

# **ACTION RESEARCH PILOT PROJECT ON PROVISION OF MICRO-CREDIT AND ENHANCEMENT OF LOCAL LEVEL SAVINGS FOR POVERTY ALLIVIATION IN PAKISTAN**

**( Phase - 1II )**

<b>Duration:</b>	<b>5 Years (2004-2009)</b>
<b>Area:</b>	<b>- District Chakwal (Punjab), - Islamabad (Federal Area), - Haripur (NWFP, - Mirpur (AJ&amp;K)</b>
<b>Total Cost:</b>	<b>5.152 million (in Pak. Rs.) Equivalent to US\$ 0.092 million (approx)</b>

## **1. BACKGROUND**

A three years Action Research Pilot Project was launched in 1999 with the assistance of Afro-Asian Rural Development Organization (AARDO). It mainly aimed at poverty alleviation through provision of micro-credit, besides enhancement of local level savings, as development intervention. The project area comprised of seven union councils with 75 villages of Chakwal District (Province of Punjab, Pakistan) with Kallar Kahar as the Project Headquarter. The project had two phases i.e. action research and implementation.

The action research phase mainly dealt with planning besides identification of the poor families and the potential entrepreneurs, whereas the implementation phase consisted of processing and approval of loan cases along with disbursement of credit to the identified micro-entrepreneurs. It also included monitoring of the physical progress and recovery of the credit advanced to ensure smooth and timely achievement of the set recovery targets.

### **1.1 Objectives**

Following were the main objectives of the project under Action Research Pilot Project Phase-I & II.

- (a) Poverty Alleviation
- (b) Promotion of income generating activities.
- (c) Increasing income of the poor households.

- (d) Provision of micro-credit to the poor and enhancement of local level savings.
- (e) Promoting involvement of rural women in economic activity.
- (f) Enhancement of productivity of the people engaged in farm and non-farm activities in the rural areas.

## **1.2 Institutional Mechanism**

At the programme headquarter level; a programme management unit (PMU) was set up to ensure coordination, supervision and monitoring of the programme implementation. The composition of this PMU was as under:

- **Chairman:** Director General, AHKNCRD&MA
- **Members:**
  - Director (Research) / Project Director
  - District Council Chairman / Nazim
  - Assistant Director, LG&RD  
(Representatives Partner Field Agency)
  - One opted member from the sponsoring agency associated/community with the project

The main functions of this unit were to:-

- i. Facilitate planning, management monitoring, and coordination of the programme.
- ii. Consider the planning, management of technical training teams and supervision of the same.
- iii. Manage the programme, loan advance and its recovery.
- iv. Consider, advise and pass decisions in all such matters referred to the unit for its consideration and advise by the Project Director from time to time.

The other appropriate teams and committees were also constituted at the project headquarter, district, union council and village levels. The main objective behind constitution of these teams / committees was to assist the project management in training, planning, management, monitoring, reporting, and follow up actions during implementation of micro credit action research project. The institutional planning and management network may be seen as Fig -1.

### **1.3 Operational Methodology**

Participatory process oriented approach was adopted in order to elicit community participation through a participatory process of diagnosis of life conditions, minimize an element of subjectivity in the identification of potential micro-enterprise as well as the micro-entrepreneurs for implementation and management of the programme. The partners in this process were local activists, the institutional agents whose job is to assist, advise, train, guide and teach the communities in order to plan, implement, manage and monitor improvements of condition of life.

The process involved the following main steps in a sequential order.

