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AN ASSESSMENT OF THE SARHAD RURAL SUPPORT CORPORATION

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EDC (Pvt.) Limited

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ADBP	Agricultural Development Bank of Pakistan
AKRSP	Aga Khan Rural Support Programme
GONWFP	Government of NWFP
NGO	Non-Governmental Organization
NOVIB	Netherlands Organization for International Development Cooperation
NRSP	National Rural Support Programme
NWFP	North West Frontier Province
PACT	Private Agencies Collaborating Together
PI	Productive Investment
PPI	Productive Physical Infrastructure
RPO	Regional Programme Office
SO	Social Organizer
SRSC	Sarhad Rural Support Corporation
TVO	Trust for Voluntary Organizations
USAID	United States Agency for International Development
VO	Village Organization
WO	Women's Organization

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EXECUTIVE SUMMARY

1. Background

This assessment of the Sarhad Rural Support Corporation (SRSC), an NGO based in the North West Frontier Province of Pakistan, was commissioned by USAID which has provided a grant of US$ 2 million to the NGO. The grant was made for an initial period of 2 years with the specific purpose of enabling SRSC to become independent as a fully operational and financially viable entity. The principal objective of the review was to obtain a preliminary assessment of SRSC focusing on: (1) efficacy, appropriateness and cost effectiveness of the 'beneficiary participation' approach to rural development; and, (2) the effectiveness of steps taken to institutionalize SRSC which would permit the registration of SRSC with USAID/Pakistan as a local PVO. This assessment is intended to provide insights into indicative trends and to highlight the principal challenges and opportunities which confront SRSC.

The Sarhad Rural Support Corporation was established as a Non-Governmental Organization to function as a catalyst to facilitate the formation and strengthening of broad-based and participatory rural organizations. SRSC was modeled on the AKRSP approach which has been implemented in the Northern Areas of Pakistan for the last ten years. SRSC was established in November 1989. It received a small loan from AKRSP in December 1989 to initiate its first operations. USAID provided an initial grant in June 1990. This initial financial support enabled SRSC to hire a core staff of professionals, introduce the participatory concept and initiate pilot activities in the two project districts of Kohat and Chasadda.

2. Replicability & Adoption of the AKRSP Approach

Questions regarding the replicability of the AKRSP approach pertain to (i) the level of participation and decision-making in the Village Organization of small farmers and tenants (ii) distribution of village level benefits (iii) viability of the collective approach in the face of market forces (iv) rationale for programme components (v) sustainability of the Village Organization as an institution of village level development and (vi) cost-effectiveness of the approach in view of the heavy investment in social organization and physical infrastructure.

The protagonists of the AKRSP approach insist that the AKRSP model has little replicability and its use as a model of development is limited because its success in organization is confined to an area where the distribution of resources is relatively egalitarian, market forces are weak, out-side employment opportunities are limited, the area has been relatively isolated, existence of a weak

government infrastructure and a tradition of collective management system. A principal concern harboured by development practitioners regarding the replicability of the AKRSP approach was how the Village Organization concept would function and how the benefits would be distributed in an environment where resource ownership is not evenly distributed and where the high degree of tenancy could skew the distribution of benefits in favour of land owners. SRSC was thus an important test case.

About 70% of the farms in Charsadda District and 57% of the farms in Kohat District are less than 2.5 acres. This inequality in land and resource ownership has not led to the hijacking of the Village Organizations by the large landowners as feared by many. Small farmers were seen to participate more in the Village Organization because of access to critical agricultural inputs, information and credit which was not available to them before. Under share-cropping arrangements the tenants and landlords both benefit equally from PPI projects. Under the fixed lease system, the tenants benefit more than the landlord as the cost of the lease has not been increased consequent to the new investment in land, water or improved agricultural practices. Even where the project is gypsum treatment or land levelling, there is no distinction between the participation level of the tenants or landlords.

A key question before the review team was the importance of a PPI to institution building at the village level and whether it could conceivably be left out as a cost reduction measure. The role of the productive grant is critical for trust building and establishing credibility for SRSC. Without, the grant SRSC would not have been allowed access to villages or entrusted with savings. There are several PPI's which do not contribute to village level institution building in the sense of inculcating or strengthening collective decision-making but they do illustrate the efficacy and cost-effectiveness of cooperative action. These include the grants for the gypsum treatment, land levelling, poultry, etc where the people have not put in place a collective project but where collective procedures and actions have been put in place to assist in tasks precedent or subsequent to the implementation of the PPI.

Despite its heavy investment in social and physical infrastructure, the SRSC approach is a cost effective approach. SRSC investment at the village level has a high pay-off because it establishes an institution which is able to undertake a wide range of development activities at the village level, it establishes an institutional tier which links the financial institutions with individual villagers, it links villages with government line departments and it links the village with markets and suppliers. A comparison of the cost of SRSC schemes with Government schemes on the basis of approved government schedules indicated that Government schemes are 9% to 73% more expensive than SRSC schemes.

3. Institutional Development of SRSC

The SRSC Board of Directors have provided SRSC support in its critical stages and ensured its political and financial survival at a time when the role of NGO's was not well understood by the provincial government. The USAID criteria for registration as a local Private Voluntary Organization in Pakistan entails fulfilling a set of criteria regarding registration requirements, funding, staffing and institutional maturity. SRSC has met most of these criteria and can on the basis of this criteria be accepted for registration as a PVO. Its governing body has met as often as stipulated in the Articles of Association and the BOD has demonstrated effective policy and administrative control over the operations of the SRSC.

It appears that SRSC has established itself as an independent and self-reliant NGO with donor funding available from sources other than USAID. More importantly, it has gained the confidence and the support of the provincial government in NWFP and the village level beneficiaries as a vehicle for village level development in the Province. SRSC has commitments of US$ 1.282 million and requests amounting to US$ 6.04 million under review for the next six year period. However, SRSC has become donor driven in terms of its expansion plan and programme activities. It now needs to get into a pro-active role and have its own fund raising strategy in which it identifies its needs in various areas and then pursues the collection of funds for those purposes only.

4. Program Management

The lack of a pro-active fund raising strategy has led to the planning and decision-making regarding programme goals and objectives being undertaken not by SRSC but by Appraisal Missions of various projects. The decision to expand into Karak and Mansehra appear to have been taken under similar donor pressure. Other than this donor pressure, planning and decision-making at SRSC broadly follows the pattern that was developed at AKRSP.
At the village level, the diagnostic model is being strictly followed. At the management level, some feel that decision-making regarding certain issues is too centralized and not shared. However, the decision-making system in evidence appeared to be fairly open with plenty of opportunity for management at all levels to share in the process of decision-making and planning.

SRSC has made communication between villagers possible for the first time in an organized forum through the Manager's Conference. This allows the villagers to share their perceptions with each other and learn from each other's experience. This is also true of communication between villagers and line departments and commercial suppliers of agricultural inputs. SRSC's monitoring & evaluation section is very active in information gathering. However, more

time needs to be spent upon analyzing this information and providing feedback for planning.

5. Programme Components

By september 1992, SRSC had organized 129 Village Organizations and 39 Women's Organizations with a total membership of 4,593 and 1,373 households respectively. These organizations had initiated work on 66 Productive Physical Infrastructure Projects and completed 27. The VO's had generated collective savings of Rs 2.18 million. The amount of loans disbursed to them for the purchase of agricultural inputs and livestock was Rs 2 million. In addition, SRSC had organized 26 training courses in livestock, agriculture, management skills, poultry, fisheries, vocational training and food processing for a total of 339 trainees.

6. Financial Analysis

The accounting system of SRSC complies with the requirements of the Companies of Pakistan and, on the whole, generally accepted accounting principles and standards are in place. SRSC has appointed a firm of Chartered Accountants in accordance with the statutory requirements, who conduct an annual audit of accounts. The overall budget is approved by the members in the Annual General Meeting. Disbursement of development funds is made from the Head Office on the basis of approved PPI and PI forms. The existing corporate accounts in the regional offices only hold development funds, and the accounts are operated by any two of the CEO, CSO, Finance Manager and Chief PMER. All USAID funds are kept in a separate Foreign Currency Account, and periodic transfers to a Rupee Account are made on the basis of need.

