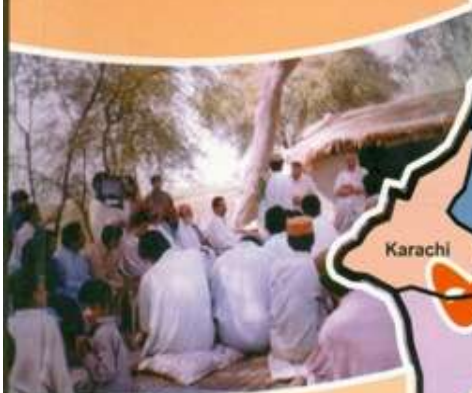




Sindh Rural Support Organization

First Annual Report (2003-2004)



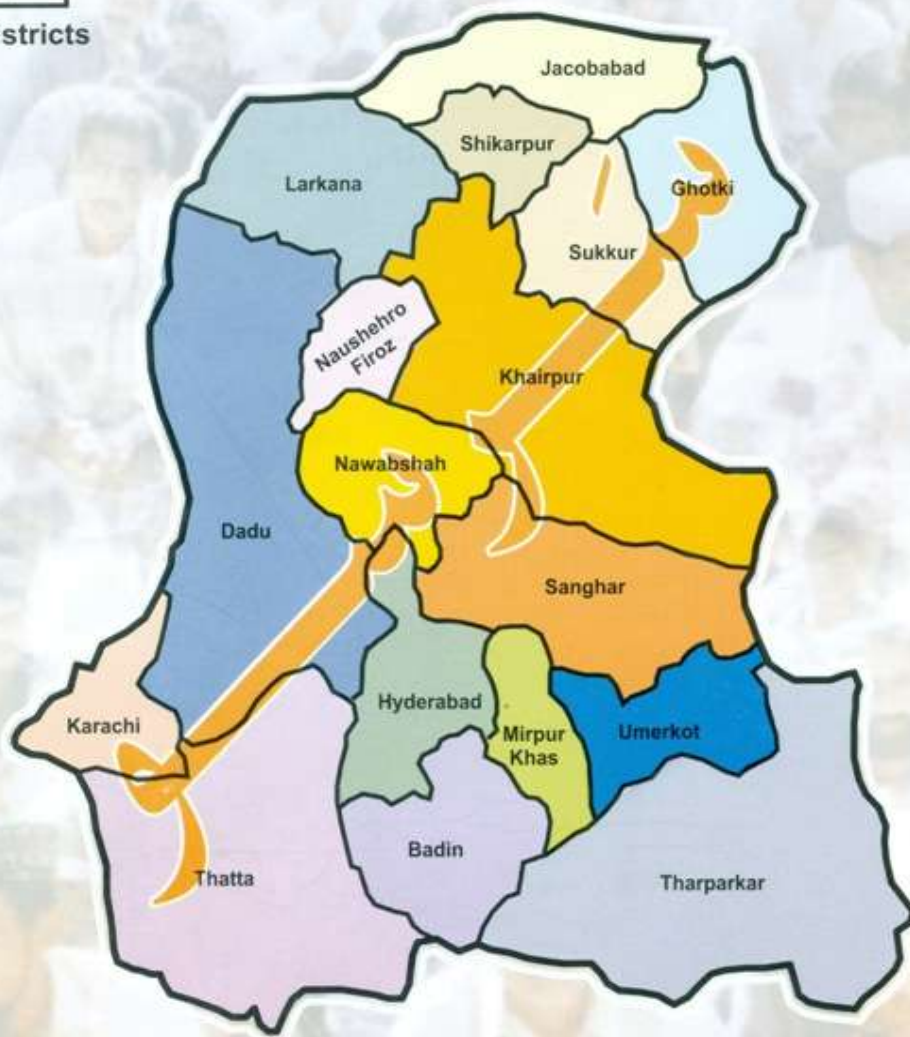
To Harness People's Potential to Help Themselves



SRSO Program Area



SRSO Operational Districts
(2003-2004)





**SRSO first annual report
dedicated to the memory of**



Dr. Akhtar Hameed Khan

(1914 - 1999)

who devoted his life of the crusade against poverty





Acronyms

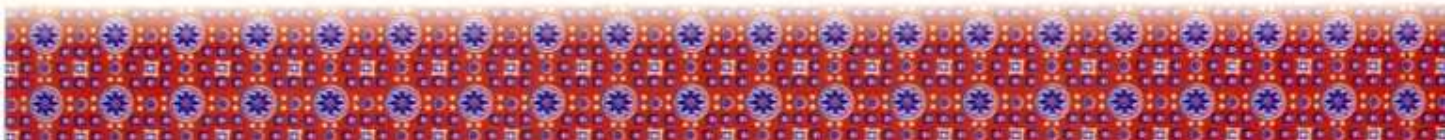
AKDN	Aga Khan Development Network
AKRSP	Aga Khan Rural Support Programme
BRSP	Balochistan Rural Support Programme
CMST	Community Management Skills Training
CO	Community Organization
GDP	Gross Domestic Product
H/H	Household
HRD	Human Resource Development
LCW	Leave Curl Women
MUC	Model Union Council
MER	Monitoring, Evaluation & Research
MIP	Micro Investment Plan
NGO	Non-Government Organization
NRM	Natural Resource Management
NRSP	National Rural Support Programme
OPP	Orangi Pilot Programme
PARC	Pakistan Agriculture Research Council
PIS	Physical Infrastructure Schemes
PITD	Physical Infrastructure & Technology Development
PRSP	Punjab Rural Support Programme
RCED	Rural Credit & Enterprise Development
SO	Social Organizer
SIIE	Small Infrastructure & Individual Enterprise
SRSP	Sarhad Rural Support Programme
SSS	Social Services Sector
TBA	Traditional Birth Attendant
TRDP	Thardeep Rural Development Programme
VC	Variable Cost





Board of Directors

- | | | |
|-----|--|---------------------|
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| 02. | Brig. (R) Akhtar Zamin | |
| 03. | Additional Chief Secretary (Dev) GOS | |
| 04. | Additional Chief Secretary (Local Government-GOS) | |
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| 21. | Mr. Ghulam Mustafa Abro | |





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Message from Chairman



In 1989 I gave presentations to the Chief Ministers of NWFP and Sindh at Peshawar and Karachi on the work being done in the Northern Areas by AKRSP at the behest of the Prime Minister of Pakistan. The NWFP government agreed to the setting up of the Sarhad Rural Support Programme (SRSP) with assistance from USAID and AKF. I kept following the matter in Sindh but with little success. It was, therefore, a most exciting and pleasant development for me to be called by the Government of Sindh on its own initiative in 2003 to establish the Sindh Rural Support Organisation (SRSO) and allocating Rs. 666 million from its own resources with the indication to raise the endowment to Rs. One billion.