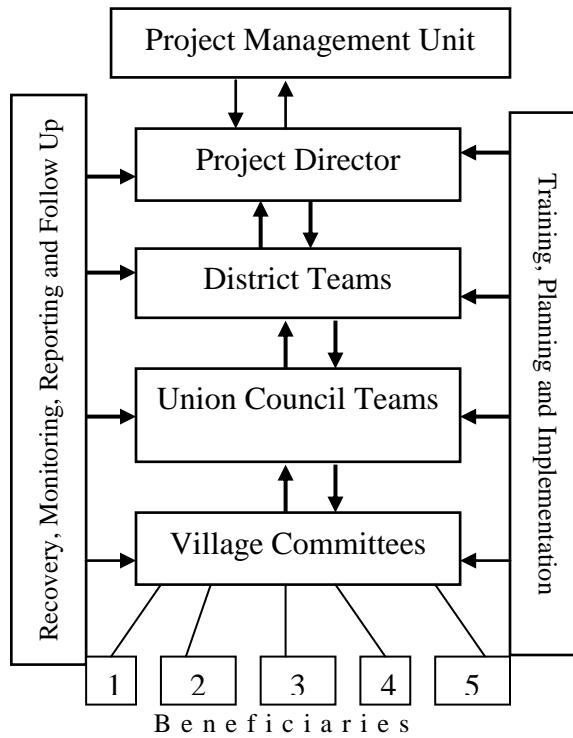
- i. Organization of various teams and committees besides selection of volunteer's workers in the selected villages.
- ii. Conduct of training for planning and collection of household data through community self survey.
- iii. Identification of poor and the potential micro-enterprise based on the analysis of data and formulation of village/ward action plans.
- iv. Conduct of training in management for village committee members and officials of the partner agency at various levels for programme implementation.
- v. Processing and approval of loan cases and disbursement of loan.
- vi. Reporting, monitoring and follow up action.

The operational Model adopted under Action Research Pilot Project implementation is given as **Fig-2**.

### **1.4 Recovery**

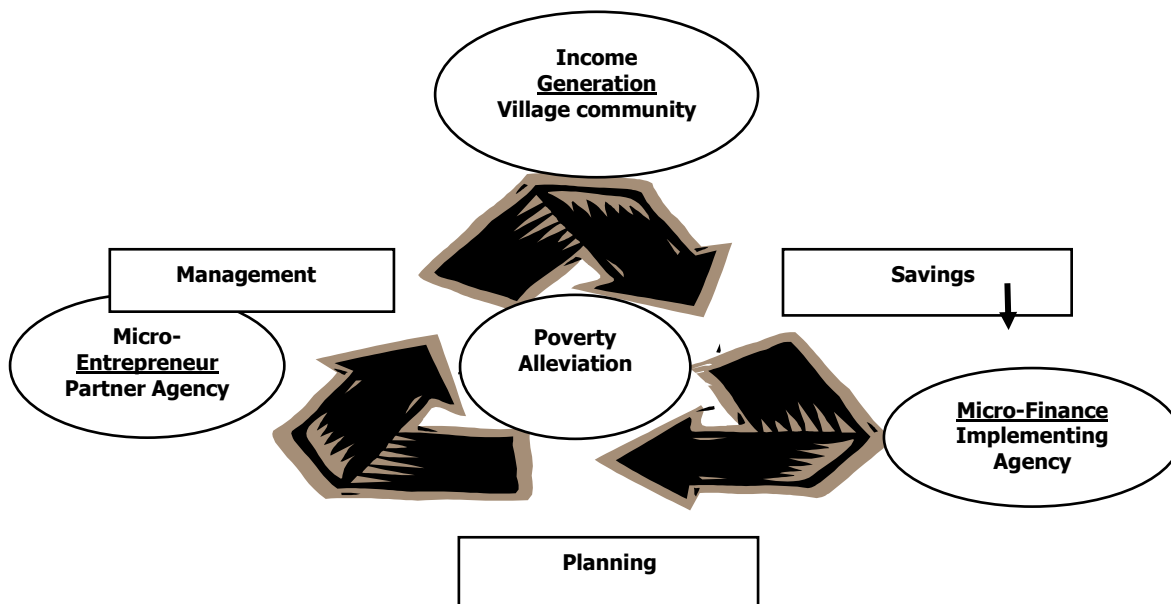
The recovery installment schedule was prepared and distributed to all loanees alongwith respective offices at the district and union council levels. The repayment of loan installments ranged between 76%-104%. Out of the total 33% of the loanees cleared their credit liability one month earlier to the scheduled time limit. The women availed about 20% of the loan extended. The over all recovery remained about 90%. Some of the hard cases were relaxed in payment of installments on genuine ground, which will be recovered in due course of time.

