

RURAL ENTERPRISE DEVELOPMENT SECTOR

Final Documentation Report “People Women Empowerment Program”

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SINDH RURAL SUPPORT ORGANIZATION- HEAD OFFICE, SINDH

Introduction of Sindh Rural Support Organization:

Sindh Rural Support Organization (SRSO) is a not for profit organization, registered under section 42 of Companies Ordinance 1984. SRSO is funded by government of Sindh to work in the designated districts of Sindh. This policy has been endorsed by government to achieve the goals of poverty reduction through community empowerment, skills enhancement, capacity building and development of community supported infrastructure projects, and the provision of support for income generation, enterprise development and micro credit. For this purpose SRSO organizes the local communities and develop their managerial and technical capacity. People and the government are supported in forge partnership and inculcating the sense of ownership among the people. SRSO is presently entrusted with the responsibility of fostering a countrywide network of community organizations at the grassroots level in 9 districts of Sindh and works in the following sub-sectors while applying the participatory development approach of sustainable development.



Objectives of SRSO

- ▽ The main objective of SRSO is to foster a network of grassroots level organizations in all UCs of nine districts of upper Sindh to enable rural communities to plan, implement and manage developmental activities and programs for the purpose of ensuring productive employment, alleviation of poverty and improvement in the quality of life.
- ▽ To address and support GoP's policy of poverty alleviation.
- ▽ To praise and expansion of GoS efforts and translate poverty reduction strategies into action.



SRSO works to release the potential abilities, skills and knowledge of rural men and women, to enable them to articulate their aspirations and to effectively organize the resources they meet their identified needs. The purpose is poverty alleviation - enabling people to break the cycle of poverty, which begins with lack of opportunity, extends to the well-known miseries of economic and nutritional poverty and leads new generations to endure the same conditions. The process is social mobilization - bringing people together on new terms for a common purpose.

SRSO presence in 9- Districts in Sindh through Regional Offices and field offices. SRSO is currently working with more than one million poor households organized into a network of about 4800 Community Organizations with sustained incremental growth. SRSO's mandate is to alleviate poverty by harnessing people's potential lying within the communities to help themselves and undertake development activities.



Micro Credit as an essential mean for poverty alleviation

One of the obstacles to micro credit in developing countries like Pakistan is insufficient capital. A bigger impediment is access to credit rather than the ability to pay the cost of such credit. In Pakistan there are more than 5000 registered NGOs of which very few operate either at the national, provincial or city level. Many of them support income generating activities but only as an appendage their objectives rather than as self-sustaining credit programs.

Capital formation is an essential component of rural development. SRSO, on one side helps build the capital at the grassroots through a program of savings and better management of natural resources and on the other side extends micro credit to the members of COs for their plans of productive employment. However, experience shows that whereas credit is a universal need of the communities, it is not easy to find actual loanees in the initial phase. Most of them would rather wait and see what happens to their peers who had taken credit. But when they do, there is a quantum leap in credit disbursements without any unfavorable effect on recoveries (which remain almost 100%) even when the service charge is kept at market rates (20% per annum).

How to Rural Credit Enterprise Development sector is working in SRSO

Unfortunately, the present public sector institutions and commercial banks have not demonstrated capability to reach the bottom poor. Even some institutions which were formed with a mandate to reach a specific target group for micro credit could not achieve this purpose for various political and administrative reasons.

While, sectors are the entity organization form to organize people, reporting relationships, and work in a way that best supports to accomplishment of the organization's goals. SRSO sectors are usually organized by functions such as rural credit enterprise development sector, human resources, administration, Enterprise development and finance management. The forward thinking rural credit enterprise Development Sector is devoted to providing Effective strategy, events, and people-friendly within organization or institution contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some later date. They are buying on credit (receiving the item at that time, and paying back the month by month, quarterly or



per annum). Any time when an individual finances something with a Loan, they are using credit in that situation as Well.

1. Objectives of the Micro Credit Program

- To increase outreach of micro credit by following an efficient, proactive and focused credit delivery mechanism for the poor.
- To minimize delinquencies.
- To achieve financial self sufficiency of micro credit operations by setting up a suitable organization structure for micro credit.

2. Methodology

SRSO considers social mobilization as a primary mean for supporting to rural women in their efforts to alleviate poverty. The essence of the process of social mobilization is encouraging women to form a group, typically consisting of 12 members, known as a Community Organization (CO).

