

SRSO **Annual Report** **2006**

Harnessing People's Potential



Sindh Rural Support Organization

This report has been authored by SRSO Team led by CEO
with support of a Consultant Mr. Haider Bhurgri.

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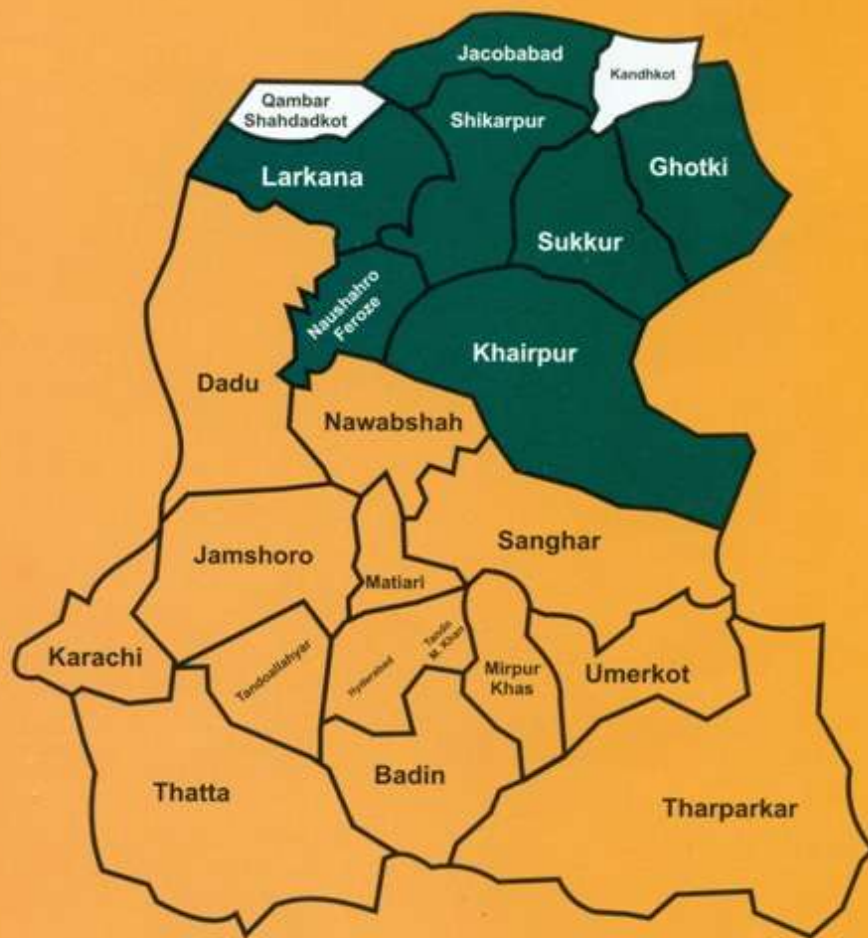
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Annual Report

SRSO

2006



- SRSO Operational Districts
- Newly Selected Districts for 2006-07

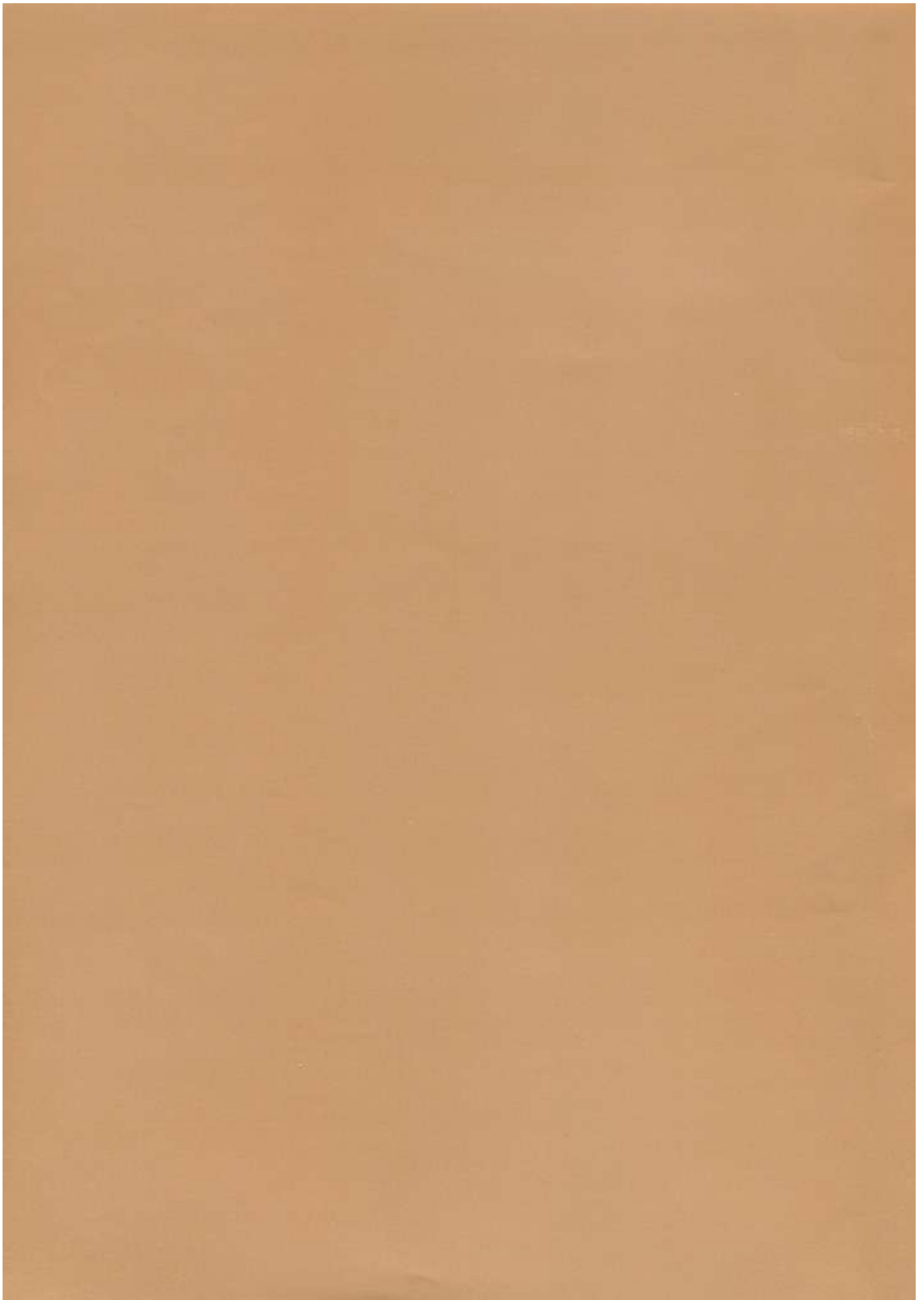
Note: Because changes have been made in recent past, therefore Tehsil and UC boundaries are not available.

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Acronyms

AKRSP	Aga Khan Rural Support Programme
CMST	Community Management Skills Training
CO	Community Organization
CPI	Community Physical Infrastructure
Cr. O	Credit Officer
DCO	District Coordination Officer
F	Female
M	Male
FW	Field Worker
GoSindh	Government of Sindh
HRD (U)	Human Resource Development (Unit)
IMS	Institute of Management Sciences
MER(U)	Monitoring, Evaluation, Research Unit
MIS	Management Information System
NRM	Natural Resource Management
NRSP	National Rural Support Programme
NWFP	North West Frontier Province
PITD(U)	Physical Infrastructure & Technology Development (Unit)
PO	Programme Officer
PPAF	Pakistan Poverty Alleviation Fund
PRA	Participatory Rural Appraisal
RCED(U)	Rural Credit and Enterprise Development Unit
SM(U/T)	Social Mobilization Unit/Team
SO	Social Organizer
SRSO	Sindh Rural Support Programme
ToT	Training of Trainers
UC	Union Council
WWF	World Wide Fund for Nature



Message from the Chief Executive



While carrying out the agenda of Rural Support, one is faced with many difficulties and challenges. The community, the primary stakeholder in the Programme, is poor and scattered. It has never been socially mobilized neither sensitized to its problems, some of which could be easily addressed, had it been organized. Unfortunately it is not the case. Then there are vested interests that tend to destabilize whatever little initiative the Community may take.

Under these circumstances, the first and foremost task is to set in place an outreach mechanism that can initiate an effective process of Social Mobilization and organization. All other things follow this important step.

I am happy, but not contented, that SRSO has put in place an efficient mechanism to inter-act, motivate and mobilize the community so that it is organized and its capacity is built to participate in the programme. SRSO has achieved a great deal of success within short time as reflected in this Annual Report. It is all because the community that SRSO deals with has been reinvigorated to change and improve its quality of life. Equally, the SRSO staff seemed to have put in efforts with sole commitment to the cause of improving lives of poor within its reach.

I am sure, going by this commitment; SRSO will definitely overcome difficulties and create greater impact in the time to come. Fortunately, we can always look to the Board members and especially the Chairman for their valuable guidance in any situation.

Year 2005-2006 was declared as the year of transition, consolidation and expansion. To a large extent, SRSO has achieved this objective. It is heartening to note that we have managed to develop finance and personnel Systems. We are also endeavoring to put in place vigorous monitoring process and determine benchmark for household income levels. Seven out of nine districts are fully operational. Harnessing people's potential to reduce poverty remains SRSO's key mandate.

I am confident that SRSO will certainly contribute a greater deal in the years to come.

Executive Summary

The report has been laid down in simple way so that the reader can easily access the specific data of any sector required by him/her. It is divided into Chapters each representing respective area of development work. The report outlines the progress of activities of Sindh Rural Support Organization in the year of 2005-2006.

- ✦ After the initial two years of formative phase, in which considerable time was spent on the organizational and operational issues, this year SRSO concentrated on the Programme delivery and issues.
- ✦ About the same time, new management (including CEO and GM) took over the operation. Year 2005-2006 was declared as year of consolidation so as to check the status/quality of previous work especially the viability of COs so far formed. Review/correct its approach to social mobilization process. Review the rural credit performance and plug the gaps if any. Appraise the capacity building/training activity and Community Physical Infrastructure performance for strengthening and revamping it if needed. At the same time, set direction of social mobilization process for formation of new sustainable and active COs. Results of this exercise were insightful calling for some administrative and professional steps as under:
 - ✦ Decentralized the field operations and established Regional Offices headed by RPC to operate through the Organization's professional staff assisted by activists. Previously SMTs operated from the Head Office
 - ✦ Expanded the Programme area from 7 to 9 districts
 - ✦ Recruited suitable professionals in all the fields especially in social mobilization and rural credit and enterprise development
 - ✦ Redefined the social mobilization approach and operation
 - ✦ Built partnership with PPAF in order to expand and strengthen SRSO's basic support programme for COs
 - ✦ Established MER system and prepared baseline data for the guidance of Programme Managers and professionals
- ✦ Sector wise performance is summarized below:
- ✦ **Social Mobilization** - since a rigorous process of social mobilization was put in place hence the number of new COs had been little lower but can be termed satisfactory in terms of viability.

- ◆ **Capacity Building** - in order to develop a proactive CO, its capacity building especially into management and skills is essential. HRD offered many run of Community Managerial skills Training (CMST), staff, sectoral and vocational training. Vocational trainings are designed to provide income generation skills to CO members. Besides professional trainings are regularly held for social mobilization staff.
- ◆ **Rural Credit and Enterprise Development** - almost double of the amount of previous years, has been disbursed in the reporting year. Most of this credit sum has been utilized in Livestock and the least in Enterprise development. COs have an insight of putting this money into profitable ventures - they have learned that enterprise in the rural setting has limited scope but the Livestock purchase and sale has better prospects of making profits over the capital. This eliminates the chances of default too.
- ◆ **Community Physical Infrastructure** - Rural villages have very little or no facility of basic infrastructure like drinking water, sanitation or link roads. Water for irrigation use is scarce too. There is a growing demand from COs for providing basic infrastructure but this needs a thorough planning for laying the scheme and communities preparedness to own and maintain the scheme. SRSO is sensitive to these factors yet a substantial number of schemes was implemented in the reporting year.

Future Plans:

SRSO has planned to establish number of new sectors to supplement and support its sectoral work. These sectors are very important to help reduce the poverty but they could not be established before. However SRSO has made necessary plans to introduce them in the coming year. The sectors are:

Natural Resource Management

Majority of rural people depend on Agriculture and Livestock husbandry sector for employment and income. But to make farm enterprise and Livestock productive and profitable community needs infrastructure, services, inputs, knowledge and technical assistance. But it lacks resources and influences to get any of these things. SRSO intends to fill these gaps by providing some support as well as find linkages with other agencies especially public sector service agencies.

Gender and Development

Despite its vital importance of this sector, it has not received the desired attention in SRSO Programme. Though SRSO Programme interventions have been open to both but it is essential to create institutional capacity for support to women and involve them as equal

partners in the development process. Establishment of a full fledged section will provide support to women in all activities especially income generation. It will also seek to provide women a status of equal partner in the development process.

Enterprise Development

Another important area in which SRSO plans to work with communities has to do is development of Enterprises. Men but mostly women are already involved in the in this activity mostly informally at house and village level.

It will give support to promote local handicraft and handiwork. Also equally important is to find them markets and outlets whereby they can promote their products.

Social Sector Services

Having no recourses community can not access basic facilities. Among others, health issues such as listed below remain unattended.

1. Personal health care
2. Domestic hygienic environment
3. Mother & Child health care
4. Full participation in EPI

Establishment of SSS Section will help community address these problems.

It will also be instrumental to create facilities of education especially adult literacy for female including basic health education.

SSS section will seek to fill in the gap and help communities by creating institutional support.

It will also act as a bridge between communities and public sector agencies

Background

Increasing poverty coupled with very low social indicators remain serious problems in Pakistan. Pakistan's human development is far behind the countries with similar levels of income.' Internal differences in poverty and human development indicators have persisted or widened - among regions, between rural and urban areas, and between men and women.

The rural community in Pakistan especially in Sindh lives in sub-human condition that could be described as marginalized people with:

- Low income
- Poor Health
- Poor educational attainment
- Large family size
- No Assets and
- Lack of critical Infrastructure

All the above economic and social factors are closely linked to abject poverty.

Government of Pakistan and the Government of Sindh have taken several initiatives to reduce the severity of the poverty. The most important among them is the preparation of Pakistan Poverty Reduction Strategy Paper that outlines methods, goals and targets. The Provincial Government has also adopted the structured framework to plan and implement reforms. As a result a Medium Term Development Goals have also been set.