**Micro-Finance for Poverty Alleviation**  
**Planning and Management Network**



**FIG-2**

**Micro-Finance for Poverty Alleviation**  
**Operational Model**



## **1.5 Experiences**

Based on the experience gained out of this modest action research pilot project activity, the following elements have been identified and considered necessary for future expansion, replication and sustainability of the programme.

- i. The feasibility aspect of the micro-enterprise (for which loanee intends obtaining micro-credit) needs careful scrutiny from technical and financial angles alongwith its rationale.
- ii. A full time programme supervisor (selected from the local community on contract basis with fixed salary) is considered important to monitor routine activity and ensure timely recovery.
- iii. In order to use social pressure as recovery tool, it seems necessary that credit may be provided to a group of minimum five loanees in a selected village / community.
- iv. Poor generally are willing to improve their condition, but still there is a large majority of poor who are either not poor or shy of indicating their source of income and taking credit.
- v. There is need to further study the kind, nature and attitude of the poor since majority of the identified poor could not avail the micro credit (interest free) facility for one reason or the other. It will no doubt help in the development and implementation of such programmes with reasonable level of accuracy.

## **1.6 Lessons Learnt**

The **Action Research Pilot Project** on “Provision of Micro Credit Facility and Enhancement of Local Level Savings for Poverty Alleviation in Pakistan” of course met with reasonable degree of success despite obvious constraints and un-foreseen circumstances. The implementation experiences, however, were found interesting and informative. A deliberate and well thoughtful scientific attempt was made under the project to devise and develop a **process oriented mechanism** alongwith operational tools to address the issues involved and minimize the element of subjectivity (experienced in

similar programmes) in the identification of the **poor families** and the **potential entrepreneurs** to the extent possible.

The success of the pilot project on “Provision of Micro-Credit Facility and Enhancement of Local Level Savings for Poverty Alleviation” implemented by Akhtar Hameed Khan National Centre for Rural Development and Municipal Administration (AHKNCRD&MA), Islamabad, Pakistan as observed by AARDO was largely due to the operational planning based on scientific and participatory approach. A training manual containing strategic planning – the system of management of the project, details of the criteria to identify poor families, potential entrepreneurship besides loan advancement procedures, loan recovery system was also prepared on special demand from the AARDO authorities. Based on the experiences of this project, initiatives with necessary alterations as per the requirements of the ground situation, such micro-credit projects can be replicated in other AARDO member countries.

## **2. THE PROPOSAL (PHASE III)**

The proposal has been prepared in order to materialize the desire of AARDO for further test and fine tune the methodology besides tools and criteria developed for its wider scale application in other AARDO member countries. The successful experience of this action research pilot project will be expanded and replicated under the proposed Phase-III of the project.

### **2.1 Objectives**

Besides existing objectives focusing on promotion of micro-enterprise through provision of micro-credit for poverty alleviation under Action Research Pilot Project (Phase I-II), the following additional objectives have been added under Phase-III (replication / expansion of the proposed project).

- a. To further test and fine-tune the methodology and instruments as experienced during the pilot project phase.
- b. To ensure sustainability of the micro-finance programme based on poverty alleviation.
- c. To make necessary changes in the training manual for its adoption on a wider scale.

## **2.2 The Area**

In addition to expansion of the existing area covered under action research pilot project to the whole of district Chakwal, the following three districts possessing diverse features are proposed to be covered under Phase-III (replication / expansion) of the project. While selecting these districts besides project demands many other factors like backwardness of the area, its characteristics special and provincial distribution and minimum operational cost during implementation of the project has also be kept in mind. It was considered necessary in order to make this project operationally more acceptable and viable. The country map indicating the districts proposed to be included is enclosed. The detail of maps for each district may be seen in the relevant part of the proposal.