The Secretary to Governor Sindh Brig. @ Akhtar Zamin, the Additional Chief Secretary (Development) Mr. Ghulam Sarwar Khero, and the Provincial Finance Secretary Malik Israr Ahmad ably assisted by CEO NRSP Dr. Rashid Bajwa, DG Regional Planning Mr. Muhammad Umer A. Kazi and Senior Chief (Poverty Alleviation) Planning & Development Department Mr. Ghulam Mustafa Abro made SRSO a reality for which I had been striving over a decade.

As SRSO is the latest RSP to be set up following in the footsteps of seven predecessors as replications of AKRSP, an attempt was made to take full advantage of the past experience.

The Board of Directors of SRSO can claim some of the most eminent experts in their respective fields be it social mobilisation, micro credit, physical infrastructure, sewage and sanitation, housing, planning, NGO sector, women development, administration or international development experience.

To my great relief, Dr. Suleman Shaikh very kindly and enthusiastically accepted to become the honorary chief executive of SRSO to nurture it in its nascent stage. Without Dr. Suleman's untiring efforts, SRSO would not have had such smooth progress.

SRSO also has the distinction of having a baseline done under the supervision of an eminent economist of international repute Prof. Mahmood Hassan Khan of Simon Fraser University, Canada. This gives SRSO an edge over other RSPs to demonstrate an authentic impact profile over the years.

The baseline reflects the challenge SRSO has to meet, namely 56% of the rural people in the districts of Sukkur, Khairpur, Shikarpur, Ghotki and Jacobabad are below the poverty line.

I am confident that with the continued peerless support of the Government of Sindh and the tremendous interest and guidance of the members of the Board of Directors and dedication and commitment of the management and field staff and above all the unprecedented willingness and potential of the communities to come out of poverty, SRSO should be able to meet the challenge of assaulting poverty and helping poor to get above the poverty line within a decade.

Shoaib Sultan Khan
Chairman
SRSO





The Sindh Rural Support Organization (SRSO) is the latest replication of the Rural Support Programmes strategy. The RSP philosophy has its roots in the thought and passion of Dr. Akhter Hameed Khan. The dream was realized in the shape of AKRSP by Mr. Shoaib Sultan Khan in 1983. In twenty years the thematic programme has spread from Northern Areas to all parts of Pakistan and has pulled out thousands from the net of poverty. First July 2003 was the founding day for SRSO. The highlights of programme are as under:

01. The latest replication of Rural Support Programme has been implemented which includes social mobilization, formation of community organizations, capacity building of the village activists, skill development for self employment, community physical infrastructure and support to the existing public institution, savings and micro-credit and finally to strengthen the livelihood programme e.g. reclamation of agricultural land and supporting livestock potential.
02. The Government of Sindh has taken the lead role by providing an endowment of Rs.500 million (and committed to enhance it to Rs. 1,000 million) to ensure the stability of the programme.
03. Wide range Board of Directors from Administration, legal, technical, developmental spheres and the representatives of civil society have been selected.
04. The intimate relationship of the Board Members with the management, which is led by a member of the Board of Directors as Honorary Chief Executive.

The Board has completed it's 18-months inception period on 31st December 2004.

SRSO took over the existing programme of NRSP in three Union Councils of District Sukkur with a small number of full time workers. During the reporting period the programme has spread out to 7 Union Councils of five districts (Jacobabad, Shikarpur, Ghotki, Sukkur and Khairpur Mir's) and covered almost 40% poverty-stricken households.

During the reporting period 800 community organizations (male & female) have been formed, 23 community infrastructure schemes have been completed with funding from PPAF (NRSP). Rs. 5.1 Million has been disbursed as credit to the communities. The first rural sanitation scheme with the participation of people of village Mithal Jatoti has been completed. It proves that the rural people are eager to play their role in the sustainable development of their villages.

It is heartening to note that many linkages have been created with national/international organizations e.g. OPP, FSSP, Swiss Development Agency AKDN, WFO & the line departments of Government of Sindh, the district Government and local CBOs and NGOs.



This has been a great experience to work with young energetic, dedicated and hardworking team in the most troubled area of our province.

We believe that poverty is the root cause for all our social ills. The law and order situation, violence, suicide and heinous crimes in the name of honour are all related to poverty. Thus poor have to be treated with utmost care and kindness. Although the communities are conscious about their human resource but there is need to channelise these resources for the good of the community. The unskilled are to be skilled to handle new professions and to be useful to the growing society. The state with the help of civil society has to provide the basic needs of communities like potable drinking water, sanitation, education, access to livelihoods and employment and the right to get health facilities.

In our short experience, it has been found that people are eager to cooperate and participate in the process of development. They need some support and guidance. The role of civil society is to bridge the efforts of Government and the people. SRSO has started its journey in the right direction (i.e. bridging the resources and peoples). We believe that sustainable development can be achieved with reduction in poverty. The ultimate goal is to construct a society free of exploitation, violence and poverty so that the human dignity is preserved and valued. We expect that the future of our country and people is bright.

SRSO is contributing a small share to achieve the goal. We are sure to succeed with the help of our people at the grassroots and to attain our dreams.

May Allah Help us

Dr. M. Suleman Shaikh
Member Board of Directors
(Hon.) Chief Executive Officer



Executive Summary



The Sindh Rural Support Organization (SRSO) is a non-profit organization, working in the rural areas of Sukkur, Khairpur, Shikarpur, Jacobabad & Gotki districts of Sindh Province in Pakistan.

The Sindh Rural Support Organization has been registered under the Companies' Ordinance 1984 and is a Rural Support Programme funded by the government of Sindh through an endowment fund, which aims to alleviate poverty in the rural areas of Sindh. This policy has been endorsed by the Government of Sindh, which aims at achieving this goal through empowerment of the rural poor, bottom-up planning, provision of improved rural infrastructure, and credit and enterprise development.

The philosophy of the Sindh Rural Support Organization is based on a number of tested and tried Rural Support Programmes. The most important point is that people can organize themselves to manage their affairs at the local level. AKRSP, SRSP, NRSP, and PRSP are a few examples. Communities will be organized for sustainable development of their area/ village through community participation. The community based grassroots organizations shall be properly trained by SRSO to avail the existing provincial and the district level government services. The approach is designed in such a manner as to allow these community organizations to set their own priorities and to mobilize their member's assets and resources to meet their own perceived needs. The SRSO assists these community organizations to develop into participatory grassroots organizations where decisions will be taken by themselves.