The RCED sector active working in SRSO since from 2003. The main objective of this sector is to reduced poverty. The National System of Rural Credit is the most traditional instrument of agricultural livestock and enterprise development in Pakistan. Community Organization is an important forum for empowering people to take an active role in the management and execution of local development initiatives. Once the community is mobilized then they are able to identify their needs and find the resources necessary to meet those needs.

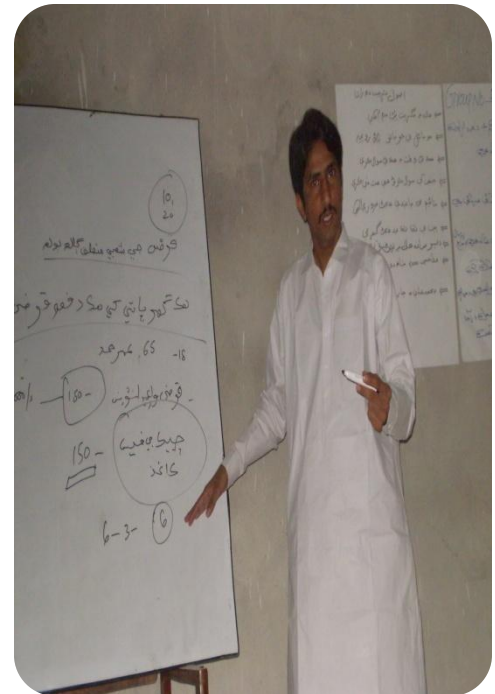
The financial products consumption of rural producers and others barrowers had been analyzed through statistical tools and a questionnaire was applied to rural credit managers and analysts to identify the process of analysis and concession of rural credit. It can be detached that despite the significant participation in the rural credit, those cities present Low percentage of rural population, indicating an economic diversification.

Thus, one guarantees that the sample of non-producers customers is representative and with differentiated profile those agencies have in common high positions at the internal ranking of resources loaned in rural.

The RCED sector imparting systems and procedures for manage the credit operations as a separate activity. The indeed assume that, whereas the social organizers and other program staff are responsible for capacity building of SRSO's targeted communities.

The Credit staffs are responsible for amount disbursement, recoveries and its monitoring.

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The credit program of SRSO consists of two components I. e;

1. Rural Credit
2. Semi-Urban credit

The rural credit focuses on providing credit facilities to farmers and other professionals in rural areas. While the urban providing micro credit services to female client only in major towns and cities / adjoining major towns in program areas. The urban program is working in districts Sukkur, Khairpur, Larkana and Kamber Shahdadkot.

While those between Rs. 20,000 to Rs. 50,000 are based on security such as post dated cheques and registration papers of property. The loan size is based on an assessment of the borrower's need evaluation. These loans are given for a period of 12 months and service charges are earned on these loans at the effective rate: 20% per annum.

Rural Credit Enterprise Development Sector Looking as MF (Micro finance)

Microfinance refers to a variety of financial services that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances. Microloans are given for a variety of purposes, frequently for microenterprise development. The diversity of products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal financial sector.

The lack of access to credit for the poor is attributable to practical difficulties arising from the discrepancy between the mode of operation followed by financial institutions and the economic characteristics and financing needs of low-income households. For example, commercial lending institutions require that borrowers have a stable source of income out of which principal and interest can be paid back according to the agreed terms. However, the income of many self employed households is not stable, regardless of its size. A large number of small loans are needed to serve the poor, but lenders prefer dealing with large loans in small numbers to minimize administration costs. They also look for collateral with a clear title - which many low-income households do not have.



Peoples Women Empowerment Program (PWEF) Interest Free Micro Credit for Destitute Women

Introduction

The National Policy of Development & Empowerment of Women is the major policy guideline for Development and Empowerment of Women. The Women Development Department embraces these guidelines in all the policies, programmes and projects.

KEY POLICY MEASURES FOR SOCIAL AND ECONOMIC EMPOWERMENT OF WOMEN

- Ensuring that government agencies adopt a gender sensitive approach for development in preparing needs, based on participatory and implementable programmes and projects into all sectors of development and to include the private sector as well.
- Developing multi-sartorial and inter disciplinary approaches for women's development with horizontal and vertical linkages at every level.
- Mainstreaming gender issues through integration into all sectors of national development.
- Eliminating all negative social practices.



The status of women in Pakistan varies considerably across classes, regions, and the rural/urban divide due to uneven socioeconomic development and the impact of tribal, feudal, and capitalist social formations on women's lives. However, on an average, the women's situation vis-à-vis men is one of systemic gender subordination, although there have been attempts by the government and enlightened groups to elevate the status of women in Pakistani society. Now due to lots of awareness among people the educational opportunities for the Pakistani women increased in the previous years.