The following reports are generated for financial monitoring: (i) liquidation Report, (ii) expense statement (iii) trial balance (iv) progress report. SRSC accounts are maintained by-project. As such, all expenditure on individual projects can be tracked, although the back-up documents are maintained at the regional offices. There is no provision in the SRSC accounting system to allocate development and administrative costs under separate cost groups.

7. Beneficiaries & Benefits

The total number of households in SRSC's programme area in the two districts of Kohat and Charsadda is 145,000. An impact evaluation conducted by SRSC estimated that the level of membership in the VO's ranged from 17% to 100% of total households with the average participation level at 55% of the households in the Khel. A cogent indicator of community participation in SRSC activities is their

contribution to labour, land and material costs of the productive Physical Infrastructure projects. It is estimated that the total community contribution to PPIs initiated upto September 1992 is about Rs 5.65 million or US$ 226,000. The benefits of the SRSC project activities are principally aimed at increasing the productivity of the agricultural sector. The investment in the delivery of agricultural inputs like improved seed, fertilizer and cropping practices has already contributed to increases in yields of anywhere between two to three times. SRSC's analysis reveals benefit cost ratios of between 1:0.5 to 2.17 for PPI activities.

8. Major challenges & Opportunities for the Future

By October 1992, SRSC had demonstrated that AKRSP's approach had the potential for replication in the North West Frontier Province and had established itself as a credible provincial NGO accepted by the provincial NWFP Government as a vehicle for village level development. A principal achievement of SRSC has been IFAD's proposal to use SRSC for organizing Village Organizations and Women's Organizations for the implementation of the Mansehra Village Support Project. The project strategy visualises that once established, the VOs and WOs will establish contact with government agencies and the private sector and develop channels of communication through which the target group can gain access to services and appropriate technologies.

SRSC has so far implemented those aspects of AKRSP's strategy which are fairly well developed. However, the major challenge to SRSC and AKRSP is for the future. The model beyond the PPI is far less developed at AKRSP and is still under experimentation. AKRSP has defined certain aspects of it and derived lessons from it which need to be built upon further. SRSC does not have a clear blueprint as to what should be done beyond that stage. This applies, in particular, to the future of the credit and savings programme. A major challenge to SRSC is the development of innovative programme packages for the existing project areas. The stress on expansion at this stage will undermine SRSC's efforts to focus on the development of these packages. Once these packages are developed and tested expansion into other areas will be appropriate.

The sustainability of the Village Organizations (VOs) and the Women's Organizations (WOs) depends upon the incentive for them to stay organized and undertake collective tasks of village level development and income generation. The incentive to stay organized depends upon a collective vision of the future. SRSC has yet to provide this vision. However, there are plenty of opportunities for it to do so through an innovative definition of its own role and that of the Village Organization's role.

1. BACKGROUND

1.1 Introduction

This assessment of the Sarhad Rural Support Corporation (SRSC), an NGO based in the North West Frontier Province of Pakistan, was commissioned by USAID which has provided a grant of US$ 2 million to the NGO. The grant was made for an initial period of 2 years with the specific purpose of enabling SRSC to become independent as a fully operational and financially viable entity. This grant was channelled through Winrock International, an AID registered Private Voluntary Organization (PVO) to assist SRSC in reaching the stage where it would become eligible for registration with AID as a PVO. SRSC was to undertake community-based rural development programs in the Charsadda and Kohat Districts of NWFP.

Enterprise & Development Consulting (EDC), a local consulting firm based in Islamabad was selected by USAID to undertake this review. The EDC team comprised of Ms Maliha H. Hussein as the team leader, Mr Riaz Hassan Khan as the Financial analyst and Ms Nazlee Sardar for the WID programme. The review was undertaken between 20 October to 25 November, 1992. This review was undertaken shortly after the internal SRSC strategic planning review. The report of the first review was made available to the team and important findings with particular significance for SRSC's future have been reiterated in this report.

The Sarhad Rural Support Corporation was established as a Non-Governmental Organization to function as a catalyst to facilitate the formation and strengthening of broad-based and participatory rural organizations. SRSC was established in November 1989. It received a small loan from AKRSP in December 1989 to initiate its first operations. USAID provided an initial grant in June 1990. This initial financial support enabled SRSC to hire a core staff of professionals, introduce the participatory concept and initiate pilot activities in the two project districts of Kohat and Chasadda.

1.2 Scope of Work

The principal objective of the review was to obtain a preliminary assessment of SRSC focusing on: (1) efficacy, appropriateness and cost effectiveness of the "beneficiary participation" approach to rural development; and, (2) the effectiveness of steps taken to institutionalize SRSC which would permit the registration of SRSC with USAID/Pakistan as a local PVO. This assessment is intended to provide insights into indicative trends and to highlight the principal challenges and opportunities which confront SRSC. The broad Terms of Reference for the review are given below and the detailed scope of work is given in annex 3.

- Assess SRSC performance in adopting the Aga Khan Rural Support Programme (AKRSP) village organization model to the situation in Charsadda and Kohat; and in establishing SRSC as a self-sustaining rural development NGO in the NWFP;

- Assess the development components of the program; identify successful components and the lessons to be learned from them; identify weak components, the reasons for the weakness and suggest corrective actions;

- Assess the effectiveness of SRSC's financial management structure and the cost effectiveness of the development approaches utilized in the model.

1.3 Methodology

The key element in the teams overall approach to the review was to conduct an integrated analysis of SRSC in a constructive forward looking manner. The team stressed close interaction with SRSC staff throughout the review in order to share findings, appreciate the constraints within which SRSC was operating and the rationale for particular aspects of the programme. The team felt that such an approach would put the review in its proper perspective and help achieve its primary objective which was to share the experiences of SRSC in the field and discuss these in a positive manner. This was made possible by SRSC staff's open and forthright manner and their generosity in sharing their principal concerns with the team.

An initial meeting was held in Peshawer to discuss the specific terms of reference and provide the team with a broad understanding of the context within which the assessment of program activities was being undertaken and ensure that all concerned parties had a common understanding of the purpose and scope of the assessment. The proposed workplan and methodology was discussed and approved in this meeting.

The team adopted a sequential approach to data collection. Secondary data was studied before undertaking field visits and detailed meetings were held with individual staff members throughout the review. About 14 villages in Chrasadda and 10 villages in Kohat were visited for an overall review of programme activities. In addition, separate meetings were held with Women's Organizations in both project districts. During the field visits in-depth meetings and group discussions were held with Village Organizations and Women's Organizations. Some-non members houses were also visited to study their perceptions regarding SRSC. A list of all the villages visited is given in annex 1.

A Managers Conference with representatives from approximately 40 Village Organizations from Kohat was also attended and discussions were held with the villagers on SRSC. Extensive discussions were

held with field staff and senior management staff. A Programme Planning Meeting at the Head Office in Peshawer was attended for an inside look at the decision-making process of SRSC. Individual meetings with a few members of SRSC's BOD were held. Minutes of PPM's and BOD were also reviewed for an assessment of SRSC's internal decision-making process, communication and management style.

1.4 Acknowledgements

The review team would like to record its appreciation for the limitless support and cooperation that was extended to them by the staff of SRSC. We would in particular like to acknowledge the assistance of Mr Javed Majid, Mr Feroz Shah, Mr Sartaj Khan, Mr Ikram-ullah Jan and Abdul Majid. This review would not have been possible without their support. The team would also like to acknowledge the assistance of USAID during the review.

2. REPLICABILITY AND ADOPTION OF THE AKRSP APPROACH

2.1 Overview

The key aspects of the AKRSP approach which SRSC was designed to implement in NWFP included participatory village level institution building, a well developed package of productive physical infrastructure, credit and savings, agriculture and livestock development, input supply, and marketing. These programmes were to be implemented through the diagnostic process which involved a series of interactive dialogues with beneficiaries at the village level. Each of the programme components was to be implemented only after the Terms of Partnership (TOP) had been accepted by the Village Organization. Both the diagnostic process and the TOP had been well developed by AKRSP an are being implemented by SRSC in an almost identical fashion. The management and organizational structure of AKRSP was copied by SRSC to the extent that staff availability and capacity allowed.

Questions regarding the replicability of the approach pertain to (i) the level of participation and decision-making in the Village Organization of small farmers and tenants (ii) distribution of village level benefits (iii) viability of the collective approach in the face of market forces (iv) rationale for programme components (v) sustainability of the Village Organization as an institution of village level development and (vi) cost-effectiveness of the approach in view of the heavy investment in social organization and physical infrastructure. These issues are discussed separately in the following sections.