This participatory approach to overall community decision-making clearly distinguishes itself from the top-down approach where priorities are set at the top level and percolates down to the local communities.

The participatory approach to rural development does not take the place of Government line agencies or the Provincial or District Governments. Rather, the primary task of SRSO is to act as a primary facilitator and assist the Government in its efforts towards capacity building of the poor and marginalized communities to maximize the benefits and services of various programmes of the Government line agencies. It is within this framework that the SRSO functions as a support organization and a vehicle for carrying out development activities at the grassroots.

The programmes of the SRSO are based on people potential to meet their own needs mostly connected with the communities' primary livelihoods, which are agriculture, livestock, poultry, fisheries, drinking water, social services like health, education or infrastructure such as land development, irrigation water and culverts, etc. All these rural development related activities are the cornerstone of any Rural Support Programme. A strong monitoring and co-ordination system has been implemented. SRSO has established a Monitoring, Evaluation and Co-ordination system which is working under the Board of Directors for evaluating beneficiary impact, monitor the implementation of policy decisions and village plans, and suggests policies and mechanisms that promote equity, sustainability, realism and consistency in the various projects to the beneficiaries.

SRSO has a 21 member (14 are founding members) independent Board which consists of a Chairman, Hon. Chief Executive Officer, Directors and Members from Government of Sindh, different national and provincial reputable organizations. SRSO professional staff comprises one General Manager, 05 Programme Managers, 03 Programme Officers, 05 Programme Assistants, 10 Male and Female Social Organizers and 46 Field Workers. SRSO has one well equipped Head Office which is located at Sukkur and Union Council Branches located at Union Councils where SRSO is working. During the next financial year, SRSO proposes to establish District & Tehsil offices in all five operational districts. SRSO will cover all 281 union councils of 05 districts in 05 years.

The SRSO under the guidance of the Board of Directors is mobilizing the communities, on the following parameters:

- * Harnessing their willingness to undertake various development activities by organizing them into sustainable community organizations.



- * Identify local activists, so that the programme can be taken to scale and to ensure the sustainability of these CO's.
- * Facilitate community organizations to define and identify their portfolio of opportunities.
- * Carry out feasibility, cost benefit, impact assessment and requirements of resources for the opportunities identified in consultation with the community.
- * Provide technical assistance to the community organizations to implement, maintain and sustain their activities.
- * Arrange resources from outside for undertaking identified development activities, if required.
- * Forge linkages between community organizations and Government programmes and other agencies, NGOs and Donors.
- * Formation of a network of community organizations which will act as a primary vehicle for developmental activities at the village level/grassroots level.
- * Linking the community organizations with Government agencies for different development activities.
- * Emphasis on involving women and as equal partners in all the developmental activities.
- * Human Resource Development (HRD) shall focus on capacity building and skills enhancement of the people, programme staff as well as key government functionaries.
- * Act as a conduit for flow of funds from the donors and the Government programmes to the communities.
- * To provide credit to the community organizations and support through CPI schemes.

The Government of Sindh has provided Rs. 500 million as a grant to the SRSO in Phase-1. SRSO has invested the grant as an endowment fund in Government/other securities to get maximum profit and at the same time ensure security of the endowment. The endowment fund shall remain intact and the SRSO shall utilize the income of the endowment for its operations.

Aijaz Ali Khuwaja
General Manager
SRSO



SRSO (First Year at Glance)

The first year of SRSO operations have witnessed modest improvement in areas of operation. All dimensions were properly addressed by SRSO. The true impact of different program interventions need time to emerge. In the past one year, the following achievements deserve attention:

- NRSP handed over its operation of three Union Councils of Sukkur districts to SRSO. SRSO has expanded its geographical coverage through program outreach in 4 new districts of Sindh i.e. Ghotki, Jacobabad, Shikarpur and Khairpur. Union Council Branch Offices have been established, while the Head Office has been established at Sukkur.
- SRSO continuously received trust of the communities, the acceptance of support services offered by it are likewise evoking more enthusiasm. Through social mobilization, 40% of the total households have been covered by SRSO. Proper attention was given to maintain a gender balance in CO membership.
- SRSO has successfully developed a culture of savings in rural men and women. The community savings generated by CO members have increased to Rs. 1.1 million in just one year.
- Male & Female COs achieved maturity, their members have developed linkages with the Government line agencies and other NGOs for the local sustainable solutions of their own village development problems.
- Micro-credit has created tremendous enthusiasm among the Community Organizations. Credit of Rs. 5.3 million has been disbursed.
- Disbursement and recovery targets are backbone of any Rural Support Programme. SRSO's recovery rate of the disbursed amount remained at 100%.
- NRSP loan recovery at the time of SRSO formation looked impossible to be recovered from the loanees due to some problems. But fortunately the SRSO team has managed to recover almost 85% of the total NRSP loan from the borrowers. This is a big achievement for the new team of SRSO. Human Resource Development is a key component of SRSO philosophy. Community Management Skills Training (CMST), Vocational Trainings, Staff Trainings remained to be the main focus during the reporting year.
- Community Physical Infrastructure Schemes were initiated during NRSP period. All the 22 Schemes initiated were completed in the reporting year. These schemes which were Tubewells, Drinking Water Supply Schemes, Streets Pavement, etc. will have a lasting impact on the lives of the rural poor.
- For first time in the history of these villages where SRSO is working, sanitation schemes have been introduced due to the personal interest taken by Mr. Arif Hasan, Director SRSO and enthusiasm shown by the community of village Mithal Jatoli. SRSO with the technical help of OPP Karachi, started scheme in March 2004. Work on this scheme is under progress. The sanitation scheme has been designed in such a way that the waste water would be recycled for irrigation purposes. The Scheme is a great achievement of the reporting year.
- COs linkages with line departments (Agriculture, Forest, Livestock, Health, Education) have been developed. The COs invited field level staff of these departments in their workshops. Different CO's have acquired membership of local level NGO forum



Social Mobilization



It is often said that "Community is the barometer of success or failure of any intervention". Social Mobilization is the main key component of the SRSO program. All efforts have been made to reach out to the rural poor to improve delivery mechanisms for various development initiatives. It is mostly forgotten that only the organized poor have the capacity for optimizing the use of services and pulling themselves out of a state of disempowerment. SRSO made it possible through its social mobilization process. It is recognized that the poor can break out of a state of inactivity through organization. When poverty ridden people are sensitized to the advantages of getting organized they become willing to associate themselves with the organization. Without organization, participatory development remains a mere slogan. SRSO is following this development philosophy of the Rural Support Programs giving highest importance to the 'people' and their 'organization'.