While the Government of Pakistan has taken several steps towards achieving the reduction in poverty, it has also supported and strengthened the RSPs efforts. The Government has especially recognized the role of Rural Support Programme approach to social mobilization. Social Mobilization is an approach that empowers people to participate actively in development processes through their own local initiatives and through well-informed and constructive dialogue at the community level.

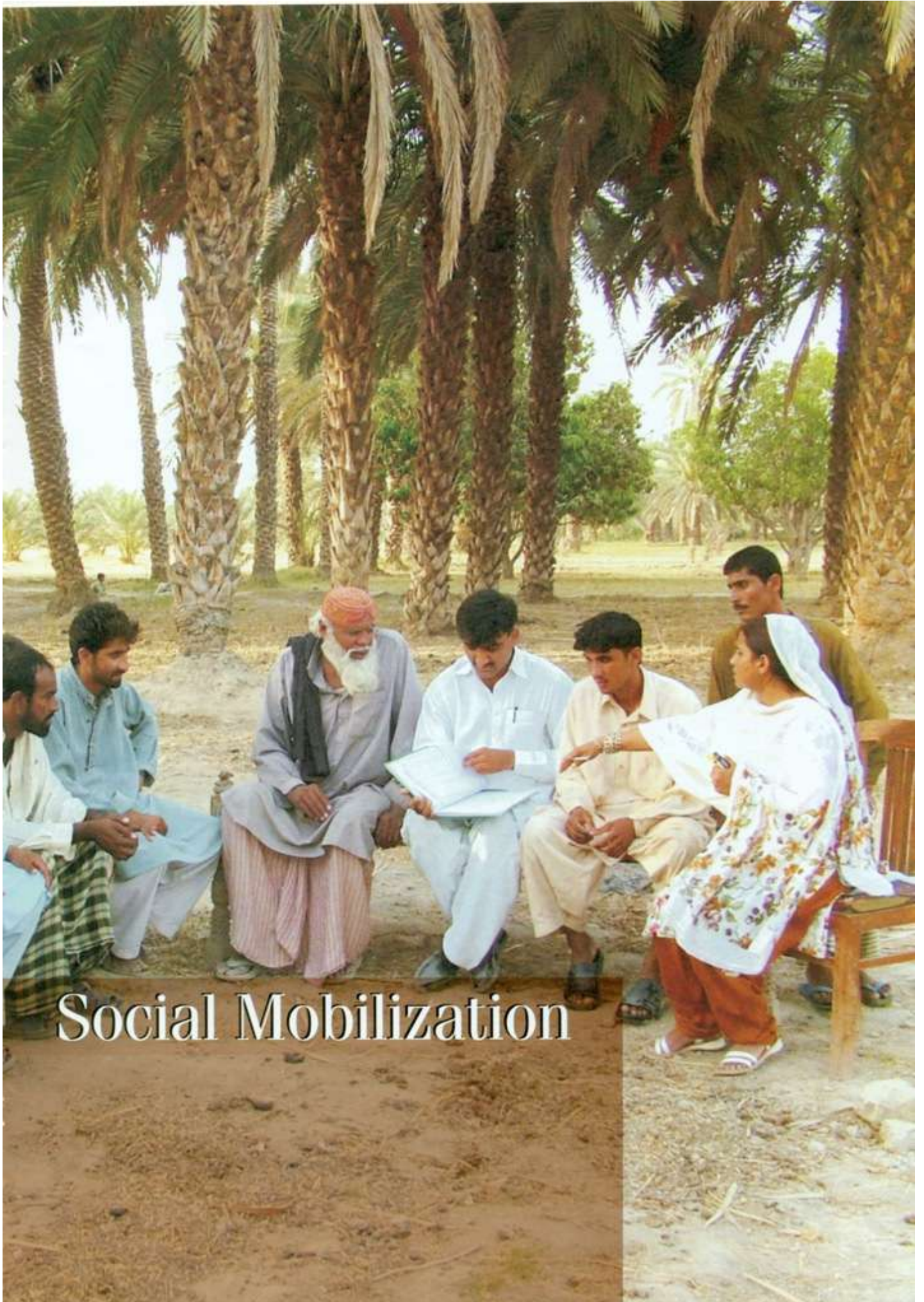
As partner of RSPN, SRSO with help of Government of Sindh has set the agenda, strategy, goals and targets and worked out a plan to address the issue of poverty reduction in its target area through interventions and time tested activities.

Introduction

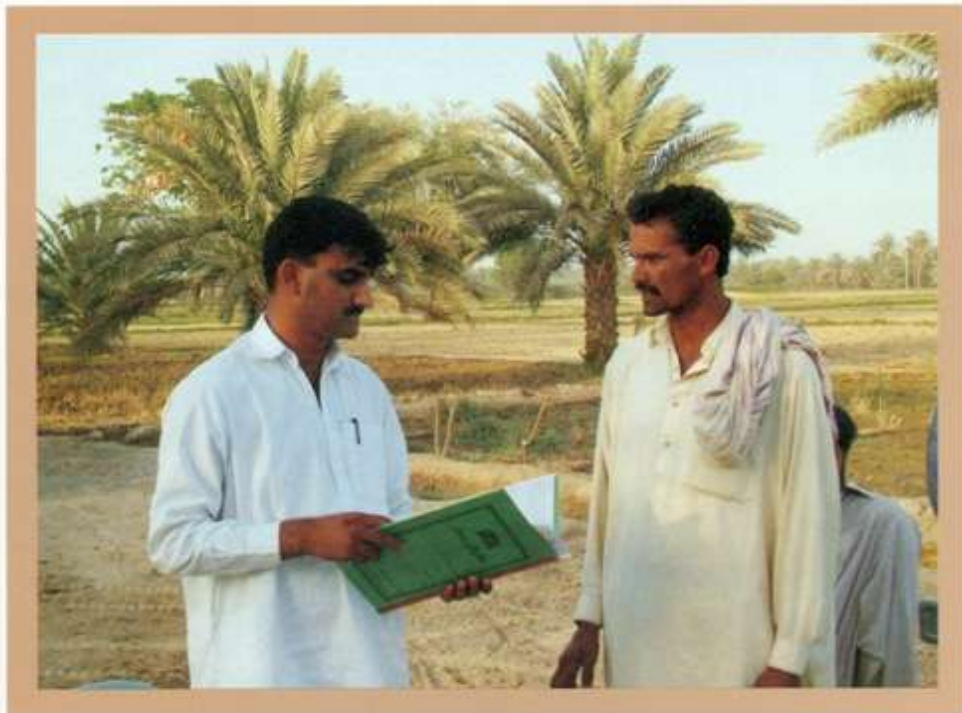
Alarming proportion of country's population living below poverty level (especially in rural Sindh) has necessitated working out immediate and mid term strategy and action plan to not only reducing it but eliminating it completely. The Government of Pakistan has attached priority to address this issue so have the provincial and district governments. As part of national agenda, the government has prepared poverty reduction strategy outlining methods, goals and targets. At the same time mid term development goals have been set. In line with this initiative, the government has set aside sizeable fund for eliminating poverty. Sindh government and district governments are also carrying forward the agenda.

As partner in these efforts, SRSO has set an agenda to achieve the goal of poverty reduction through the approach to social mobilization and organization of the communities. It is working as catalyst, to effect social change by fostering grassroots institutions and wherever possible supplement District Governments' efforts to institutionalize benefits that are achieved through working of devolved departments. In order to achieve the overall objective of stimulation and support of rural development, SRSO is also responsible for a wide range of joint activities with government agencies, local bodies, non-governmental organizations (NGOs), the private sector, national and international development agencies through the following interventions:

- **Rural Credit and Enterprise Development**
SRSO understands that credit is one of the key elements for its support programme for small farmers and the landless and women to enhance their incomes. This is crucial step in building the social capital. SRSO used its own resources for most of the loan amount disbursed to borrowers. The PPAF also provided good amount to SRSO for disbursement to borrower Cos.
- **Physical Infrastructure and Enterprise Development**
Majority of communities in SRSO target area are woefully deficient Physical Infrastructure which defines their quality of life. Here, CPI is not referred as large scale projects, just small things like clean drinking water, latrines and drains for waste disposal, paved paths, culverts etc are non existent. SRSO is working in this sector.
- **Management Capacity and skill development of Communities**
Building human capital is vital. It is a mean to socio economic development and a measure to judge the well-being of individuals and communities. SRSO is trying to build institutional capacity to support this activity



Social Mobilization



Chapter 1: Social Mobilization

Social Mobilization is the process that encourages men and women to organize and form groups, consisting of 15-20 members, known as a Community Organization (CO). CO is an important forum for identifying and capitalizing the people's potential to take an active role in the management of activities that would slowly and gradually bring change in their lives there after become partners in the community development efforts at village level. A mobilized community is one that is able to identify its needs and find the resources necessary to meet those needs. Those resources may be their own savings or labour or funds raised through necessary linkages with development Projects/departments/agencies.

The Social Mobilization (SM) Section has put in place a process. The process requires:

- a) Recruitment and capacity building of Social Mobilizers
- b) Identifying the communities to be approached
- c) Establishing first dialogue with the community to convince it for organizing it
- d) Second dialogue facilitating the community to form Community Organization (commonly know CO)
- e) Third dialogue to explain the rules of business, book keeping and procedures of calling meetings of CO members
- f) Fourth dialogue to initiate process of brainstorming and identifying common community problems and develop willingness to be partner with SRSO to address these problems

SRSO has achieved some success in creating quality COs in the reporting year of consolidation. It will continue its efforts for even greater success. We understand that viability and sustainability of the programme depends entirely on quality of social mobilization to create a proactive community highly sensitized to their problems and capable of addressing them.

Conceptually, entire professional staffs from CEO to junior Social Organizer are Social Mobilizers. General Manager and his team has made concerted efforts in screening the COs, checking their status and where necessary, plan and implement strategy to revive sick/dormant COs in order to energize those COs. Simultaneously, they made efforts to identify activists who have commitment and enthusiasm to perform tasks for collective good and provide an active link between SRSO and the Community. These activists are given appropriate training for building their capacity aimed at assisting

in accelerating the pace of social mobilization and CO formation. Equal importance is attached to identify female activists to ensure social mobilization of women in the target area.

However, the addition of new COs in the reporting year has not really been too great. It happened due to shift in our focus. We had realized that sustainable proactive CO is formed by following the due process of social mobilization. Thus we had declared the year as year of consolidation calling for stock-taking of COs formed in previous years and putting in place a doable/feasible process of social mobilization for formation of new COs along with monitoring by Regional Office.

As a consequence, while the number of new COs remained low but the results of reviving and strengthening of old COs, that were inactive, has been very encouraging and satisfying. We succeeded in creating a big core of active and charged activists who can act as catalysts to influence thinking and bring about attitude change. This had demonstration effect generating demand and willingness of neighbouring communities approaching our activists for partnership.

Perhaps we will need to follow the same strategy in the years to come. There will be a dire need to have close contact with old COs and build their capacity where needed and accelerate the pace of CO formation by seeking involvement of activists of old COs strictly adhering to the genuine social mobilization process.

Statistical data of social mobilization achievement is given below in the chart.



Sl.#	Activity	2003-2004	2004-2005	Cumulative as of June 2005	SRSO Regions Achievement 2005-2006								Cumulative Total as of June 2006	Canceled Upon Checking during 2005-2006	Net cumulative at end 2005-2006 after cancellation
					Sukkur	Khairpur	Ghotki	Shikarpur	Jacobabad	Larkana	Naushero Feroze	Total 2005-2006			
1	Total # of UCs	253	253	253	46	76	51	40	40	40	40	40	253	-	253
2	Total UCs Under SRSO Programme Area	7	17	17	5	3	3	3	3	3	3	3	17	-	17
3	Total # of Villages in SRSO UCs	325	730	730	188	78	93	202	169	169	169	169	730	-	730
4	Total # of Households in SRSO Villages	15,284	53,604	53,604	15,248	9,071	14,516	8,648	5,921	5,921	5,921	5,921	53,604	-	53,604
6	CO's Formed	382	1,234	1,616	154	189	180	143	138	66	40	40	910	991	1,535
	Male	273	857	1,130	109	115	157	98	115	49	40	40	683	645	1,168
	Female	109	377	486	45	74	23	45	23	17	-	-	227	346	367
7	Households organized	5,329	13,818	19,147	2,056	2,288	2,773	1,869	2,059	910	680	680	12,633	7,197	24,583
	Male	3,672	13,705	17,377	1,853	1,955	2,669	1,666	1,955	833	680	680	11,611	5,065	23,903
	Female	1,657	113	1,770	203	333	104	203	104	77	-	-	1,022	2,112	680
8	Membership	8,125	25,992	34,117	2,637	3,190	3,171	2,439	2,415	1,137	720	720	15,699	19,115	30,701
	Male	6,040	18,384	24,424	1,962	2,070	2,826	1,764	2,070	662	720	720	12,294	12,815	23,903
	Female	2,085	7,608	9,693	675	1,110	345	675	345	255	-	-	3,405	6,300	6,798
9	Savings (in Rs)	1,138,687	3,670,718	4,809,405	688,870	686,400	277,250	314,951	508,242	505,003	495,824	495,824	3,486,540	-	8,295,945
	Male	749,500	2,607,761	3,357,261	630,020	566,500	266,900	289,115	495,622	495,823	495,824	495,824	3,270,004	-	6,627,285
	Female	389,187	1,062,957	1,452,124	68,850	99,900	10,350	15,836	12,420	9,180	-	-	216,536	-	1,668,660