The protagonists of the AKRSP approach insist that the AKRSP model has little replicability and its use as a model of development is limited because its success in organization is confined to an area where the distribution of resources is relatively egalitarian, market forces are weak, out-side employment opportunities are limited, the area has been relatively isolated, weak government infrastructure and a tradition of collective management system. A principal concern harboured by development practitioners regarding the replicability of the AKRSP approach was how the Village Organization concept would function and how the benefits would be distributed in an environment where resource ownership is not evenly distributed and where the high degree of tenancy could skew the distribution of benefits in favour of land owners. SRSC was thus an important test case.

SRSC was expected to implement the AKRSP approach in an area which was different from the AKRSP project area in several significant ways which included; inequitable landownership, high-tenancy pattern, out-migration, a well integrated market system, larger size of village level settlements, limited experience with collective endeavour and a culturally diverse society. The main concerns with implementing the approach in Charsadda and Kohat

stemmed from the fact that the population in these districts was not homogeneous, income and ownership of productive resources was uneven, the economies were much more outwardly oriented, high rate of out-migration and the prevalence of the 'Barani Culture' which discouraged investments in agriculture.[1]

2.2 Small Farmer & Tenant Participation.

About 70% of the farms in Charsadda District[2] and 57% of the farms in Kohat District are less than 2.5 acres.[3] This inequality in land and resource ownership has not led to the hijacking of the Village Organizations by the large landowners as feared by many. While it is true, that in a few cases the large landowner has taken a leadership role in directing the affairs of the Village Organization, such assumption of leadership has not led to the skewing of benefits in favour of a few. The distribution of benefits in the project area was seen to be pareto-optimal. Thus large farmers have not been made better-off at the cost of others and all have benefited in proportion to their existing access to resources. The support of the large landowners has been critical in soliciting local support for the programme.

Small farmers were seen to participate more in the Village Organization because this opened access to critical agricultural inputs, information and credit which was not available to them before. The large and influential landowner has always had access to the agriculture and livestock extension services of the government where these exist. The provision of these services through the Village Organization has in fact opened up the access of the small farmer to these services for the first time. This is evident by the introduction of new improved seed varieties, inter-cropping practices and the improved dosage of chemical fertilizers which have been made available to the small farmers for the first time. The benefits are not of a level which interested the large land owner and in any case he already had access to those facilities. Where a large land owner has tried to utilize the programme exclusively for his lands, he has been effectively blocked by the programme requirement that a certain percentage of the villagers should be active participants in VO activities.

The high-tenancy pattern was expected to have an important impact

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[1] 5% of the area in Charsadda and 70% in Kohat was barani or rain-fed.

[2] Disaggregated figures for Charsadda were not immediately available as such these figures include the Pesahwer district figure as well.

[3] Agriculture Census 1980.

on the participation level in the Village Organizations and the contribution to the Productive Physical Infrastructure which is heavily skewed in favour of investments in land. Tenants were generally expected to stay away from the Village Organizations and not assume the collective responsibility for the implementation and maintenance of the Productive Physical Infrastructure projects. This was a particular concern as there is a high incidence of share cropping and absentee landlordism in Charsadda. About 41% of the land in Charsadda district and 6% in the Kohat district is managed by tenants. There are two types of tenurial arrangements which are current in practise; share-cropping and fixed rent. Under share-cropping arrangements the tenants and landlords both benefit equally from PPI projects. Under the fixed lease system, the tenants benefit more than the landlord as the cost of the lease has not been increased consequent to the new investment in land, water or improved agricultural practices. Even where the project is gypsum treatment or land levelling, there is no distinction between the participation level of the tenants or landlords. In the case of the tubewell projects, landowners and tenants have redefined the traditional rules to accommodate the operations and maintenance of these projects (see box study below).

OPERATIONS AND MANAGEMENT OF TUBEWELLS

A New Management Arrangement Between Landlords and Tenants

A new tubewell has been installed in village Jano Koe in Charsadda. There are 50y households in the village but only 22 are members of the Village Organization. The tubewell will irrigate 50 acres of land. The village has a mixture of tenant farmers and farmers owning land. The tenants are share-croppers on the land. Traditionally, the landlord and the tenant shared the costs of all inputs including fertilizer, water and seed. As a result of the tubewell a new sharing of inputs has been devised. The landlord will pay the maintenance cost for the tubewell but he will not pay the cost of fertilizer on the land which he has rented out. The tenant will pay for the fertilizer but he will not pay for the maintenance costs. Those who are not members of the VO will be charged Rs 10 per hour for the water.

The Barani culture does not encourage a high level of investment in agriculture due to the high degree of risk and the uncertain returns. Only 27% of the total area of Kohat District is under cultivation. This is evident from the difference between Kohat and Charsadda in their use of credit, fertilizer and improved seed varieties from SRSC. SRSC was hard pressed to find PPI type activities in Kohat due to the fact that without water it was difficult to conceive of a Project which would yield immediate returns. However, the PPI concept was applied in an innovative

fashion and in some cases the Village Organizations organized around a forestry project, land levelling, check dams, rehabilitation of a karez, etc. It is difficult to find agricultural based projects which would lead to substantial increases in incomes in barani areas. SRSC in its current form would have a limited appeal for those communities which are in these areas where income from land is considered a bonus.

2.3 Market Forces & the Collective Approach

It is often argued that the collective approach advocated by AKRSP will break down in the face of strong market forces where the individual self-interest outweighs collective action. Thus the VO members can be expected to compete with each other rather than collaborate, and the collective fabric of the VO will under this situation breakdown. However, those who advance this argument do not take cognisance of the fact that collective bargaining, negotiating and transportation for the purchase of agricultural inputs and sale of farm products gives individuals additional incentives to collaborate. The existence of successful farmer cooperatives worldwide is witness to the fact that such advantages exist and need not necessarily pose a threat to the collective enterprise of the VO. This is already in evidence in SRSC where the purchase of inputs, savings and credit, would not have been possible without the VO. However, AKRSP and SRSC have limited models of collective action in post-harvest activities. This aspect in both organizations need to be more fully developed.

A more potent threat to the VO comes from competing sources of employment outside the agriculture sector. This is due to the fact that AKRSP and SRSC have not yet developed a model of collective enterprise outside the agriculture sector. There have been isolated cases of the VO experimenting with activities not related to agriculture but these have been sporadic. Furthermore, these have not been encouraged by either organization due to their limited understanding and expertise outside the agriculture sector. As the economy develops due to exogenous forces, the reliance on outside sources of income will continue to increase. This will mean that labour will move out of the agriculture sector. The Village Organization which is exclusively dealing with agriculture will have to diversify its range of activities if it is to contribute to overall village level development. In order to develop the VO as a comprehensive institution of village level development, SRSC will need to move into sectors other than agriculture. The high rate of out-migration of young men in Kohat has already had an unfavourable effect on the agriculture of the area.

2.4 The Organizing Role of a PPI

A key question before the review team was the importance of a PPI to institution building at the village level and whether it could conceivably be left out as a cost reduction measure. The role of the productive grant in SRSC's programme area can be underlined as follows;

- establishing credibility and trust in SRSC
- investment in organization and village level institution building
- increasing the incomes and the productive potential at the village level;

The role of the productive grant is critical for trust building and establishing credibility for SRSC. Without, the grant SRSC would not have been allowed access to villages or entrusted with savings. As it is, SRSC staff indicate that they had tremendous problems in gaining village trust due to the financial scandal surrounding financial institutions and Cooperative Banks in Pakistan.

There are several PPI's which do not contribute to village level institution building in the sense of inculcating or strengthening collective decision-making but they do illustrate the efficacy and cost-effectiveness of cooperative action. These include the grants for the gypsum treatment, land levelling, poultry, etc where the people have not put in place a collective project but where collective procedures and actions have been put in place to assist in tasks precedent or subsequent to the implementation of the PPI.

Credit has been the entry point in 12 villages of SRSC but the savings and credit programme was initiated on the expectation of a PPI. The PPI cannot be cut out as a measure of cost-reduction. Without PPI the incentive to organize will be limited, the credibility of the programme will be seriously undermined, it will be more difficult to organize villages and encourage them to save. The investment in PPI's is more than recovered by the contribution of VO's in the PPIs and other aspects of programme activity.

