage control. By the time, the author of this note-left SRSO (end of June 2008) he was conscious and satisfied that SRSO is an Organization that has great capacity to serve the communities.

Most valuable contribution came from the Chairman Shoaib Sultan Khan, who very kindly suggested ways and means to put in place second generation Social Mobilization with CRP as the lynch pin of community Organization. With his guidance SRSO became the pioneer organization to introduce Community Investment Fund (CIF) Programme in place. I am happy to note that at the end of my 45 years of career I learned a lot under Shoaib Sahib's leadership.

Muhammad Nazar Memon
Chief Executive Officer

Comparative Performance Summary - Sector Wise

Social Mobilization:	2006-07	2007-08
Total No of Districts in SRSO area	9	9
Total No of Union Councils in SRSO area	425	425
New UCs brought under SRSO	59	41
Total No of villages approached by SRSO	2,366	2,517
Total HHs	184,851	134,197
Total HHs organized	37,544	11,275
New community organizations	2,635	1,031
Male COs	1,856	719
Female COs	779	312
CO members Savings	12,567,977	5,238,648
Male	9,603,549	3,741,157
Female	2,964,428	1,497,491

Credit disbursement:	2006-07	2007-08
Total Disbursement	61,174,322	44,269,500
Male	53,065,300	37,510,500
Female	8,109,022	6,759,000
Number of borrowers	6,006	4,139
Male	5,184	3,494
Female	822	645
No of Beneficiary COs	399	211
Male	296	153
Female	87	47
Mix	16	11
Disbursement in Agriculture	10,041,300	15,357,000
No of borrowers	1,009	1,487
Male	977	1,457
Female	32	30
Disbursement in Live Stock	44,526,022	24,523,500
No of borrowers	4,337	2,231
Male	3,621	1,692
Female	716	539
Disbursement in Enterprise	6,607,000	4,389,000
No of borrowers	660	421
Male	586	345
Female	74	76

Physical Infrastructure:	2006-07	2007-08
SRSO+PPAF+KPF Input		
Total Schemes initiated	103	233
Total Schemes completed	86	54
Schemes completed in male COs	73	51
Schemes completed in Female COs	13	3
No of beneficiary Households	2,912	7,261

Capacity Building:	2006-07	2007-08
Total No of Community Management Skills Training (CMST)	73	67
Total No of participants trained	1,524	1,146
Vocational		
No of participants trained	178	383
Total No of Community Activists trained	2,616	6,694
Total participants trained in managerial skills	1,524	1,146

Micro Health Insurance:		
Total CO members who bought the Hospitalization Policy (All categories i.e. General members + Renewal members + Credit members + Family package)		8,505
Male		6,732
Female		1,476
Total Amount paid by the CO members		17,754,80
Total amount paid to Adamjee Insurance (By SRSO after retaining its service charge)		1,364,844
Total clients who submitted claims		81
Male		32
Female		49
Total amount paid by Adamjee Insurance against claims		938,019



1. Background and Introduction

Lack of the social justice seeks the realization of every institution and individual's full potential to take part in the development to reduce the poverty – the Government, National Development NOGs, INGOs as well as Community Members have to harness their potential to reduce increasing poverty faced by the majority of total population at the lowest ebb of society. This is society's responsibility.

According to recent Survey conducted by Centre for Research and Securities Studies Islamabad, 49% of Pakistanis fall below extreme poverty line. Be it health, education, physical infrastructure, safe drinking water and drainage or market opportunities; literally all and every service is denied to them. Forces of free market economy have robbed the poor and benefited the rich. The markets may be freer indeed but poor have run out of options. The so called banking sector boom benefited very few top end customers who have the capacity to borrow – the majority that happens to be rural poor remained out at the periphery and yet the free market champions touted this as great success!

This situation certainly calls for intervention with serious commitment and zeal to take consequential steps for uplifting the social indicators of deprived and hapless fellow citizens sharing same destiny and common culture.

Sindh Rural Support Organization (SRSO) has come into being in response to this challenge, indeed as one partner in the development among other such organizations. SRSO is a major Rural Support Programme in northern Sindh in terms of outreach and development activities. Guided by the Board of Directors comprising community development gurus and chaired by legendary development worker Mr. Shoaib Sultan Khan, a competent CEO makes hectic efforts to reach out to the marginalized people.





The mandate of SRSO is to alleviate poverty by harnessing people's potential and undertake development activities in Sindh. It has a presence in the 9 Districts of Sindh through District Offices and Field Offices.

It is serving the rural communities in the target area by following interventions:

- a) Social Mobilization
- b) Capacity Building / Human Resource Development
- c) Physical Infrastructure
- d) Natural Resource Management
- e) Social Sector Services
(Health, Education, Micro Health Insurance)
- f) Gender Development
- g) Enterprise Development
- h) Micro Credit

People living in poverty remain largely excluded from the process of national policies that affect them. SRSO has placed great importance on community organizations and empowering them to redressing this form of powerlessness; helping their voices to be heard through interventions aimed to help them so they will be able to help themselves.

SRSO's main objective is to harness peoples potential to help themselves, believing in capabilities of the poor and to support Government of Pakistan's efforts to address the issue of poverty reduction. SRSO is working as partner of Rural Support Programme Network and enjoys the help of Federal and Sindh Governments.

Rural Support Programmes have made important strides in the last several years to promote rural growth and poverty reduction. There has been substantial progress in formulation of policies that may help in liberalizing agricultural markets, promoting diversification of crops and increasing expenditure on infrastructure and public services in rural areas. Progress has also been made in empowering the poor through social mobilization and micro-credit. These efforts are rather intensified and strengthened. In addition, rapid and sustained reduction of rural poverty will require an even greater focus on building human capital, through improved delivery of health services and sanitation, basic education and appropriate technical training.

2. Social Mobilization

Key role of a Rural Support Programme is to mobilize, organize and motivate the community to take part in the development activity. Social Mobilization, thus, is the foundation of all activities. SRSO believes that success and sustainability of the Programme depends entirely on quality of social mobilization. This entails creating a proactive community sensitized to its problems and capable of addressing them. To meet such objective, community organizations are formed and trained to exploit their potential to take up physical development, managed their resources and accumulate their capital.

Social Mobilization is a long and demanding process requiring guidance, supervision and monitoring of Social Mobilizers work by the senior staff to eliminate chances of by passing or shortening the process – such tendency does prevail and can jeopardize the results. SRSO is sensitive and alive to such vulnerabilities. Therefore during the stock taking in the Board meeting some changes in the approach were agreed upon. In line with these decisions, SRSO has decentralized the strategy and introduced three tier social mobilization systems:

1. The concept of second generation social mobilization culminating into formation of Village Development Organization (VDO) has been introduced in the social mobilization approach and strategy. This is an umbrella organization having more than one COs in its fold. Its objective is a) ensure capacity building of activists of member COs b) ensure participation of villagers in the decision making about use of local resources c) boost membership of at least 80 % village households in the COs and d) strengthen coordination with NGOs and Government Agencies
2. The poverty score based on the Poverty Score Card survey exercise is the criteria for mobilization of extreme poor into the fold of CO membership.
3. Three lower bands from the results of the poverty score card would be given priority for mobilization.
4. Community Resource Person (activists both from existing male and female COs) are identified and trained as front line volunteer for forming new community organizations.





5. The formation of the Women community organization are given priority

6. In a village where 70% women have been organized, the VDO of women will be formed and Community Investment Fund would be provided for the destitute and vulnerable poor members of the COs.

SM staff has carried out its task on the above lines successfully during the past year. Despite huge workload of PSC exercise, the team has managed to meet the set targets of social mobilization by identifying Community Resource Persons and trained them for mobilizing the fellow community members from the poor households towards forming community organizations. SRSO Social Mobilizers identified and trained 75 CRPs, formed 1031 COs (719 Male and 312 Female).

SRSO has also taken up the social mobilization of 90 new villages on behalf of 'Crop Maximization Project-II' run by Federal Government Agriculture Ministry and Sindh Government. The PPAF has also commissioned SRSO for two years' to support in Social Mobilization for universal coverage of district Ghotki. Under these two projects, 2000 new COs will be formed by the end next year.



Statistical data for social mobilization is annexed below:

SRSO Districts Achievement 2007-2008													
Activities	As of June 2006	Total 2006-2007	Sukkur	Khairpur	N-Feroze	Ghotki	Shikarpur	Larkana	Jacobabad	Shahdad kot	Kashmore	Total 2007-2008	Commutative total as of June 2008
Total # of UCs	253	425	46	76	51	40	51	44	40	40	37	425	425
Total UCs under SRSO Programme area	17	59	14	17	8	9	10	13	12	9	8	100	100
Total # of Villages in SRSO UCs	730	2,366	530	856	600	758	301	440	603	475	320	4,883	4,883
Total # of HHS in SRSO UCs	53,604	184,851	43,303	53,550	28,688	85,571	29,228	35,346	34,534	34,777	24,051	319,048	319,048
Total COs formed	1,535	1,100	160	73	122	50	114	110	138	190	74	1,031	3,666
Male	1,168	688	110	57	65	40	64	76	103	137	67	719	2,575
Female	367	412	50	16	57	10	50	34	35	53	7	312	1,091
Total HHS covered	24,583	13,061	1,825	801	1,365	601	1,241	1,180	1,525	1,937	800	11,275	48,919
Membership	30,701	17,102	1,876	843	1,499	646	1,328	1,196	1,547	2,163	822	11,919	59,722
Male	23,903	11,176	1,318	630	713	519	658	856	1,197	1,413	720	8,023	43,102
Female	6,798	5,926	558	213	786	127	670	340	350	750	102	3,896	16,620
Community Saving	8,295,945	4,272,032	777,900	294,227	1,086,144	557,927	845,306	543,005	783,970	161,279	188,890	5,238,648	17,806,636
Male	6,627,285	2,976,264	650,300	234,997	496,959	501,917	533,356	415,555	606,386	116,497	185,190	3,741,157	13,344,717
Female	1,668,660	1,295,768	127,600	59,230	589,185	56,010	311,950	127,450	177,584	44,782	3,700	1,497,491	4,461,919



Analysis of figures on the left:

- Number of new COs (103) has improved over the past year (1100) but the ratio of male (719) female (312) COs has not.
- Figure of membership and organized HHs, has not improved compared with figure of previous two year, it shows decline even though two new districts have been added in the programme area
- Number of new female COs is less than Male COs
- Community Saving is however many times increased.

Explanation:

- In the reporting year, social mobilization strategy was thoroughly reviewed and it was decided to change it into three tier strategy. And at the same time Social mobilization was decentralized. Two New Hub Offices were established resulting into reshuffling and re location of staff. Top management also under went the change. New CEO replaced old CEO. He required some time to adopt his line of action.
- Due to redundancy of some old COs and subsequent drop in the membership, indicators of membership and organized HHs, did not register greater increase. Though female SOs have been chased to speed up formation of new female COs but constraints caused by feudal set up and culture do play part in limiting the women activity. However SRSO remains focused on improving women participation.



3. Capacity Building

Human Resource Development (HRD)

HRD is back bone of SRSO. Unless HRD comes into play, the whole efforts of social mobilization do not get interpreted into proactive community. HRD supplements the work of all other sections by providing training in skills enhancement and management. It takes on the results achieved by Social Mobilization Section to build capacity of community activists (male/female) both in terms of community basic management skills and sectoral skills.

HRD is assigned the task of building capacity of the community by addressing specific training needs of respective programme interventions and the staff. Major task of this section is to organize 'Community Management skills Training (CMST) for both male/female CO Presidents and General Secretaries.

CMST training is designed to address the specific needs of learning groups. This is a mix of sessions aimed at creating basic management capacity and transferring specific skills required by that group. Elements of curriculum include issues such as basic management skills, record keeping, conflict resolution and planning. It includes sessions on social development seeking change in the attitude, breaking taboos, encouraging equal gender relationship.

Such vigorous training seeks to enable and empower the communities by changing its mindset, eliminating despondency prevalent since long due to uninformed and deprived status of the communities. HRD mostly offers residential training in case of female CO members that has shown better results as the learners, isolated from their routine daily chores, tend to concentrate and interact with each other and benefit from this approach. Feedback and Evaluation is inherent in the course design.