It is important for a Rural Support Program to value the concepts of social mobilization, which requires individual thoughts to be subordinated and merged into collective thinking for the benefits of an individual, a group of individuals and the whole village. The organized community assumes the responsibility for thinking for individual and collective levels. To achieve this philosophy, SRSO provided social guidance to the villagers and those willing to develop a platform and desirous of adhering to a transparent, accountable and above-board process for development and empowerment were organized into a viable community forum which we call Community Organization (CO).

It has been observed that local people have the potential in themselves to do many things themselves, regardless of their economic status, which any support organization can harness through proper guidance to the organized group i.e. the CO. Through social mobilization, what SRSO expects to achieve is to provide social guidance that the organized people need through the platform of COs. Unbelievably when SRSO started guiding COs, many options came out from the community for improving their own economic status. Villagers are only short of options, opportunities may be knocking at their doors but they do not have an idea how to benefit from such an opportunity. Villagers can perform tremendously with guidance, support and exposure resulting in discovery of a new confidence in themselves.

One important impediment is the poor resource base, a sense of exclusion; they have few assets but no savings. In case of emergencies and unforeseen mishaps, it is impossible for them to survive or to recoup the situation.

One day, I went to a nearby hotel where my friend told me that SRSO staff will come and talk to them in his village. My friend told me the date and I went to his village to attend the gathering for listening to the SRSO staff. When I reached the village on that given day and time, I saw that all the villagers were sitting and waiting for the SRSO staff. After a few moments, the SRSO staff arrived and sat with villagers. They started discussion ranging from villager's daily life issues to collective development of the village. In end, they asked all the villagers to join collectively on one platform for the solution of their individual and collective problems. The Villagers agreed and they decided to form a community organization. When the talk ended and the villagers formed a CO, I asked SRSO staff to join us in my village for the same dialogue. The SRSO staff gave another date to me and I called all villagers in my village to gather. Thus, for the first time in the history of our village, a Community Organization was also formed. We have selected two very honest and pious elders of the community as Manager & President and started meeting every fifteen days. The CO opened account in a nearby bank for depositing the collective savings of all members. In our CO meetings, whenever we collect savings from the members, our CO manager deposits the same in the bank account.

It is only through social guidance that the poor can realize their own strengths and weaknesses. It is important according to the process of SRSO that they identify two leaders from amongst themselves. Being resident of the village, the leaders have a twofold role. First, they act and work on behalf of the CO and in the other they advise the Social Organizers (SOs) about the risks and advantages that are likely to be faced by the programme interventions in the area. These leaders are most honest, dedicated volunteers who can run the organization.

PROGRAM OUTREACH

SRSO focused on seven Union Councils of five districts (Sukkur, Khairpur, Ghotki, Shikarpur and Jacobabad) in the current year. Before launching of SRSO from July 2003, NRSP was working in 03 Union Councils of Sukkur (Ali Wahan, Arore, and Panhwar). After formation of SRSO, NRSP operations were taken over by SRSO as a base for the initiation of its activities. AKRSP provided similar support to NRSP and NRSP also provided similar support to PRSP. The NRSP Board of Directors approved above arrangement in its meeting held on 26th, June 2004.

Table 1.1 : Targeted Area

No. of operational Districts	05
No. of Union Councils	07
No. of Villages	326
No. of Households	15,284

Table 1.2 Achievements of Social Mobilization team

Description	1	2	3	4	5	6	7	Total
	UC Ali Wahan	UC Arore	UC Panhwar	UC Baberlo	UC Ruk	UC Humayon	UC M.P Buriro	
No. of male COs formed	35	10	47	46	61	34	40	273
No. of female COs formed	13	8	19	21	16	12	20	109
Total No. of COs formed	48	18	66	67	77	46	60	382
No. of male COs members (HHs)	512	157	794	1198	1669	826	884	6040
No. of female COs members (HH)	189	112	268	380	478	225	433	2085

After two months, when our CO was regularly conducting meetings, SRSO staff supported us in drawing individual, group and village level micro investment plans. Work according to these plans was started and many of our CO members have opened their own small ventures in our own village and nearby city. Our CO also took other issues which were raised by the members in the regular meetings. One issue was of WAPDA transformer raised in the routine meeting by CO members. We all went to WAPDA office and raised this issue with the higher authorities. WAPDA gave us prompt response because of a village platform from which we raised this issue. The longstanding issue of electricity of our village was resolved in matter of few days. That day I personally and my CO members realized the importance of the village level platform.

(Bakhshal Bhatti, Founder of CO Al- Mehran Ghotki)





Saving of Community Organizations

SRSO's basic philosophy of a sustainable village level organization is that it meets twice a month and at each meeting members contribute some amount for the collective savings according to her/his capacity. The objective behind this approach is that every member must develop a habit of making regular savings. SRSO believes that through saving people can build their own capital for the unforeseen events and for economic activities. SRSO encourages its CO members to use their savings for productive purposes. The following table shows the district wise savings during the first year of SRSO.

Table 1.3: Savings

Name of District	Male CO	Female CO	Total Saving
Jacobabad	98,000	45,000	143,000
Khairpur	99,500	35,000	134,500
Shikarpur	95,000	41,187	136,187
Sukkur	335,000	223,000	558,000
Ghotki	122,000	45,000	167,000
Total	749,500	389,187	1,138,687



Human Resource Development



SRSO believes that the poor have skills and traditional knowledge, but these skills need to be upgraded so that they are enabled to have access to profitable opportunities. Upgrading skills of the poor, such as managerial and vocational skills, remains an important part of SRSO's strategy to enable them to make the best use of the available resources. The focus of Human Resource Development (HRD) therefore, embraces both human and technical skills, with emphasis on enhancing on-farm skills. SRSO arranges to undertake capacity building of the CO members through training by its own staff or from NRSP-IRM, or from the Government Line Agencies to achieve quality output.

HRD Objectives

The general objectives of Human Resource Development program are to:

- Enhance human productivity
- Improve utilization of local resources
- Strengthening village-based skills to achieve sustainable development
- Assist the rural community in harnessing their potential and abilities in bringing about a positive change in their lives.

Capacity Building Initiatives

The capacity building initiatives for the community and the SRSO staff are tailored to respond to the needs for general uplift of the rural poor. The capacity building initiatives focus on building up leadership and management skills within the community for poverty reduction, empowerment and income enhancement. Individual empowerment is believed to be the starting point of community action.

At SRSO, capacity-building initiatives are constantly reviewed in the light of need assessment and training evaluations to improve delivery methodologies. In the future, one main objective would be to identify and train personnel from operational regions, better capable of imparting knowledge and skills to the trainees.

Since SRSO's major focus continues to be upgrading the capability and skills of the communities, these can be divided into two major categories.