The brief description of these districts is as follows:

### **2.2.1 District Chakwal**

Chakwal was created as an independent District of Rawalpindi, Division in 1985. The total population of the district as estimated in 1998 was 10,84,000 of which the urban population was 1,31,692. The male female population is 5,18,249 and 5,65,476 respectively. Eighty percent of the people living in Chakwal are ethnically Punjab is of Aryan origin. The remaining 20 percent are settlers, Muhajirs, Pakhtoons from the settled and trival areas of the NWFP and from Afghanistan.

Lying at the beginning of the Potohar plateau and the Salt Range, Chakwal is a barani district and the terrain is mainly hilly, covered with scrub forest in the south-west, and leveled plains interspaced with dry rocky patches in the north-west. The physical features of the district, its tribes, its society and its economy all combines to make Chakwal one of the main recruiting areas for the armed forces.

At present district Chakwal consists of 3 sub-divisions: Chakwal, Talagang and Choa Saidan Shah; one sub-tehsil, Kallar Kahar, 23 Qanungos and 198 Patwar Circles. The district lies between 71 – 48 to 73 – 16 east longitudes and 32-33 –12 north latitudes.

District Chakwal is bordered by the district of Rawalpindi and Attock on the north district Jhelum on the east and south-east district Khushab on the south and district Mianwali on the west. The total area of district Chakwal is 6.524 square kilometers.

Geographically placed in the salt Range and the Potohar plateau, the physical features of Chakwal are typical of the region. The south and south –east is mountainous and rocky, covered with scrub forest, interspaced with flat lying plains; the north and north-east consist of softly undulating plains areas with patches of rocky areas, known as khuddar in the local dialect, ravines and gorges and some desert areas. The plains of the district are being cultivated even those which lie in the hilly regions, and a considerable area is covered by forests.

The areas of Chakwal can be classified into mountains, rocky plains, weathered plains, piedmont plains, loess plains and river plains. The soil of the area has developed from wind and water transported materials consisting of loess alluvial deposits, mountain outwash and recent stream valley deposits. A part of the soil has also been derived from shales and sand stones.

The mountain ranges which exist in Chakwal, though they may not fall within the precise definition of mountains, are the Kallar Kahar hills, the Choa Saidan shah hill range leading into Kallar Kahar on one side and Jhelum on the other, both falling in the Salt Range, and the Dilljabban hills. These ranges are dry and rocky, covered by deciduous forests. There are considerable deposits of a large number of minerals in Chakwal district. The various minerals, which exist and are being mined at different places.

Argillaceous clay, antimony, copper, gold, gemstones, limestone, dolomite, bentonite, fireclay, marble, rock salt, coal, crude oil and natural gas, brine, salica sand. All these minerals, with the exception of gold copper and gemstones are being successfully mined. There is a very wide range of plant and animal species in the district.

Amongst plants, the species which are most abundant in the district are Kau or wild olive (*Olea cuspidate*), Phulai (*Acacia modesta*), Sanatha (*Dodonea viscosa*), Gurgura (*Monothea buxifolia*), and Pataki (*Gymnosporia Riaroy Leana*). The general vegetation consists of dry deciduous scrub. The grass species, which are dominant in the area, are Sarilala (*Heteropogon contortus*), Khawi (*Cymbopogon jwarancusa*), Mesquite (*Prosopis juliflora*), and Karir (*Capparis aphylla*). All these plant species are found throughout the district.



Apart from the very common bird and animal species, which are more or less evenly distributed throughout Punjab, exist in various areas of Chakwal district. These are Gray partridge, black partridge, Chakore, see partridge, quail, houbara bustard, common crane, and ducks, peacock.

### **2.2.2 District Islamabad**

Islamabad, literally meaning “the abode of Islam” is the capital of Pakistan. The decision for shift the capital to Islamabad from Karachi was taken in 1959 for which a high-powered commission was set up for the purpose. On the recommendations of this commission, the government decided in favour of the Potohar areas and made a public announcement to this effect in June 1959. On February 24, 1960 the Government named the new capital as Islamabad.