2.5 Sustainability of the Village Organization

There is no common understanding of the term sustainability among those who use it frequently. The following definitions of sustainability are common with reference to the Village Organization concept; (i) the VO's ability to exist at all (ii) the VOs ability to exist without SRSC (iii) the VO's ability to operate and maintain village level projects and (iv) the VO's contribution to employment, productivity and incomes. The VO's ability to exist at all has been established by both SRSC and AKRSP. The VOs

ability to exist without SRSC would appear to be highly unlikely at this stage. There is every indication that the VOs will assume the responsibility for the operation and maintenance of a majority of the PPIs. The VO has already begun to contribute to increases in employment, productivity and incomes at the village level. For it to continue to do so depends upon its development role in the future.

A study prepared by a PACT team for USAID Pakistan[4] stated categorically that, 'the lack of a stable and open society does not favour the use of the type of community participation approaches that we find in other parts of the country and in other developing countries in Asia.' It further elaborated that ' the local environment perhaps militates against the kind of sustainable development program that is based on CP. This was why all construction works were implemented through the influential tribal leaders who shared the scarce resources among themselves. It defies the imagination of development experts to replicate programs found in other areas. It may, therefore, be inappropriate to think of traditional CP programs.' SRSC has demonstrated that this is clearly not true of the society in NWFP.

2.6 Cost-Effectiveness of the Approach

Despite its heavy investment in social and physical infrastructure, the SRSC approach is a cost effective approach when compared with government expenditures in relevant fields and the impact of those investments. SRSC's investment at the village level has a high pay-off because it establishes an institution which is able to undertake a wide range of development activities at the village level, it establishes an institutional tier which links the financial institutions with individual villagers, it links villages with government line departments and it links the village with markets and suppliers. A simple cost benefit analysis conducted on this basis will reveal the substantial benefits and economies of scale from pursuing this approach.

As an illustration of the efficacy of the approach, a comparison of the cost of SRSC schemes with Government schemes on the basis of approved government schedules was undertaken. This indicated the following cost comparisons between government and SRSC. The quality of SRSC schemes when compared with those of government schemes is much superior and the staff- to- scheme ratio is also much lower at SRSC. There is a tendency to overdesign government schemes. The field oriented approach towards survey, design and implementation helps avoid this tendency at SRSC. Government schemes are 9% to 73% more expensive than SRSC schemes. The

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[4] Harry Jayasingha. Community Based NGO Development Initiatives Report in NWFP. PACT. October 1991.

greatest cost-differential is in diversion bund schemes and tubewell construction schemes. This cost-differential provides another measure of the high opportunity cost of government schemes and implementation procedures.

Table 1
Comparative Analysis of Government & SRSC Costs

Type of Project	Specifications	SRSC Estimate (Rs.)	Government Estimates[5] (Rs.)
Lining of Channel	3500 ft brick lined PCC 1-2 Cu	210,000	230,000
Tubewell Drilling	50 ft 18/15/12 well MS pipe	230,000	300,000
Diversion Bund	130 ft stone wire gabion avg. ht 6 ft	163,000	600,000

At present, it appears that there are too many staff members at the field level in SRSC and they seem to be underemployed at the moment. A comparison of SRSC and AKRSP staff to beneficiary ratio's highlights this situation and is given n table 2. SRSC maintains that this is due to proposed plans for expansion into Karak and Mansehra and the ratios are typical of a programme at its initial stages. These are likely to go down once new organizations are formed and the project area is extended to other Districts.

Table 2
Comparison with AKRSP

Ratio of Professionals to VOs & Wos	1:4.1	12.5
(Excluding Interns)	1:5.5	
Ratio of SOs to WOs	1:6	1:38
(Excluding Interns)	1:16	
Ratio of Professionals to Households	1:110	1:416
Ratio of SOs to Households	1:392	1:1265

[5] Government rates are based on the 1991 schedule.

SRSC's cost effectiveness in other areas is much higher. Despite a large agricultural extension and research bureaucracy, the government line departments have not reached villagers. The same is true of ADBP which has been unsuccessful in providing credit to rural areas despite its large infrastructure. SRSC's record in generating village level savings and disbursing credit to small farmers has already exceeded that of these existing organizations.

3. INSTITUTIONAL DEVELOPMENT OF SRSC

3.1 Index of Institutional Development

Non-Governmental Organizations in Pakistan can be registered under the Cooperative Societies Act, the Social Welfare Act, the Societies Act or the Companies Ordinance with agencies like the Social Welfare Department, Ministry of Agriculture, etc and still be counted as proper NGOs. SRSC was incorporated in 1989 under the Companies Ordinance with similar Articles of Association as AKRSP. Most of the NGOs in Pakistan are registered under the Social Welfare act with the Social Welfare Department. However, these are small welfare oriented NGOs with limited funds and excessive reliance on volunteer support for management and fund raising. In practise, it has been observed that registration with the Companies Ordinance leads to a greater degree of professional and financial discipline. SRSC's decision to register as a company is a good indicator of its professional objectives and has shaped its organizational structure and management style.

3.2 Board of Directors

The SRSC Board of Directors consists of 13 members who belong to diverse institutions like the NWFP government, development field and private businesses. The assumption of development functions at this scale by NGOs is a new phenomenon in Pakistan and the presence of a strong BOD with political influence is a pre-requisite for any fledgling NGO in Pakistan. Several of the Directors have provided SRSC support in its critical stages and ensured its political and financial survival at a time when the role of NGO's was not well understood by the provincial government. The SRSC's BOD has provided active support and policy guidance since its incorporation.

The Board formally meets twice a year to review the progress of SRSC and to approve its strategies and plans. A cursory review of the minutes of the various Board meetings and discussions with key Board members reveal that some Directors take a very active part in decision making and ensure that the Board is not merely a rubber stamping board but takes substantive decisions. However, not all the Board members have the experience or the background to comment on substantive programme activities at this stage. However, the composition of the BOD is such, that it is expected that each of the BOD members will have something to contribute as SRSC moves into different phases of programming and implementation.

The executive committee of the board assists SRSC staff in administrative policy decisions and also takes an active interest in developing programme strategies. Apart from the formal meetings, there is considerable interaction between executive staff

and various Board members at an individual level. The minutes of the BOD's reveal that the issues discussed at BOD meetings discuss major issues critical for SRSC's survival like funding, staffing, expansion vs consolidation, participation level, beneficiary base, monitoring & evaluation, etc.

3.3 Professional Staff

The organizational structure of SRSC is similar to the one developed at AKRSP. SRSC has its head office in Peshawer and two regional offices in Charsadda and Kohat. Both the programme areas in Kohat and Charsadda are being managed by experienced Regional Programme Officers (RPOs) under the direct supervision of the CSO. SRSC has a four-tiered structure with a Chief Executive Officer (CEO) at the helm of affairs aided by a Chief Social Organiser (CSO), the Chief Finance and Administration (CFA) and the Chief Planning, Monitoring, Evaluation and Research (CPMER) at the second tier. A team of middle management professionals with technical skills in social organization, women-in-development, engineering, monitoring & evaluation, administration and accounts exists at the third tier with field teams at the fourth tier with specialised skills in agriculture, livestock and engineering apart from the fields mentioned above. An organization chart of SRSC is given on the next page for reference.

The fourth tier of Social Organizers are the weakest at SRSC in terms of their orientation to SRSC's activities and the long-term institutional and development objectives of the organization. In addition, the interaction between the various technical sections and management tiers appear weak. For example, the engineering section at the head office was not always aware of the beneficiary base of PPIs, the monitoring section did not coordinate with the Social Organizers to understand the basis of Village Organization formation. There is a need for better coordination among staff from different sections as well as the creation of a more amiable working environment.