It works all the year round and has been assigned several but complementary roles in order to widen its scope and strengthen SRSO's efforts in creating self-assured, self reliant proactive communities. HRD performs following functions:

- 1) Training needs assessment and analysis
- 2) Developing and revising curriculum
- 3) Designing training courses
- 4) Delivering training and conducting evaluation
- 5) Designing and delivering special packages
- 6) Coordinating with District and Provincial Governments and placing activists and staff for training
- 7) Coordinating with RSPN NGOs in Islamabad and other places and placing activists and staff for training
- 8) Playing host to these agencies and providing support to them

SRSO appreciates the support of two institutes in particulars – RSPN and Institute of Rural Management of NRSP who helped SRSO to develop its capacities at the present level. The huge input has been provided by both the organizations to make SRSO more effective. This goes without saying that HRD, MER and SM sections benefited the most. RSPN paid 70% of all the costs incurred on the staff's capacity building.

Statistical account of HRD performance is detailed in the chart given below:

Human Resource Development		2007-2008			
Sr. No:	Staff Trainings	Events	Male Pax	Female Pax	Total Pax
1	Orientation Training Workshop (OTW)	1	10	4	14
2	Leadership & Management Development Training	4	13	-	17
3	Women Leadership Programme	5	0	10	10
4	Exposure Visit CLTS	1	2	0	2
5	Leadership Foundation Course	1	1	0	1
6	Tot for Staff Training	1	0	2	2
7	Training workshop on Poverty Scorecard	1	5	12	17
8	BOT for Field Engineers	1	18	0	18
9	ToT for Enterprise Development	1	0	2	2
10	Training workshop on CIF Capacity Building	1	5	8	13
11	Basic M & E Orientation Training	1	4	2	6
12	Disaster Management	1	1	0	1
13	HR Management (Turine, Italy)	1	0	1	1
14	Developing Core Competencies writing & speaking skills	1	10	4	14
15	Strengthening RSPs M&E Capacity				
Total Staff Trained		21	69	49	118



Community Training									
Sr. No:	Managerial Trainings	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008			
1	Community Management Skills Training	11	83	61	73	67			
	Number of Participants	283	1,650	1,066	1,524	1,146			
	Male	223	1,171	775	959	832			
	Female	60	479	291	565	314			
	Total Pax Trained (Managerial)	283	1,650	1,066	1,524	1,146			
Other Community Trainings						Events	Male Pax	Female Pax	Total Pax
2	No. of Activist Workshops held	11	39	-	16				
	Number of Participants	544	3,950	-	553				
3	Proposal Writing for CCBs	1	3	-	-				
	Number of Participants	28	70	-	-				
4	Exposure Visit				2				
	Number of Participants				25				
	Total Pax Trained (Other Community Trainings)	572	4,020	-	578				
Sectoral Trainings									
1	Best Practices in Agriculture	1	2	29	-	10	120	0	120
	Number of Participants	25	50	122	-	120			
2	Livestock First Aid Training/ Other L/S workshops	-	2	2	3	108	72	4930	5002
	Number of Participants	-	50	50	99	5,002			
3	Traditional Birth Attendants Training	1	2	2	1	3	0	43	43
	Number of Participants	11	41	41	15	43			
4	Teachers' Training	-	1	1	-				
	Number of Participants	-	18	18	-				
5	Smokeless Stoves	-	-	1	-				
	Number of Participants	-	-	11	-				
6	Health Awareness Workshops	-	-	-	14				
	Number of Participants	-	-	-	547				
7	Education Awareness Workshops	-	-	-	7				
	Number of Participants	-	-	-	228				
	Total Pax Trained (Sectoral)	36	159	242	889	5,165	192	4973	5,165

Community Training		2007-2008							
Sr. No:	Vocational Training	2003-2004	2004-2005	2005-2006	2006-2007	Events	Male Pax	Female Pax	Total Pax
1	Basic Tailoring Training	1	1	1	1	4	48	35	83
	Number of Participants	10	11	10	7	83	-	-	-
2	Advance Tailoring Training	-	-	1	5	1	9	2	11
	Number of Participants	-	-	10	21	11	-	-	-
3	Electrical Wireman Training	-	1	1	-	-	-	-	-
	Number of Participants	-	20	20	-	-	-	-	-
4	Machine Embroidery	-	1	1	3	1	9	0	9
	Number of Participants	-	1	2	4	9	-	-	-
5	Dates Packing Training	-	1	1	-	-	-	-	-
	Number of Participants	-	15	15	-	-	-	-	-
6	Candle Making Training	-	1	1	-	-	-	-	-
	Number of Participants	-	20	9	-	-	-	-	-
7	Bakery Products Preparation Training	-	1	-	-	-	-	-	-
	Number of Participants	-	9	-	-	-	-	-	-
8	Driving	-	-	4	-	1	13	0	13
	Number of Participants	-	-	15	-	13	-	-	-
9	Movie Making	-	-	1	-	-	-	-	-
	Number of Participants	-	-	5	-	-	-	-	-
10	Basic Computer Training	-	-	2	4	1	19	0	19
	Number of participants	-	-	6	13	19	-	-	-
11	Advance Computer Training	-	-	1	4	1	2	0	2
	Number of participants	-	-	1	5	2	-	-	-
12	Mobile Repairing	-	-	2	7	9	137	0	137
	Number of participants	-	-	15	57	137	-	-	-
13	Electric Motor Winding	-	-	1	-	1	4	0	4
	Number of Participants	-	-	1	-	4	-	-	-
14	Motor Cycle Mechanic	-	-	2	-	1	12	0	12
	Number of Participants	-	-	6	-	12	-	-	-
15	Refrigeration & Air Conditioning	-	-	1	3	2	27	0	27
	Number of Participants	-	-	2	11	27	-	-	-
16	Dress Making & Designing	-	-	1	-	-	-	-	-
	Number of Participants	-	-	10	-	-	-	-	-
17	CNG Installation	-	-	-	1	-	-	-	-
	Number of Participants	-	-	-	9	-	-	-	-
18	Motor Winding	-	-	-	1	1	5	0	5
	Number of Participants	-	-	-	1	5	-	-	-

Community Training		2007-2008							
Sr. No:	Vocational Training	2003-2004	2004-2005	2005-2006	2006-2007	Events	Male Pax	Female Pax	Total Pax
19	Building Electrician				3	1	12	0	12
	Number of Participants				3	12			
20	Office Automation				2	1	5	0	5
	Number of Participants				2	5			
21	Gender Orientation Training Workshop				1				
	Number of Participants				28				
22	Auto Generator/UPS				-	1	1	0	1
	Number of Participants				-	1			
23	Auto Electrician				2	1	4	0	4
	Number of Participants				2	4			
24	Auto Mechanic				1				
	Number of Participants				1				
25	Organic Welding				1	1	13	0	13
	Number of Participants				4	13			
26	Beautician Course				1	1	0	11	11
	Number of Participants				10	11			
27	Converter & Stabilizer					1	1	0	1
	Number of Participants					1			
28	Civil Surveyor					1	2	0	2
	Number of Participants					2			
29	Computer Hardware					1	11	0	11
	Number of Participants					11			
30	Computer Networking					1	1	0	1
	Number of Participants					1			
Total Pax Trained (Vocational)		10	76	128	178	383	335	48	383
Total (Community Activists Trained)		357	1,937	1,418	2,616	6,694	1,359	5,335	6,694

- Figures show CMST 67 (1146 Pax), Sectoral training 5165 Pax, while the number of Community Activists who attended the training is 6694. This is much higher than previous year.
- Male-female participation ratio is however poor telling upon efforts of SRSO in mainstreaming gender by providing equal opportunities. It is probably the SM Team that does not seem to have worked hard to develop core of women activists and professionals in different fields requiring capacity training

4. Rural Credit & Enterprise Development (RCED) – Sector

Despondency, lack of confidence, having no access to assets, no collateral and subjugated by local influential landlord, hardly any member of community can desire to be entrepreneur. Such venture is unthinkable. However if any member feels differently and assesses himself/herself to start some enterprise, he/she does not have access and reach to the Banks.

Commercial banking in Pakistan has claimed the boom in the sector. These Banks are flourishing with huge profits by only catering to the needs of top end influential lot of society who have the capacity to borrow but has never reached out to the poor of this country. They are denied the facility of small loans against social collateral, the one they have. They have no way to establish small and medium enterprise and start income generation businesses.

The challenge is to lend small amounts to a rural family and help them in terms of training and logistics so they can market their products at a rate not exceeding 15-18 %.

Members of the Rural Support Networking have accepted the challenge and introduced micro credit facility to the rural community through COs. As member of the Network, SRSO has played its part. It has acquired and disbursed sizeable capital – simultaneously invested huge amount building capacity of the community to use the loans profitably.

The **SRSO's Micro Finance and Rural Credit Section** does not have any pre-conceived packages however; it ensures that credit is availed only for productive purposes so that it leads to proper utilization of natural resources and human capital. SRSO encourages CO members (male and female) to seek loans in field of agricultural inputs: seeds, fertilizer, pesticides, etc, Livestock: cows, buffaloes, goats, sheep, poultry and fisheries, small businesses and enterprises. It has a transparent system designed for proposals of expected borrowers, scrutiny of cases and disbursement and tracking of loans. The recovery tenure of the loan is based on the expected cash inflow to the borrower at the end of the economic activity.



Life can change

Akber Ali of Ghospur Village District Kandhkot, has witnessed his ambition fulfilled in his life time. He used to think it will never happen since he could never generate resources to expand his small time business in the village! He is Diploma holder but could not find job. He got in to very humble business of sale and purchase of second hand utensils called 'Kabari' in local language. He earned almost nothing out of it but that is what he could do since he did not know any other craft. Though he had tremendous talent and knack to make utensils but it was never exploited. Where could he bring the money to invest in steel and iron to make utensils?

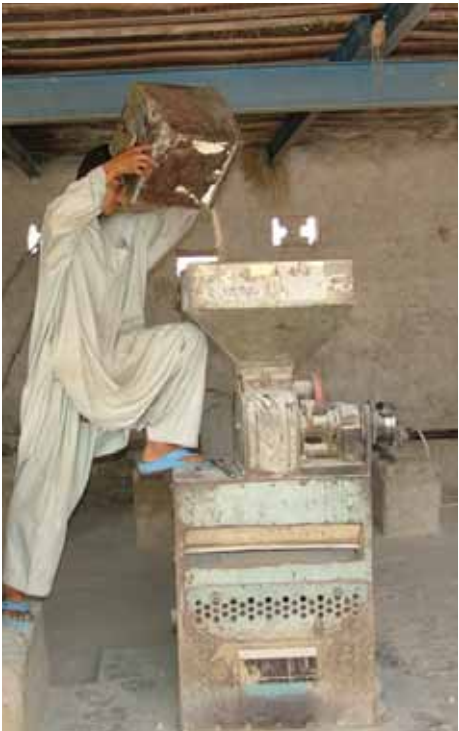
As the luck would have it, SRSO introduced its program in that village and facilitated people to form CO, a platform to benefit from SRSO interventions and micro credit programme. Akber Ali too joined as member of CO. He proved to be an active member participating in all activities and floating proposals for the good of the village. When it came to credit, he too put up his request which got supported by the CO and was approved by SRO. He got the loan of Rs 10,000.

It was start of the new era for him, a new future, breaking of new ground. He purchased iron and made utensils, sold them locally and earned profits for him respectably. He has expanded and has an ambition to further expand it. He is looking for another loan. Now his business earns him Rs. 7,000 monthly by selling jugs, cups and purchases old utensils, tins of oil ghee etc to recycle them into useful items.