It was in October 1961 that the construction work commenced. Exactly two years later, in October 1963, the new city came to life with the arrival of its first residents. Earlier, a greater part of the Secretariat of the Government of Pakistan was moved to Rawalpindi in October 1959 to be later shifted to Islamabad when the required Government buildings and residence for the Government employees were ready for occupation.

Islamabad Federal Capital lies between 33° – 28° and 33° – 48° north latitudes and 72° – 48° and 73° – 22° east longitudes. It is bounded by Haripur district of the NWFP to the north and by Rawalpindi district of Punjab on all other sides. Islamabad is located on the northern most edge of the tract known as Potohar plateau. The site is an uneven table and land is gradually rising in elevation from 500 to 600 meters above the sea level. In the extreme north the hills rise more steeply. The highest point is 1600 metres above the sea level. Most of the Margallah range in the northwest is composed of hill series belonging to the Eocene division of the tertiary period and are about 60 million years old. The land is composed either of alluvium (clay or silt) or of gravel caps. A large part of the area is undulating and at various places it is badly dissected by gullies and ravines. The Korang stream has been dammed at a place named Rawal to form the Rawal Lake. Another dam has been built on the Soan River to form the Simly Lake.

The total population of the District as estimated in the year 1998 was 8,05,000. The urban population is 5.7% of the total population grew at an average rate of 5.7% during 1981-98. In Islamabad city people belonging to almost all possible races and tribes of Pakistan are living. Regarding people living in rural areas, they are mostly Rajput. The important sub-division are Bhatti, Rawal, Janjua and Chohan. Besides, Gujar, Awan, Mughal, Qureshi, Syed and Satti are also living here. Some of the other minor tribes are the Jat, Malyar and Pathan and some Khattar.

On top of the Margallah hills is commonly found Cheel (*Pinus logifolia*) and koa (wild olive) along the reverence. Phulai (*Acacia modesta*). Sienetha (*Dodona-bura manniana*) are found Shisham (*Dalbergia sissoo*). Toot (*Morus-alba*) and paper mulberry are also grown. A famous species of grass is Dab (*Amuricatus*). Wild products of plains include flower buds of the Kachenar, wild pomegranate, blackberries, raspberries, cranberries, wild pears etc. Along the ravines small stunted bushes are commonly found.

A century ago sometimes tiger and leopard used to be found in the forests. However, these species are almost extinct now and are rarely seen in Margallah hills and at riverine sides. There are few foxes occasionally found here and there in the open fields, wild bores, foxes, rabbits and jackals are generally seen in fields and forests. Chakor and gray partridge are mostly seen while black partridge is rare. Geese are found in Soan valley. Quail come annually in enormous number in the spring and autumn.

Islamabad has distinct seasons marked by wide variation in temperature. The coldest month is January when the mean maximum temperature is 17.7 C and the mean minimum temperature 2.6 C. June is the hottest month with the mean maximum temperature near 40 C and the mean minimum temperature 24 C. Throughout the year, the winds blow predominantly from the north or the south-east but in summer there are short spells of wind from north or south-east. Morning breeze is mostly from the west and the wind throughout the year is from the south-west.

### **2.2.3 District Haripur**

Haripur was founded in 1822 by Hari Singh Nalva, a Sikh General of Ranjit Singh's army. He was the Governor of Kashmir in 1822-23 A.D. after whom it is named. Haripur is surrounded by mountains, a piece of land adorned with beautiful steams, springs, rivers, lakes, gardens, lush green plains and meadows.

Hariipur district is situated at latitude 33°-44' to 34°-22' and longitude 72°-35' to 73°-15' and about 610 meters above the sea level. The total area of the district is 1725 square kilometers. The total population of the district as estimated on March 1998 was 6,92,228. The average annual growth rate during the period was recorded as 2.2%.