1. Managerial skills
2. Vocational skills

The aim of managerial trainings is to enhance the skills of the activists so that they should properly manage the organizational, administrative and financial record-keeping, developing linkages and proper conduction of CO meetings. Technical trainings are used to enhance capabilities such as: increase in farm production, minimize farm losses, introduction of modern and mechanized tools, dissemination of best agriculture practices, improvement of livestock management and TBA's training for safer deliveries in rural areas. Training needs of male & female organizations varies according to the needs of the area.

Nurturing Community Leadership

SRSO is developing a large cadre of activists at the village level. Through various trainings, SRSO provides the opportunity to enhance their potential and skills. The training also enables the activist to improve the organization of their communities in terms of empowerment and sustainable development. Presidents and Managers of the COs participate in the Community Management Skills Training (CMST). During this training, they learn about conducting CO meetings, ensuring participation, enhancing CO savings and the keeping of financial and administrative records

This year the Community Management Skills Training has grown at a fast pace. 11 CMSTs were conducted during the year in which 283 activists participated. HRD section at SRSO continues to strive for gender balance in trainings.

In pursuing the objective of social mobilization, strengthening of skills of CO leadership is most important. CMST consists of 04 days which is designed in such a way that all subjects related to any viable organization must be address by the trainers.

At SRSO, one-day Managers' conferences and Activist Workshops have developed into the most useful forums for the sharing of problems, experiences, ideas and plans. These forums are mainly for those who are willing to devote time and effort for the improvement of the area. Issues relating to villages are discussed and resolved by the COs.

Table 3.1 : Community Management Skills Training (CMST)

Regions	2003-2004		
	No. Of Trainings	Male Trainees	Female Trainees
Sukkur	01	20	3
Khairpur	04	77	24
Shikarpur	01	10	4
Ghotki	04	97	12
Jacobabad	01	24	12
Total	11	228	55

Table 3.2: Activist Workshops

Period	No. Of Workshops	Male Trainees	Female Trainees	Total
2003-2004	11	424	120	544

HRD department is also giving specific attention for organizing Refreshers for communities in different aspects of Agriculture like; crop protection, use of pesticide, organic farming etc.

During the reporting year, total 11 Workshops were organized in which 544 activists participated.

SRSO has also converted COs in CCBs (Citizen Community Boards) according to rules of Local Government Ordinance 2001. After CCBs formation, HRD department of SRSO arranged trainings for CCBs on "Proposal Writing".

Table 3.3 : Trainings of COs

Name of Training	No. of Trainings	Male	Female	Total Trainees
		Trainees	Trainees	
Best Practices in Agriculture	01	25	—	25
Tailoring Training	01	—	10	10
Traditional Birth Attendants (TBAs)	01	—	11	11
CMST Refresher	11	424	120	544
Proposal Writing for CCBs	01	20	08	28
Total	15	469	149	618

Sajida Begum attended Tailoring Training in July 2003. She was one of the ten women who got one-month Tailoring training at the Vocational Training Center Khairpur. SRSO organized training with the help of the Govt. Vocational Training Center, District Khairpur. All trainees shared 40% of the training cost. SRSO provided Vocational Training Center's one month fee. Today, she is earning Rs. 1,250/- per month. Being the major bread earner of the family, her role in the decision-making in the household, compared to the past, has increased substantially. She now has more influence in planning for the health and education of her children. The attitude of the family elder's towards her has been changed.

Vocational training at local level has changed life of a village girl from being a burden on the family to a bread earner for the family.

The other nine women are also supporting their families in their household expenses by sewing clothes for their family and earning extra money from orders from their neighbors and nearby villages. SRSO will market their clothes in nearby cities.



Rural Credit & Enterprise Development

SRSO's credit intervention is the most important element after social mobilization. Experience of different RSPs in Pakistan shows that the credit programme is a key element in the holistic approach for sustainable development. Credit can be vital to income generation. Credit is being disbursed to the members of COs whenever required according to needs of the members. Before credit disbursement, CO must have attained some level of savings so that CO members should own the programme and realize the effectiveness of the credit activity.

During the years under review, Rs. 5.32 million was disbursed. This amount was distributed in the first year of SRSO which itself is a big achievement. Similarly, the number of loans increased which reflects the trust and confidence of COs in the programme. Gender sensitivity in terms of loan and disbursement was kept in view while approving loans. The male & female ratio for credit was 65% and 35% respectively. SRSO has learned through experience that the smaller the loan size and the shorter the repayment period the better is the recovery. The average loan size is a critical factor. SRSO's recovery rate remained 100% which is remarkable. The most important thing was that the loanees have used credit money according to their need and purpose for which the loan had been taken while keeping in mind the market values of the products which they purchased.

Micro Credit Summary

Activity	Male	Female	Total
Credit Disbursed (Rs. Million)	4.42	0.90	5.32
No. Of Loans	451	91	542
Avg. Loan Size (Rs.)	9,809	9,912	9,827
Recovery Rate	100%	100%	100%

Portfolio of Credit (Package of Services)

The range of product and services offered and used are vital denominators to the acceptability of the programme. SRSO provides loans in different sectors like agriculture, live stock management, and micro enterprise. The credit programme is exclusively for productive purposes.

Summary of Credit Package (Figure in Rs.)

Activity	Male	Female	Total
Agricultural Inputs	1,202,420	20,000	1,222,420
Micro Enterprise	603,797	36,964	640,761
Live Stock	2,385,925	839,723	3,225,648
Total	4,192,142	896,687	5,088,829



Physical Infrastructure and Technology Development

The Community Physical Infrastructure Scheme (CPI) is another main component of SRSO's operation. This is the supplement to the credit program. Improvement in the existing physical infrastructure with community participation is one of the essential elements besides new infrastructure. CPI is normally considered one of the strongest and more visible indicators of development with a high demonstration effect. SRSO's CPI schemes were supported by the Pakistan Poverty Alleviation Fund (PPAF) through NRSP Hyderabad.

Rural communities are passing through very difficult times. They are living in miserable conditions. SRSO motivates communities to conceive and implement local infrastructure schemes and offers them technical guidance in construction and maintenance of the schemes. In implementation of these schemes, SRSO acts as an intermediary and facilitates linkage of COs in implementing any physical infrastructure while following explicit policy guidelines.

The process starts with a meeting of the CO in which the community prioritizes its needs. An Engineer from SRSO surveys the scheme along with the local community. In addition to technical feasibility, a social feasibility study is also undertaken to ascertain the ability of the CO to implement and sustain the scheme. SRSO also developed a mechanism with the help of community to resolve conflicts before and after the completion of the scheme. The community and the SRSO Engineer jointly prepare the cost estimates of the scheme and develop a mechanism to implement scheme in such a manner that everyone from village should participate and own the scheme.