The Microfinance is an ever more important tool for poverty alleviation in the world. The global out reach of microfinance schemes has increased significantly in the recent past. The World Bank estimated that total number of microfinance institutes worldwide-approximated 7000, with a total outreach of about 20- million borrowers.



The government of Pakistan passed the Microfinance Bank Ordinance in 2001, which regulates the establishment of commercial microfinance institutions (MFIs). Within three years, microfinance became an important element of the government's poverty alleviation strategy. Currently, Pakistan's total microfinance outreach is around 1.3 million active borrowers. The major players of the microfinance who focuses rural areas are rural support programs (RSPs), and they collectively disbursing around Rs.1500 million in rural Sindh. Over a quarter to little, more goes to women.

Targeting rural woman presents frightening barrier, not only because it entails lifting them out of object poverty but also because development practitioners are forced to negotiate the social and cultural

barriers. Indeed, decreeing literature tends to be indifferent about the outcome of microcredit initiatives, despite the fact of that many of these initiatives has garnered

worldwide praise. Some of the findings are here:

- Control remains mostly with men, but the burden of repayment is borne by women;
- Limited mobility – for cultural reasons has denied women market access;
- Oppression is generic – premised on class and gender relations;
- Women are not primary managers of loan-funded income generating activities;
- Women are exploited at the institutional and household level.

GOS invite to SRSO for develop the strategy /program of micro-credit to rural poor women. Field visit to the women community organizations revealed the poverty situation, which needed intervention by the GOS at scale. The Government of Sindh has established the Sindh Social Relief Fund to develop a support system for the most vulnerable and disadvantaged sections of the society.

These also include prospective women entrepreneurs deserving micro financing to start/support their small businesses/trades/cottage industries, etc. it generate; Sindh Rural Support Organization (SRSO) entered in discussions to help poor women for sustainable livelihood through providing interest free loans. Subsequent to the visit, the series of meetings between the Management of Sindh Rural Support Organization (SRSO) and the Secretary - Women Development Department (WDD) took place.

In order to effective reach out to women and the poorest segments of the rural communities. The Women Development Department requested Finance Department to provide a seed corpus of Rs.500 million from the Sindh Social Relief Fund as an endowment, which the Chief Secretary (CS) approved. The revolving fund out of seed corpus money of Rs.500 Million was funded. The yearly return on the investment of Rs.500 would go to SRSO for loan disbursement to respective women borrowers in Rural Districts of Sindh.

Program Objectives:

1. Organizing the marginalized women groups in Community Organization
2. Undertaking a prior identification assessment and tailor credit need accordingly
3. Making the loan package more flexible
4. Providing business support (input identification and procurement, marketing support)



5. Promoting savings, as internal funds generation leads to financial independence
6. Providing right-based training to beneficiaries
 - a) Building their productive assets
 - b) Increasing and diversifying their incomes
 - c) Decreasing their risks ensuring the access to the safety nets – Health Insurance etc.
 - d) Improving their entrepreneurship and management skills

Methodology

- ⊗ Client's identification has been done through Social Organizers (FSOs) and Community Resource Persons (CRPs) in villages where community organizations exist using Poverty Scorecard results.
- ⊗ Borrower must be the member of community organization (CO).
- ⊗ Borrower necessarily belongs to the destitute category.
- ⊗ Upon identification, carry out their poverty ranking through Poverty Score Card (PSC) to ascertain that they actually fall into extremely/chronically poor category (Score 0-18).
- ⊗ Develop a household profile along with a Transformation Plan.
- ⊗ The function of Transformation Plan is to allow the borrower to demonstrate how the interest free loan would bring change in her life.
- ⊗ The borrower will have to pay the family insurance premium on annual basis.
- ⊗ Fortnightly routine meetings are mandatory to be attended.
- ⊗ Saving is obligatory for a borrower/community organization (CO) member.
- ⊗ Loan size varies between Rs.10,000 (minimum) and Rs.30,000 (maximum).
- ⊗ Repayment tenure ranges from 6 months to 30 months.
- ⊗ A photograph of the borrower to be attached with the credit case.
- ⊗ The CO passes a resolution stating that the applicants have been selected with the consent of the 70% members of community organization (CO) and forward it to District Office through the Social Organizer (SO) along with the applicant's Loan Appraisal Form.
- ⊗ The concerned SRSO District Office receives the resolution with the list of applicants and the requested amounts by each applicant and ensures that the required documents are complete in all aspects and a technical appraisal has been completed by the district Credit Staff.
- ⊗ The District Office submits copy of the resolution to Head Office showing the list of successful applicants and pays the amount to each applicant through individual bearer cheque which would be distributed to the borrowers in the community organization (CO) meeting in the presence of CO members and members of applicants household.
- ⊗ SRSO Management will ensure that loans are disbursed in a transparent and accountable manner.