The soil of the district is dissected loess plain or dissected piedmont plains having salty loam, salty clay loam texture respectively. Hariipur district of the Hazara division exhibits of suit of meta-sedimentary rocks of slates, phyllites, pyloric-slate, quartzite and crystalline limestone. Four lithological units can be differentiated in the northern part of the area, namely the Manki formation, Tanawal formation, Utch Khattak and Shakot undivided and Shekhai formation. These are the extension of the Attock-Cherat range. In the southern part of the area four units, the Dakhner-Samana such Lockhart and Patala formations are exposed.

The common trees are shisham (*dalbergia sissoo*), toot (*morus*), phulai (*acacia*), beri (*zizyphus* and *kikert/acacia arabica*). The most famous flowers are roses, jasmine gul-e-dawoodi etc. The area has a variety of fauna comprising of deer, hare, wild, fowl, fox, black and brown partiges, jackal, chukor and monkey.

The climate of Hariipur district is hot in summer and cold in winter. High temperature recorded in the months of June and July. The coldest months are December and January downpour falls in month of July.

Hariipur founded by Hari Singh Nalva the Sikh Governor of Kashmir, in 1822 A.D. remained under the sway of Sikh rulers till 1848 A.D. Hari Singh Nalva assumed the power in the aftermath of a series of wars fought against local chieftains. After defeating the local rulers, he built a fort known as Harkishan Garh Fort, near Sikandarpur village. This fort surrounded by a trench, still exists and after proper renovation its building at present accommodates. Police Station (Saddar) court of Tehsildar and District Accounts Officer. In 1848 A.D. Sikhs were defeated by the Britishers and Sikh regime came to an end. Major Abbott the first Deputy Commissioner of Hazara raised the status of Hariipur from town to Tehsil in 1849.

In 1901 five districts on the North Western Frontier of India were given the status of province and Hazara was one of them. In 1954, West Pakistan became province and was divided into divisions. Hazara was a district of Peshawar division at that time and

remained so till it achieved the status of division in 1976 comprising Mansehra and Abbottabad district. Haripur became a Tehsil of district Abbottabad and remained so till it acquired the status of district on July 1st 1991.

#### **2.2.4 District Mirpur**

The District Mirpur was one of the districts of the State of Jammu and Kashmir before the partition of sub-continent. The District of Mirpur became the part of Azad Jamu & Kashmir after partition of the Indo-Pak sub-continent in 1947. Most of the land of the district is plane and weather of the area is as similar to the distts of Pakistan like Jhelum, Rawalpindi and Gujrat. District Mirpur is consisting of four Tehsils.

The people of Mirpur are very peace loving & hardworking. After the construction of Mangla Dam a large number of people migrated abroad for seeking employment, which proved to be a major source of revenue to the govt of Pakistan & Azad Jamu & Kashmir. Living of the people has improved enough. All villages of the district have civic facilities like electricity, drinking water, cemented streets and a good network of roads.

The old city of Mirpur came under water on the construction of Mangla Dam. The Mangla Dam Authority planned to construct a new city for the displaced people of the city. About 8 km on South a very beautiful site was selected for the new city and was constructed with a careful planning keeping in view all the requirements of the present time. Majority of population of the new city is composed of the displaced people of the old city. The dam has a good effect on the weather of Mirpur. The city has all the civic facilities of life. There are a number of very good hotels, which meet the requirement of tourists in the city. Besides District Headquarter Hospital there are a number of private hospital, which extends health services to the satisfaction level. There are a number of textile mills, ready garments factories and match factories.

Literacy rate in the district is very high. There are enough number of schools and colleges for male and female students to meet the education needs of the people. There are also private schools and colleges extending quality services to the people. There is very good network of banks and telegraphs.

The Mirpur district is surrounded by District Kotli on the North, Punjab Province on the South, by occupied Kashmir on the East and River Jhelum on the West. According to the census 1981, the total population of the district is 429,593 that consist of 216746 male and 212847 females.

Total area of the district is 512424 acres. Out of which 149372 acres is cultivable and 363092 is uncultivable. The major crops, which are grown in the district, include maize, rice, wheat, bajra fowder of cattles and different vegetables. The fruits of the district, which are popular, include mango, banana and peach.