Schemes Identification

During the reporting year, 250 infrastructure schemes were identified at the village level. Need identification of schemes was conducted through Micro Investment Plan (MIP) & Resolutions passed by the COs in their regular bi monthly meetings. The schemes were surveyed and the total estimated cost was Rs. 80 Million. SRSO surveyed and prepared a comprehensive portfolio of CPIs.

Implementation of CPIs

During the period of first year of SRSO, the communities have completed 22 Physical Infrastructure Schemes. These schemes included link roads (02), Tube wells (17), Brick Pavements (02), Drinking water supply schemes (01).



First time in history of the rural villages of SRSO operational areas, SRSO introduced the concept of Sanitation scheme on component share basis. SRSO introduced this philosophy which has been well tested by the Orangi Pilot Project in Orangi town of Karachi. SRSO Engineers and CO members were trained by OPP. The scheme was designed by OPP engineers with the help of SRSO team.

The first sanitation scheme was initiated by CO Mithal Jatui in their village. SRSO carried out work on secondary and tertiary lines and septic tank while the community initiated the primary line and constructed toilets. This scheme is under progress in the current year and is likely to be completed by first quarter of the next year.

The Septic tank of sanitation scheme has been designed in such a way that waste water of the village would be properly recycled and to be used in nearby fields of the villagers for irrigation purposes.

SRSO has also conducted pre sanitation survey of all houses of the village Mithal Jatui. SRSO has planned 10 more sanitation schemes so that village communities should become aware about the cleanliness of their own village and houses.

22 other schemes have been completed with the generous funding of PPAF through NRSP Regional office Hyderabad. The sanitation scheme has been initiated with the funding of SRSO Head Office Sukkur. The total cost of 22 schemes is Rs. 5.6 Million, in which SRSO/NRSP/ PPAF share was Rs. 4.1 Million. Community has contributed Rs. 1.4 million in the shape of labor cost. A total 470 households benefited from these schemes. Overall community contribution was 26% of total cost of all the schemes.



Case study of drinking water supply scheme (DWSS)

CO: Mehar Ali Sadhoyo, UC Hamayoon, Shikarpur

Type: Drinking Water Supply

Total Cost (Rs): 353,778/=

PPAF Share (Rs): 284,000/=

CO Share (Rs): 69,778/=

BHHs: 25

Beneficiaries: 175

Irrigation Area: 60 Acres

PPAF Share / HH (Rs): 14151/=

Discharge: 0.762 Cusec

CO Profile

Village: Mehar Ali Sadhoyo

Union Council: Humayoon

Tehsil: Shikarpur

District: Shikarpur

Field Unit: Shikarpur

Date of formation: 01/08/2003

Total Members: 17

Saving (Rs): 12,000/=

Village Mehar Ali Sadhoyo is located at a distance of 30 Kilometers from Shikarpur City. This village is one of the poorest villages of the area, where population of all 25 households of the village is living below the poverty line. The formation of the Community Organization changed the minds of the people and they started thinking for their collective benefits and for removing the hurdles in their development. The people of the village were facing a great difficulty in accessing drinking water. There was only one hand pump, which was available in the agricultural land, two kilometers away from the village.

Therefore the community, especially female population was suffering due to long distance and using of contaminated water. Due to scarcity of water, villager's health situation was deteriorating every passing day. Women of the village were mainly responsible for fetching water from distance of 2 Kilometers. The population (minor children & adults) of the village was facing water borne diseases and their 25% monthly hard earned income was going on medicines. The Community Organization of the village moved a resolution seeking support from SRSO for solving this immediate problem. The project of Drinking Water Supply Scheme was approved by SRSO. The total cost of the project was Rs.353, 778/= including Rs.69, 778/= of community Share in the form of labor. The valuable land for the project was provided by the Community Organization. The project of Drinking Water Supply has changed the lives of community members. Now they are getting the potable drinking water at their doorstep. The people of the area mainly the women don't have to travel in kilometers daily for fetching water. Expenditure over water borne diseases has been reduced to 50%. Women of the village are utilizing their precious time for productive use. The spirit of people of the village has recharged for human development resulting in the formation of another Community Organization in the village. Sense of ownership & social cohesion has developed among the community. According to community all this was possible due to formation of the community organization, which has given the villagers a platform to implement such developmental activities.



Reduction in Losses

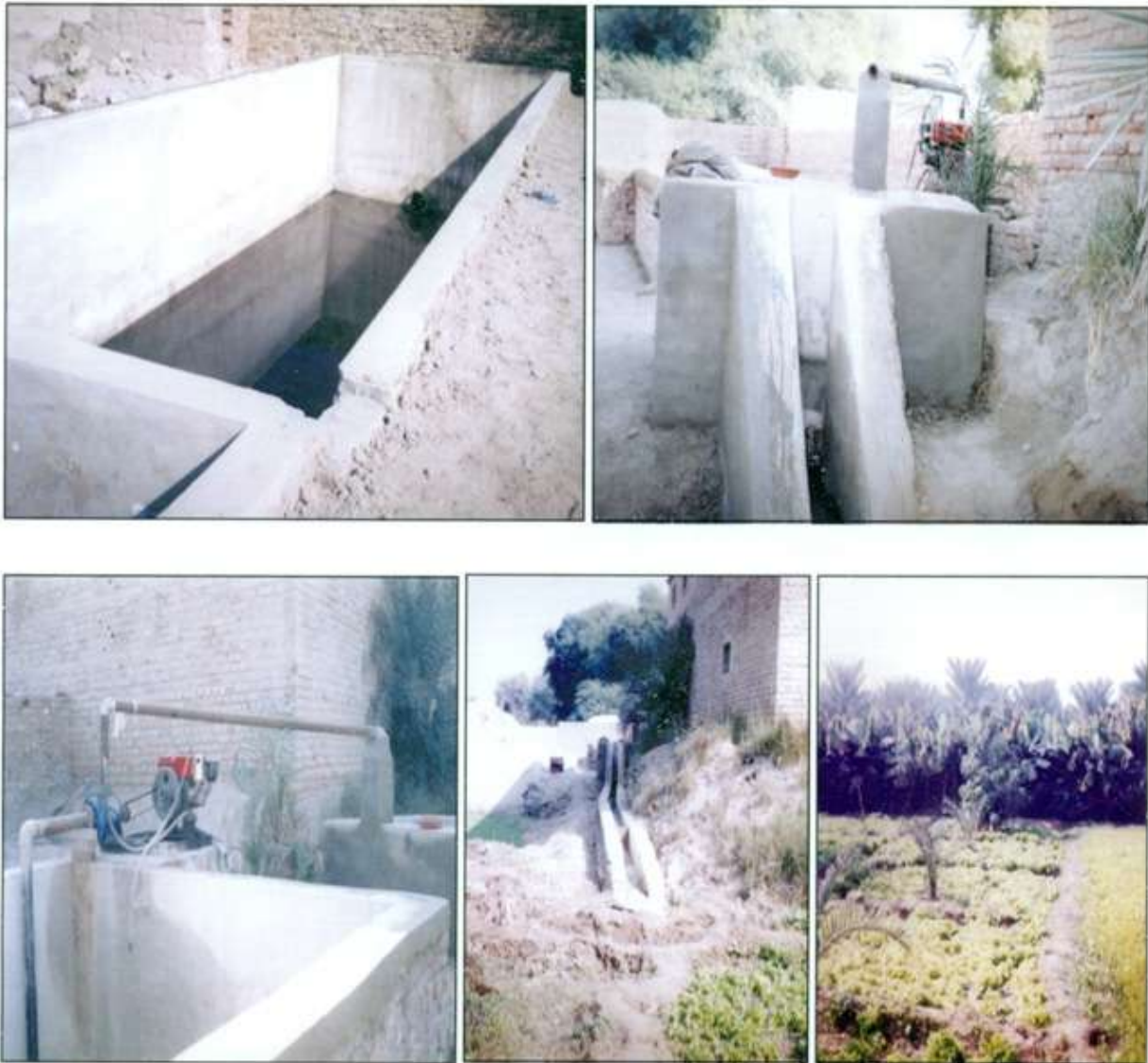
Labour and time saved of the women of the area, 2 hours per day (average) per woman besides they have now facility of drinking water at their doorstep.