During the reporting period, SRSO has disbursed **Rs. 44,269,500** to male and female clients. Micro Credit performance is reflected in the table given below:

Credit Disbursement (July 2007 - June 2008)											
	Cumulative July-06 to July-07	Ghotki	Khairpur	N.Feroz	Sukkur	Jacobabad	Kandh kot	Larkana	Shikarpur	Grand Total	Cumulative since Inception
Total Disbursement (Rs.)	102,596,000	9,342,000	2,899,000	5,348,000	4,778,000	8,127,500	892,000	5,903,000	6,980,000	44,269,500	208,039,822
Male	92,779,000	8,778,000	2,092,000	3,906,000	4,678,000	7,611,500	892,000	3,999,000	5,554,000	37,510,500	183,354,800
Female	9,817,000	564,000	807,000	1,442,000	100,000	516,000	-	1,904,000	1,426,000	6,759,000	24,685,022
Total No of Loanees	10,526	873	273	529	426	723	94	551	669	4,139	20,671
Male	9,514	820	192	386	416	680	94	374	531	3,494	18,192
Female	1,012	53	81	143	10	43	0	177	138	645	2,479
No of CO'S	821	399	4	46	17	23	15	36	48	211	1,431
Male	666	296	3	24	16	21	15	24	33	153	1,115
Female	144	87	4	19	1	2	0	6	14	47	278
Mix	11	16	1	3	0	0	0	6	1	11	38
Disbursement in Agri Input	17,498,000	6,074,000	1,265,000	876,000	1,024,000	3,041,000	392,000	813,000	1,872,000	15,357,000	42,896,300
No Of Loanees	1,817	1,009	581	88	101	293	42	78	185	1,487	4,313
Male	1,793	977	579	88	97	293	42	78	161	1,457	4,227
Female	24	32	2	0	4	0	0	0	24	30	86
Disbursement in Live Stock	72,238,000	44,526,022	2,770,000	3,946,000	3,189,000	4,779,500	326,000	4,121,000	4,754,000	24,523,500	141,287,522
No Of Loanees	7,412	4,337	249	389	274	398	33	378	451	2,231	13,980
Male	6,527	3,621	199	250	269	371	33	204	345	1,692	11,840
Female	885	716	51	139	5	27	0	174	106	539	2,140
Disbursement in Enterprise	12,860,000	6,607,000	498,000	526,000	565,000	307,000	174,000	989,000	354,000	4,389,000	23,856,000
No Of Loanees	1,297	660	43	52	51	32	19	95	33	421	2,378
Male	1,194	586	43	48	50	16	19	92	25	345	2,125
Female	103	74	0	44	4	16	0	3	8	76	253



The analysis of the table on the page before this one shows:

- The total disbursement this year has been lower than previous year
- Most of total disbursement i.e. 55% has gone to Livestock purchase and least i.e.10% used in enterprise development while agriculture got about 35%.
- Most of the loan is gone to the Male members

Explanation:

1. During the period it was noted with concern that the recovery got slower and portfolio at risk increased. Hence the BoD advised that disbursement process be slowed down till it is ensured that quality of credit is in line with the objective situation and real needs.

2. Livestock product has performed better than others but seen in the above context, there seems vulnerability of misuse in this product given its difficult nature to monitor. The amounts are stuck up for longer time. Besides it is also a fact that enterprise has limited scope in the rural areas and agriculture investment is at risk due to natural calamities – livestock is profitable proposition. Case studies have revealed that Community women demonstrate their best ability in utilisation of micro-finance services through livestock.

3. The trend of loan utilization has remained the same it was in previous years. Order of priority stuck to livestock, Agriculture and Enterprise.

4. Female credit beneficiary number is much less than male beneficiaries. It seems that SRSO staff has not worked real hard to form female COs and build their capacity as to be desired. SRSO has noted this laxity and directed its staff to improve the balance.

5. Enterprise Development

Going by our holistic approach to upgrade the social indicators of the community; promotion of local handicrafts is equally important area and can not be ignored. It has tremendous potential to grow if only some assistance is provided to the Artisans. In our mapping we found that great number of community members (especially women) is traditionally engaged in this profession but operating at very low level since they lack increased investment and some training. Also, equally important is to link these women Producers to markets and outlets whereby they can promote their products and earn profits they deserve.

Responding to the need, SRSO has established an Enterprise Development Section and placed trained professional staff, independent of Micro Credit Section. The Section is responsible to promote the handicraft of the village communities in the target area. The section also enjoys the support from RSPN.

ED Section has carried out a baseline survey and identified about 1000 artisans (mostly women) and arranged their training in their respective profession. The loans have been disbursed to make up the investment required for widening the production activity.

In addition, the ED Section arranged and facilitated the visit of big number of women artisans to attend different exhibitions organized by Government of Sindh and other market forces to demonstrate the skills. The Section has planned many other activities aimed at boosting the skills, production and providing outlets and markets.





The Section has so far made following progress as reflected in the table:

Enterprise Development			
S.No:	Description	2007-2008	Cumulative since Inception
1	Base line Survey of villages	36	53
	No: COs visited	46	85
	No of producers identified	724	1007
2	Type of Crafts Identified	1	7
3	Vocational Trainings workshop held	20	29
	No of Participants	151	233
	No of participating COs	23	43
	No of participating villages	14	29
4	Products identification / modification	17	70
5	Exposure Trip organized	1	1
6	Exhibitions	7	13



6. Physical Infrastructure & Technology Development (PITD)

Rural poor in SRSO target area do not have basic critical infrastructure. Standards of living and quality of life for those living in the rural setting and crowded confines of squatter of slum urban areas is extremely bad. Low income or no income combined with lack of such critical infrastructure like functional Basic Health Unit, Pit Latrines etc is causing more poverty. They desperately need basic physical infrastructure (land, sewage, potable water); more family planning facilities; immunization; educational health programs; link roads; and political commitment to improve basic needs. Concerted and sustained efforts are required to uplift standards of living and quality of life for those living in the remote areas.

SRSO follows basic needs approach - the conscious attempt to reduce poverty among the poorest groups. It is committed to assist communities in improvement and addition to the existing physical infrastructure with their participation as an essential element. Physical infrastructure is normally considered one of the strongest and more visible indicators of development with a high demonstration effect. It provides inspiration to the community to own and involve in the development process.



Community's Will

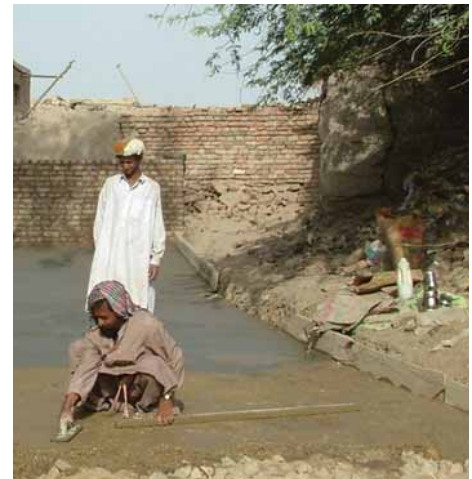
Village Ali Bux Khokhar is located in Tehsil Kandiaro of District Noushahro Feroze. As it happens to be in most of rural villages in Sindh, in Ali Bakhsh Khokhar too there is a mix of community – landlord, small farmers and landless poor. They took little longer time to heed to the pleas of SRSO Social Mobilization Team to form the CO. But when they did, they turned into the most active CO having mature understanding and matching enthusiasm. While deliberating on all possible interventions SRSO could bring in, Sindhri CO (which is the name Khokhar village residents gave to their CO) came up with proposal of Lining up water course to irrigate their lands, some of which had turned into barren due to scarcity of water! The CO had some saving too, enough to chip in its share in the scheme. It passed the resolution.

The existing katcha water course is prone to about 30 to 40% water losses. It also takes a hell lot of labor of each farmer to manage his water turn on rotation bases (called Wara in local language). Co understood that if they got the water course lined up, it will increase the water to bring in more land under cultivation benefiting 3000 small farmers in four villages of its command area.

The CO made initial feasibility with the consultation of SRSO. The PITD sector found the scheme feasible and put it to Khushhal Pakistan Fund (KPF) to fund it. The scheme was sanctioned for total cost of RS=2,569,882 including community share of RS = 514,882. The community carried over construction work with great vigor and enthusiasm

The scheme has completed. Total length of water course lined is 5,450 feet and it is irrigating almost entire land in its command area. It has made tremendous impact on the economy of the villages, increased the commercial value of lands, saved labour of farmers previously managing katcha water course. Most importantly, the lining has improved environment by reducing the use of Peter Engines for pumping of under ground water, also saved cost of expenses incurred on diesel and repair of engines. Now the pressure on aquifer for extracting water is also reduced.

The scheme has proved to be key factor in quality of life of the residents.



SRSO PITD Section has assisted great number of communities in building and managing Community Physical Infrastructure (CPI) Projects by providing guidance in technical and construction related initiatives. The majority of the CPIs schemes relate to drinking water, link roads, water resource development (lining of water courses/ channels, installing lift irrigation systems), sanitation schemes (open drains, bathrooms/latrines), pavement of streets, cattle yards and schools, funded through 80% grants. The community contributes either through cash or by providing labor or material in-kind. The PITD Section also develops the capacity of communities to operate and maintain the projects after completion. The PITD team along with Social Organizers completed around 54 schemes during the reporting period.

The PITD performance is given in the table on the next page.



(BY SRSO INPUT)	PITD status									
	Suk	Khp	N.Feroz	Gtk	Shp	Lrk	Jcb	Qamber Shahdadkot	Kandhkot Kashmore	Year 2007-08
Total No. of Schemes Initiated	2	0	0	3	1	1	1	0	1	9
Total No. of Schemes Completed	2	0	0	3	1	1	1	0	1	9
No. of Beneficiary HHs	43	0	0	60	150	25	18	0	16	312
-										
Type of Scheme completed in male COs	-									
DWHP	0	0	0	1	0	1	0	0	0	2
Sanitation	0	0	0	0	1	0	0	0	0	1
Irrigation	0	0	0	0	0	0	0	0	1	1
Open Drain	1	0	0	0	0	0	0	0	0	1
Lining of Water course	1	0	0	0	0	0	0	0	0	1
Brick Pavement	0	0	0	0	0	0	1	0	0	1
Street Pavement				1	0	0	0	0	0	1
-										
Type of Scheme completed in Female Cos	0	0	0	0	0	0	0	0	0	-
DWHP	0	0	0	1	0	0	0	0	0	1
-										
(BY PPAF)	Suk	Khp	N.Feroz	Gtk	Shp	Lrk	Jcb	Qamber Shahdadkot	Kandhkot Kashmore	Year Closing
Total No. of Schemes Initiated	6	5	5	8	4	1	10	5	1	45
Total No. of Schemes Completed	6	5	5	8	4	1	10	5	1	45
No. of Beneficiary HHs	123	271	136	263	135	25	170	120	15	1,258
-										
Type of Scheme completed in male COs	-									
DWSS	1	0	0	0	0	0	0	0	0	1
DWHP	0	0	0	0	1	1	2	2	0	6
Sanitation	0	1	0	1	1	0	0	0	0	3
Irrigation	3	1	2	5	1	0	1	2	1	16
Lining of Water course	1	1	1	0	0	0	1	0	0	4
Brick Pavement	1	1	1	2	0	0	2	0	0	7
Street Pavement			1	0	0	0	0	0	0	1
	0	0	0	0	0	0	4	1	0	5
-										
Type of Scheme completed in Female COs	0	0	0	0	0	0	0	0	0	-
DWHP	0	0	0	0	1	0	0	0	0	1
Open Drain	0	1	0	0	0	0	0	0	0	1

(BY KPF)	Suk	Khp	N.Feroz	Gtk	Shp	Lrk	Jcb	Qamber Shahdadkot	Kandhkot Kashmore	Year Closing
Total No. of Schemes Initiated	25	15	15	32	26	27	15	9	15	179
Total No. of Schemes Completed	0	0	0	0	0	0	0	0	0	0
No. of Beneficiary HHs	875	908	803	825	611	502	524	507	496	6,051
No. of Schemes initiated In Male COs	25	15	15	31	25	26	15	9	15	176
Type of Scheme initiated in male COs										0
DWSS		1								1
DWHP		0			1	1	2		2	6
Sanitation	4	10	2	1	4	5				26
Irrigation	13	4	9	29	17	18	9	1	9	109
Lining of Water course	0	0	3							3
Brick Pavement	3	0	1	1	3		2	5	1	16
Street Pavement	4	0					2			6
Communication	1	0					2		3	6
DWSR								3		
No. of Schemes initiated In Female Cos	0			1	1	1	0	0	0	3
Type of Scheme initiated in Female COs		0								0
DWHP		0		0	1	1	0			2
Lift Irrigation		0		1	0	0	0			1

Analytical explanation of PITD figures:

- Total number of schemes is little lower than in the previous year
- Community preference for schemes has remained consistent – it is Household Latrines followed by Irrigation
- Communication (link roads etc) is another area in line with community preferences. This connects them with the markets to sell their products.
- As the trend has remained, more schemes have been implemented in two districts Ghotki and Jacobabad followed by Sukkur which suggests that the PITD staff in these districts is rather active and community is responsive.
- However the SRSO has taken note of this skewed development and is making efforts to strike the balance.