#### **4. IMPLEMENTATION**

The methodology and the institutional mechanism as explained in the training manual will be followed for implementation of the Phase-III of the project. However, few changes viz (wave off of 25% deposit of the loan amount in the bank till final settlement of the credit and it was found as disincentive to the poor to deposit this amount prior to the loan grant) will be made based on the experiences gained under the action research pilot phase, the following criteria will be used for processing of loanee applications.

- i. Minimum loan requirement.
- ii. Service oriented nature of the micro-enterprise.
- iii. Quick turnover of the enterprise with least risk involved.
- iv. Needed training, skill and experience.
- v. Lead to existing resource optimisation.
- vi. Maximum demonstrational effect
- vii. Least risk of default (failure)
- viii. Reliability and sustainability of the business.
- ix. Completion of requisite micro-credit formalities.

The applications of the selected loanees duly verified and forwarded by the village committees and the union councils concerned will be thoroughly examined in the light of the information obtained, credit policy, selection criteria for loanees developed besides principles and rules framed for the purpose. The loan applications after thorough examination and scrutiny will be considered for approval by the committee constituted

for the purpose at the district level. The cross cheques in the name of individual loanees will be issued on completion of the requisite formalities.

#### **4.1 Physical Targets**

The project intends to cover the 200 villages, survey, 80,000 households and advanced micro-credit amounting to US\$ 80,000 to 4,000 poor loanees of the selected four districts in a period of five years (worked out on Rs. 6000 per loanee on an average). In order to achieve the above targets, 40 training workshops will be organized in which 80,000 activists / volunteer workers will be trained for conduct of survey and identification of the potential loanees. The year wise phasing of the physical targets given in the Table-I below.

#### **Proposed Phasing of Physical Targets (2004-2009)**

<b>Sl. No.</b>	<b><u>Activities</u></b>	<b>Y E A R S</b>					<b>Total</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
1.	Selection of Villages (No)	40	40	40	40	40	200
2.	Organisation of Training Workshops	4	4	4	4	4	20
3.	Voluntary Workers to be Trained (No)	400	400	400	400	400	2,000
4.	Survey of House Holds to be Conducted	16,000	16,000	16,000	16,000	16,000	80,000
5.	Organization of Management Training Workshops	4	4	4	4	4	20
6.	*Selection of Loanees for Micro-Enterprise (No)	800	800	800	800	800	3200

\* Average micro-credit amount is worked out @ Pak. Rs. 6000 per loanee which comes US\$ 80,000 Per annum (approx)

The district, village and loanee wise annual credit disbursement plan has also been prepared in order to have idea about the district wise selection of villages, loanees and the amount of micro- credit to be advanced. The detail is given in Table-II as under.

## **District, Village and Loaneewise Annual Credit Disbursement Plan**

(Amount in Pak. Rs)

<b>Sl. No.</b>	<b><u>District</u></b>	<b>Villages (No)</b>	<b>Loanees (No)</b>	<b>Amount of Credit Pak. Rs.</b>
1.	Chakwal (Punjab)	10	200	12,00,000
2.	Islamabad (FCT)	10	200	12,00,000
3.	Haripur (NWFP)	10	200	12,00,000
4.	Mirpur (AJ&K)	10	200	12,00,000
	Total :	40	800	48,00,000 (US\$ 80,000) Approx

The amount of US\$ 80,000 (seed money) will be recycled over a period of five years, which will on average directly benefit 3800 beneficiaries (in the four selected districts) for economic uplift through provision of micro-enterprise over 20,000 families members monitor indirectly.

### **5. SUSTAINABILITY**

In order to ensure sustainability of the project based on the experience gained, the following elements have been identified and considered necessary for replication under Phase-III of the project. In addition to the loan grant conditions set under the pilot phase of the project and the training manual developed under action research pilot phase of the project, the following are proposed:

- i. Group loaning will be practiced in order to ensure group pressure for recovery of the micro-credit.
- ii. A full time supervisor (selected from the local community on contract) will be engaged to monitor routine activity and to ensure timely recovery.
- iii. 10% service charge will be levied. It has been considered necessary to meet expenditure of honoraria to be paid to the local supervisor mentioned under (ii) above besides covering the risk of loan default on genuine grounds and minimize the effect of devolution.