There will be long term effects on this community because of precious time and money saving which they were spending only on fetching of water activity before this scheme.





Recycling of Waste Water



SANITATION SCHEME OF VILLAGE MOHD MITHAL JATOI, U/C BABARLOI, DISTT: KHAIRPUR.

Production of the Irrigated land has been increased by recycling
of waste water.

→ → → →
Journey continues.....



SINDH RURAL SUPPORT ORGANIZATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004**



AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed balance sheet of the Sindh Rural Support Organization – SRSO (the organization) as at June 30, 2004 and the related income and expenditure account together with the notes forming part thereof for the period from May 29, 2003 to June 30, 2004.

It is the responsibility of the management of the organization to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the organization as at June 30, 2004 and of its surplus for the period from May 29, 2003 to June 30, 2004 in accordance with the approved accounting standards as applicable in Pakistan.



Chartered Accountants
Karachi.

12 MAR 2005

AASR



**SINDH RURAL SUPPORT ORGANIZATION
BALANCE SHEET
AS AT JUNE 30, 2004**

	Note	2004 Rupees	Note	2004 Rupees
General Fund	3	505,916,155	ASSETS	
Deferred Liabilities	4	254,186	Fixed assets	6 2,147,253
			Long term investments	7 448,096,514
Current Liabilities			Current Assets	
Accrued expenses	5	467,757	Short term investment	8 40,000,000
Other liabilities		105,588	Advance and prepayment	9 124,537
		573,345	Accrued profit on investments	10 7,679,651
			Receivable from community organizations	5,088,829
			Other receivable	27,167
			Cash and bank	11 3,579,735
				56,499,919
				<u>506,743,686</u>
				<u>AASR</u>

The annexed notes form an integral part of these accounts.


CHIEF EXECUTIVE


DIRECTOR

**SINDH RURAL SUPPORT ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM MAY 29, 2003 TO JUNE 30, 2004**

	Note	From May 29, 2003 to June 30, 2004 Rupees
Income		
Profit on investment	12	11,061,075
Grants	13	1,546,039
Service charges		49,215
Other income		7,000
		12,663,329
Expenditure		
Operating expenditure	14	6,643,612
Financial charges	15	103,562
		6,747,174
Surplus transferred to working fund	3	5,916,155
		<u>AA&L</u>

The annexed notes form an integral part of these accounts.


CHIEF EXECUTIVE


DIRECTOR



SINDH RURAL SUPPORT ORGANIZATION
NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM MAY 29, 2003 TO JUNE 30, 2004

1. NATURE OF ACTIVITIES

Sindh Rural Support Organization - SRSO (the organization) was incorporated as a public company limited by guarantee on May 29, 2004 under section 42 of the Companies Ordinance, 1984. SRSO took over the operations of National Rural Support Program (NRSP) Sukkur on July 01, 2003. The main objective of the organization is to alleviate poverty in the province of Sindh. The program is undertaken by the endowment fund provided by the Government of Sindh and income earned on investment on securities.

The program is carried out in five districts around Sukkur, Shikarpur, Ghotki, Khairpur and Jacobabad, comprising 23 Tehsils and 281 Union Councils. The head office of the program is based at Sukkur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention.

2.3 Employees retirement benefits

2.3.1 Gratuity

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

2.3.2 Provident fund

The organization operates a defined contribution plan - provident fund scheme under a separate trust for all its permanent employees and contributions are recorded monthly in accordance with the fund rules.

2.3.3 Compensated absences

The organization 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.

ATM/L



2.4 Fixed assets and depreciation

These are stated at cost except donated assets, which are stated at fair value less accumulated depreciation. Depreciation is charged using the straight-line method whereby the cost or fair value of an asset is written off over its estimated useful life. Full year's depreciation is charged on additions during the year, while no depreciation is charged on deletions during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major repairs and improvements are capitalized.

Gain or loss on disposal of fixed assets is included in income currently.

2.5 Revenue recognition

Income from donations is accounted for on receipt basis.

2.6 Taxation

The income of the organization is exempt from income tax under sub-clause (3) of clause (58) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 being a non-profit organization.