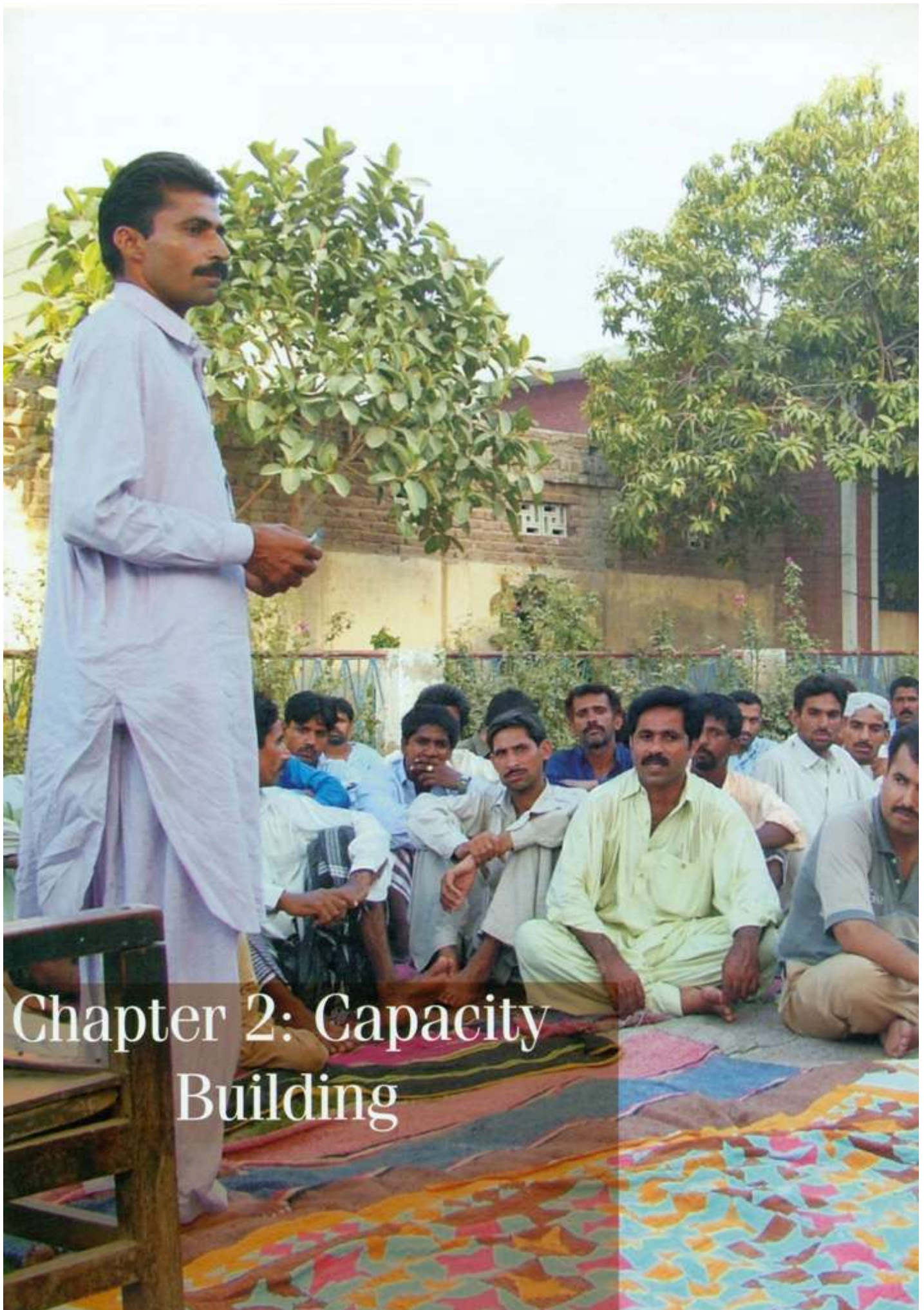
Analytical explanation and comparison of figures between current and past year:

	Year 2005	2006	Year 2004	2005
Total villages in SRSO Ucs	=	730	730	
Total COs formed	=	1535	1234	
Male	=	1168	857	
Female	=	367	377	
Total H/Hs in SRSO	=	53604	53604	
Total H/Hs organized	=	24583	13818	
Total Males	=	23903	13705	
Total Females	=	680	113	
Total membership	=	30701	25992	
Male	=	23,903	18,384	
Female	=	6,798	7,608	

- SRSO carried out social mobilization in 730 villages targeting 53,604 Households. 1535 Cos were formed of which nearly 76% were male and 24% female. 24,583 H/H were organized comprising of 30,701 members.
 - Figures in two years do not show great difference due to factors explained above. We had desired greater coverage but could not achieve it. We are reviewing the strategy and may come out with new strategy to accelerate the work
2. It is important to note that the Social Mobilization and Capacity Building are two different tasks however inter related with and dependent on each other. They are two different sections in SRSO that rely on each other and closely collaborate in their efforts.

Social Mobilization activity is the fundamental indicator for success or failure of our Programme. The entire agenda of SRSO (or any other Rural Support Programme) circles around it. The strength of Social Mobilization lies in influencing and changing the attitude of the target population to bring them in the Programme - a pre requisite to participatory development. It must ensure that organized communities have ample understanding of their common interest and sensitivity to benefit from the programme rather than allowing some opportunist element in their fold to cash their collateral for self interest. Ensure that the communities are intellectually sound and willing to adopt self reliance and self help attitude and are proactive.

However, achieving all this depends on competence and commitment of Social Mobilization team as well as monitoring for quality. If the SM Sector fails to supervise quality of work of SM team, coordinate with target population and follow up, the programme tends to suffer risking coveted results.



Chapter 2: Capacity Building



Chapter 2: Capacity Building

Social Mobilization results in to formation of COs. While the objective of organizing the community is achieved but the CO may remain ineffective unless its capacity is built. The most important elements of capacity building are;

- i) to identify community problems through the consultative process
- ii) to organize meetings and find solutions to be addressed by participatory efforts.
- iii) to be able to manage book keeping and record of meetings and
- iv) to be able to maintain Infrastructure Schemes
- v) to use the credit for building social capital and better income

Capacity building is a most crucial step in helping the CO members. To address this need, the SRSO has established a full fledged section called Human Resource Development (HRD). Major task of this section is to organize 'Community Management skills Training (CMST) for both male/female CO Presidents and General Secretaries.

HRD is therefore an important section of SRSO which is responsible for human resource development. It takes on the results achieved by Social Mobilization Section to build capacity of community activists (male/female) both in terms of community basic management skills and sectoral skills.

HRD has a dynamic role to play in building capacity by training addressing specific needs of respective programme interventions and the staff. It works all the year round. HRD Institute has been assigned several but complementary roles in order to widen its scope and strengthen SRSO's efforts in creating self-assured, self reliant proactive communities. HRD performs following functions:

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

By providing Community Management Skill Training (CMST) to both male and female activists of COs, HRD has made useful contribution in creating enabled and empowered Communities through activists. Resultantly, there exists a great number of COs in our programme area who is well informed and equipped with necessary skills to handle their issues in participation with SRSO. They are capable of finding linkages and benefiting from it. This is the mainstay of SRSO, which would not have been achieved but for HRD efforts.

CMST training is designed to address the specific needs of learning groups. This is a mix of sessions aimed at creating basic management capacity and transferring specific skills required by that group. Elements of curriculum include issues such as basic management skills, record keeping, conflict resolution and planning. It includes sessions on social development seeking change in the attitude, breaking taboos, encouraging equal gender relationship. Such vigorous training seeks to enable and empower the communities by changing its mindset, eliminating despondency prevalent since long, due to uninformed and deprived status of the communities. HRD mostly offers residential, non residential training in case of female CO members that has shown better results as the learners, isolated from their routine daily chores, tend to concentrate and interact with each other and benefit from this approach.

Feedback and Evaluation is inherent in the course design. We carried out specific training/capacity needs assessment and encourage genuine feedback as well as conduct the participatory evaluation process end of each training event. The sample evaluation tools devised by HRD for various training, are annexed herewith

In addition to CMST, HRD offers capacity building training to the core staff of SRSO through NRSP-IRM at Islamabad and also arranges technical and vocational training of CO members. For example, HRD arranged trainings for CO members in Tailoring and Auto Mechanics, Poultry Farming, basic health areas like 'Dais' etc

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

Statistical account of HRD performance

S#	Description	As of June 2004	As of June 2005		Cumulative Total as June 2006
				Total as of June 2006	
Managerial Trainings					
1	Community Management Skills Training	11	83	61	155
	Number of Participants	283	1,650	1,066	2,999
	Total Pax Trained (Managerial)	283	1,650	1,066	2,999
Other Community Trainings					
2	Activist Workshop	11	39	-	50
	Number of Participants	544	3,950	-	4,494
3	Proposal writing for CCBs	1	3	-	4
	Number of Participants	28	70	-	98
	Total Pax Trained (Other Community)	572	4,020	-	4,592
Sectoral Trainings					
1	Best Practices in Agriculture	1	2	29	32
	Number of Participants	25	50	122	197
2	Livestock First Aid Training	-	2	2	4
	Number of Participants	-	50	50	100
3	Traditional Birth Attendants Training	1	2	2	5
	Number of Participants	11	41	41	93
4	Teachers Training	-	1	1	2
	Number of Participants	-	18	18	36
5	Smokeless Stoves	-	-	1	1
	Number of Participants	-	-	11	11
	Total Pax Trained (Sectoral)	36	141	224	401
Vocational Trainings					
1	Tailoring Training	1	1	1	3
	Number of Participants	10	11	10	31
2	Electrical Wireman Training	-	1	1	2
	Number of Participants	-	20	20	40
3	Machine Embroidery	-	1	1	2
	Number of Participants	-	1	2	3
4	Dates Packing Training	-	1	1	2
	Number of Participants	-	15	15	30
5	Candle Making Training	-	1	1	2

	Number of Participants	-	9	9	18
7	Driving	-	-	4	4
	Number of Participants	-	-	15	15
8	Movie Making	-	-	1	1
	Number of Participants	-	-	5	5
9	Basic Computer Training	-	-	2	2
	Number of Participants	-	-	6	6
10	Advance Computer Training	-	-	1	1
	Number of Participants	-	-	1	1
11	Mobile Repairing	-	-	2	2
	Number of Participants	-	-	15	15
12	Electric Motor Winding	-	-	1	1
	Number of Participants	-	-	1	1
13	Motor Cycle Mechanic	-	-	2	2
	Number of Participants	-	-	6	6
14	Referigeration & Airconditioning	-	-	1	1
	Number of Participants	-	-	2	2
14	Dress Making and Desinging	-	-	1	1
	Number of Participants	-	-	10	10
	Total Pax Trained (Vocational)	10	76	128	214
	Total (Community Activists Trained)	357	1,937	1,418	3,712



Staff Capacity Building

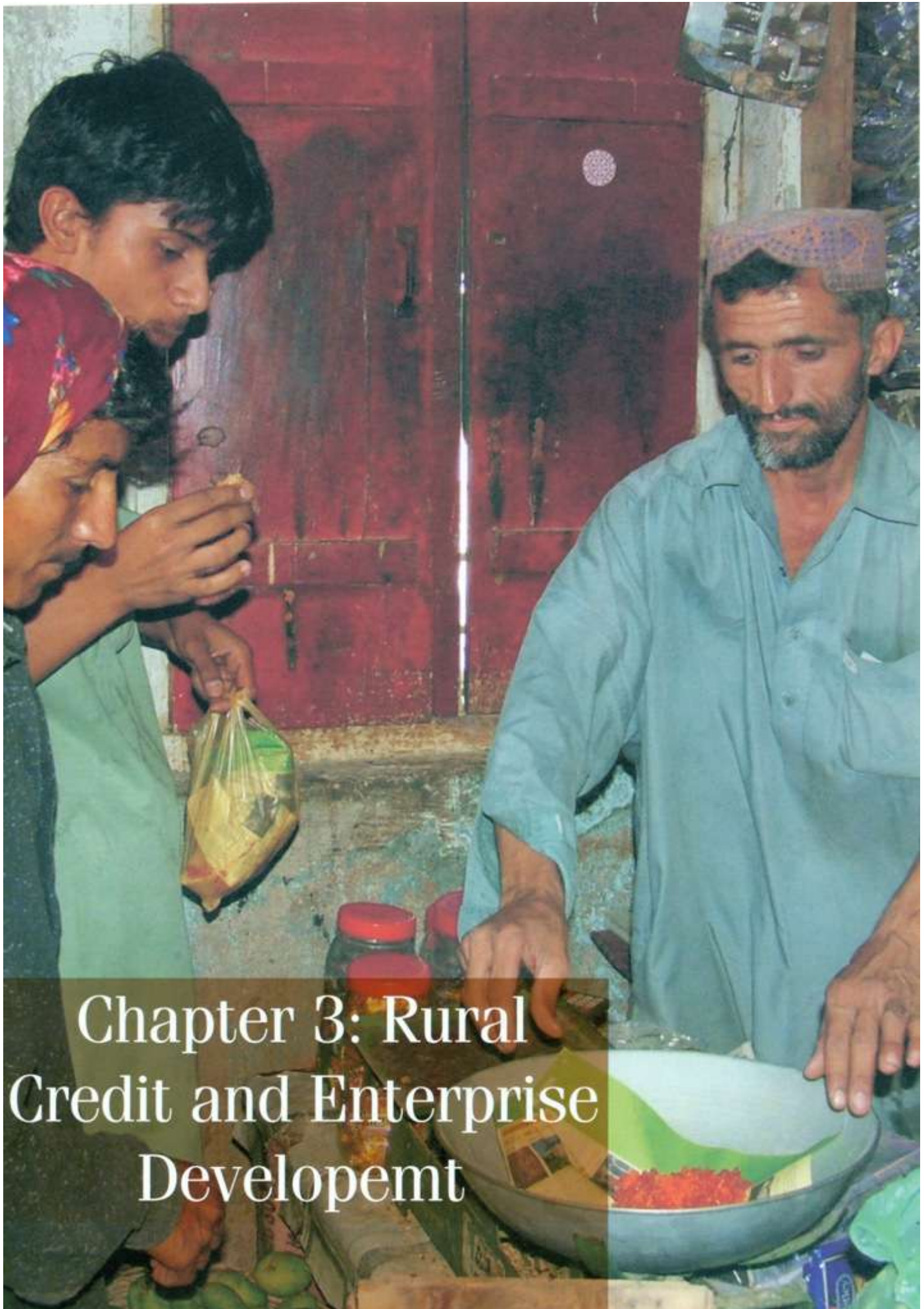
S#	Description	As of June 2003	Events Held	Pax Trained			Cumulative Total as of June 2006	Training Arranged By
				Male	Female	Total		
1	Credit Appraisal Techniques	-	1	11	4	15	15	Organized by SRSO funded by FSSP
2	Loan Portfolio Management	-	1	12	3	15	15	Organized by SRSO funded by FSSP
3	Monitoring of Microcredit Programme	-	1	12	3	15	15	Organized by SRSO funded by FSSP
4	Project Planning & Management	-	1	1	-	1	1	Organized by PPAF
5	Organizational Capacity Assessment	-	1	1	-	1	1	Organized by NGORC
6	Orientation Training Workshop (OTW)	-	2	7	11	18	18	Organized by NRSP
7	Staff Orientation Workshop	-	1	5	4	9	9	Organized by SRSO
8	Field Staff Training	-	1	43	9	52	52	Organized by SRSO
9	Making Micro Insurance for MFIs	-	1	1	-	1	1	Organized by PMN
9	ToT for HRD	-	1	1	-	1	1	Organized by NRSP-IRM
10	Refresher for Field Staff	-	1	57	15	72	72	Organized by SRSO
11	CCB Formation	-	1	5	3	8	8	Organized by SRSO
12	Gender Equality & Policy Formation Workshop	-	1	39	15	54	54	Organized by SRSO
13	ToT for CMST	-	1	4	3	7	7	Organized by NRSP-IRM
14	ToT for Violence Against Women	-	1	4	6	10	10	Organized by the Researchers
15	Guest Lecture	-	1	15	10	25	25	Organized by SRSO
16	Vocational Management Training	-	1	1	-	1	1	Organized by PPAF
17	Micro Finance Recording & Reporting System	-	1	1	-	1	1	Organized by Sindh Microfinance Network
	Total Pax Trained (Managerial)	-	19	220	86	306	306	

*Figures show, CMST 61, other community Trainings 50, Sectoral 224 and total number of participants attended vocational training 1418. In general terms this year's figures are lower than previous year. Perhaps the HRD paid more attention to different credit training events. However it must also be pointed out that our HRD section is not strong enough to organize on its own the training programmes required to improve the skills of community members and its own professional staff. It looked more towards IRM of NRSP. Some of the training arranged by NRSP for SRSO individual activists was not cost effective. The Section needs to be revamped. SRSO is working on developing coherent strategy to reenergize the section.