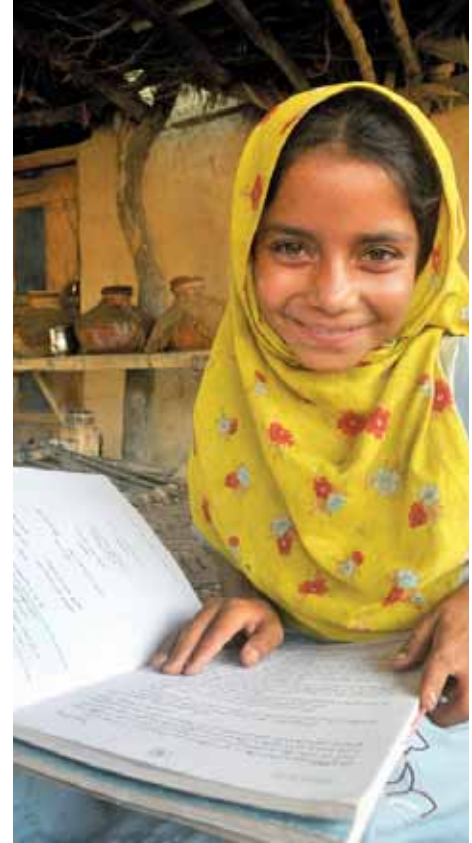
(SRSO + PPAF+KPF)	2006-2007	Suk	Khp	N.Feroz	Gtk	Shp	Lrk	Jcb	Qamber Shahdadkot	Kandhkot Kashmore	2007-08
Total No. of Schemes Initiated	103	33	20	20	43	31	29	26	14	17	233
Total NO: of Schemes completed.	86	8	5	5	11	5	2	11	5	2	54
No. of Beneficiary HHs	2912	1041	1179	939	1148	896	552	712	627	527	7,621
No. of Schemes completed In Male Cos	73	08	04	05	10	05	02	10	05	02	51
Type of Scheme Completed											0
DWSS	1	1									1
Sanitation	6		1		1	2					4
Lining of Water course	0	2	1	1	0	0	0	1	0	0	5
Street Pavement	0			1	1						02
Brick Pavement	0	1	1	1	2	1	0	2	0	0	08
Irrigation	17	3	1	2	5	1	0	1	2	2	17
Communication	16							4	1		05
Open Drain	0	1	0	0	0	0	0	0	0	0	01
DWHP	2	0	0	0	1	1	2	2	2	0	08
DWSR	0								0		0
HH Latrines	30										
IAUP	01										
No. of Schemes completed In Female Cos	13	0	1	0	0	1	0	0	0	0	03
Types of Scheme completed											
DWHP	0	0	0	0	0	1	0	0	0	0	2
Lift Irrigation	1	0	0	0	0	0	0	0	0	0	0
HH Latrine	12										
Open Drain	0	0	1	0	0	0	0	0	0	0	1

7. Social Sectors Services

Social Sector services for the people in SRSO operational area are almost non-existent. Female health is in bad shape. Maternity cases are not attended causing deaths. Even locally trained delivery attendants called "Dais" are not present. Infant mortality is higher. People do not have access to safe drinking water. Leave alone total sanitation, the latrines are also not available. Education, especially female education, is another problem area. Public sector schools are not functioning to the desired level. Lot of the rural talent goes waste.

SRSO realizes its responsibility and commitment to serve the poor communities. Hence it has established a full-fledged Social Services Sector to deliver the services like health, education, environmental sanitation including safe drinking water. Sections have been assigned to:

- Assist the communities in addressing their needs in the areas of primary education, basic health, sanitation and drinking water
- Act as an intermediary between communities, government agencies and other NGOs in order to deliver services



Old habits die hard

Non availability of Safe drinking water is an acute problem in the entire operational area of SRSO. But it is worst in Shahdaskot District. During the Survey it was found that all water sources like canals, ponds and hand pumps were polluted and water drawn from them is used without treatment causing high Prevalence of disease such as diarrhea, dysentery, typhoid, and intestinal worms. Diarrhea morbidity is high, and it is leading killer in children under 5.

SRSO Social Sector Services took an initiative to launch safe drinking water project named Musaffa Project, in 02 Talukas Qubo Saeed khan and Qambar – the worst affected areas. These areas were highly affected by Flood in last year.

SSS decided to introduce a simple, but effective and scientifically sound Musaffa bags developed by PCSIR. SRSO purchased 2250 filter bags from US-HEALTH CARE Karachi. They were distributed to same number of households. They were told that each bag through COs. A Workshop for orientation and techniques of usage of Musaffa bags was conducted for wider group from CO. The group was informed that;

- To achieve the results of Musafa, preferably water cooler be used for water storage. But in cases if some can not afford it earthen Pot be used.
- Depending on the use of Bags, the Bags would last for about 6 months for a family of 5 members.
- SRSO would ensure its supply but the community will have to pay. Community can buy them directly too.

SRSO has planned to carry out impact study of Musafa Water Filtration Project with the help of Rahimyar Khan based organization called HRDS which has been working in this field for many years.



The sector is presently focusing on health and education services under the strategies mutually developed by SRSO and RSPN. Under this strategy series of Health & Education workshops have been organized which were attended by male & female CO members, followed by formation of implementation committees. Experts belonging to line departments/NGOs were engaged as resource persons. It has recently developed its strategy for the next three years with the assistance of RSPN.

- SSS has planned to develop and demonstrate viable models in its sub-sectors by coming up with community based programmes that can be implemented by COs that are fostered through the social mobilization process;
- SRSO also provides Micro health Insurance as a Social Sector initiative by providing coverage to willing community members for hospitalization, accidental, and death. During the two months SRSO has mobilized more that 3000 families and members to get this facility. Besides. The section along with organized community has declared 123 villages open defecation free villages.
- SSS is running Adult Literacy Programme in collaboration with Azan Foundation, to help CO members to read and write simple words. Sign documents and carry out basic calculations required in their daily life. In Phase one, SRSO selected 52 potential teachers from two Districts- Sukkur and Khairpur who were trained in teaching skills. Out of these, 52 teachers were selected to run 52 literacy centers. They enrolled 1244 students.
- SSS has carried out Malaria Project aims to eliminate malaria by at least 50% in khairpur district by 2012.
- The SSS activities under GFATM Project include:
 1. Improving early diagnosis and prompt treatment services in the khairpur district
 2. Scaling up coverage of effective vector control measures in high risk areas
 3. Strengthening and building management capacity of National Malaria Control Project to coordinate, plan, implement and monitor effective curative & preventive interventions nationwide. The project is funded by GFATM.
 4. Intensifying efforts to ensure Open Defecation Free (ODF) villages – helping COs to build Latrines



SSS performance data is annexed below:

S.No:	Description / Events	2006- 2007	July2007-June 2008	Cumulative
1	Health & Hygiene Workshops (Male)	7	5	12
2	Health & Hygiene Workshops (Female)	8	2	10
3	Education Awareness Workshop (Female)	7	2	9
4	Education Awareness Workshop (Male)	1	1	2
5	TBA Trainings	0	3	3
6	Mussafa Project for Germ free Drinking water	0	1	1
7	Free Medical Camps	0	1	2
8	Teachers trainings for Adult Literacy Centers	0	5	5
9	Adult Literacy Centers established	0	38	38
11	Refresher on Micro Health Insurance Policy	0	9	16
12	CLTS Activists Workshops	0	3	3
13	Open Defecation Free Villages	0	140	148



8. Micro Health Insurance

According to The World Health Organization (WHO) estimates the out-of-pocket health expenditure in Pakistan stands at 71 per cent – a heavy burden for the poor. Those who can only afford to pay a little usually get the poorest quality of the services, says a World Health Organization review on health inequalities in Pakistan.

For more than 50% of population living below the poverty line, it is impossible to pick up the health bill – while it is also a fact that disease prevalence rate is higher among this group due to malnourishment, lack of sanitation, unsafe drinking water etc.

SRSO has therefore worked out an arrangement to provide Micro Health Insurance cover to the communities through COs in the target area. This step has been taken in line with earlier initiative of Rural Support Programme Network (RSPN), Pakistan who had introduced Family Health Insurance in collaboration with Adamjee Insurance Co. SRSO has also established an arrangement with Adamjee Insurance Company whereby CO members have to pay a meager amount which is passed on to the Insurance Company after retaining very little amount. In return the community enjoys sizeable compensation.

Micro Insurance covers the cost of hospitalization, accidental injuries, disability compensation and compensation in case of accidental death. The tables on the right show the performance of the sector:



Micro Health Insurance data

General Policy Members (July 2007 to June 2008)												
S.No	Region	Member Clients		Total Clients	Premium /Client	Amt Recd from Clients	Amt Paid to Admajee	No of Claims		Total Clients	Amount Claimed	Amt Paid by Adamjee
		Male	Female					Male	Female			
1	Sukkur	405	21	426	250	106,500	88,608	2	4	6	77,820	38,743
2	Khairpur	264	60	324	250	81,000	67,392	6	8	14	212,261	173,762
3	Shikarpur	413	243	656	250	164,000	136,448	4	4	8	127,174	93,076
4	Ghotki	488	25	513	250	128,250	106,704	4	2	6	85,250	59,509
5	Jacobabad	307	53	360	250	90,000	74,880	3	4	7	123,686	101,924
6	Larkana	371	19	390	250	97,500	81,120	1	1	2	12,049	5,185
7	Nasuhero Feroz	231	88	319	250	79,750	66,352	1	10	11	129,451	107,892
8	Shahdad Kot	285	74	359	250	89,750	74,672		1	1	6,436	6,436
9	Kandh Kot	218	7	225	250	56,250	46,800	1		1	5,290	5,290
	Total	2,982	590	3,572		893,000	742,976	21	34	54	779,417	591,817

Renewal Policy Members (July 2007 to June 2008)												
S.No	Region	Member Clients		Total Clients	Premium /Client	Amt Recd from Clients	Amt Paid to Admajee	No of Claims		Total Clients	Amount Claimed	Amt Paid by Adamjee
		Male	Female					Male	Female			
1	Sukkur	7	0	7	230	1610	1,316			-		
2	Khairpur	3	4	7	230	1610	1,316			-		
3	Shikarpur	37	47	84	230	19320	15,792		4	4	69,794	69,044
4	Ghotki	1	5	6	230	1380	1,128	1	1	2	33,776	33,776
5	Jacobabad	2	1	3	230	690	564	1	1	2	34,700	32,795
6	Larkana	0	0	0	230	0	-			-		
7	Nasuhero Feroz	4	0	4	230	920	752			-		
8	Shahdad Kot	0	0	0	230	0	-			-		
9	Kandh Kot	0	0	0	230	0	-			-		
	Total	54	57	111		25,530	20,868	2	6	8	138,270	135,615

Micro Health Insurance data

Credit Policy Members (July 2007 to June 2008)												
S.No	Region	Member Clients		Total Clients	Premium /Client	Amt Recd from Clients	Amt Paid to Admajee	No of Claims		Total Clients	Amount Claimed	Amt Paid by Adamjee
		Male	Female					Male	Female			
1	Sukkur	431	24	455	150	68,250	45,500			-		
2	Khairpur	169	64	233	150	34,950	23,300	1		1	15,000	15,000
3	Shikarpur	594	161	755	150	113,250	75,500	2	1	3	41,648	41,648
4	Ghotki	548	142	690	150	103,500	69,000	2		2	30,000	30,000
5	Jacobabad	1057	77	1134	150	170,100	113,400	1	1	2	30,000	30,000
6	Larkana	346	204	550	150	82,500	55,000	1	1	2	27,860	27,127
7	Nasuhro Feroz	406	157	563	150	84,450	56,300	2	6	8	85,530	76,031
8	Shahdad Kot	29	0	29	150	4,350	2,900					
9	Kandh Kot	116	0	116	150	17,400	11,600					
Total		3,696	829	4,525		678,750	452,500	9	9	18	230,038	219,806