	Note	2004 Rupees
3. GENERAL FUND		
Endowment fund	3.1	500,000,000
Working fund		
Balance as at May 29, 2003		-
Surplus transferred from income and expenditure account		5,916,155
Balance as at June 30, 2004		5,916,155
		<u>505,916,155</u>

- 3.1 The endowment fund is granted by the Government of Sindh and will be utilized for investment purposes. Profit received on investments shall be utilized for promoting / achieving organizational goals and for day to day running of business

	2004 Rupees
4. DEFERRED LIABILITIES	
Provision for gratuity	91,864
Provision for provident fund	37,051
Provision for compensated absence	125,271
	<u>254,186</u>
	<u>AA&R</u>

	2004 Rupees
5. OTHER LIABILITIES	
EOBI	21,000
Payable to National Rural Support Programs - NRSP	17,934
Payable to ex-NRSP staff	66,654
	<u>105,588</u>

6. FIXED ASSETS

	Cost / fair value		Depreciation		Written down value as at June 30, 2004	Depre- ciation rate % per annum
	Additions during the year	As at June 30, 2004	For the year	As at June 30, 2004		
	Rupees					
Furniture and fixtures	409,825	409,825	40,983	40,983	368,842	10
Office equipment	202,680	202,680	40,536	40,536	162,144	20
Computers	300,341	300,341	100,104	100,104	200,237	33.33
Vehicles	1,770,038	1,770,038	354,008	354,008	1,416,030	20
2004	2,682,884	2,682,884	535,631	535,631	2,147,253	

	2004 Rupees
7. LONG TERM INVESTMENTS	
Certificates of deposit - PICIC	250,000,000
Pakistan Investment Bonds (PIBs)	194,400,000
	<u>444,400,000</u>
Premium on purchase of PIBs	4,107,238
Less: Amortization for the year	410,724
	<u>3,696,514</u>
	<u>448,096,514</u>
	<u>AASR</u>

	2004 Rupees
8. SHORT TERM INVESTMENT	
Term Deposit Receipts	<u>40,000,000</u>
9. ADVANCE AND PREPAYMENT	
Advance to staff	113,537
Prepaid office rent	11,000
	<u>124,537</u>
10. ACCRUED PROFIT ON INVESTMENTS	
Certificates of deposit - PICIC	4,685,959
Pakistan Investment Bonds	2,634,492
Term Deposit Receipts	359,200
	<u>7,679,651</u>
11. CASH AND BANK	
Cash in hand	18,042
Cash at bank	
Current accounts	526,384
Deposit accounts	3,035,309
	<u>3,561,693</u>
	<u>3,579,735</u>
	From May 29, 2003 to June 30, 2004 Rupees
12. PROFIT ON INVESTMENTS	
Certificates of deposit - PICIC	9,446,255
Pakistan Investment Bonds	1,170,361
Term Deposit Receipts	359,200
Deposit accounts	85,259
	<u>11,061,075</u>
	<u>ASR</u>

From May 29,
2003 to June
30, 2004
Rupees

13. GRANTS

Rural Support Programs Network - RSPN	592,235
National Rural Support Program - NRSP	953,804
	<u>1,546,039</u>

14. OPERATING EXPENDITURE

Salaries, wages and benefits	2,362,964
Program assistance	705,907
Traveling	522,223
Communication	133,482
Utilities	69,678
Vehicle running and maintenance	896,118
Office supplies	27,839
Entertainment	206,348
Office rent	141,986
Office repair and maintenance	90,665
Printing and stationery	234,637
Books and periodicals	5,175
Depreciation	535,631
Amortization of premium on PIBs	410,724
Legal and professional charges	268,375
Auditors' remuneration	25,000
Bad debts	5,000
Miscellaneous expenses	1,860
	<u>6,643,612</u>

15. FINANCIAL CHARGES

Bank charges	23,103
Mark-up on NRSP credit line	80,459
	<u>103,562</u>

AASR


CHIEF EXECUTIVE


DIRECTOR



Statistical Data



Social Mobilization

S #	Description	District				Total
		Sukkur	Khairpur	Shikarpur	Ghotki	
1	No. of Male COs formed	92	46	34	61	273
2	No. of Female COs formed	40	21	12	16	109
	Total No. of COs formed	132	67	46	77	382
3	No. of Male COs Members	1463	1198	826	1669	6040
4	No. of Female COs Members	569	380	225	478	2085

Human Resource Development

S #	Description	District				Total
		Sukkur	Khairpur	Shikarpur	Ghotki	
1	CMST	1	4	1	4	11
	Number of Participants	23	101	14	109	283
2	Activist Workshop / CMST refreshers	2	2	2	3	11
	Number of Participants	110	130	120	110	544
3	Agriculture Trainings	1	-	-	-	1
	Number of Participants	25	-	-	-	25
4	Vocational Trainings	-	1	-	-	1
	Number of Participants	-	11	-	-	11
5	Refresher Courses	1	4	1	4	11
	Number of Participants	25	99	25	80	283
6	CCB Trainings	-	1	-	-	1
	Number of Participants	-	28	-	-	28

RURAL CREDIT & ENTERPRISE DEVELOPMENT (RCED)

S #	ACTIVITY	GHOTKI	JACOBABAD	KHAIRPUR	SHIKARPUR	SUKKUR	TOTAL
1	Total Disbursement	962,000	140,000	1,471,000	500,000	2,253,000	5,326,000
	No. of Loanees	97	14	148	50	233	542
	Male	86	14	137	38	186	461
	Female	11	-	11	12	47	81
2	Disbursement in Agri Input	-	-	550,000	80,000	699,000	1,329,000
	No. of Loanees	0	0	55	8	76	139
	Male	0	0	53	8	76	137
	Female	0	0	2	0	0	2
3	Disbursement in Live Stock	962,000	140,000	260,000	370,000	1,506,000	3,238,000
	No. of Loanees	97	14	26	37	152	326
	Male	86	14	21	25	105	251
	Female	11	0	5	12	47	75
4	Disbursement in Enterprise	-	-	661,000	50,000	48,000	759,000
	No. of Loanees	0	0	67	5	5	77
	Male	0	0	63	5	5	73
	Female	0	0	4	0	0	4
5	Recovery	-	-	199,291	12,964	66,927	279,182
	Agri Input	-	-	58,816	-	60,000	118,816
	Live Stock	-	-	17,594	-	1,000	18,594
	Enterprise	-	-	122,881	12,964	5,927	141,772

Community Physical Infrastructure (CPI)

S #	ACTIVITY	SUKKUR	KHAIRPUR	SHIKARPUR	GHOTKI	JACOBABAD	TOTAL
1	No of total schemes surveyed	60	55	45	42	48	250
2	No of total schemes initiated	14	3	1	3	2	23
3	No of beneficiary households	301	60	26	54	30	471
4	No of total schemes completed	14	3	1	3	2	23
5	No of beneficiary households	301	69	26	54	30	480
6	No of link roads initiated	2	-	-	-	-	2
7	No of beneficiary household	57	-	-	-	-	57
8	No of link roads complete	2	-	-	-	-	2
9	No of beneficiary households	57	-	-	-	-	57
10	No of irrigation schemes initiated	10	2	-	3	2	17
11	No of beneficiary households	164	39	-	54	30	287
12	No of irrigation schemes completed	10	2	-	3	2	17
13	No of beneficiary households	164	39	-	54	30	287
14	Amount of land irrigated in acres	802	220	-	310	195	1527
15	Other schemes	2	1	1	-	-	4
16	No of beneficiary households	80	30	26	-	-	136





→ → → →
Journey Continues



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