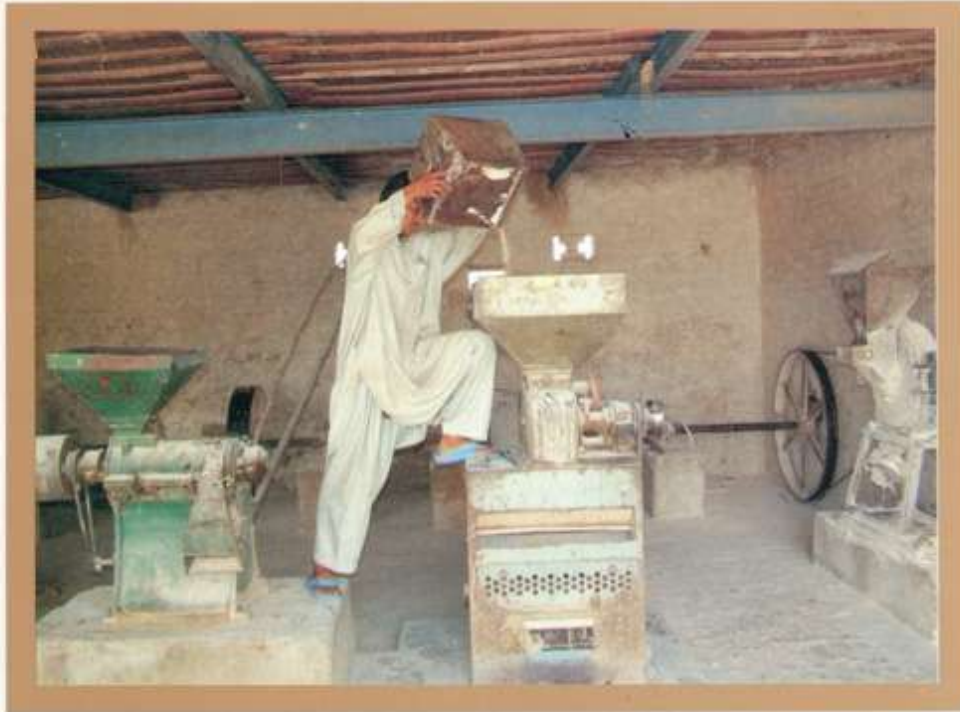
2. It may please be noted that the Social Mobilization and Capacity Building are two different tasks however inter related with and dependent on each other. They are two different sections in SRSO that rely on each other and closely collaborate in their efforts.

Capacity Building is expected to carry on the agenda of social mobilization. Its success lies in addressing the specific capacity needs of the mobilized communities based on need analysis and designing appropriate packages that seek to achieve attitude and behavior change as well as transfer of skills related to community basic management or technical sectors. Strength will manifest in creating a confident, self reliant, capable and skillful CO members.

Inherent weakness is that HRD's Capacity Building efforts gradually turn into a routine affair insensitive to emerging new realities. Its approach gets too rigid of delivering conventional courses without getting into the serious efforts of revising curricula and tailor making the package to address specific needs. It also tends to ignore the Quality of delivery and incremental capacity building of faculty as well as monitoring the quality. Linking training delivery with the learners' own environment, ensuring its application in real situation as well as factor of cost effectiveness of delivery package tend to get ignored.



Chapter 3: Rural
Credit and Enterprise
Development



Chapter 3: Rural Credit and Enterprise Development

The World Bank Report recently released ahead of the Pakistan Development Forum says that people in rural areas comprise nearly 80 percent of Pakistan's poor. Number of rural people has risen in the past few years and it now stands at 35 million. The same is true of the country as a whole. There can be no easy solution to the problem that has been so long in the making and so deeply entrenched in the society. Still, what can realistically be done must be done now. Unless an urgent action is taken to stop and eliminate it, misery and the number of rural poor will continue to rise causing migration to towns and cities adding to social and logistical problems.

The Government of Pakistan is mindful of the problem. It has prepared Poverty Reduction Strategy Paper which outlines methods, goals and targets. Millennium Development Goals (MDGs) have also been set which seek to eradicate extreme poverty and hunger. The Government has also allocated sizeable fund to be disbursement as Micro Credit among the rural people for developing its resource base. Sindh Government and Districts Governments are committed to carry forward these efforts.

Given this, SRSO has established a Rural Credit Enterprise Development Sector to disburse small loans to the socially mobilized and organized community against its collective and individual collateral. Micro credit is given to boost the Agriculture farming or its related occupations, livestock purchase, small scale Poultry farming and small Enterprise development. This has performed well in improving the poverty indicators.

RCED disbursed an amount of Rs. 70 million in loans during the reporting year as against Rs. 36 m in the previous years (Rs. 30 m in 2004 -2005 and Rs. 6 m in 2003 -2004). There has been a quantum jump in the demand and disbursement of the credit. Most of this credit has gone into livestock purchase (65-67%) and least used in the Enterprise development (14%), while agriculture got about 19-20%.

The analysis of this ratio of utilization of credit reveals that in the rural set up enterprise development has limited scope. It is feared that it will not fetch enough return. Investment in the agriculture is also less because of poor members of COs comprise landless farmers who want to build alternate source of income instead of investing in agriculture which they consider is primary responsibility of land owner. Besides, agriculture is considered little risky since its yield is prone to factors such as more rains or untimely rain can damage the crop, likewise pest attack can ruin the crop - the price of the yield too fluctuates beyond their control. Besides, SRSO did not have required capacity to support COs in best practices in agriculture.

Experience of the community shows that the purchase of livestock at cheaper rates and selling it after some months at higher rates is the safest investment and can earn good profits on it. Some of the CO members (especially female CO members) have multiplied their income by institutionalizing this trade giving lead to others to replicate this venture. Some others invested into non conventional trades such as buying Chaff (dry fodder) at cheaper rate and selling it off at remarkably high rate at time when it is scarce. Such cases have been highlighted separately in the SRSO Case Study Report.

Rural Credit is an effective mean to reduce poverty in the rural people and there is a great demand for loans too from the community. But it needs to be understood that this activity can perform better only if the Community has developed its capacity to analyze the need and understands the importance of proper utilization of credits, so as to ensure refund as well as profit earning on it. Therefore this has to be part of the holistic approach of building capacity of the community.

Besides, Micro financing is prone to many vulnerabilities like misuse of the money, manipulation by activists to obtain credits and use it themselves or for purposes other than it is meant for, exclusion of poorest member of the Community and above all, willful default. All these are sensitive issues that we deal with while planning to disburse the credits.



CREDIT BENEFICIARY BORROWERS*
July - 2005 to June - 2006

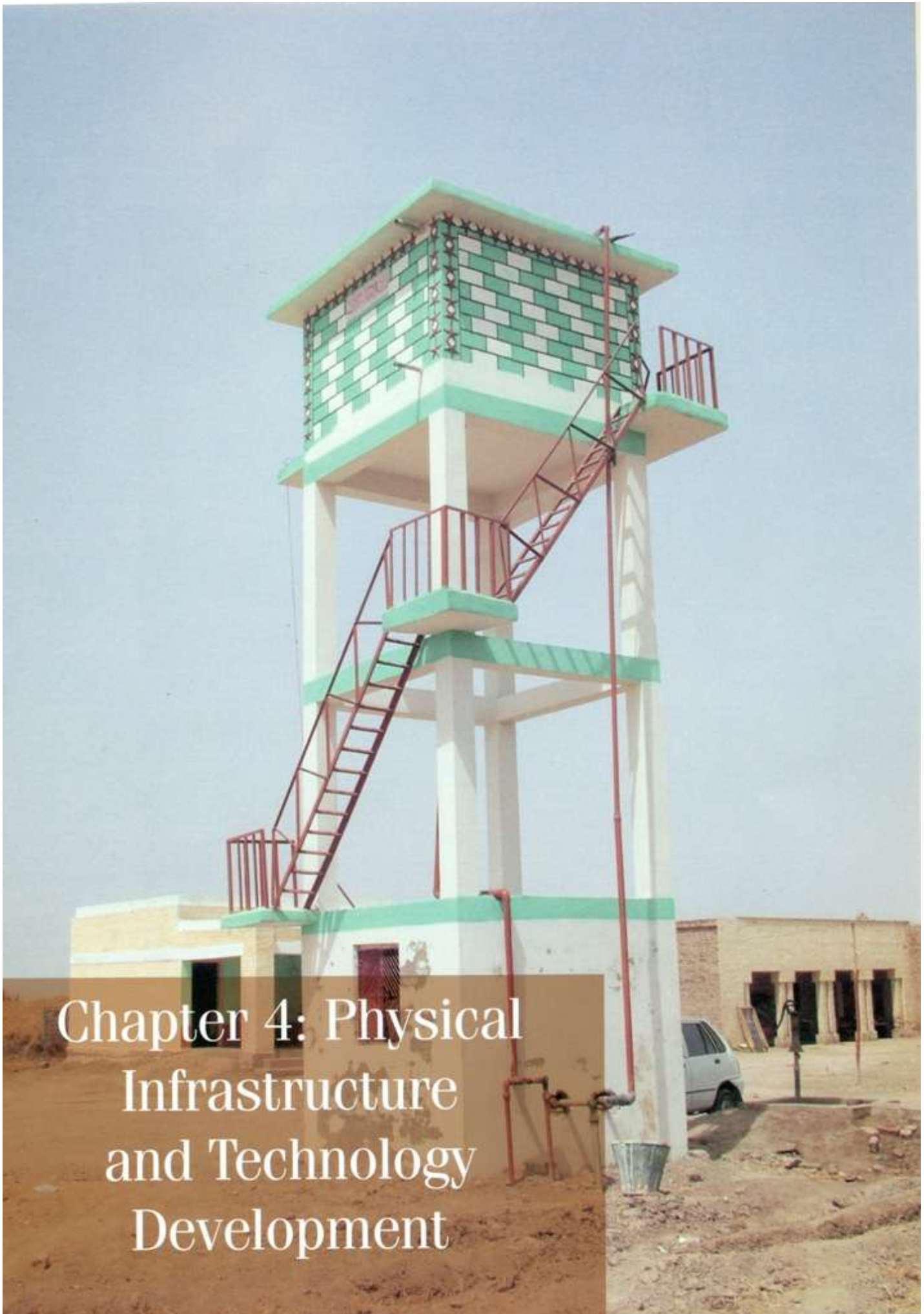
ACTIVITY	GHOTKI	JACOBABAD	KHAIRPUR	LARKANA	N.FEROZ	SHIKARPUR	SUKKUR	TOTAL
Total Disbursement	25,425,000	10,838,000	12,722,000	2,146,000	710,000	5,449,000	12,734,000	70,024,000
Male	24,631,000	9,728,000	10,842,000	2,146,000	710,000	4,590,000	10,928,000	63,575,000
Female	794,000	1,110,000	1,880,000	-	-	859,000	1,806,000	6,449,000
No. of Loanees	2,615	1,111	1,290	227	71	554	1,302	7,170
Male	2,533	998	1,096	227	71	488	1,117	6,510
Female	82	113	194	-	-	86	185	660
No. of Cos	217	140	138	19	8	80	160	762
Male	206	116	97	19	8	61	133	640
Female	10	21	38	-	-	19	26	114
Mix	1	3	3	-	-	-	1	8
Disbursement in Live Stock	18,167,000	9,090,000	6,528,000	100,000	-	4,809,000	8,303,000	46,997,000
No. of Loanees	1872	931	659	10	0	490	848	4810
Male	1790	818	558	10	0	411	692	4269
Female	82	113	101	0	0	79	166	541
Disbursement in Agri Input	6,408,000	1,258,000	2,319,000	1,469,000	360,000	50,000	1,644,000	13,508,000
No. of Loanees	658	131	240	157	36	5	174	1401
Male	658	131	228	157	36	5	164	1379
Female	0	0	12	0	0	0	10	22
Disbursement in Enterprise	850,000	490,000	3,875,000	577,000	350,000	590,000	2,787,000	9,519,000
No. of Loanees	85	49	391	60	35	59	280	958
Male	85	49	310	60	35	52	271	862
Female	0	0	81	0	0	7	9	97

1) Though, the loan disbursement in current year is double of the previous year figure. But skewed disbursement is a point in this case. 65% alone has gone to Livestock while rest (35%) is gone two sectors, agriculture getting the least among the two. What must be the reason? Some of the reasons have been discussed above but one can also assume an under lying reason that in view of short and long recovery period (agriculture loan is harvest bound short term as against long term livestock loan allowing one year recovery) the borrowers prefer it. The chances are that some smart guys may even form a CO to maneuver such a loan in proxy names and use it personally.