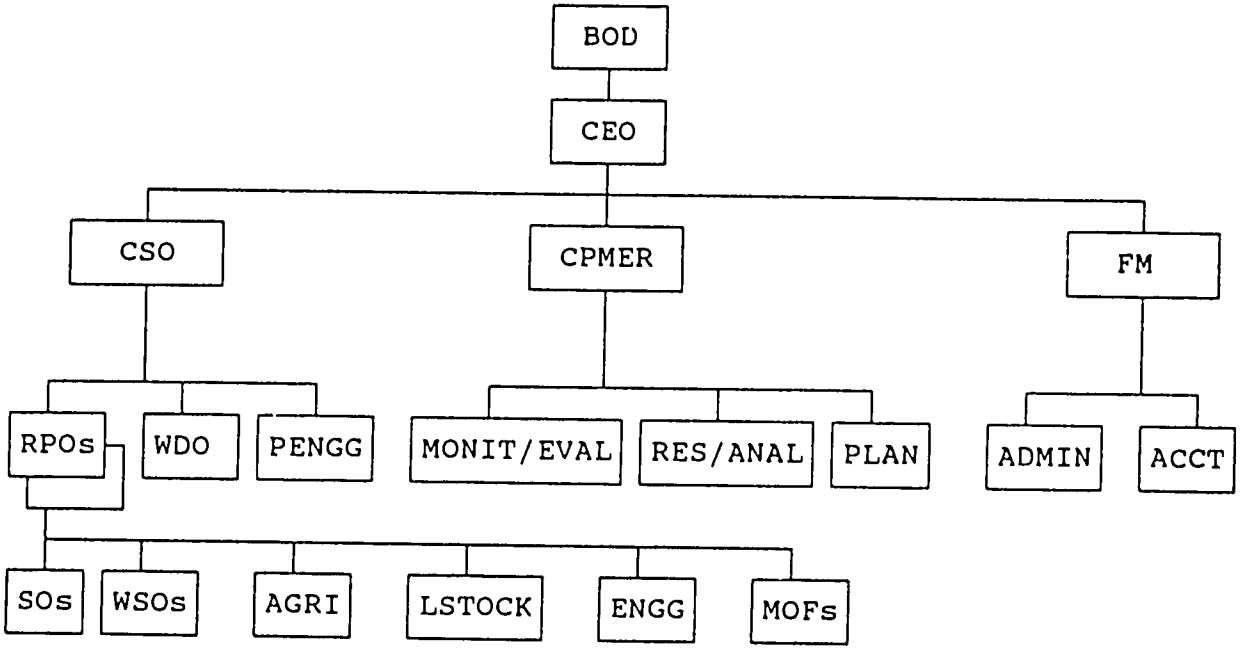
SRSC has a flat organizational chart. This is beneficial for decision-making but at the senior levels it does not have the organizational depth to offer professional growth opportunities for qualified young professionals. The organizational structure of SRSC in its current form leads to conflicts over jurisdiction in various sections, e.g. the authority of the WDO over the female Social Organizers, the role of the MER staff in requesting information from RPOs and field staff.

The absence of staff trained in credit and marketing is the weakest aspect of the programme. In view of the growing savings and credit programme, it is imperative that this weakness be addressed as soon as possible. In addition, SRSC needs to conduct more in-house sessions for staff orientation and training particularly at

recruitment and for social organizers who provide the critical link with target villages.

Figure 1
Organizational Structure of SRSC

ORGANIZATIONAL CHART



BOD:	BOARD OF DIRECTORS
CEO:	CHIEF EXECUTIVE OFFICER
CSO:	CHIEF SOCIAL ORGANIZER
CPMER:	CHIEF PLANNING MONITORING EVALUATION AND RESEARCH
FM:	FINANCE MANAGER
RPO:	REGIONAL PROGRAMME OFFICER
WDO:	WOMEN DEVELOPMENT OFFICER
PENGG:	PROGRAMME ENGINEER
MONIT/EVAL	MONITORING/EVALUATION
RES/ANAL	RESEARCH/ANALYSIS
SOs:	SOCIAL ORGANIZERS
ADMIN:	ADMINISTRATION
ACCT:	ACCOUNTS
WSOs:	WOMEN SOCIAL ORGANIZERS
AGRI:	AGRICULTURE
LSTOCK:	LIVESTOCK
MOFs:	MONITORING OFFICERS

Table 3
Staff Levels

Staff Level	Total	Women
Senior Management	4	0
Middle Management	8	1
Junior Professionals	33	8
Support Staff	28	1

3.4 The Role of Consultants & Expatriates

SRSC has used several consultants and it does not appear that their role has been very constructive in contributing to the critical programme areas of SRSC. SRSC has tended to use consultants for tasks which should have been undertaken internally by SRSC staff such as the management functions performed by the Winrock consultant or the proposal development undertaken by another local consultant. Consultants should not be used to cover up internal weaknesses in SRSC's ability but should be used for programmatic requirements. AKRSP's experience shows that an implementation programme with a well defined implementation strategy requires technically qualified consultants.

SRSC should not be burdened with consultants who leave reports behind in which suggestions cannot be implemented due to lack of staff expertise. The consultants report prepared on the agricultural development in the SRSC project areas is a case in point. It listed suggestions without any appreciation of the constraints faced by farmers which lead to the type of farming practices criticized in the report. SRSC needs consultants with strong implementation experience in technical areas who have something to contribute at the village level.

3.5 Working Procedures

An organisation like SRSC has to write its own working procedures which essentially evolve over time based on its own ethos, working style and professional requirements. AKRSP did not have well defined rules thus SRSC cannot emulate from them. SRSC together with the Winrock consultant have drafted administrative procedures regarding performance reviews and salary levels, recruitment policy, staff development, participatory decision-making, consulting, etc. However, these seem theoretical at this stage and have yet to be approved by SRSC.

An examination of personnel files reveals that although individual personnel files are maintained there is considerable room for

improvement. For instance, job descriptions are not part of the employment contract, leave record forms are incomplete, performance reviews are only filled out ex-poste to justify a salary increase and not on an annual basis, etc.

SRSC has recently established a recruitment committee of the BOD to approve all new employee contracts, confirm all appointments and fix the salary structure. However, the salary structure has ranges without clear specification of the weightage given to experience, education level, etc. At present, these factors are taken into account but the process is not transparent and hence is open to question. It is important for an amiable working atmosphere that staff members appreciate decisions such as recruitment, salary levels, promotion, training courses. This will be greatly aided if the process is made transparent and clearly defined.

At the field level the working procedures for each of the programme areas are extremely well defined as they were developed at AKRSP. For new programme areas like social sector activities in education, health, drinking water supply these will have to be adapted from existing Terms of Partnership. In a few cases, the procedures at the VO level were hindering the implementation of specific programme activities e.g. the delay in delivery of agricultural inputs due to mis-communication regarding the resolution from the VO. However, this is not a serious problem and requires better coordination in the adoption of the established procedures and Social Organization training.

3.6 USAID PVO Registration Criteria

The USAID criteria for registration as a local Private Voluntary Organization in Pakistan entails fulfilling a set of criteria (annex 2) regarding registration requirements, funding, staffing and institutional maturity. SRSC is a non-profit entity and is engaged in development assistance activities which are consistent with the US Foreign Assistance Act of PL 480. It has applied for tax-exempt status and it is expected that the outcome of this application will be positive. Its governing body has met as often as stipulated in the Articles of Association and the BOD has demonstrated effective policy and administrative control over the operations of the SRSC. The BOD members are serving without compensation.

SRSC has broadened its donor base to include other multilateral and bilateral donors (see section below). The beneficiaries have been an important source of support for the programme and have contributed in several ways to the cost of the programme particularly in the sense of management and supervision of schemes, cost overruns, materials, labour, etc. In addition, managerial support is provided by the target beneficiaries for specific tasks

at the village level for which no remuneration is received.

It appears that SRSC has established itself as an independent and self-reliant NGO with donor funding available from sources other than USAID. More importantly, it has gained the confidence and the support of the provincial government in NWFP and the village level beneficiaries as a vehicle for village level development in the Province.

3.7 Fund Raising

SRSC has approached a host of funding sources other than USAID and has received commitments from the Asian Development Bank (see section below), IFAD, the Trust for Voluntary Organizations (TVO), and CIDA for its future programme activities. In addition, funding requests are pending with NOVIB. The Swiss Development Cooperation is considering using SRSC as the implementor of the Swiss Integrated Agriculture Programme in selected districts in NWFP. A major financial victory for SRSC is the grant from the provincial government with funds it received through an IFAD loan for the Mansehra Village Support Programme. Table 4 lists potential funding possibilities. SRSC has commitments of US$ 1.282 million and requests amounting to US$ 6.04 million under review over the next six year period.

SRSC has become donor driven in terms of its expansion plan and programme activities. All of SRSC's proposals have been in response to a donor request for a proposal in a specific geographic or programme area rather than in response to an overall vision and strategy for expansion. SRSC now needs to get into a pro-active role and have its own fund raising strategy in which it identifies its needs in various areas and then pursues the collection of funds for those purposes only.