- ⊗ The community organization (CO) will also ensure proper utilization by the borrower for the purpose for which the loan has been sought and later applies social collateral for regular repayment by the borrower.
- ⊗ A Management Information System (MIS) for this program would be maintained at Head Office level.

Program Update

The implementation of the program was started in September 2008. During this period i.e. September 2008 to June 2009, the Sindh RSPs have disbursed the total amount of Rs. 121 million out of Rs.127 million planned to total 10115 clients with an average loan size of Rs.12, 000 as shown in the table below: besides, this program SRSO is offering Community Investment Fund (CIF) from its own resources to the women village organizations (WVO) in its program area. It started the CIF from July 2008. SRSO has disbursed Rs.4, 090,000 to 25 WVOs benefiting 54 women CO members. The management of the CIF is done by WVO. The WVO offer loans to destitute as per the need of poor women.

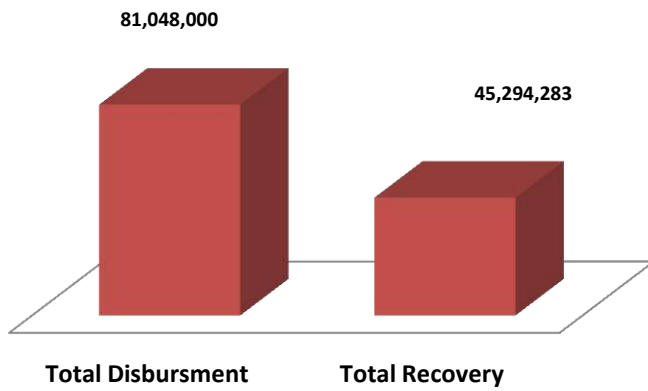
The total disbursement as of June 2010 was 81,048,000 in 744 Cos, while the total barrowers were 6772 and the amount disbursed only in livestock input Rs. 81,048,000.



Annual WEP Performance

Activity	As of June 2009	Ghotki	Jacobabad	Kandh kot	Khairpur	Larkana	N.Feroz	Shahdadkot	Shikarpur	Sukkur	Sub Total	Total
Total Disbursement	41,480,000	11,258,000	-	-	2,152,000	10,204,000	640,000	8,474,000	-	6,840,000	39,568,000	81,048,000
Male	-	-	-	-	-	-	-	-	-	-	-	-
Female	41,480,000	11,258,000	-	-	2,152,000	10,204,000	640,000	8,474,000	-	6,840,000	39,568,000	81,048,000
No of Loans	3,449	1,114	-	-	186	818	55	580	-	570	3,323	6,772
Male	-	-	-	-	-	-	-	-	-	-	-	-
Female	3,449	1,114	-	-	186	818	55	580	-	570	3,323	6,772
No of COS	366	89	-	-	27	95	10	67	-	90	378	744
Male	-	-	-	-	-	-	-	-	-	-	-	-
Female	366	89	-	-	27	95	10	67	-	90	378	744
Disbursement in Live Stock	41,480,000	11,258,000	-	-	2,152,000	10,204,000	640,000	8,474,000	-	6,840,000	39,568,000	81,048,000
Male	-	-	-	-	-	-	-	-	-	-	-	-
Female	41,480,000	11,258,000	-	-	2,152,000	10,204,000	640,000	8,474,000	-	6,840,000	39,568,000	81,048,000
No of Loonies	3,449	1,114	-	-	186	818	55	580	-	570	3,323	6,772
Male	-	-	-	-	-	-	-	-	-	-	-	-
Female	3,449	1,114	-	-	186	818	55	580	-	570	3,323	6,772
Total Amount Recovery	210,648	3,013,000	1,304,000	116,865	5,351,200	10,137,387	4,291,500	9,350,500	1,239,303	10,279,880	45,083,635	45,294,283
Male	-	-	-	-	-	-	-	-	-	-	-	-
Female	210,648	3,013,000	1,304,000	116,865	5,351,200	10,137,387	4,291,500	9,350,500	1,239,303	10,279,880	45,083,635	45,294,283

Disbursement & Recovery 2009- 10



Disbursement 2009-2010