Family Package Policy Members (July 2007 to June 2008)												
S.No	Region	Member Clients		Total Clients	Premium /Client	Amt Recd from Clients	Amt Paid to Admajee	No of Claims		Total Clients	Amount Claimed	Amt Paid by Adamjee
		Male	Female					Male	Female			
1	Sukkur	10	0	10	600	6000	5,000			-		
2	Khairpur	76	6	82	600	49200	41,000		1	1	2,507	2,507
3	Shikarpur	9	3	12	600	7200	6,000			-		
4	Ghotki	0	0	0	600	0	-			-		
5	Jacobabad	13	14	27	600	16200	13,500			-		
6	Larkana	11	0	11	600	6600	5,500			-		
7	Nasuhro Feroz	7	14	21	600	12600	10,500			-		
8	Shahdad Kot	72	4	76	600	45600	38,000			-		
9	Kandh Kot	58	0	58	600	34800	29,000			-		
Total		256	41	297		178,200	148,500		1	1	2,507	2,507

Micro Health Insurance data

S.No	Region	Cumulative Total						No of Claims		Total Clients	Amount Claimed	Amt Paid by Adamjee
		Member Clients		Total Clients	Premium /Client	Amt Recd from Clients	Amt Paid to Admajee	Male	Female			
		Male	Female									
1	Sukkur	843	45	898	-	182,360	140,424	2	4	6	77,820	38,743
2	Khairpur	436	128	646	-	166,760	133,008	7	9	16	229,768	191,269
3	Shikarpur	1,044	451	1,507	-	303,770	233,740	6	9	15	238,616	203,768
4	Ghotki	1,037	172	1,209	-	233,130	176,832	7	3	10	149,026	123,285
5	Jacobabad	1,366	131	1,524	-	276,990	202,344	5	6	11	188,386	164,719
6	Larkana	717	223	951	-	186,600	141,620	2	2	4	39,909	32,312
7	Nasuhero Feroz	641	245	907	-	177,720	133,904	3	16	19	214,981	183,923
8	Shahdad Kot	314	74	464	-	139,700	115,572	-	1	1	6,436	6,436
9	Kandh Kot	334	7	399	-	108,450	87,400	1	-	1	5,290	5,290
Total		6,732	1,476	8,505	-	1,775,480	1,364,844	32	49	81	1,138,506	938,019

Analysis of data shown in Micro Health Insurance data:

- Total CO members who bought the Policy (inclusive of all categories i.e. General members + Renewal members + Credit members + Family package) is 8505 that includes 6732 male and 1476 female.
- Total Amount paid by the 8505 CO members amounts to Rs1364844 while Adamjee Insurance paid back Rs 938,019 to 81 people who put up claims; in a way it back about 70% of entire amount it received.
- This Sector is performing so well and benefiting the needy people in great way. SRSO feels very satisfied in this venture as indeed the community too feeling highly impressed.

9. Natural Resource Management

Pakistan is basically agriculture based country. Seventy percent population is employed in agriculture especially in rural Sindh. The farmers get poor yield of crops due to lack of technical knowledge and non-availability of required inputs. They also lack the capacity to manage natural resources at their disposal and waste the potential.

SRSO understands the importance of this sector. It has established an independent Section of Natural Resource Management focusing on capacity building of the farmers. NRM has well defined role to play for the following activities:

- Assist communities in water resources management by training and demonstrations;
- Help them in obtaining better varieties of seeds, fruits and forest plants;
- Promote and build up the capacity of communities in better methods of vaccinating animals, livestock management practices, agricultural farm management practices, sowing, seed and plantation;
- Provide preventive and curative services in the Livestock sector through the Prime Minister's Special Initiative for Livestock Project.

NRM in collaboration with COs, has identified following activities that could lead to improve the living standard of people thereby reduce the severity of poverty.

1. Back Yard Poultry

Poultry is an integrate part of rural households. These are reared for egg & meat purpose. However these birds are low production in terms of meat & egg rearing size and number. NRM envisages turning conventional rearing poultry into a cottage industry and later on commercial farming by training CO in poultry farming on modern lines and introducing highly productive poultry breeds (Fayoomi). These breeds are disease resistant, require less management practices and are good converter of feed into egg and produces eggs daily almost around year.

This activity has been designed with women community who are mainly involved in conventional poultry rearing practices. SRSO has built the capacity of target women communities to construction of poultry houses feed & diseases management.





SRSO NRM Section has supplied 5,552 (Five Thousands Five hundred and Two) birds to 1024 Households and covered 234 COs in all districts.

2. Back Yard Kitchen Gardening

Kitchen gardening is simple activity to undertake. The selection of a range of vegetables is carried out based on liking and profitability. Mostly tomato, chilies carrot, radish are cultivated in the area. But due to lack of know-how to the farmers, they have not explored the high income generating activities like vegetables production and fruit rearing. To generate interest of the target group, NRM has introduced kitchen gardening at household level. NRM has provided seed and trainings. It has supplied vegetables seed packet for both Rabi and Kharif seasons to 7000 CO members and covered 1329 COs in all districts.

Kitchen gardening is purely women led activity SRSO ensures women participation through mobilization. Skill enhancement has been carried out through training and on site technical support.

3. Fruit Plants

To diversify and encourage complementing existing income generation source communities have been mobilized to grow fruit trees at household level. NRM has provided varieties of fruit plants to CO member i.e. Lemon, Ber, Falsa to 3400 households of 660 COs in all districts. Women are engaged in fruit planting specially at household level.

4. Land Reclamation

35% land of upper Sindh Districts, Shahdad Kot, Larkana, Shikarpur, Jacobabad, and Kandhkot is saline and nothing is cultivated in these lands. This big chunk of land is barren. Due to non cultivation this ratio is being increased day by day. These lands require proper attention.

SRSO has designed the programme of reclamation of these lands with gypsum and has supplied 13000 bags of gypsum to the farmers that has helped reclaim 300 acres of land belonging to equal number of households from 106 COs.





5. Crop Production

Successful crop production plays an important role in solving problems of food security as well as bringing economic development and poverty alleviation in the area. The success of producing good crops almost entirely depends upon availability better inputs better knowledge and choice of crops according to the area environments. Since majority of our population live in rural area their livelihood is fundamentally linked with agriculture and production good crops. Going through the results of the crop production in the target area, was concluded that increased crop yields with limited soils can also be achieved by the following two principles.

- 1) Use of quality Seed
- 2) Use of improved varieties of crops

NRM is providing the quality seeds and encouraging growers to go for the improved varieties of crops.



The table below shows the performance data of NRM:

Natural Resource Management data				
Sr. No:	Description	2006-2007	2007-2008	Cumulative since inception
1	Agriculture workshop- Activist-Manager Conference	1	14	15
	Beneficiary COs	1	14	15
	Beneficiary Households	12	150	162
2	Soil Reclamation Demonstration Plots	20	300	320
	Beneficiary COs	20	106	126
	Beneficiary Households	20	300	320
3	Juar Seed Provided (Kgs)	-	1,500	1,500
	Beneficiary COs	-	65	65
	Beneficiaries Households	-	300	300
4	Backyard Poultry Units Distributed	334	5,552	5,886
	Beneficiary COs	8	234	242
	No. of Beneficiaries (HHs)	67	1,024	1,091
5	Lemon Plants Provided	200	7,000	7,200
	Beneficiary COs	4	260	264
	No. of Beneficiaries (HHs)	40	1,400	1,440
6	Fruits Plant Saplings Provided. Ber		5,000	5,000
	Beneficiary COs		200	200
	No. of Beneficiaries (HHs)		1,000	1,000
7	Fruits Plant Saplings Provided. Falsa		5,000	5,000
	Beneficiary COs		200	200
	No. of Beneficiaries (HHs)		1,000	1,000
8	Backyard Kitchen Gardening-Veg. Seed Distributed (Packets)	40	7,000	7,040
	Beneficiary COs	4	1,329	1,333
	No. of Beneficiaries (HHs)	40	7,000	7,040
9	Soil Samples taken	26	24	50
	Beneficiary COs	2	3	5
	No. of Beneficiaries (HHs)	2	3	5
10	No. of sign board fixed		42	42
	Note: - Total CO's and HHs benefited- Beneficiary CO's	39	2,411	2,450
	Total No. of Beneficiaries (HHs)	181	12,177	12,358



10. Prime Minister's Special Initiative for Live Stock

PM's Special Initiative for Livestock is in line with the Medium Term Development Framework and aims at achieving the targets outlined in the document that has been developed by the Planning Commissions after consultation with different stakeholders.

Actually it is most important initiative so far taken in this field which has, hitherto, remained neglected. The vast rural population of Pakistan depends entirely on Agriculture or Animal Husbandry. If reasonable assistance is provided, the vast majority can comfortably earn its livelihood from the livestock and ensure food security too. This intervention has come at most opportune time and has come as a blessing on the farmer's community, an enormous majority of marginalized people.

Having vast outreach mechanism and ability to socially mobilize community in its operational area, SRSO is playing an important role in carrying out the PM's programme to the people. SRSO has added this Initiative in its delivery package and assigned professional staff to implement it. Natural Resource Management (NRM) Sector is responsible on this count.

NRM has added additional DVM in its team handling Livestock intensive areas. SRSO is in process of establishing clinics/Labs out of revolving fund placed at its proposal. It has arranged several training in all the aspects of animal care as well as held training for DVMs and Community Livestock Extension Workers (CLEWs). SRSO is investing /facilitating the core of this team to become Specialists and take on as self employed people.



Statistical data of activities carried out under PMSIL is given below:

PRIME MINISTER'S SPECIAL INITIATIVE FOR LIVESTOCK				
Sr. No:	Description	2006 - 2007	2007 - 2008	Cumulative since Inception
1	No. of Animals Treated	835	4,898	5,733
2	No. of Animals Ecto parasites	85	1,144	1,229
3	No. of Animals Vaccinated	736	69,396	70,132
4	No. of Animals De-wormed	1,345	25,549	26,894
5	No. of Surgeries Performed	18	107	125
Total		3,019	101,094	104,113
6	No. of COs served	-	2,990	2,990
7	No of Female Livestock Farmer Training Events Held	-	103	103
8	No of Female Livestock Farmer Training Pax	-	4,930	4,930
9	No. of Community Livestock Extension Workers Trained	-	72	72
10	Income from sale of medicines (Rs)	-	220,558	220,558
11	Income from sale of vaccines (Rs)	-	79,310	79,310
12	Income from sale of semen (Rs)	-	-	-
13	Income from DVM services (Rs)	8,632	127,744	136,376
Grant Amount		8,632	427,612	436,244



11. Gender and Development

SRSO realizes the vital importance of Gender and Development. Hence its interventions ranging from social mobilization to community physical infrastructures have been open for both, men and women. We understand that men and women would participate in the development initiatives and can benefit from the outcome equally.

SRSO has a strong Section called Gender and Development working towards mainstreaming the women hitherto ignored in the decision making. The Section is alive to the sensitivities about men, women relationship and persisting inequalities. The section has been made responsible to achieve the following:

- Ensure that gender remains the integral part of all **SRSO** activities besides mainstreaming it;
- Develop new programmes and packages exclusively for women CO members;
- Take a lead role in formulating gender policy, strategies (Operational Plan) and monitoring mechanisms for gender policy implementation while pursuing the gender agenda and advocacy for resource allocation for gender related activities;
- Facilitate and coordinate capacity building of staff and community members in gender awareness and sensitivity through training sessions, discussions and exposure visits;
- Review and update planning tools and processes used at the field level to ensure women's participation.

GAD has formulated a gender policy and implementation plan with defined policy actions as a conscious and focused effort to bringing women in the mainstream development before the resource gaps widen the gender gap at the organizational and programme level.