Table 4
Sources of Funds

Donor	Project Title	Amount US($)	Status	Period
USAID	SRSC	1,000,000	Approved	1 year
IFAD	Mansehra Village Support Programme	74,000	Approved	6 years
TVO[6]	PPIs in Charsadda	208,320	Approved	
ADB	Barani Area Development Program	5,730,000	Under Review	6 years
NOVIB	Preparatory Grant for food security	100,000	Under Review	1 year
USAID NGO Forestry Program[7]	Forestry Activities in Kohat	213,200	Under Review	
DGIS	Malakand Entrepreneur Development Project		Under Review	

[6] converted at the exchange rate of US$ = Pak Rs. 25

[7] converted at the exchange rate of US$ = Pak Rs. 25

4. PROGRAM MANAGEMENT

4.1 Planning & Decision Making System

The lack of a pro-active fund raising strategy has led to the planning and decision-making regarding programme goals and objectives being undertaken not by SRSC but by Appraisal Missions of various projects. This represents a real danger for SRSC as it thwarts internal decision making. SRSC staff complain about the donor pressure regarding the achievement of externally determined targets set by USAID in its first two years. The USAID targets seem minuscule when compared with the heavy programming and field level involvement which programmes like the Mansehra Village Support Programme expect from SRSC. The decision to expand into Karak and Mansehra appear to have been taken under similar donor pressure. The funding requests under review also indicate that the decision for programme components and further expansion will be outside SRSC's scope of decision-making. The Corporation's pressure for funds is likely to compromise its natural pace of expansion and programming, if it is not addressed immediately.

Planning and decision-making at SRSC broadly follows the pattern that was developed at AKRSP. The forums which exist for decision-making and planning include the BOD Meetings, the Management Group Meetings (MG), the Programme Planning Meetings (PPM), village dialogues, Village Organization meetings and the Manager's Conference. The decision-making fora are illustrative of the participatory approach to development. The communication in these fora appeared to be open and democratic.

At the village level, the diagnostic model is being strictly followed. The Social Organizers have a series of interactive dialogues with villagers to determine the interest in the VO concept and then follow it up with the second and third dialogues for the finalization of the PPI project. The VO's visited during the field visits appeared to have gone through this process and felt comfortable with their level of participation in the decision-making regarding the selection and implementation of the village PPI, the selection of the village specialists in agriculture and livestock and the decisions regarding the savings and credit programme.

At the management level, some feel that decision-making regarding certain issues is too centralized (staff recruitment) and not shared. However, the decision-making system in evidence appeared to be fairly open with plenty of opportunity for management at all levels to share in the process of decision-making and planning.

4.2 Communication System

The SRSC approach is principally an approach which is based on a good communication network. As such, its communication system at various levels was found to be excellent. This includes communication at several levels; between SRSC and project villages, internal village communication, between villages, between government line departments and villagers and commercial suppliers and villagers.

The communication between the SRSC staff and project villages as witnessed in their system of village visits, manager's conferences, training courses, VO meetings, PPIs appears to be very good. SRSC staff at the RPOs have gained the confidence of the villagers of the area. SRSC has provided a critical link in internal village communications through the Village Organizations. This is a vital point for a society in which fatal disputes can arise between families and villages over minor misunderstandings. In several villages, the beneficiaries listed the development of consensus and good communication among them as the principal benefit of the SRSC programme. They described this as '*Itefaq*'.

SRSC has made communication between villagers possible for the first time in an organized forum through the Manager's Conference. This allows the villagers to share their perceptions with each other and learn from each other's experience. This is also true of communication between villagers and line departments and commercial suppliers of agricultural inputs. There were several villages in which the agriculture and livestock extension workers had established direct contact with line department officials at the District headquarters.

4.3 Monitoring & Evaluation System

SRSC's monitoring and evaluation section has been plagued by organizational problems. The position of the CPMER is currently vacant and the section lacks overall direction. However, the existing staff has been very active in collecting information which needs to be analyzed and feedback into planning and decision-making more effectively. To some extent, monitoring and evaluation of programme activities is conducted by all staff members at SRSC. The Social Organizers record information on village meetings, savings and credit, the engineering staff record and report progress regarding PPI's for the disbursement of instalments, the agriculture and extension staff note progress regarding sprays and vaccination of animals.

The mechanisms which SRSC uses for monitoring and evaluation at the field level begin with the Village Organization. Each VO is required to keep a minutes register which records VO decisions and resolutions, a savings and credit register and the extension

specialists keep detailed records of their work. These records form the basis of monitoring and evaluation of the VO performance. In addition, SRSC's M&E staff collects and collates information from various sources. Section heads maintain records on their area of activity. Individual village profiles and files are also maintained at the head office and the RPO. These reports are compiled by the M&E section into monthly and quarterly progress reports and an Annual Review.

Despite the fact that all this information is collected the essence of the village organization decision-making is lost because the VOs do not feel that it is necessary to record some of the most innovative and enterprising activities that they undertake. The SO's and RPOs have stopped recording the Note For Records which contain a wealth of information about village level issues. Similarly, the SO's diary which provided the programme its essential direction is not recorded at all. These aspects of monitoring need to be revived to get a real sense of the issues which SRSC will need to deal with in the future. Such information will also help in identifying those issues which need further research at the village level.

5. PROGRAM COMPONENTS

5.1 Overview

By september 1992, SRSC had organized 129 Village Organizations and 39 Women's Organizations with a total membership of 4,593 and 1,373 households respectively. These organizations had initiated work on 66 Productive Physical Infrastructure Projects and completed 27. The VO's had generated collective savings of Rs 2.18 million. The amount of loans disbursed to them for the purchase of agricultural inputs and livestock was Rs 2 million. In addition, SRSC had organized 26 training courses in livestock, agriculture, management skills, poultry, fisheries, vocational training and food processing for a total of 339 trainees.

Table 5
Progress Summary

ACTIVITY	TOTAL	CHARSADDA	KOHAT
Village Organizations (No.)	129	79	50
Total Membership (No.)	4,593	2,744	1,849
PPIs Initiated (No.)	66	34	32
Savings (Rs.000)	2,182	1,239	943
Loans (Rs.000)	2,063	1,885	178

5.2 Village Organization

The 129 Village Organizations established by SRSC upto the end of September 1992 have been organized principally around the PPI and in some cases around the credit and savings programme. The Village Organizations are representative in nature, and according to current progress reports, only 31% of the households in organized villages are represented in them. The percentage of household participation is estimated to be much higher (between 50% to 60%) if the population in the Khels is considered. The VO is a mixture of tenant farmers, small farmers and landlords. Most of those who participate in VO activities are involved in agriculture.

Most villages have never had an organization like the VO before. The traditional institutions or government agencies have not had a development presence at the village level. The traditional Jirga system has existed in many villages in the project area but its role is seen primarily as an impartial arbiter of village level disputes. The Jirga is not a development oriented organization. The government has had no contacts with the people at the village

level and in no village was there any evidence of a government line department or extension agency delivering any service or input at the village level. In a few cases, a local group had approached the Education Department for the village school but other than that there did not seem to be any link with any development institution.

The Village Organizations participate in the implementation of the projects and undertake the responsibility for execution of PPI. Most of the VOs meet frequently during the implementation of the PPI and thereafter claim to meet once every fortnight. Each VO has a President and a Manager or Secretary who undertakes the maintenance of registers, record keeping, logistics, etc. The people are involved in decision-making regarding the implementation of projects but their involvement in the actual execution and preparation of the feasibility is much less than at AKRSP. This is because most of the work is of a specialized nature requiring an outside contractor.

The VO records its proceedings in a Resolution Register. However, this register does not adequately reflect the extent of deliberations which take place at the VO forum. They merely present some decisions for record and inspection for SRSC. On informal questioning it was revealed again and again that the VO deliberations are much more active and alive about village development and organizational issues which extend beyond SRSC activities. However such decisions were rarely recorded. For example, in one village the VO had established a system of protection of their newly planted forest, in another they had elaborated upon the division of responsibility between the tenants and landowners regarding the maintenance cost of the SRSC sponsored tubewell, in another they had decided to record the number of births and marriages, etc. These decisions are an indicator of the strength and resilience of the VO and will shape its role as the development institution at the village level. As such, the recording of such decisions should be emphasized.