SRSO realizes such vulnerabilities and it is striving to create better supervision and vigilance. Besides, SRSO has stressed both sections (SM and RCED) to nurture COs around the fact that credit is only one ingredient in the multi-faceted programme for their empowerment and reduction of poverty – they should participate in whole support system.

Also, RCED/MER sections have been emphasized to research and keep reliable documentary evidence on utilization of loans and their effects on borrowers' income. RCED is further instructed to establish its own mechanism for providing guidance for the borrowers and monitor the effects of borrowing. It also needs to take serious efforts to diversify the loan, research and offering new products.





Chapter 4: Physical
Infrastructure
and Technology
Development



Chapter 4: Physical Infrastructure and Technology Development

The majority of rural villages in the SRSO target area, lack the basic physical infrastructure compelling the community to live in sub-human conditions. There is no facility of potable drinking water, sanitation and link roads connecting the main road just few kilometers away. Schools especially girls schools' buildings are dilapidated and invariably all of them lack facility of toilets. Basic health facility is negligible.

The community either does not have financial resources or it is not organized and sensitized to take some initiative on self help basis and develop minimum base. It remains passive, expectant and hopeful of outside intervention. Needless to say that Physical Infrastructure is one of the strongest and comparatively more visible indicators of development with a high demonstration effect and major stimulant inspire the community to identify, plan, initiate and maintain it with sense of ownership and pride.

SRSO has taken up this work to assist communities (COs) in improvement of the existing facility or providing new critical community physical infrastructure (CPI) with community participation as essential element.

It has completed several CPI Schemes in the past three years of its working. Schemes related to Drinking Water supply, Tube wells, Cattle yards, Sanitation and Lining of water courses (to minimize the water losses) and Lift irrigation (where technically feasible). CPI Engineers also built roads and laid culverts linking remote villages to main roads through SRSO assistance. This activity has created economic and social opportunities to communities. People pay less for goods and services; they get opportunity to market their farm produce and access to medical care. Opportunities to attend school and to find employment have also increased.

Since the problems are numerous so is the demand for CPIs but it can not be met entirely due to the resources constraint. SRSO has to prioritize the schemes in consultation with COs as well as on the basis of need and technical feasibility. Nonetheless, the number of CPI Schemes has tremendously increased in the reporting year. During this period, 62 schemes were completed compared to 22 Schemes in the year 2004-05, which is almost three times more. Most of these schemes (50) were completed with core funding of SRSO while 12 schemes were funded by Pakistan Poverty Alleviation Fund (PPAF).

As indicated in the tabular detail, most of the schemes implemented were tube wells since the COs wished to enhance their incomes by irrigating their agriculture lands. This is followed by Drinking Water Supply, Sanitation, laying Culverts and constructing link roads in the same order.

Tube Well

The community in Village Mehar Mahar in District Ghotki with total households of 200 and population of 1300 souls faced acute shortage of irrigation water. CO suggested digging a Tube Well to get additional water. CO made the initial feasibility in consultation with SRSO. The SRSO CPI Sector examined the proposed scheme and found it fit to be implemented since it could benefit the greater number of population. Before approving it, however, SRSO Engineering team surveyed all houses of the village that revealed there was scarcity of the agriculture water hence most of the cultivable land could not be ploughed. If at all the village got the water through Irrigation Water Course, it was insufficient and came untimely. It was case of depleting agriculture resource affecting a major population. Leave alone the major cash crop; they could not even grow vegetables in their Kitchen Gardens for family consumption.

The Scheme was approved on the terms that SRSO will provide the technical and financial support and the Community had to put in its share by providing the land, labour, watchman and maintenance and operation and running cost. after the completion of the scheme. Construction work was completed in one and half year. Total cost of the scheme was Rs. 218,464/-. 20% was borne by the Community.

The Scheme once completed enabled community to cultivate additional acreage of land hitherto unproductive supplementing its financial resources, providing employment, improving nutritional in take by growing vegetables and proving relatively clean drinking water. It has left a great impact.

The community faces varied problems ranging from scarcity of agriculture water to link road. Following account relates to the critical village street pavement enabling the people to move around in all weather conditions.

Note: Two sample case studies show a great number of beneficiaries in terms of individuals and households. It should have worked as incentive to form more COs (both male/female) but it does not seem to have happened in the reporting period. Figures of new CO formation in the reporting period are just little higher than previous year. It is important to explain the reasons. The reporting year was declared as year of consolidation hence the focus was shifted to strengthening capacity of already formed COs and reenergizing the inactive COs rather than forming new ones. Besides, Social Mobilization team was now required to strictly follow the rigorous process of social mobilization to ensure quality COs.

Building Link Road

The people in Village Sarhad in the proximity of Ghotki, faced chronic problem of access to the Pucca road during the long rainy spell every year because the main street passing through the village leading to Pucca Road was muddy and unpaved. The Community suffered terribly particularly during rainy season since no transport could ply from the village. Even walking on foot was difficult. Especially when it came to taking health emergencies out of the village to reach hospital, it was an uphill task.

The CO Goth Sudhar identified this problem. It demanded a bricked pavement. CO worked out the feasibility that was submitted to the relevant sector of SRSO. The scheme was found feasible and was sanctioned.

The Scheme was laid down. It required building of 1218-feet Brick Pavement for the village along with 800 feet Open Drain on one side of the pavement. The work was carried out and completed in short time. Following work was done:

Brick pavement of 1218 feet length has been constructed over the Katcha Street of village Sarhad. The width of the pavement is 6-9 feet. An open drain has been constructed from one side of that pavement up to 800 feet of the pavement to drain rain water

2feet average earth filling has been provided as base course material for proper drainage of rainwater.

1" thick sand layer had also been provided over and under pavement surface for placing bricks properly and filling of voids in between bricks.

The Scheme was completed with total Cost of Rs: 617,383/=

PPAF provided a share of Rs: 491737/=

CO pitched Share of: Rs: 125649/=

Beneficiaries: 350 House holds

It has provided a great facility to all the villagers to commute easily in any weather condition. The Community feels confident and reassured that its problems could be addressed if it is organized.

SRSO in turn feels happy on the impact this scheme has made in the whole of area.

The details of the schemes are given in the following charts:

Community Physical Infrastructure (CPI) (July 2005-June2006) Funded by SRSO

S #	ACTIVITY	SUKKUR	KHAIRPUR	SHIKARPUR	GHOTKI	JACOBABAD	TOTAL
1	No of total schemes Initiated	11	8	8	13	10	50
2	No of beneficiary households	322	190	159	292	239	1202
2	No of total schemes completed	11	8	8	13	10	50
3	No of beneficiary households	322	190	159	292	239	1202
4	No of link roads initiated	1	-	-	-	-	1
5	No of beneficiary households	40	-	-	-	-	40
5	No of link roads completed	1	-	-	-	-	1
6	No of beneficiary households	40	-	-	-	-	40
7	No of irrigation schemes initiated	2	2	2	11	7	24
8	No of beneficiary households	42	50	45	222	149	508
9	No of irrigation schemes completed	2	2	2	11	7	24
10	No of beneficiary households	42	50	45	222	149	
11	land irrigated in acres	182	190	145	1050	938	2505
12	No of other schemes initiated	8	6	6	2	3	25
13	No of beneficiary households	240	140	114	70	90	654
14	No of other schemes completed	8	6	6	2	3	25
15	No of beneficiary households	240	140	114	70	90	654

Note: Other Schemes are: Culverts, Drinking water supply scheme (DWSS), School Building, Sanitation, Cattle yard,

Community Physical Infrastructure (CPI) (July 2004-June 2005) Funded by PPAF

S #	ACTIVITY	SUKKUR	KHAIRPUR	SHIKARPUR	GHOTKI	JACOBABAD	TOTAL
1	No of total schemes Initiated	1	3	2	6	11	23
2	No of beneficiary households	15	481	25	152	623	1296
2	No of total schemes completed	—	1	—	3	6	1
3	No of beneficiary households	—	400	—	114	448	962
4	No of link roads initiated	—	—	—	1	—	1
5	No of beneficiary households	—	—	—	50	—	50
5	No of link roads completed	—	—	—	1	—	1
6	No of beneficiary households	—	—	—	50	—	50
7	No of irrigation schemes initiated	—	1	2	5	3	11
8	No of beneficiary households	—	21	25	102	63	211
9	No of irrigation schemes completed	—	—	—	3	1	4
10	No of beneficiary households	—	—	—	64	18	82
11	land irrigated in acres	—	110	185	380	240	915
12	No of other schemes initiated	1	2	—	—	8	11
13	No of beneficiary households	15	460	—	—	560	1035
14	No of other schemes completed	—	1	—	—	5	6
15	No of beneficiary households	—	400	—	—	430	830

Note: Other Schemes are: Culverts, Drinking water supply scheme (DWSS), School Building, Sanitation, Cattle yard.

Schemes Funded by SRSO During July 2005 to June 2006

S. No	Name of CO:	Type of scheme	Name of U/C	Region	T.O.P Date	B. HHs	Total cost	CO: Contri:
1	AL-Hafeez	DWSS	Bacharo	Jacobabad	30/07/05	30	357,102	72,102
2	AL-Tarique	Tube Well	Bacharo	Jacobabad	31/08/05	20	163,160	50,160
3	Dur Muhammad Banglani	Tube Well	Ranjhapur	Jacobabad	8/9/2005	20	164,332	34,332
4	Sultan Ahmed Khoso	Tube Well	Bacharo	Jacobabad	8/9/2005	21	159,532	32,532
5	Haji Fateh Muhammad Tragar	Tube Well	Khuhara	Ghotki	27/09/05	40	212,589	55,589
6	Preet	Tube Well	Ruk	Ghotki	27/09/05	15	218,464	56,464
7	Faiz Muhammad Khandaro	Sanitation	Panhwar	Sukkur	29/09/05	80	530,276	123,254
8	Daya	Sanitation (Open Drain)	Kandhara	Sukkur	29/09/05	40	484,665	117,625
9	Gul Bahar Khandaro	Water course	Panhwar	Sukkur	30/09/05	25	649,866	163,244
10	Sindh Abad	Tube Well	Ranjhapur	Jacobabad	30/09/05	25	159,532	34,332
11	Watan Dost	Sanitation (Open Drain & CC Block)	Khuhara	Ghotki	20/11/05	50	565,889	116,889
12	Allah Bux Chandio	Sanitation (Open Drain & CC Block)	Ghari Mori	Khairpur	14/12/05	30	443,378	96,378
13	Allah Dino Shaikh	Culvert	Baberloi	Khairpur	14/12/05	25	59,637	13,737
14	Fateh Mohd Brohi	Tube Well	Bachro	Jacobabad	15/12/05	15	170,570	36,570
15	Mohd Hayat	Tube Well	Lodra	Shikarpur	15/12/05	20	177,765	39,765
16	Ithad	Tube Well	Khuhara	Ghotki	24/12/05	15	190,741	42,741
17	Young Kolachi	Tube Well	Khuhara	Ghotki	24/12/05	40	202,434	45,434
18	Muhd Ayob Brohi	Culvert	Bachro	Jacobabad	24/12/05	30	63,847	15,673
19	Pir Bux Lai	Sanitation	Humayoon	Shikarpur	26/12/05	22	75,108	18,108
20	Dr. Iutfullah	Sanitation (Open Drain & CC Block)	Trimoonh	Sukkur	23/01/06	20	280,052	57,052
21	Al Qadri	DWHP	Humayoon	Shikarpur	31/01/06	15	61,193	15,903
22	Fateh Pur	DWHP	Humayoon	Shikarpur	20/02/06	25	128,766	28,766
23	Dr. Gul	DWHP	Ruk	Ghotki	22/02/06	20	83,674	18,674
24	Surhan	Tube Well	Ruk	Ghotki	22/02/06	16	195,543	44,543
25	Darya Khan Jatol	Tube Well	Baberloi	Khairpur	24/02/06	15	362,049	77,500
26	Gharo Goth	Sanitation (Open Drain & Street Pavement)	Trimoonh	Sukkur	25/02/06	20	215,612	43,612
27	Rahimdad Gabol	Laterine	Ali Wahan	Sukkur	24/03/06	15	143,665	35,665
28	Qalandri	Sanitation	Karan sharif	Shikarpur	21/04/06	17	391,351	79,875
29	Sindhri	Open Drain	Karan sharif	Shikarpur	21/04/06	15	142,546	30,890
30	Al- Farooq	Tube Well	Bachro	Jacobabad	21/04/06	16	163,242	32,242
31	Shaheed Allah Bux	Water course	Lodra	Shikarpur	8/5/2006	25	625,591	156,479
32	Gawader	Tube Well	Mithri	Ghotki	26/05/06	15	210,331	46,831
33	Subhansallah	Tube Well	Khohara	Ghotki	27/05/2006	20	212,009	46,509
34	Tarqyati	Tube Well	Adil pur	Ghotki	28/05/2006	15	210,350	46,350

35	Al-Rehman	Tube Well	Beriri	Ghotki	28/5/2006	15	221,587	48,587
36	Sindhri	HH Latrine	Mehar Ali	Khairpur	3/6/2006	25	548,589	110,589
37	Ujala	HH Latrine	Nizamani	Khairpur	2/6/2006	15	175,765	34,765
38	Al-Mustafa	Open Drain	Mehar Ali	Khairpur	3/6/2006	30	574,285	112,285
39	Ghulam Abbas Jatol	Water course	Ghari Mori	Khairpur	2/6/2006	35	530,605	106,605
40	Roshan Sitara	S.p&Open Drain	Trimoonh	Sukkur	26/06/06	40	478,415	100,415
41	Ghulam Mohd Morejo	S.p&Open Drain	Trimoonh	Sukkur	31/05/06	20	357,692	72,692
42	Bhara	Tube Well	Panhwar	Sukkur	31/05/06	17	210,350	46,350
43	Dawn	Tube Well	Adilpur	Ghotki	23-06-06	16	158,960	33,960
44	Jeewan Kolachi	Tube Well	Adilpur	Ghotki	23-06-06	15	187,567	38,567
45	Al- Shams	Open drain	Ghari Mori	Khairpur	20-06-06	15	124,068	25,068
46	Bhoro Bhambal	Culvert	Bachro	Jacobabad	23-06-06	30	168,549	38,049
47	Muhd Hayat Buriro	Tube Well	Mirpur Burriro	Jacobabad	19-06-06	32	156,709	31,709
48	Roshani	HH Latrines	Karan Shah	Shikarpur	15-06-06	20	291,940	64,200
49	Florence	HH Latrines	Trimoonh	Sukkur	12/6/2006	30	340,960	72,960
50	Nabi Bux Jiskani	HH Latrines	Ali Wahan	Sukkur	20-06-06	15	156,278	37,278
						1202	13157180	2899899