Community Investment Fund Status

Indicators	As of June 2008
Disbursement	
Amount of CIF Disbursed to VDOs	150,000
Amount of CIF Disbursed to # of VDOs	1
No. of loans	26
Loan Size	5769
Sectors	
Enterprise	9,344
Livestock	10,000
Agriculture	109,600
Emergency & Others	21,056
Outstanding	
CIF Principal Outstanding	146,600
No. Of Active VDOs with CIF	1
Active Borrowers	26

Changing Destiny

Fareedan is 25 years married and mother of three children. Her husband Wahid Bukhsh works as labor in the village Masoo Machi of District Shikarpur but he can not earn more as he is partially disabled person. Fareedan has had a hard deal in life, remained hard pressed financially – never been able to buy things she liked for her or for her children. She often realized that as her children grew older, their needs would increase and she and her husband would be further pressed.

At this juncture, 'Village Development Organization' of her village came to her rescue and nominated her for grant of Rs. 5000 from SRSO Community Investment Fund. With this money she opened up a small shop and placed items of daily use like cooking oil, salt, tea bags, sugar, rice, flour etc. She has now found a shop of her dreams that keeps her usefully employed and earns her respectable income of few thousands a month. She takes the sigh of relief. Her husband is satisfied man and even more determined to work even harder and to help her wife too He has witnessed the change in quality of life.

GAD has helped the MER in Poverty Score Card Exercise. Poverty score exercise has taken place in 106 UCs of Sukkur, Khairpur, Larkana, and Jacobabad in order to facilitate Government of Sindh to announce the land distribution to the poor Haris.

SRSO was commissioned to undertake the exercise and identify poor landless 'Harees' (tillers) who qualify for the land. Additionally it has also been asked to support these Harees in the development of packages once they get the land. SRSO has established the data base banks while using the PSC results in each district and has started physically verifying the lands identified by the Revenue Department. SRSO has completed the physical verification of the land allotments in Larkana and Jacobabad districts. The process of developing the package has begun. Also, the PSC work has started in Ghotki districts. The PSC entails following:

- Village Profile as a Bench Mark
- Poverty Assessment through Poverty Scorecard to assess:
 - ... Extremely Poor (Destitute)
 - ... Chronically Poor (Very Poor)
 - ... Transitory Poor (Poor)
 - ... Transitory Vulnerable Poor (Poor)
 - ... Transitory Non Poor (Better Off)
 - ... Non Poor (Better Off)



Poverty Score Card Status		
District	Target UCs	PSC Completed
Sukkur	16	03
Khairpur	49	30
Jacobabad	11	06
Larkana	30	30
Total	106	99





12. The Monitoring, Evaluation and Research Unit (MERU)

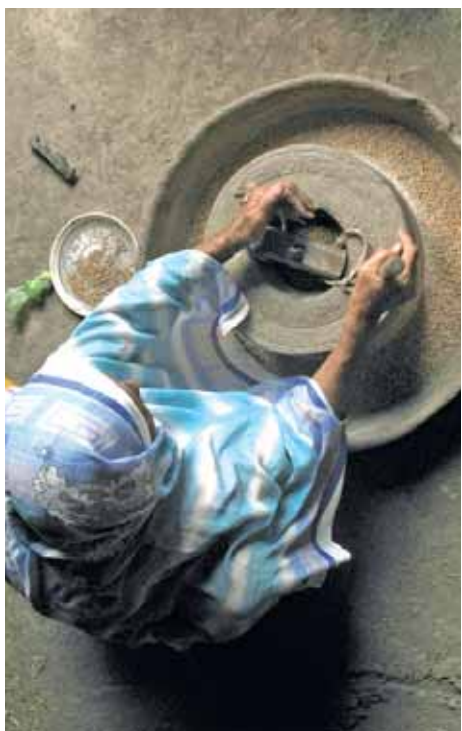
Monitoring and evaluation (M&E) of development projects are increasingly recognized as indispensable management functions. These functions include wide range of activities like developing tools and determining the performance objectives – processing feedback, monitoring and evaluating the performance through a structured system by pre determined instruments and tools. Unless a strong and efficient ME system is functioning, results of development will not be achieved.

SRSO MER Section has been running in to problems for want of competent staff, frequent replacements, reshuffling and to some extent loss of investment in training and then losing the professionals. We have struggled in to this area and by now, have put in place the MER. The Section is motivated and involved in many activities but much has to be desired even now.

The MER, however, made good contribution to the SRSO programme delivery during the reporting year. It was involved in various activities and tasks. MER has carried out the following activities in the year of reporting:

- MER was involved in SRSO Annual Budgeting and Planning for each sector and each district.
- The Section also carried out Annual program review
- For launching of Community Investment Fund (CIF) for the destitute women, the MER developed Model Transformation Plans for different trades to provide basis for CIF distribution. Plan lays down parameters and standards based on which grant can be made in each sector like Livestock, agriculture, Enterprise etc.
- MER carried out baseline to collect secondary data to be used for launching of the projects of KPF, Falah and MTDF
- For carrying out the exercise of poverty score card MER carried out situation analysis to determine the approach and strategy
- MER was involved in Poverty Score Card exercise.





13. Way Forward – New Initiatives

We are happy to report that in short time of its existence SRSO has established its credentials as a vibrant and active support organization closely aligned with the community. Federal and Provincial Government has reposed its confidence in SRSO, indeed along with other partner support organizations. Donors feel happy to establish business initiatives with SRSO. Additionally, it has won tremendous support from Rural Support Programmes Network (RSPN). SRSO has more than one challenging tasks ahead and feels confident to take upon these tasks.

a) Sindh Rural Support Programmes Consortium (SRSPCon)

Sindh Government has expressed its vision and commitment to uplift the poor majority from the clutches of poverty. It has set itself an agenda of attacking the menace of increasing poverty by way of carrying out different supportive activities targeting the poor. The Government, however, has either to rely upon its line departments for the outreach which work in conventional way within their specific scope of their jobs. Or the GoS has to create new edifice to implement its agenda which entails heavy capital and operational cost. Finally, however, the Government moved away from the conventional approach. It identified the Rural Support Programme NGOs already operating in all the corners of geographical area of the province with trained core of professionals and in collaboration with line departments. The Government asked for presentations before it to establish the competence of the RS Programmes and felt satisfied.

On the initiative of SoG, a Consortium of three Support NGOs, NRSP, SRSO, TRDP has been established to implement the Agenda. SRSO has been nominated as one senior team member and the host of the consortium. SRSO has appointed its team and placed it TRDP Karachi office to interact with Public Private Partnership initiative seated in Planning and Development department. Under this programme, many initiatives and activities are under way.

b) SRSO has established 'Community Investment Fund to help mainly destitute women in its area of operation. The fund is disbursed to the eligible otherwise vulnerable disadvantaged destitute women to help them build their assets and establish income generating activity.

c) Village Devolvement Organization

SRSO has introduced concept of second generation social mobilization in form of Village Development Organization (VDO). It is the umbrella organization of Community Organization having wider scope of works and approach. It will specifically pursue the objectives of:

- To ensure helping activists of member COs in their capacity building
- To ensure participation of villagers in the decision making about use of local resources
- To ensure membership of atleast 80 % of village house holds in the COs
- To strengthen coordination with NGOs and Government Agencies

d) Interest Free Loans for Destitute Women

The Government of Sindh has been pleased to offer Rs. 500 million revolving credit pool for poor women in Sindh under the Women Empowerment Programme. The size of loan would be from Rs. 2000/- to 30,000/- and the repayment tenure would be 6 to 30 months. The objective of the Program is to provide the interest free loans to destitute and vulnerable poor women to start or support small businesses of their own at their homes. The overarching objective of this soft loan is to reduce the levels of poverty of these poorest women in rural areas by way of:

- Building productive assets of women and
- Increasing and diversifying their incomes.
- Decreasing their risks by providing safety nets.
- Improving their leadership and management skills.

The identification of the very poor or destitute women is being done with the help of Poverty Scorecard.

e) Donor and Funds

RSPN has signed a contract with SRSO to implement the project of CMP-II during the period of four years with financial support of Rs. 48.00 million.

f) PPAF

PPAF has also approached SRSO to carry out Universal coverage of social mobilization in selected target areas within the period of two years as against the financial assistance of Rs.127 million. It is also expected that GoS may join in this programme.



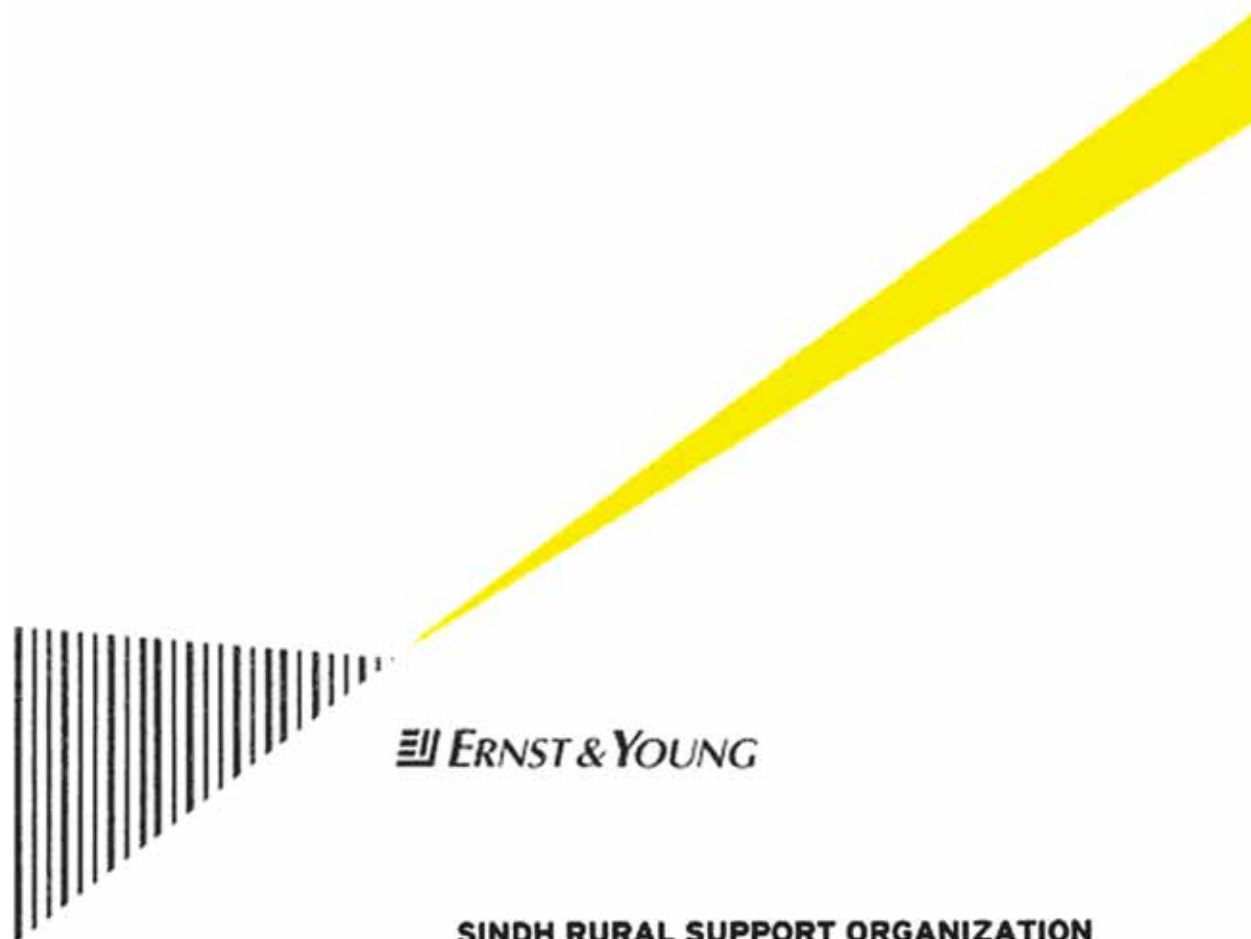


g) Family Advancement for Life and Health (FALAH)

The RSPN is part of a Consortium of national and International organizations led by Population Council responsible for implementing the above named Project. The project is funded by USAID covers five years starting June 2007 and is being implemented in twenty selected districts of four provinces of Pakistan that includes area under SRSO jurisdiction.