ENTREPRENEURIAL INITIATIVE

The village organization in some villages have introduced unique ways of increasing their incomes. In Kerisheikhan the village organization acquired a loan of Rs 34,000. This amount was utilized for purchasing gas cylinders. Previously they had to take their cylinders to Kohat for refilling. They had to spend Rs 22 for transportation charges and Rs 62 to refill the cylinder. Now the members can get their cylinders refilled at the village for Rs 72 and non-members can get their cylinders refilled for Rs 75. The VO members have earned Rs 11,700 from the sale of gas. They now intend to start a soap factory and carpet weaving. This will further help in employment and income generation.

SRSC through an initial grant, funds the cost of one Productive Physical Infrastructure project per village. The beneficiaries invest their own resources for the implementation of the SRSC sponsored PPI projects. This is a critical indicator of the priority of this investment for the villagers. This contribution is not always acknowledged, recorded or properly valued. The beneficiary contribution is by way of supervision of work, technical advise on traditional technology, feasibility surveys, labour input[8], cost overrun, hospitality extended to contractors, etc. An estimate of the monetized value of the community contribution is given below. These figures are based on calculations by SRSC's engineering staff.

Table 6
Community Contribution to Collective PPIs

(Kohat District)

Name of Village Organization	SRSC Contribution[9]	VO Contribution	(%) VO Contribution
Raeesi	195,000	57,100	0.29
Jowar Ghundi	163,000	39,775	0.24
Pathan Khel	244,000	36,500	0.15
Manda Khel	225,000	39,143	0.17
Chacha Korona	155,500	68,500	0.44
Togh Bala	117,000	14,340	0.12
Pershai I	114,000	8,292	0.07
Keri Shekhan	130,000	10,000	0.08

These tables show that the community contribution to the village level collective projects range from 7% to 44% in Kohat and from 10% to more than 200% in Charsadda. Admittedly, a substantial part of this cost is due to the valuation of land donated for these projects at market price. Other important contributions from the community are in the form of extra labour for construction and supervision. Estimates of household contribution for individual projects like gypsum treatment and land levelling, reveal household contributions equivalent to 100% or more of the grant received per household. However, these figures have not been presented here

[8] As evidenced through savings realised in several projects and deposited in a common saving pool.

[9] Cost without ESR and contingencies.

because these projects are not undertaken on a collective basis.

Table 7
Community Contribution to Collective PPIs
(Charsadda District)

Name of Village Organization	SRSC Contribution[10]	VO Contribution	(%) VO Contribution
Uthmanzai	297,000	300,000	1.01
Sarwar Kaley	106,000	21,000	0.20
Musa Kaley	106,000	110,500	1.04
Abazai	180,000	31,000	0.17
Kangra	124,000	12,500	0.10
Haji Abad	60,000	134,500	2.24
Dherizardad	218,000	22,948	0.11
Tarkha	155,000	34,600	0.22
Abbas Kaley I	60,000	75,000	1.25
Abbas Kaley II	188,000	30,000	0.16
Nissata Saddran	60,000	75,000	1.25
Fazle-Haq Kaley	188,000	30,000	0.16
Qadimabad	60,000	75,000	1.25
Nazho Kaley II	259,000	24,800	0.08
Turlandai	185,000	17,700	0.10

5.3 Productive Physical Infrastructure

The productive Physical Projects initiated by SRSC include tubewells, canal linings, lift irrigation, check dams, diversion bunds, gypsum treatment, land levelling, cane crushing plants, afforestation, etc. SRSC has used an innovative definition of PPI's to include projects like cane crushers, gypsum treatment, land levelling and forestry. SRSC has followed the diagnostic process developed and refined at AKRSP very closely in the identification and implementation of these projects. The villagers identify the projects and assist in the feasibility of some of the

[10] Cost without ESR and contingencies.

projects. Their role in direct implementation is limited due to the specialised nature of the work. However, they play a key role in the selection of the contractor, hiring of wage labour, procurement of equipment and materials, supervision of work and final payments to the contractor with technical assistance and supervision from the SRSC engineering staff.

Table 8
Types of PPIs

TYPE OF PPI	NO.	PERCENTAGE
LAND LEVELLING	4	6.06
IRRIGATION	34	51.52
AFFORESTATION	2	3.03
DIVERSON BUND	4	6.06
OFF FARM ENTERPRISE	1	1.52
FARM TO MARKET ROAD	5	7.58
DRINKING WATER SUPPLY	2	3.03
GYPSUM	7	10.61
CANE CRUSHER	7	10.61

The average cost of a PPI varies from Rs. 91,000 to Rs 317,000. It is estimated that the VO beneficiaries contribute, on average, about 44% of the total cost of the grant as illustrated above. In addition, the beneficiaries are expected to pay the operations and maintenance cost over the life of the project. These are calculated for several projects and given below. Maintenance costs have been calculated on the basis of 2.5% of civil works and 7% on capital costs. These are the standard calculations used by the government. These figures indicate that the net present value of the total cost on operations and maintenance over the life of the project is not a trivial amount. These costs, together with the upfront community contribution gives a more realistic measure of the cost to the community of the PPI. It is not a free project as supposed by many.

Table 9

Maintenance Costs over the Life of the Project

Type of Project	Project Life	Annual Maintenance Cost (Rs.)	NPV of Total Maintenance Costs (Rs)
Lining of Channel	50	5,080	50,367
Tubewells	20	16,250	138,345
Diversion Bund	50	4,750	47,095
Cane Crusher	20	4,500	38,311

There are three specific ways in which the PPI programme of SRSC differs from SRSC; (i) it involves both traditional and new technologies (ii) it includes collective and individual projects and (iii) it uses specialized contract labour as well as unskilled labour provided by the Village organization. In sharp contrast, AKRSP PPI's largely used traditional technologies, were almost exclusively collective in nature and required very little outside contract labour. However, these factors do not appear to have any significant impact on the implementation of projects. Although in traditional types of projects the Village Organization contributes more substantially to design. There may be a need to monitor the PPI's more carefully for the future to see whether these differences have a long-term impact.

5.4 Agriculture & Livestock

The economy of the project area is dependent primarily on agriculture. The production system of Charsadda & Kohat revolves around three crops: sugar, wheat and maize although significant areas are also allocated to the production of animal fodders, tobacco, vegetables, sugar beet and oil seeds. Sugarcane is the main cash crop and is grown on about 40% of the cultivated area in Charsadda. The agricultural production in the project area is constrained by the unavailability of high quality agricultural inputs, lack of access to credit for the purchase of these inputs, lack of knowledge regarding the use of chemical fertilizer, inter-cropping, improved seed varieties, etc. The principal constraint to agricultural production in Kohat is the lack of adequate irrigation water. As a result, only 27% of the total area of Kohat District is under cultivation. In Barani or rain-fed areas people are not willing to make investments in agriculture due to the uncertain returns.

The agriculture research and extension system in NWFP are not properly linked. The seed delivery system in NWFP, in particular is highly inadequate. New improved varieties of seed are not effectively delivered to the farmers. The Cereal Crop Research Institute (CCRI) in Pirsabak produces new varieties of wheat and maize. However, seed multiplication distribution and adoption at the farmer level is far from adequate. It is estimated that improved wheat and maize varieties can increase yields by atleast 10 kg/hectare. In addition improved varieties are usually more responsive to fertilizer than traditional varieties; are more disease resistant, reduce the risk of crop failure and can increase cropping intensity.

Farming households in the project area keep a large amount of animals. The ownership of livestock is much higher in Kohat compared with Charsadda. The greater reliance on livestock in Kohat can be attributed to the low soil fertility, large land area, scarcity of labour and the lack of widespread irrigation. A comprehensive strategy of livestock development could have a high-pay off in the future. At present, there is a high incidence of contagious disease and malnutrition among livestock in the project area. There are no facilities at the village level for the diagnosis and treatment of animals. Thus disease in livestock entails heavy expenditures. There is acute shortage of fodder which adds to the poor nutrition and health status of animals.

SRSC's agricultural & Livestock development package has been developed in response to the non-existence of agricultural extension & livestock development facilities at the village level. SRSC's agriculture programme at the village level comprises of the supply of improved agricultural inputs, improved cropping practices, production of improved seed varieties at the village level, demonstration of high yielding wheat, maize, fodder and sugarcane crops, improved use of agricultural inputs like fertilizer and pesticides and agricultural extension training.