CPI Schemes - July 05 - June 06 Funded by PPAF Phase - 1

S #.	Name of CO:	Type of scheme	Name of Union Council	Region/District	B. HHs	Total cost
1	Taj Muhd Mahar	Tube Well	Adil pur	Ghotki	20	177,015
2	Ghulam Ali Kalwer	Tube Well	Adil pur	Ghotki	25	168,930
3	Kotto Wirand	Tube Well	Adil pur	Ghotki	16	192,455
4	Indus	Culvert	Mehar Ali	Khairpur	400	65,489
5	Abdul karim Lund	DWHP	Arore	Sukkur	15	78,574
6	Jeay Latif	Tube Well	Sultan Kot	Shikarpur	10	195,691
7	Sabz Ali Banglani	Tube Well	Ranjhapur	Jacobabad	18	217,923
8	Sultan Bullo	Tube Well	Ruk	Ghotki	19	183,939
9	Mir Allam Banglani	Culvert	Bachro	Jacobabad	100	111,685
10	Atta Muhd Banglani	Culvert	Bachro	Jacobabad	100	61,079
11	Sindh	Sanitation	Mehar Ali	Khairpur	60	627,869
12	Bismillah	Culvert	Bachro	Jacobabad	100	128,886
13	Al-Bhittai	Tube Well	Ghari Mori	Khairpur	21	269,288
14	Ghulam Nabi Buriro	Tube Well	Ranjhapur	Jacobabad	23	236,709
15	Al-Sajjad	Tube Well	Mubarak pur	Jacobabad	22	225,021
16	Goth Sudhar	Tube Well	Umardaho	Ghotki	50	617,383
17	Gabool	Tube Well	Mithri	Ghotki	22	198,370
18	Taha Khan	Culvert	Bachro	Jacobabad	100	219,762
19	Al-Shahbaz-B	Tube Well	Sultan Kot	Shikarpur	15	218,817
20	Abdul Majeed	DWHP	Thul Neo	Jacobabad	30	184,190
21	Ghulam Nabi Bumbal	Culvert	Bachro	Jacobabad	50	157,848
22	Mohd Qasim Channa	Culvert	Bachro	Jacobabad	30	102,742
23	Jumo Khan Buriro	Culvert	Mirpur Burriro	Jacobabad	50	160,622
					1296	4800287

* The figures in the above charts show three times higher number of completed schemes in 2005-2006 compared to 2004-2005. But most of these schemes (40) are road construction (village streets, pathways, link roads, culverts and small bridges) the rest 12 relate to Irrigation (tube wells, lining of water channels etc). Though it can be explained in terms of Community demands however it is expected of the Section to help communities in diversified manner.



Chapter 5: Micro Health Insurance



Chapter 5 Micro Health Insurance

It is recognized that poverty is a complex problem throughout the country including rural Sindh. Among other problems causing poverty, poor health and consequent expenses on medical treatment is one of the major causes of poverty in Pakistan and both are closely related. Recent researches show that as much as 65 percent of the poor population in Pakistan is suffering from ill health, thus eroding their income and further pushing them down the poverty level.

Sensitive to this problem, SRSO has taken an initiative to provide Micro Health Insurance cover to the communities through COs in the target area of 9 districts of upper Sindh. The initiative seeks to improve poor people's access to affordable high quality health services; this is essentially made possible by linking people to the relevant services delivery agencies like Adamjee Insurance Company Limited Pakistan which is a largest private Insurance Company in the country.

This step has been taken in line with the earlier initiative of Rural Support Programme Network (RSPN), Pakistan, who had in collaboration with Adamjee Insurance Co. developed an Innovative product to provide Micro Insurance at least 500,000 individuals through its members. SRSO is one of its family members that are working with community organizations (COs).

Micro Insurance was launched in October 2005, covering cost of hospitalization, accidental injuries, disability compensation and compensation in case of accidental death. The limit per insured enjoys is RS: 25000 while effective annual premium is set out Rs: 250.

This Product Linkage with Adamjee Insurance Company has proven to be highly successful as many of the COs members have benefited from this scheme. This is fourth element in the principles of rural development to which SRSO is committed to and endeavoring to achieve in the target area.

The number of beneficiaries is reflected in the charts given below:

Detail of Micro Health Insurance Member

Phase I (1st Oct 2005 to 28 Feb 2006)

S.No	Region	Member Clients		Total	Amt Recd from Clients	Amt Paid to Admajee
		Male	Female	Clients		
1	Sukkur	11	47	58	12238	12,064
2	Khairpur	74	48	122	25958	25,376
3	Shikarpur	8	5	13	2856	2,704
4	Ghotki	6	29	35	7420	7,280
5	Jacobabad	50	48	98	24266	20,384
6	Larkana	0	0	0	0	-
7	Nasuhero Feroz	0	0	0	0	-
	Total	149	177	326	72,738	67,808

No of Claims		Total	Amount	Amt Paid by Adamjee
Male	Female	Clients	Claimed	
-	2	2	40,043	21,260
1	1	2	36,274	35,924
1	-	1	7,794	7,794
-	1	1	20,015	19,505
4	-	4	63,679	46,966
6	4	10	167,805	131,449

Phase II (1st March to 30 June 2006)

S.No	Region	Member Clients		Total	Amt Recd from Clients	Amt Paid to Admajee
		Male	Female	Clients		
1	Sukkur	198	189	387	85122	80,496
2	Khairpur	622	203	825	196292	171,600
3	Shikarpur	211	113	324	79667	67,392
4	Ghotki	311	171	482	112867	100,256
5	Jacobabad	328	60	388	97000	80,704
6	Larkana	20	3	23	5708	4,784
7	Nasuhero Feroz	79	0	79	19592	16,432
	Total	1,769	739	2,508	596,248	521,664

No of Claims		Total	Amount	Amt Paid by Adamjee
Male	Female	Clients	Claimed	
4	2	6	27,060	11,689
7	5	12	202,035	146,285
4	7	11	156,830	76,868
15	-	15	219,895	81,164
11	3	14	246,240	117,173
1	-	1	8,130	5,970
1	-	1	19,631	17,871
43	17	60	879,821	457,020

Cumulative Total

S.No	Region	Member Clients		Total	Amt Recd	Amt Paid
		Male	Female	Clients	from Clients	to Admaje
1	Sukkur	209	236	445	97,360	92,560
2	Khairpur	696	251	947	222,250	196,976
3	Shikarpur	219	118	337	82,523	70,096
4	Ghotki	317	200	517	120,287	107,536
5	Jacobabad	378	108	486	121,266	101,088
6	Larkana	20	3	23	5,708	4,784
7	Nasuhero Feroz	79	-	79	19,592	16,432
	Total	1,918	916	2,834	668,986	589,472

No of Claims		Total	Amount	Amt Paid
Male	Female	Clients	Claimed	by Adamjee
4	4	8	67,103	32,949
8	6	14	238,309	182,209
5	7	12	164,624	84,662
15	1	16	239,910	100,669
15	3	18	309,919	164,139
1	-	1	8,130	5,970
1	-	1	19,631	17,871
49	21	70	1,047,626	588,469

Analytical explanation of above charts

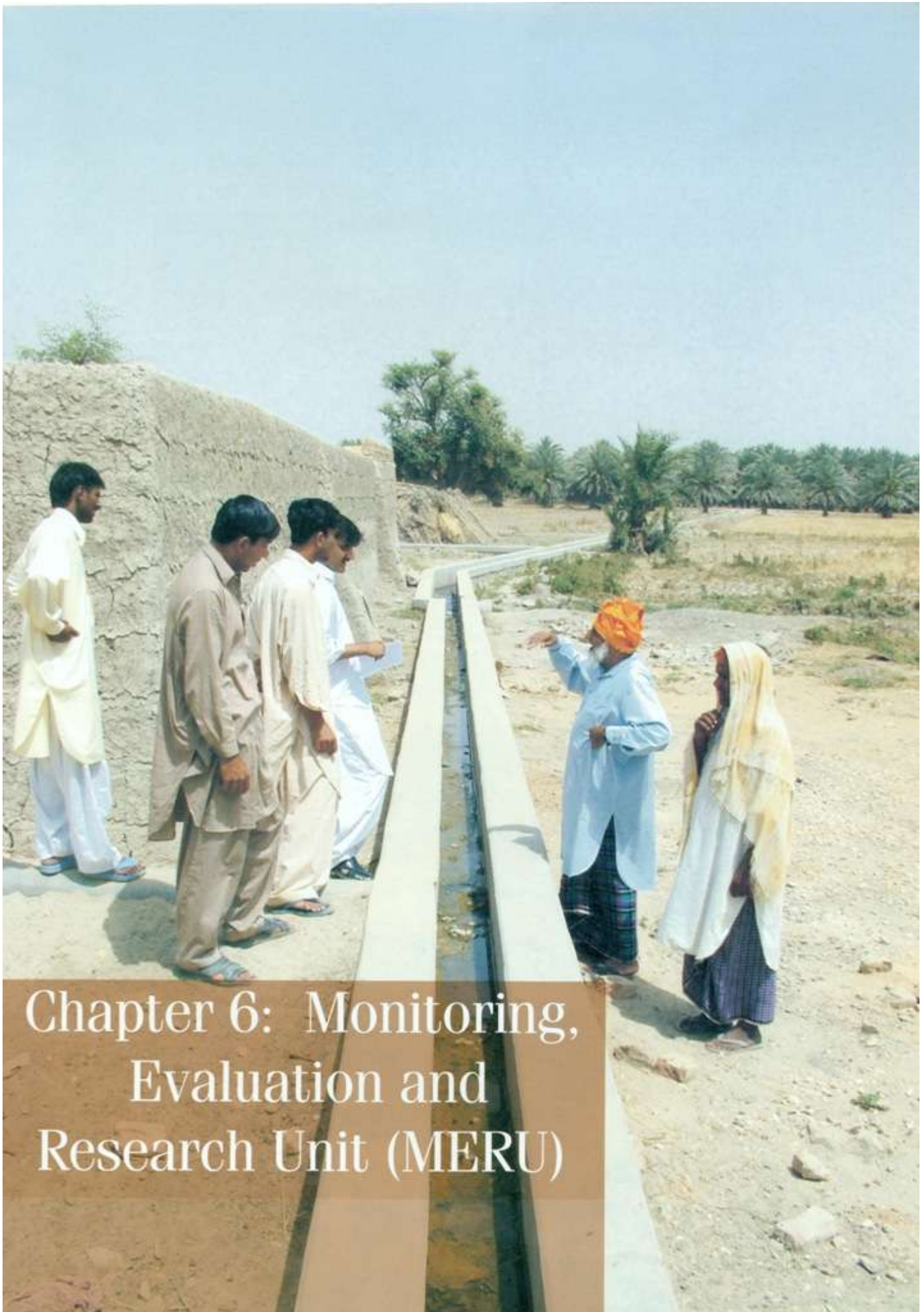
Between the period of 9 months (October 2005 - June 2006), total of 2834 CO members (1918 males and 916 females) bought life and hospitalization Insurance policy from Adamjee Insurance Co. (AIC) and paid Rs. 668,986. For its services, SRSO charged AIC Rs. 33 per client and handed over the remaining sum of Rs. 589,472 to AIC.

Of the total 2834 assured clients, 70 clients (which is little over 2% of total clients) made claims of Rs. 1,047,626 from AIC which paid Rs. 588,469 i.e 52% of the amount paid as premiums by clients to the Insurance Co. It is almost the same amount that Insurance Company received from all clients. The Company still remains bound to pay claims as and when made by the rest of clients.

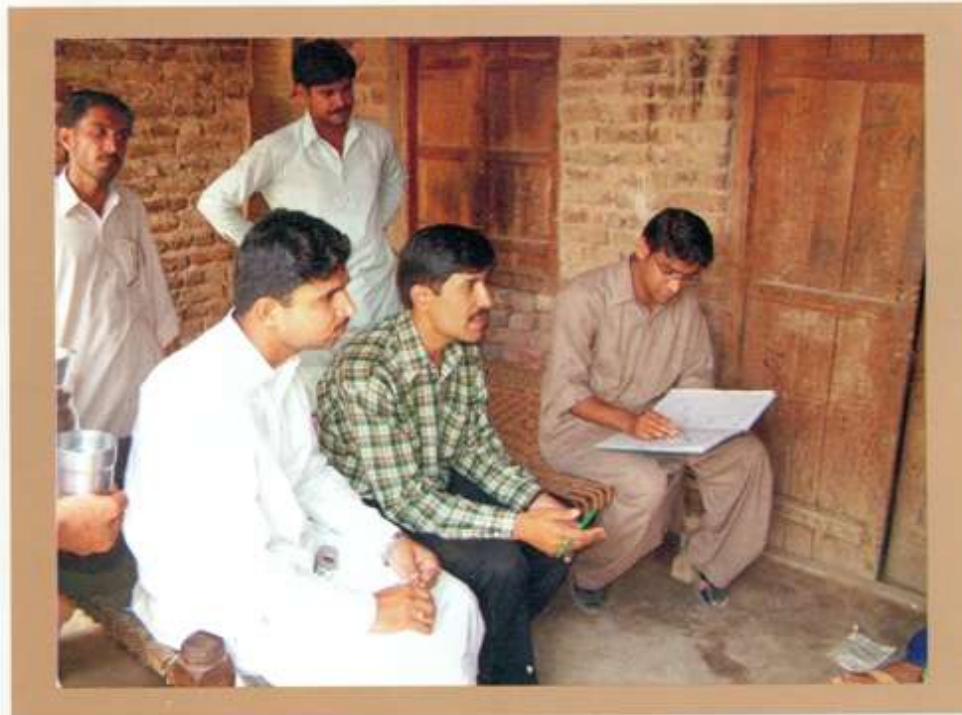
RSPN and SRSO intend to renegotiate with the Insurance Company, to reduce the premium and the limit of insured amount as well as extend the cover to family members to become clients.

It is one of the important steps towards poverty reduction. In view of the fact that single largest bill poor families pay is on account of Health of the family. Under this scheme, by paying small amount the community gets back big amount and assurance that it will not lay behind unattended.