RSPN, through its partner RSP i.e SRSO has entered into the MOU with HANDS, a key implementing partner for the Sindh province. SRSO is in collaboration with HANDS and engaged in efforts to achieve the project objectives i.e. to increase the use of modern contraceptive methods by an average of 10 percent by the end of year five in district sukkur.





 **ERNST & YOUNG**

**SINDH RURAL SUPPORT ORGANIZATION
(SRSO)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of the Sindh Rural Support Organization (the Company) as at 30 June 2008, and the related income and expenditure account, cash flow statement and statement of changes in general fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in general fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2008 and of the surplus, its cash flows and changes in general fund for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore: 16 October 2008


Chartered Accountants

A member firm of Ernst & Young Global Limited

**SINDH RURAL SUPPORT ORGANIZATION
BALANCE SHEET AS AT 30 JUNE 2008**

ASSETS	Note	2008 Rupees	2007 Rupees
Non-current assets			
Property and Equipment	5	30,139,230	19,466,271
Long term investment	6	236,381,943	307,290,995
Long term loans	7	180,291,216	-
		446,812,389	326,757,266
Current assets			
Stock of medicines	8	3,676,005	-
Advances, prepayments and other receivables	9	26,660,868	6,578,038
Microcredit loans receivables	10	29,343,841	58,225,058
Accrued mark up / service charges	11	28,534,429	16,321,172
Short term investments	12	767,400,000	847,400,000
Cash and bank balances	13	221,573,053	108,924,193
		1,077,188,196	1,037,448,461
Total asset		1,524,000,585	1,364,205,727
LIABILITIES			
Non-current liabilities			
Deferred grants	14	127,116,452	-
Employee benefits	15	11,504,634	7,240,444
		138,621,086	7,240,444
Current liabilities			
Short term borrowings	16	182,881,184	149,999,450
Loan for microcredit	17	53,356,864	24,520,048
Accrued mark up	18	5,416,999	2,523,130
Accrued and other liabilities	19	5,362,698	69,603,739
		247,017,745	246,646,367
		385,638,831	253,886,811
Net assets		1,138,361,754	1,110,318,916
Represented by:			
Endowment fund		1,110,318,916	1,053,052,608
Surplus		28,042,838	57,266,308
		<u>1,138,361,754</u>	<u>1,110,318,916</u>

CONTINGENCIES AND COMMITMENTS 20

The annexed notes form an integral part of these financial statements.


Chief Executive


Director

**SINDH RURAL SUPPORT ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 Rupees	2007 Rupees
INCOME			
Profit on investments / deposits	21	113,308,979	108,038,878
Grants	22	61,587,945	28,795,474
Income from microcredit loans	23	9,951,089	6,623,798
Other income	24	<u>1,763,481</u>	<u>1,943,198</u>
		186,611,494	145,401,348
EXPENDITURE			
Operating expenditure	25	102,722,626	48,271,132
Programme assistance	26	34,674,690	27,284,045
Finance cost	27	21,171,340	12,579,863
		158,568,656	88,135,040
Surplus transferred to general fund		<u>28,042,838</u>	<u>57,266,308</u>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**SINDH RURAL SUPPORT ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		28,042,838	61,751,027
Adjustments for non-cash charges and other items:			
Depreciation		6,865,472	4,604,907
Financial charges		21,171,340	12,579,863
Employee benefits -net		4,264,190	2,917,469
Amortization		909,052	-
Gain on disposal of fixed assets		(600)	(54,090)
		<u>33,209,454</u>	<u>20,048,149</u>
Surplus before changes in working capital		61,252,292	81,799,176
Effect of working capital changes:			
(Increase)/decrease in current assets			
Stock of medicines		(3,676,005)	-
Microcredit loans receivables		28,881,217	5,913,507
Short term investments		67,786,743	(458,413,960)
Advances, prepayments and other receivables		(20,082,830)	1,153,146
		<u>72,909,125</u>	<u>(451,347,307)</u>
Increase/(decrease) in current liabilities			
Short term borrowings		32,881,734	149,999,450
Loan for microcredit		28,836,816	24,520,048
Accrued and other liabilities		(66,149,082)	64,737,869
		<u>(4,430,532)</u>	<u>239,257,367</u>
		<u>68,478,593</u>	<u>(212,089,940)</u>
Cash generated from / (used in) operations		129,730,885	(130,290,764)
Finance cost paid		(16,369,430)	(12,579,863)
Receipts against grants		127,116,452	
Net cash generated from / (used in) operations		240,477,907	(142,870,627)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(17,539,631)	(9,978,518)
Proceeds from sale of fixed assets		1,800	54,090
Payment of long term loan		(180,291,216)	-
Proceeds from sale of long term investment		70,000,000	249,996,919
Net cash (used in) / generated from investing activities		(127,829,047)	240,072,491
Net increase in cash and cash equivalents		112,648,860	97,201,864
Cash and cash equivalents at the beginning of the year		108,924,193	12,358,859
Cash and cash equivalents at the end of the year	13	221,573,053	108,924,193

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

SINDH RURAL SUPPORT ORGANIZATION
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 30 JUNE 2008

	Endowment Fund	Surplus	Total
	----- Rupees -----		
Balance as at 01 JULY 2007	1,000,000,000	53,052,608	1,053,052,608
Surplus for the year	-	57,266,308	57,266,308
Balance as at 30 June 2007	1,000,000,000	110,318,916	1,110,318,916
Surplus for the year		28,042,838	28,042,838
Balance as at 30 JUNE 2008	<u>1,000,000,000</u>	<u>138,361,754</u>	<u>1,138,361,754</u>

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**SINDH RURAL SUPPORT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1. COMPANY AND ITS OPERATIONS

Sindh Rural Support Organization (SRSO / the company) was incorporated as a public company limited by guarantee on 29 May 2003 under section 42 of the Companies Ordinance, 1984. SRSO took over the operations of National Rural Support Program (NRSP) Sukkur Region, on 01 July 2003. The main objective of the company is to alleviate poverty in the province of Sindh. The activities of the company are being organised by the endowment fund provided by the Government of Sindh and income earned on investments in securities.

The program is carried out in nine districts of the Sindh province; Sukkur, Shikarpur, Ghotki, Khairpur, Noshero Feroz, Larkana, Shahdadkot, Kandhkot and Jacobabad, comprising 31 Tehsils and 374 Union Councils. The head office of the company is based at Sukkur.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of Accounting and Financial Reporting Standards for Medium-Sized Entities (MSEs) issued by Institute of Chartered Accountants of Pakistan (ICAP) and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except financial instruments carried at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items which are considered material to the company's accounts:

4.1 Property and equipment

4.1.1 Cost

Operating fixed assets except leasehold land are stated at cost less accumulated depreciation and impairment loss, if any. Leasehold land and Capital work-in-progress are stated at cost. Cost in relation to certain assets signifies historical cost as referred to in Note 5.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

4.1.2 Depreciation

Depreciation is charged to income on the straight line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 5.

Depreciation on addition is charged from the month in which an asset is put to use while no depreciation is charged for the month in which an asset is disposed off.

4.1.3 Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit and loss account in the year the asset is derecognized.

SINDH RURAL SUPPORT ORGANISATION

4.1.4 Impairment

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. Impairment losses are charged to income and expenditure account.

4.2 Financial Support to Community Organizations

Financial support is provided to Community Organization (COs) in accordance with the criteria established by the company. The cost of such financial support is booked when the company's share of the scheme becomes due for payment:

- Microcredit loans receivables which are overdue by more than 90 days are fully provided for.
- Known impaired receivables which are overdue by more than 3 years are written off.

4.3 Staff retirement benefits

The company operates the following retirement benefits schemes for its employees:

4.3.1 Defined contribution plan

The company operates an unfunded provident fund scheme for all its permanent employees for which the company and employees contribute equally @ 10% of basic salary.

4.3.2 Defined benefit plan

The company operates an unfunded gratuity scheme covering all its employees with two or more years of service with the company. Provision for gratuity has been made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. The company operates a funded severance scheme for its eligible employees.

4.3.3 Compensated absences

The company provides a facility to its employees for accumulating their annual earned leave. Under the unfunded scheme employees are entitled for 30 days privilege leave for each completed year of service. Provisions are made to cover the obligation under the scheme and are charged to income.

4.4 Taxation

The company's income from donations, contributions and profit from investment in securities of the Federal Government are exempted from income tax. Resultantly, no provision in the books of the company is made in this respect. Provision is made for other taxable income, if any.

4.5 Revenue Recognition

- Grants against specific projects are accounted for in accordance with the terms attached to the respective grants.
- Service income on receivables against micro credit is recognized using effective interest rate
- Training receipts are recognized on accrual basis.
- Interest on bank deposits and investments in Pakistan Investment Bond is recognized using effective interest rate method.
- Credit processing fee is recognized on receipt basis.

4.6 Receivables

Known impaired debts are written off, while debts considered doubtful of recovery are fully provided

SINDH RURAL SUPPORT ORGANISATION

4.7 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.8 Investment - Held to maturity

Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

- a) those that the entity upon initial recognition designates as at fair value through profit or loss; and
- b) those that the entity designates as available for sale.

These investments are initially recognised at cost which is fair value of consideration given. Subsequently, these are amortized by using effective interest rate method.

The impairment loss, if any, on held to maturity investments and its reversal is recognized in profit or l

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand and balance at banks on current accounts.

4.10 Financial instruments

Financial assets on the balance sheet include micro credit receivables, advances, deposits and prepayments, cash and bank balances.

Financial liabilities on balance sheet include accrued and other liabilities.

Financial assets and liabilities are recognized at cost which is the fair value of the consideration given or received at the time when the company becomes party to the contractual provisions of the instrument by following trade date accounting.

A financial asset or part thereof is derecognized when the company loses control over the contractual right that comprises the financial asset or part thereof. Such control is deemed to be lost if the company realizes the right to the benefits specified in the contract, the right expires or the company surrenders those rights. A financial liability or part thereof is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Any gain or loss on subsequent measurement and de-recognition is charged to income and expenditure account.

4.11 Offsetting of financial assets and liabilities

A financial asset and a financial liability is off set and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.12 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Depreciation (Note 5.)
- Provision (Note 4.7)

SINDH RURAL SUPPORT ORGANIZATION

2008
Rupees

2007
Rupees

(5.1)	29,987,336	19,466,271
	151,894	-
	<u>30,139,230</u>	<u>19,466,271</u>

5. Property and equipment

Operating fixed assets
Capiatl work in progress

5.1 Operating fixed assets

DESCRIPTION	COST		DEPRECIATION		BOOK VALUE AS AT 30-Jun 2008	RATE %
	As at 01 July 2007	Additions/ (deletions) during the year	As at 30 June 2008	Charge for the year		
Lease hold land	-	854,966	854,966	8,636	846,330	1
Free hold assets:						
Furniture and fixture	5,134,332	1,324,821	6,459,153	554,293	1,550,349	10
Office equipments	2,619,927	1,103,352	3,723,279	589,578	1,257,639	20
Computers	2,979,154	602,312	3,581,466	1,046,250	2,389,393	33
Audio visual equipment	171,450	171,810 (1,800)	341,460	48,453	87,074	20
Vehicles	19,389,014	13,330,476	32,719,490	4,618,262	12,399,387	20
Rupees - 2008:	30,293,877	17,387,737 (1,800)	47,679,814	6,865,472	17,683,842	29,987,336
Rupees - 2007:	20,315,358	10,032,609 (54,090)	30,293,877	4,604,907	10,827,606	19,466,271