- iv. A large part of the seed money i.e. 80% will be disbursed in small amounts (ranging between 1000 to 5000) to maximize its benefits among larger number of poor under simplified procedures.
- v. Women will be encouraged to avail optimum benefit from this micro-credit facility.

## **6. INCENTIVES**

The incentives will be kept as an essential component of the project implementation in order to generate competition among various stakeholders under the programme as per earlier practice.

## **7. MONITORING AND REPORTING**

The monitoring and reporting aspect as an integral part of the project management system will be ensured to over see the project activities and ensure recovery of the credit from top to bottom at all levels. The project implementation activities however will be monitored by the Assistant Director, Local Government and Rural Development / Head of the Partner Agency selected for programme implementation. The progress report will be prepared and transmitted at the levels and in frequencies explained in the manual.

## **8. BUDGET**

The total budget estimate for Phase-III of the Action Research Pilot Project for period of five years (2004-2009) comes to US\$ 0.092 million. A major part i.e. US\$ 0.060 million of this cost is the seed money to be used for advance as micro-credit to the poor loanees in the selected four districts. The amount of seed money i.e. US\$ 20,000 already provided under the action research pilot project will also be made part of this seed money for disbursement in the entire district of Chakwal. An amount of US\$ 0.032 million has been proposed to meet the essential recurring cost during the five years project period. The head wise detail of expenditure is given in the Table-III. The cost estimates of the implementing and the partner agency staff besides community activist and voluntary workers have not been calculated in terms of man-hours which of course could have cost the project in thousands dollars. Their services will however be recognized and compensated in terms of financial reward in the form of little but reasonable honorarium besides appreciation / recognition of their valuable contribution.



## SUMMARY OF THE PROPOSED BUDGET (2004-2009)

**TABLE - III**

(Cost in Million US\$)

HEADS OF EXPENDITURE		Y E A R S					
A.	Recurring Cost	1	2	3	4	5	Total
a)	TA/DA	0.001	0.001	0.001	0.001	0.001	0.005
b)	POL	0.001	0.001	0.001	0.001	0.001	0.005
c)	Organization of Planning & Management Training Workshops and Printing of Training Material including Manual (update)	0.003	0.002	0.001	0.001	-	0.007
d)	Secretariat Assistance	0.002	0.002	0.002	0.002	0.002	0.010
e)	Miscellaneous & Unforeseen Stationery etc.	0.001	0.001	0.001	0.001	0.001	0.005
	<b>Total – A :</b>	<b>0.008</b>	<b>0.007</b>	<b>0.006</b>	<b>0.006</b>	<b>0.005</b>	<b>0.032</b>
<b>B. Non-Recurring Cost</b>							
a)	*Seed Money for Advance of Micro-Credit in the four Districts	0.060	-	-	-	-	0.060
	<b>Total – B :</b>	<b>0.060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.060</b>
	<b>Total A + B</b>	<b>0.068</b>	<b>0.007</b>	<b>0.006</b>	<b>0.006</b>	<b>0.005</b>	<b>0.092</b>

\* The seed money of US\$ 20,000 already provided under pilot action research is available and is excluded from the seed money demand of US\$ 0.060 under Phase-III of the project.

### **9. FUTURE VISION**

The proposed replication of the project under diversified local conditions was considered necessary to take forward the AARDO mission of poverty alleviation through provision of micro-credit and promotion of micro-enterprise in the poverty stricken areas of the member countries. The successes of the action research pilot project have been well recognized within and outside AARDO. The successful implementation of the proposed project will no doubt help to further strengthen and refine this valuable contribution of AARDO in the field of micro-finance and poverty alleviation worth replication in other member countries.