Chapter 6: Monitoring,
Evaluation and
Research Unit (MERU)



Chapter 6: Monitoring, Evaluation and Research Unit (MERU)

Monitoring is the systematic collection and analysis of information to enable the stakeholders determine whether key activities are being carried out as planned and desired results achieved or not. Monitoring provides feed back to the Management calling for corrective actions.

This goes without saying that the MER is an important Section to ensure the quality of delivery of main Programme and to monitor the performance of professional staff. This section although has been the part of SRSO structure but could not retain staff for lack of expertise.

The Monitoring, Evaluation & Research Unit (MERU) had a complete turnover in the staff and all the previous staff left. New Interns have been recruited and their capacity is being built up in collaboration with the Rural Support Programmes Network (RSPN) which is eventually expected to meet the expectations of programs. Notwithstanding difficulties of not having on board qualified and experienced people, what the present-limited staff has tried to do is to assist the MERU in collecting, storing and updating basic data on various programme components; written situation analysis reports with help of SOs and developed a centralized Management Information System (MIS) in the Head Office. In addition the MER professionals have prepared base-line data from samples of rural respondents in randomly selected villages in target districts.

The MERU is soon going to bring out SRSO monthly update through its centralized MIS system which is fed in data by each sector. It is supporting the Social Mobilization Unit (SMU) to undertake the situational analyses of new areas / villages for initial assessment.

It has also developed within itself a capacity to independently to undertake relevant studies despite the fact that it is still in the process of establishment afresh.

The SRSO Socio-Economic Baseline Survey

A baseline survey with the collaboration of experts from the Rural Support Programmes Network (RSPN) was carried out for two additional districts i.e. Larkana and Naushero Feroz exactly on the same lines as previous one wherein the socio economic profiles of a sample of villages and rural households was undertaken by the MERU.

Samples of the villages and household were selected on random basis and special questionnaires were prepared that included several aspects of the socio-economic conditions at the village and household levels as following:-

Villages

- physical infrastructure
- access to economic social services
- prices of food commodities
- data on COs (if formed)

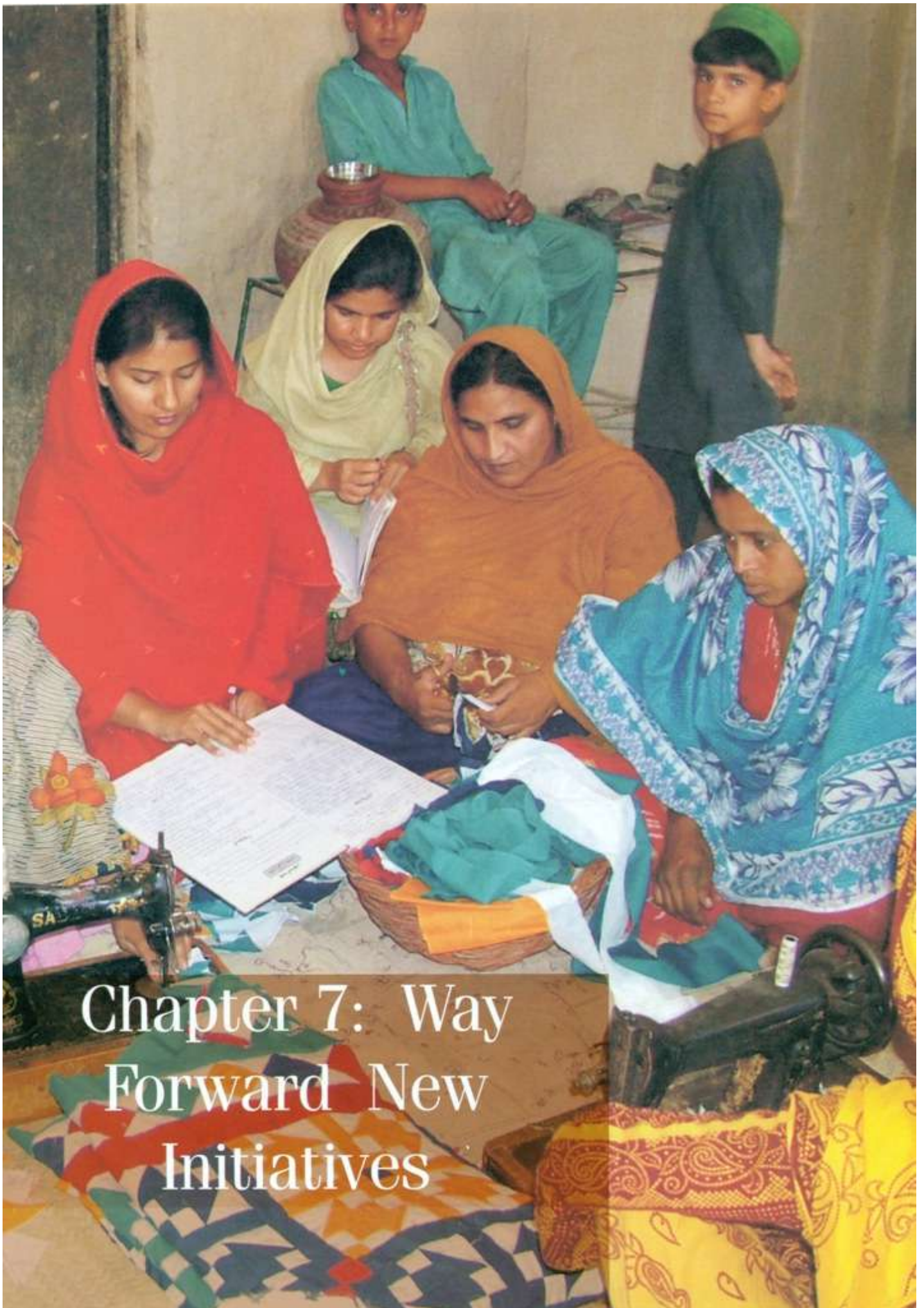
Household

- age, education, profession of head of household (respondent)
- demographic composition of household (age and gender distribution)
- work status of household members (by age and gender)
- educational achievement of adults (by age and gender)
- schooling of children (by age and gender)
- health status of household members (by age and gender)
- household income from different sources (current or last year)
- food consumption (by major commodities on a weekly basis)
- household expenditure on different needs (current or last year)
- number and value of household assets (land, livestock, machinery, consumer durables, savings, jewelry)
- value of loans taken from informal and formal sources (current or last year)
- use of loans for different purposes (production, consumption, etc.)
- household debt (loans outstanding at present)
- housing facilities (house structure, drainage, electricity, fuel, etc.)
- perceptions of men and women about problems at the household and village levels membership in CO (duration, savings, etc.) and its benefits

The survey results are being analyzed and a report is being prepared by the RSPN and will be released soon.

Constraints of MERU

1. Shortage of qualified and experienced individuals in this discipline
2. High turnover of the staff
3. Lack of adequate arrangements for proper training in the basic methods of monitoring and evaluation
4. Hiring, retaining and training the kind of men and women who are able to give to the SRSO M&E services that help make Programme effective.



Chapter 7: Way Forward New Initiatives



Chapter 7: Way Forward New Initiatives

It has been only three years since SRSO started working it is still in the formative phase. Despite that it has expanded its Programme area to 9 districts of upper Sindh. It has achieved positive results in its key tasks of social mobilization and organizing the communities, COs formation and capacity building of COs yet some other tasks have remained unaddressed for example gender and development or natural resource management by communities. The stage has come where SRSO has decided to put in place well integrated support programme having all essential components that are inter related and inter dependent with each other.

In order to create comprehensive community support service based on holistic approach, SRSO has planned to establish four important Sectors in the Programme in the year of 2006-2007. These Sectors are:

1. Natural Resource Management (NRM)
2. Gender and Development
3. Enterprise Development and
4. Social Sector Services (SSS)

NRM - Agriculture and Livestock are the main sources of subsistence of the rural population. Both these sectors are afflicted with serious problems. Increasing degradation of land and water resources and farmer's poor access to other key inputs and services are resulting in actual productivity levels much below the achievable potential level in agriculture. Similarly the **Livestock** is also suffering from low output. Poor veterinary services impede the realization of actual potential of this sector. Any poverty reduction effort without addressing these issues is not likely to succeed.

Majority of rural people in whole of Sindh especially in SRSO Programme area depend on Agriculture and Livestock husbandry sector that provides employment and income. In order to make farm enterprise and Livestock productive and profitable community needs infrastructure, services, inputs, knowledge and technical assistance. But it lacks resources and influences to get any of these things. SRSO intends to fill these gaps by providing some support as well as find linkages with other agencies especially public sector service agencies. Section will also perform other related activities like working with women through backyard poultry raising and kitchen gardening

SRSO has therefore planned to establish NRM section in Head Office to create institutional capacity to work directly with community involved in this enterprise and also establish its links with outside agencies

Gender and Development - SRSO realized the vital importance of Gender and Development. Hence its interventions ranging from social mobilization to community physical infrastructures have been open for both, men and women. We understand that men and women would participate in the development initiatives and benefit of the out comes equally. But of late, we realize that the strategy of providing equal opportunity did not play effectively in closing the gender gap at the organizational and programme level. Thus SRSO intends to formulate gender policy and implement a plan with defined policy actions as a conscious and focused effort to bring women in the mainstream development before the gaps further widen.

Enterprise Development - SRSO realizes the importance of helping the community in promoting and developing the local handicrafts and other forms of handiwork. Especially the women folk who are the back bone of these vocations require some support both in terms of capacity building/training and finances. Also equally important is to find them markets and outlets whereby they can promote their products. There has been no intervention the producers have been left to the exploitation by middle man. Those involved in these vocations have missed the opportunities.

Section will support activities to add value to existing production, designing and production according to national and international needs.

Social Sector Service - Rural Community lacks recourses and especially the access to health related problems such as:

1. Personal health care
2. Domestic hygienic environment
3. Mother & Child health care
4. Full participation in EPI
5. Adult literacy for female including basic health education.

SRSO has planned to establish full fledged Social Sector Services (SSS) to fill in the gap and help communities by creating institutional support.

Conclusion

Conclusion

SRSO is a young Organization incepted in the year of 2003. Initially SRSO focussed on the formation and organizational issues during past two years. In this phase, SRSO had an uphill task of arranging logistics, equipments, making right kind of recruitments and building capacity of both Management core and professional teams. At the same time mapping and selecting communities to initiate dialogue as first step to social mobilization was also an enormous task.

In addition, simultaneously SRSO made hectic efforts to Social Mobilization, Capacity Building and Loan disbursement. It established over one thousand COs, disbursed around 36 m loan, completed 22 Community Physical Infrastructure schemes and trained over four thousand individuals (activists, CMST participants, Sectoral trainees and staff). However all such interventions required to undergo a serious review, appraisal and restructuring if called for.

In the reporting year, new management (including CEO and GM) took over the operation. It declared the year as year of consolidation and expansion. New management found that there were some weaknesses in the Social Mobilization and Credit disbursement interventions. Problems of overstaffing, inefficiency and over centralization of programme operation etc emerged as some other problems.

- Consequently the Management carried out some overhauling at the frontline.
- Drastically reduced the number of Field Workers
- Decentralized the field operations and established Regional Offices headed by Regional programme Coordinators to operate through the Organization's professional staff assisted by activists. Previously SMTs operated from the Head Office
- Expanded the Programme area from 7 to 9 districts
- Recruited suitable professionals in all the fields especially in social mobilization and rural credit and enterprise development
- Redefined the social mobilization approach and operation
- Built partnership with PPAF in order to expand and strengthen SRSO's basic support programme for Cos
- Established MER system and prepared baseline data for the guidance of Programme Managers and professionals

To reenergize and provide practical direction, Chairman of the SRSO Board, Mr. Shoib Sultan Khan chose to come down to Sukkur and spend nearly two weeks in SRSO. He appraised the situation personally and provided his professional guidance for future actions.

SRSO has now made some impact both on community (the primary stakeholder) as well as the other stakeholders. It is making sincere efforts to achieve greater success by following the strategy devised afresh. Nonetheless, there are numerous difficulties and challenges. SRSO intends to establish new

sections to provide institutional support to the community in an integrated way. Natural Resource Management, Enterprise Development, Social Sector Services and especially Gender Development are the areas that SRSO will focus on in the future.



Financial statements
from the auditors for
the year 2005-2006



Financial statements from the auditors for the year 2005-2006

Aejum Asim Shahid Rahman
Chartered Accountants

Grant Thornton 

October 5, 2006

AB - 4653

The Board of Directors
Sindh Rural Support Organization
B - 34, Hamdard Cooperative Housing Society,
Airport Road, Sukkur.

Dear Sirs

2006 FINANCIAL STATEMENTS

We are pleased to enclose three copies of the financial statements of the Sindh Rural Support Organization (the organization) for the year ended June 30, 2006 together with our audit report thereon duly initialed by us for the purpose of identification. We shall be pleased to sign our report in the present and modified form after:

- (a) these financial statements have been considered and approved by the board of directors (the board) and signed by the chief executive and a director authorized to do so in this behalf in the manner so required ;
- (b) we have seen the board's specific approvals in respect of the following:

	Rupees
- Addition to fixed assets	11,605,028
- Advances disbursed to community organizations	69,964,000
- Provision for gratuity	1,370,411
- Provision for provident fund	830,072
- Provision for compensated absences	1,387,531

- (c) we have received reply to the confirmation request letter sent by us to Habib Bank Limited Sindh Secretariat Branch A/c #. 8606-1;
- (d) we have received a representation letter duly signed by the management.

2. The resolution of the above matters may require adjustment in the financial statements.

Asstt.

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3. RESPONSIBILITY OF THE AUDITORS AND THE MANAGEMENT

- 3.1 The responsibilities of the auditors in a usual examination of financial statements are explained in International Standard on Auditing 200 "Objective and General Principles Governing an Audit of Financial Statements".
- 3.2 While the auditor is responsible for forming and expressing an opinion on the financial statements, the responsibility for their preparation is primarily that of the management of the organization. The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and safeguarding of the assets of the organization. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of accounting books and records should not be relied upon to disclose all the errors or irregularities which are not material in relation to the financial statements.
4. During the course of our audit, we came across certain matters, which we believe are significant enough to warrant your attention.