SINDH RURAL SUPPORT ORGANIZATION

6. LONG TERM INVESTMENTS- held to maturity	Note	2008 Rupees	2007 Rupees
Certificates of deposit		912,133	912,133
Pakistan Investment Bonds (PIB's)	(6.1)	<u>232,600,000</u>	<u>302,600,000</u>
		233,512,133	303,512,133
Premium on purchase of PIBs		<u>3,778,862</u>	<u>4,687,914</u>
Less: Amortization for the year	(25)	<u>909,052</u>	<u>909,052</u>
		<u>2,869,810</u>	<u>3,778,862</u>
		<u>236,381,943</u>	<u>307,290,995</u>
6.1 These PIB's are under lien of First Women Bank Limited against a running finance facility of Rs. 200 million. These carry interest at the rate of 8 % (2007 : 8%) per annum.			
7. LONG TERM LOAN			
This represents receivable from National Rural Support Program and carries interest at the rate of 10.25 % per annum (2007:Nil)			
8. STOCK OF MEDICINES			
This represents veterinary medicines related to live stock project.			
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
<i>Advance - considered good</i>			
Staff against expenses		907,695	555,178
Suppliers and others		134,060	65,000
Community organizations		20,951,434	2,915,786
Prepayments		3,926,357	2,404,064
Other receivables		34,555	1,480
Due from associated undertaking	(9.1)	<u>706,767</u>	<u>636,530</u>
		<u>26,660,868</u>	<u>6,578,038</u>
9.1 These represent receivable from Rural Support Network.			
10. MICROCREDIT LOANS RECEIVABLES			
Considered good			
Agricultural input		<u>1,706,096</u>	<u>3,997,578</u>
Live stock		<u>25,426,329</u>	<u>39,429,948</u>
Enterprise development		<u>1,590,153</u>	<u>3,977,492</u>
		28,722,578	47,405,018
Consider doubtful			
Agricultural input		<u>2,417,009</u>	<u>1,494,668</u>
Live stock		<u>10,180,459</u>	<u>8,582,698</u>
Enterprise development		<u>924,038</u>	<u>742,674</u>
		<u>13,521,506</u>	<u>10,820,040</u>
		42,244,084	58,225,058
Less: provision for non-performing microcredit loans			
Agricultural input		<u>1,837,416</u>	-
Live stock		<u>10,138,789</u>	-
Enterprise development		<u>924,038</u>	-
		<u>12,900,243</u>	-
		<u>29,343,841</u>	<u>58,225,058</u>

SINDH RURAL SUPPORT ORGANIZATION

	Note	2008 Rupees	2007 Rupees
11. ACCRUED MARK UP / SERVICE CHARGES			
Certificates of deposit		34,186	3,603,986
Pakistan investment bonds		4,174,273	4,185,709
Term deposit receipts		17,787,223	7,971,263
National Rural Support Network (NRSP)		5,208,289	-
Accrued profit on bank deposits		413,915	307,732
Accrued service charges		916,543	252,482
		<u>28,534,429</u>	<u>16,321,172</u>
12. SHORT TERM INVESTMENTS - held to maturity			
Certificates of deposit	(12.1)	-	170,000,000
Term deposit receipts	(12.2)	697,400,000	677,400,000
Pakistan investment bond (PIB)	(6)	70,000,000	-
		<u>767,400,000</u>	<u>847,400,000</u>
12.1 These carries interest at the rate of Nil (2007 : 8% to 11%)			
12.2 These carries interest at the rate of 10% to 11.6% (2007 : 10% to 11.6%)			
13. CASH AND BANK			
Cash at bank:			
Current accounts		1,256,883	1,587,426
Deposit accounts		220,316,170	107,336,767
		<u>221,573,053</u>	<u>108,924,193</u>
14. DEFERRED GRANTS			
Rural Support Programs Network - RSPN		340,200	-
Grant from RSPN for Live Stock Project		407,442	-
Grant from Khoshal pakistan fund		68,773,810	-
Grant from Govt. of sindh		57,000,000	-
Grant from Pakistan poverty allivation fund		595,000	-
		<u>127,116,452</u>	<u>-</u>
15. EMPLOYEE BENEFITS			
Gratuity		4,188,256	2,720,859
Provident fund		5,098,518	2,735,568
Non accumulating compensated absences		2,217,860	1,784,017
		<u>11,504,634</u>	<u>7,240,444</u>
16. SHORT TERM BORROWINGS - secured			
This represents short term running finance facility availed from First Women Bank Limited. It carries markup at monthly KIBOR . These have been secured by investment in Pakistan Investment Bonds as disclosed in Note 6.1			
17. LOAN FOR MICROCREDIT - secured			
This represents loan from Pakistan Poverty Alleviation Fund for credit disbursement to community organizations. The loan carries markup at the rate of 8% per annum(2007: 8 %). These are secured by demand promissory note from board of directors.			

SINDH RURAL SUPPORT ORGANIZATION

18. ACCRUED MARK UP	Note	2008 Rupees	2007 Rupees
Short term borrowings		3,383,641	1,908,041
Loan for microcredit		<u>2,033,358</u>	<u>615,089</u>
		<u>5,416,999</u>	<u>2,523,130</u>
19. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		755,662	324,791
National Rural Support Programs - NRSP		-	3,440,647
Institute of Rural Management - IRM (NRSP)		3,799,159	
Rural Support Programme Network - RSPN		-	37,705
Pakistan Poverty Alleviation Fund - PPAF		-	400,168
NRSP ex-staff		-	36,589
President's Programme for Health and Care Initiative - PPHCI		-	65,363,839
Insurance payable		764,985	-
Payable to staff		37,705	-
Withholding Tax		1,470	-
Other payables		<u>3,717</u>	<u>-</u>
		<u>5,362,698</u>	<u>69,603,739</u>
20. CONTINGENCIES AND COMMITMENTS			
Contingencies as on balance sheet date were Rs. Nil (2007: Rs. Nil).			
Commitments as on balance sheet date were Rs. Nil (2007: Rs. Nil).			
21. PROFIT ON INVESTMENTS / DEPOSITS			
Certificates of deposit		880,274	21,882,963
Pakistan investment bonds		23,528,767	23,508,000
Term deposit receipts		62,244,092	55,186,388
Long term loan		9,161,895	-
Deposit accounts		<u>17,493,951</u>	<u>7,461,527</u>
		<u>113,308,979</u>	<u>108,038,878</u>
22. GRANTS			
Rural Support Programs Network - RSPN		11,874,300	7,442,377
Grant from RSPN for Live Stock Project		5,384,280	10,444,795
Grant from PPAF for CPI Scheme		15,481,192	10,908,302
Grant from TRDP		3,734,243	-
Grant from KPF		<u>25,113,930</u>	<u>-</u>
		<u>61,587,945</u>	<u>28,795,474</u>
23. INCOME FROM MICROCREDIT LOANS			
This represents service charges at the rate of 20% (2007: 20%), which is received from borrowers on the outstanding balance of micro financing on daily product basis for a period of one year.			
24. OTHER INCOME			
HRD Income		57,274	149,270
RCED Income		359,685	67,820
PITD Income		10,034	567,551
Enterprise Development income		22,000	31,249
NRM Income		147,506	-
Insurance Income		442,616	-
Miscellaneous income		<u>724,366</u>	<u>1,127,308</u>
		<u>1,763,481</u>	<u>1,943,198</u>

SINDH RURAL SUPPORT ORGANIZATION

25. OPERATING EXPENDITURE	Note	2008 Rupees	2007 Rupees
Salaries, wages and benefits		45,144,081	29,793,883
Traveling		1,320,369	1,149,789
Communication		538,341	506,148
Meeting and conferences		1,273,377	1,249,362
Union council baseline expenses		1,877	-
Dissemination		4,000	5,740
Utilities		1,537,240	978,309
Vehicle running and maintenance		5,210,252	3,528,413
Office supplies		548,960	221,203
Office rent		3,037,964	2,142,956
Office repairs and maintenance		993,173	917,755
Printing and stationery		1,976,342	1,047,905
Insurance		946,921	733,945
Books and periodicals		1,675	41,205
Depreciation	(5)	6,865,472	4,604,907
Amortization of premium on PIBs	(6)	909,052	909,052
Legal and professional charges		487,490	37,352
Auditors' remuneration		225,000	140,000
Provision for non - performing microcredit loans		12,900,243	-
Advertisement		39,989	57,894
Flood relief operations		17,954,660	
Establishment of clinics		453,466	
Miscellaneous expenses		352,682	205,314
		<u>102,722,626</u>	<u>48,271,132</u>
26. PROGRAMME ASSISTANCE			
Physical infrastructure schemes		21,749,753	17,607,233
Training		7,286,533	5,867,526
Natural resource management		1,971,840	541,851
Social sector services		1,938,171	376,971
Gender and development		187,571	192,755
Social mobilization		717,132	715,884
Monitoring, evaluation and research		555,148	744,447
Enterprise development		268,542	720,809
Community organizations' management and documentation		-	516,569
		<u>34,674,690</u>	<u>27,284,045</u>
27. FINANCE COST			
Bank charges		327,605	227,146
Mark-up on short term borrowing		20,843,735	12,352,717
		<u>21,171,340</u>	<u>12,579,863</u>
28. TAXATION			
The company's income is exempt from income tax under section 2 (36) to the Income Tax Ordinance 2001.			

SINDH RURAL SUPPORT ORGANIZATION

29. FINANCIAL INSTRUMENTS

	30 June 2008						
	Interest Rate %age	Interest Bearing		Non-Interest Bearing			Total
		Less than one year	One to five years	Sub-total	Less than one year	One to five years	
	Rupees						
Financial assets							
Long term investment	20	-	236,381,943	236,381,943	-	-	236,381,94
Long term loan			180,291,216	180,291,216			180,291,21
Short term investments		767,400,000	-	767,400,000	-	-	767,400,00
Micro credit loans receivables		29,343,841	-	29,343,841	-	-	29,343,84
Advances, prepayments and other receivables		-	-	-	26,650,868	-	26,660,86
Accrued mark - up / Service charges		-	-	-	28,534,429	-	28,534,42
Cash and bank balances	6 - 10.05	220,316,170	-	220,316,170	1,256,883	-	221,573,05
Total financial assets		1,017,060,011	416,673,159	1,433,733,170	56,452,180	-	1,490,185,35
Financial liabilities							
Short term borrowings		182,881,184	-	182,881,184	-	-	182,881,18
Loan for microcredit		53,356,864	-	53,356,864	-	-	53,356,86
Accrued and other liabilities	6	-	-	-	5,362,698	-	5,362,69
Total financial liabilities		236,238,048	-	236,238,048	5,362,698	-	241,600,74

SINDH RURAL SUPPORT ORGANIZATION

	30 June 2007						Total
	Interest Bearing			Non-Interest Bearing			
	Less than one year	One to five years	Sub-total	Less than one year	One to five years	Sub-total	
	Rupees						
Financial assets							
Long term investments	-	307,290,995	307,290,995	-	-	-	307,290,995
Long term loan							-
Short term investments	847,400,000	-	847,400,000	-	-	-	847,400,000
Micro credit loans receivable	58,225,058	-	58,225,058	-	-	-	58,225,058
Advances, prepayments and other receivables	-	-	-	226,232,890	-	226,232,890	226,232,890
Accrued mark - up / Service charges	-	-	-	16,068,690	-	16,068,690	16,068,690
Cash and bank balances	107,336,767	-	107,336,767	1,587,426	-	1,587,426	108,924,193
Total financial assets	1,012,961,825	307,290,995	1,320,252,820	243,889,006	-	243,889,006	1,564,141,826
Financial liabilities							
Short term borrowings	149,999,450	-	149,999,450	-	-	-	149,999,450
Loan for microcredit	24,520,048	-	24,520,048	-	-	-	24,520,048
Accrued and other liabilities	-	-	-	2,523,130	-	2,523,130	2,523,130
Total financial liabilities	174,519,498	-	174,519,498	2,523,130	-	2,523,130	177,042,628

The effective interest/ mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

SINDH RURAL SUPPORT ORGANIZATION

29.1 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks, including the effects of changes in market rates, credit and liquidity risk associated with various financial assets and liabilities respectively and cash flow risk associated with interests in respect of borrowings.

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finances to minimize risk.

Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

(a) Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. The company's credit risk is primarily attributable to its micro-credit loan portfolio and its balance at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Whereas, to manage the credit risk associated with micro-credit loan portfolio the company applies approved credit limit to its customers and as such is not exposed to major concentration of credit risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the values of financial instruments will fluctuate due to changes in market interest rates. The company receives funds at fixed interest rate from PPAF and as such the risk is minimized.

(c) Liquidity Risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

30. Fair value of Financial Instruments.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and to comply with the requirements of revised fifth schedule of the Companies Ordinance, 1984, however, no significant reclassification has been made expect for the following reclassification;

- (a) Accrued mark up amounting to Rupees 2,523,130 as at 30 June 2007 has been shown on the face of balance sheet. Previously it was shown as a part of accrued expenses.

32. GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



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