4.1 FIXED ASSETS ADDITIONS / DELETIONS DEPRECIATION POLICY

- 4.1.1 The organization has adopted a policy of charging depreciation on fixed assets. According to the policy full year's depreciation is charged on fixed assets acquired during the year, while no depreciation is charged on fixed assets disposed off during the year. IAS 16 para 41 prescribes, that the depreciation method used should reflect the pattern in which the assets' economic benefits are consumed by the enterprise. By adopting the policy as stated above, full year's depreciation would be charged while economic benefits derived from the use of the asset purchased near the end of the year would be negligible. Similarly, when asset is disposed off close to the year end, no depreciation is charged although economic benefits from the use of the asset has been derived.
- 4.1.2 In view of the above, we reiterate our suggestion made last year that the management should re-consider the policy of charging depreciation i.e. depreciation may be charged from the month the fixed asset is purchased and on disposal, depreciation may be charged upto the month prior to the month in which the fixed asset is disposed off.
- 4.1.3 The organization has no policy for capitalization of fixed assets. We recommend that a policy statement regarding capitalization of fixed assets be formulated and adopted keeping in view the economic life and monetary value.

4.2 PROVIDENT FUND

- 4.2.1 The organization has not formed a separate provident fund trust and all moneys deposited by the employees and equal contribution by the employer are recorded as a liability. Making a separate provident fund trust will enable the employees to claim tax exemption in accordance with the provisions contained in clause 23 of the Second Schedule of the Income Tax Ordinance, 2001 at the time of receiving final payment on retirement. The relevant clause is reproduced below:



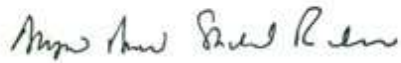
Anjum Asim Shahid Rahman

" Incomes, or classes of income, or persons or classes of persons, enumerated below, shall be exempt from tax, subject to the conditions and to the extent specified hereunder:

(23) The accumulated balance due and becoming payable to an employee participating in a recognized provident fund."


We wish to place on record our appreciation for the cooperation and courtesy extended to us by the management and staff of the organization during the course of the audit.

Yours sincerely



encls.

SINDH RURAL SUPPORT ORGANIZATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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Annexure 'A'

**SINDH RURAL SUPPORT ORGANIZATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

CONTENTS

- Covering Letter
- Audit Report
- Financial Statements

Anjum Asim Shahid Rahman
Chartered Accountants

Grant Thornton 

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, 2006 and the related income and expenditure account together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended).

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, 2006 and of its surplus for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Chartered Accountants
Karachi.



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SINDH RURAL SUPPORT ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2006

	Note	2006 Rupees	2005 Rupees
Income			
Profit on investments	13	79,173,578	37,485,415
Grants	14	5,061,154	223,023
Service charges		5,627,137	1,074,348
Other income		148,526	89,582
		<u>90,010,395</u>	<u>38,872,368</u>
Expenditure			
Operating expenditure	15	56,766,878	23,919,896
Financial charges	16	1,799,438	3,744,816
		<u>58,566,316</u>	<u>27,664,712</u>
Surplus transferred to working fund		<u>31,444,079</u>	<u>11,207,656</u>
		<u>Asst</u>	

The annexed notes form an integral part of these accounts.


CHIEF EXECUTIVE


DIRECTOR

**SINDH RURAL SUPPORT ORGANIZATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006**

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 investments in securities.

The program is carried out in seven districts around Sukkur, Shikarpur, Ghotki, Khairpur, Jacobabad, Noshero Feroz and Larkana, (2005: five districts) comprising 31 Tehsils and 374 Union Councils (2005: 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 an unfunded provident fund scheme for all its permanent employees and contributions are made 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.

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 Deferred income

Donations received for purchase of fixed assets and donated fixed assets are presented in balance sheet as deferred income. Deferred income is recognized as income on systematic basis over the useful life of the assets.

2.6 Revenue recognition

Income from donations/grants except for donations/grants received for purchase of fixed assets and donated/granted fixed assets is accounted for on receipt basis. Donations/grants for purchase of fixed assets and donated/granted fixed assets are taken to deferred income.

Profit on investments and service charges on loan disbursed to communities are recorded on accrual basis.

Atif

2.7. 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	2006 Rupees	2005 Rupees
3. GENERAL FUND			
Endowment fund	3.1	1,000,000,000	1,000,000,000
Working fund			
Balance as at July 01		17,123,811	5,916,155
Surplus transferred from income and expenditure account		31,844,079	11,207,656
Balance as at June 30		48,967,890	17,123,811
		<u>1,048,967,890</u>	<u>1,017,123,811</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.		
4. DEFERRED LIABILITIES			
Provision for gratuity		1,685,531	481,818
Provision for provident fund		975,422	425,810
Provision for compensated absences		1,662,022	557,257
		<u>4,322,975</u>	<u>1,464,885</u>
5. OTHER LIABILITIES			
Payable to National Rural Support Programs - NRSP		-	547,407
Payable to Rural Support Programme Network - RSPN		-	24,944
Payable to Pakistan Poverty Alleviation Fund - PPAF		-	20,000
Payable to co-NRSP staff		37,705	37,705
		<u>37,705</u>	<u>630,056</u>
		<i>AAK</i>	

	Cost / fair value			Depreciation		Written down value as at June 30, 2006	Depreciation rate per annum %		
	As at June 30, 2005	Additions during the year	Deletion during the year	As at June 30, 2006	For the year			As at June 30, 2006	
Furniture and fixtures	1,310,977	2,701,510	-	4,012,487	172,081	401,249	573,330	3,439,157	10
Office equipments	418,280	424,183	-	862,463	124,252	172,493	206,745	565,718	20
Computers	557,635	822,139	-	1,379,774	285,982	459,879	745,861	633,913	33.33
Audio Visual Equipments	19,700	11,450	-	31,150	7,830	6,230	14,110	17,040	20
Vehicles	6,773,738	7,645,746	390,000	14,029,484	1,708,756	2,883,897	4,592,653	9,436,831	20
2006	9,100,330	11,605,028	390,000	20,315,358	2,298,951	3,923,747	6,222,698	14,092,660	
2005	2,682,884	6,417,446	-	9,100,330	535,631	1,763,320	2,298,951	6,801,370	

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	2006 Rupees	2005 Rupees
7. LONG TERM INVESTMENTS		
Certificates of deposit	250,000,000	250,000,000
Pakistan Investment Bonds (PIB's)	302,600,000	302,600,000
	<u>552,600,000</u>	<u>552,600,000</u>
Premium on purchase of PIBs	5,596,966	10,096,479
Less: Amortization for the year	909,052	(4,499,511)
	<u>4,687,914</u>	<u>5,596,966</u>
	<u>557,287,914</u>	<u>558,196,966</u>
8. SHORT TERM INVESTMENTS		
Certificates of Deposit	170,000,000	170,000,000
Term Deposit Receipts	213,500,000	-
	<u>383,500,000</u>	<u>170,000,000</u>
9. ADVANCES AND PREPAYMENTS		
Advances to staff	42,464	357,769
Advances to suppliers	35,000	15,000
Advances to community organizations	5,594,638	691,800
Prepaid insurance	1,209,086	37,698
Prepaid office rent	353,341	227,800
	<u>7,234,529</u>	<u>1,330,067</u>
10. ACCRUED PROFIT		
Accrued Profit on Long Term Investments		
-Certificates of Deposit	14,008,356	9,172,055
-Pakistan Investment Bonds	4,185,709	4,241,742
	<u>18,194,065</u>	<u>13,413,797</u>
Accrued Profit on Short Term Investments		
-Term Deposit Receipts	2,914,129	-
Accrued profit on bank deposits	446,536	29,341
	<u>21,554,730</u>	<u>13,443,138</u>
11. RECEIVABLE FROM COMMUNITY ORGANIZATION		
Balance as at July 01, 2005	26,248,804	5,088,829
Disbursements made during the period		
-Agri Input	13,308,000	22,053,000
-Live Stock	46,937,000	2,661,000
-Enterprise Development	9,519,000	2,803,000
	<u>69,764,000</u>	<u>27,517,000</u>
Recoveries during the period		
-Agri Input	7,487,080	3,302,019
-Live Stock	19,720,412	1,687,057
-Enterprise Development	4,866,747	1,166,949
	<u>32,074,239</u>	<u>6,156,025</u>
Balance as at June 30, 2006	<u>64,138,565</u>	<u>26,248,804</u>
12. CASH AND BANK		
Cash in hand	269,367	122,634
Cash at bank		
Current accounts	1,000,319	1,951,011
Deposit accounts	11,089,173	334,164,719
	<u>12,089,492</u>	<u>336,115,730</u>
	<u>12,358,859</u>	<u>336,238,364</u>

13. PROFIT ON INVESTMENTS

Profit on Long Term Investment		
-Certificates of Deposit	18,810,136	15,621,684
-Pakistan Investment Bonds	23,451,967	21,459,430
	42,262,103	37,081,123
Profit on Short Term Investment		
-Term Deposit Receipts	36,199,486	-
Profit on deposit accounts	711,989	404,292
	79,173,578	37,485,415

14. GRANTS

	2006 Rupees	2005 Rupees
Rural Support Programs Network - RSPN	589,600	223,023
Grant from PPAF (Pakistan Poverty Alleviation Fund) for CPI (Community Physical Infrastructure) Scheme	4,471,554	-
	5,061,154	223,023

15. OPERATING EXPENDITURE

Salaries, wages and benefits	23,234,003	7,935,072
Program assistance	15,430,686	5,761,288
Traveling	2,113,462	1,338,104
Communication	552,965	212,475
Meeting and conferences	1,166,150	1,117,929
UCB expenses	37,599	168,219
Dissemination	19,311	26,285
Utilities	382,663	120,482
Vehicle running and maintenance	3,638,597	2,937,822
Office supplies	134,034	46,145
Office rent	1,815,070	459,720
Office repairs and maintenance	645,130	244,246
Printing and stationery	1,353,952	498,886
Books and periodicals	2,503	24,517
Depreciation	3,923,747	1,763,320
Amortization of premium on PIBs	909,052	909,052
Legal and professional charges	71,350	92,120
Auditors' remuneration	120,000	131,820
Bad debts	6,426	91,500
Advertisement	606,160	-
Donations	441,000	-
Miscellaneous expenses	163,018	40,894
	56,766,878	23,919,896

16. FINANCIAL CHARGES

	2006 Rupees	2005 Rupees
Bank charges	87,156	38,250
Mark-up on short term borrowing	1,712,282	3,669,954
Mark-up on NRSP credit line	-	36,612
	1,799,438	3,744,816

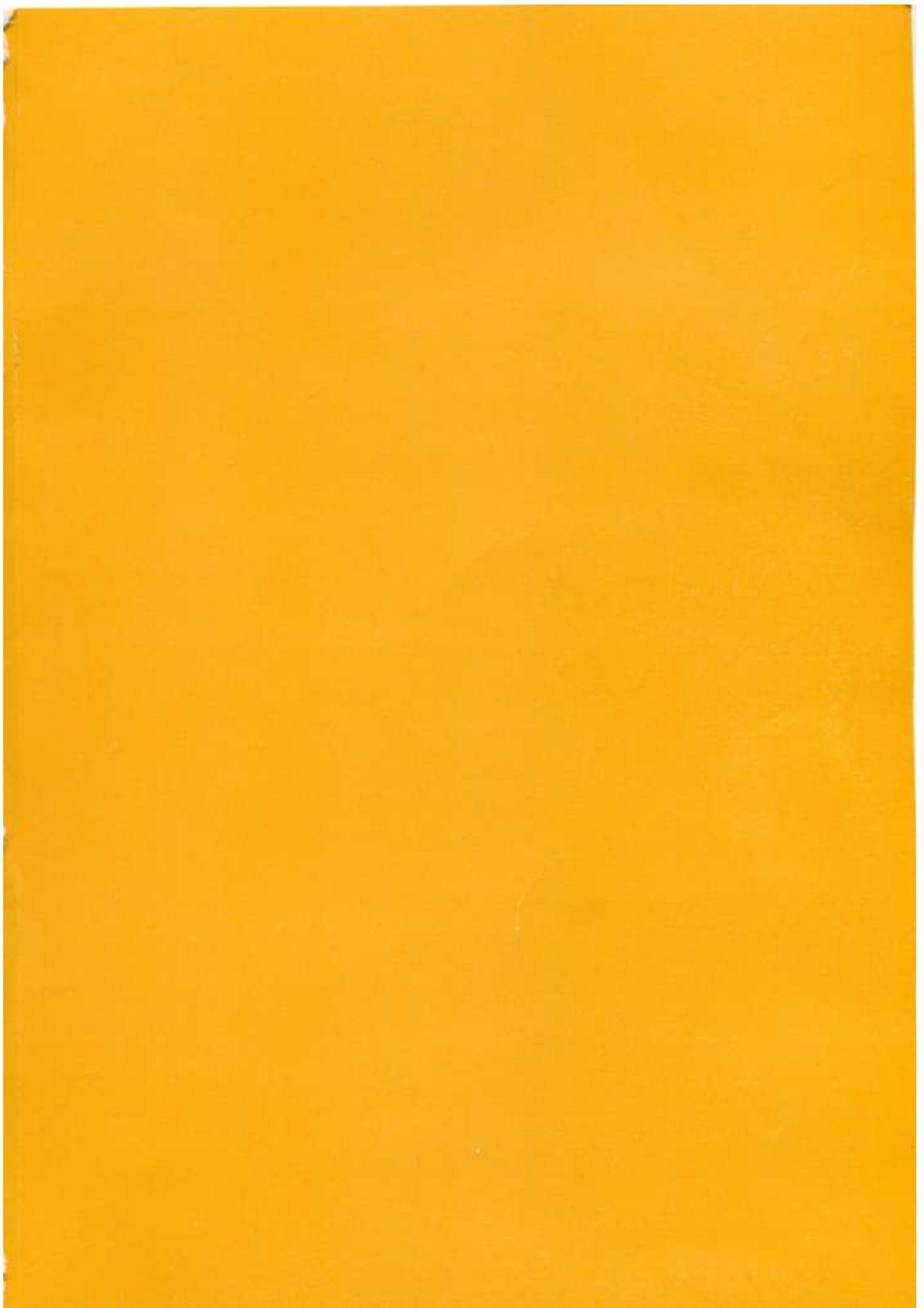
17. SHORT TERM BORROWING

The organization has paid off its short term borrowing amounting to Rs. 90,000,000 during the period from Bank Al-Falah Limited.

AKR

[Signature]
CHIEF EXECUTIVE

[Signature]
DIRECTOR





SRSO

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