SRSC has been able to effectively link research with extension through the VO. Prior to SRSC's intervention small farmers were at the tail end of receiving the new technology. This was in evidence in several villages during the field visits where people brought samples of maize cobs and sugarcane cuttings to demonstrate the difference between the old and the new varieties to the Village Organization meetings. The difference in yields between the old and new varieties was atleast two to three times. This difference was due to the provision of new seed varieties, improved cropping practices and improved use of chemical fertilizers. SRSC has launched an impressive seed multiplication and distribution system in which the farmer is the main producer. This activity alone is going to lead to an increase in agricultural production in the project area. In barani areas, the adoption is slower.

By the end of September, 1992 SRSC had trained 57 village

representatives as Agriculture Extension workers and 86 Livestock Extension workers (including 24 women). Together these extension workers had earned more than Rs. 87,000 as remuneration for their services. Together they had served more than 5,800 households in the project area by spraying their crops and vaccinating animals. People were claiming benefits from the livestock workers who was now able to diagnose and treat animals at the village level thus saving the villagers hundreds of rupees.

Most of the extension agents visited during the field visit seem to be young men. In most cases, they are also literate and hence more likely to seek outside employment. The incomes that they earn from their work as extension agents may not provide sufficient incentive to keep them in the village. Their out-migration could represent a real problem for SRSC. SRSC has established a cadre of extension workers at the village level and has opened up links for them with the relevant government line departments. This cadre of young people are the first village level extension workers in NWFP. The real challenge to SRSC would be to help persuade them to stay.

5.5 Savings Program

SRSC has been very successful in encouraging savings among the Village Organizations and the Women's Organizations. It was observed during the field visits in almost all the villages visited, that each member had contributed to the joint savings pool however big or small the amount was. Savings ranging from a minimum amount of Rs.5 to a maximum of Rs.500 had been contributed by a member in one meeting. A majority of the members were not in the habit of saving before their village organization was formed. Some of them did save individually at their homes but the amount of such savings was so small that it was utilized within a very short span of time. In all the villages visited most of the members were saving regularly for the first time in their lives. During the Village Organization meetings it was observed that the members took great pride in announcing the amount of savings they had cumulated.

A cumulative amount of Rs. 2,182,000 had been saved till the end of September 1992. This amount has been saved by 4,593 members in 168 VO/WO's. The average cumulative savings per member till September 1992 is around Rs. 475. While a few VO/WO's are more than two years old about 70% are less than one year old. The table below gives current estimates of average savings per member and per VO.

Table 10
Average Cumulative Savings

Category	Amount (Rs.)
Average Cumulative Saving per VO member	475
Average Cumulative Saving per WO Member	257
Average Cumulative Saving per VO	16,937
Average Cumulative Saving per WO	9,414

Every member of the VO/WO is issued an individual passbook. This passbook states the amount of savings, the date and the signature of the general secretary of the particular VO/WO. In addition to the passbook, a separate saving register is maintained where the savings of all the members are recorded. Apprehensions regarding the savings programme are present largely as a result of the cooperative scandal where thousands were deprived of their lifes savings. However, as the programme gains credibility and trust the amount of savings is expected to grow.

Currently, the savings are being used as collateral and have a value in enhancing people's confidence in their own ability to generate capital for their development. However, an overall vision of how these savings will be used in the future is lacking. It is imperative to develop such a vision so that the savings programme could be developed in that direction. There should be safeguards built into the system to help monitor savings at the village level. This point is important as SRSC's credibility could be endangered by any mishandling of people's savings. It does not appear that the savings programme is adequately monitored at present.

5.6 Credit Program

The only source of formal credit is the ADBP which has extended loans to only a handful of people in the project area. In Charsadda, the mandiwala was an important source of credit for the tobacco growers. However, generally people did not prefer to take credit from any formal source. The village shopkeeper and/or family were the two most important non-formal sources of credit. Surveys conducted by SRSC in the project area reveal that the most important credit requirements were for agricultural inputs, livestock purchase, land preparation, trade or business and purchase of agricultural implements.

Table 11
Credit Utilization

Purpose for Which Credit Obtained	Percentage of Total Disbursed
Agricultural Inputs & Implements	74%
Poultry, Livestock & Dairy	12%
Business & Trade	14%
Other	1%

HOW TO OPEN AN ACCOUNT IN ADBP

The farmer has to go through the following procedure to obtain a bank loan from the ADBP irrespective of the amount of loan:

i) open an account with the bank for which he should know two people having accounts in the same bank for an introduction. In addition, he should have a national identity card.

ii) the next step is to purchase an agricultural passbook. If one is lucky he procures a passbook from the post office for Rs.5. Mostly the passbooks are not available at either the bank or the post office. In fact, these are available with the revenue officer (patwari) who sells them for prices ranging between Rs.50 to Rs.100. One member even bought a passbook for Rs.500 from the patwari.

iii) the next step is to produce a "fard" (land papers) to be retained by the bank as mortgage against the loan. The "fard" can be obtained from the patwari who charges approximately Rs.500 for the same.

iv) the papers are then taken to the tehsildar for final approval who in turn charges between Rs.200 to Rs.400.

v) once these papers are submitted to the bank, then the mobile credit officer visits the site for inspection.

vi) a sum of at least Rs.1000 has to be paid to the M.C.O. and other bank officials to get the loan approved.

vii) the bank manager makes the final approval.

By the end of September 1992, SRSC has disbursed a total amount of Rs. 2,063,000 to 36 village organizations and Rs.1,010,000 to 13 Women's Organizations in both the districts. About 20 VO/WOs had taken second loans. A striking contrast between the two project districts is the loan programme. Village Organizations in Kohat had taken less than 10% of the total loan disbursed by SRSC. This confirms the lack of investment opportunities in the agricultural sector in Kohat.

THE TERMS OF LOAN FROM A MANDIWALA

In Charssada the villagers prefer taking loan from a mandi-wala than to availing credit from a bank. The villagers are of the opinion that the mandiwala does not charge interest from them. Credit can be availed from the mandiwala either directly or through an agent. The agent is a resident of the village and has the confidence and trust of the mandiwala. He does not get any commission from the loaner or the loanee. The only return he gets is that the mandiwala offers him slightly higher price for his products. The major attraction of availing credit from the mandi-wala is that it can be acquired immediately.

i) the borrower is bound to sell his produce to the mandiwala regardless of the price he is offered. Usually the price is between ten to fifteen percent below the market rate.

ii) the borrower cannot sell his produce to anyone else even if he is offered a higher price because the loan ties him down to this particular mandiwala.

iii) in addition to the low price offered, the mandiwala (arthi) charges commission on the purchase of the product. This commission can be in cash or in kind.

iv) the mandiwala buys the product from the farmer and gives him a voucher. On the voucher is stated the weight of the product, the rate, and the total amount payable. From the total amount, the amount of loan is deducted and after a small down payment the farmer is asked to collect the remaining amount at a future date, usually after four to six months.

Thus it is actually the farmer who extends a six month loan to the mandiwalla at no cost. !

The VO members who have availed credit from SRSC say that they do not worry about the mandiwala anymore. They can now sell their products at a much higher price in the open market and receive immediate cash rather than wait for the mandiwalas voucher to mature.

SRSC's credit programme is managed by the Village Organization. The VO selects a Credit Managing Committee (CMC) consisting of three members elected by a majority vote of the members. A credit

account is opened for the VO after it offers its savings as collateral. The amount of credit entitlement for each VO is equivalent to twice the amount of its savings. The credit is extended at a service charge of 7% from which 2% is paid to the Credit Managing Committee (CMC) members as management charges. The balance 5% is paid to SRSC. The loan is repaid to the members of the CMC which returns the loan to SRSC. Defaults, if any, are deducted from the savings of the Village Organization held as collateral. The period of credit, for productive needs of a village organization is one crop season.

The distribution of loans within the Village Organization is regulated by the VO and not by SRSC. Thus in most villages in Charsadda, the loan is disbursed among VO members on the basis of their savings. In Kohat, most of the loans are disbursed in kind for the purchase of agricultural inputs or livestock and are extended to selected villagers as determined jointly by the VO. Credit progress reports of both the districts are prepared on a monthly basis. This helps in monitoring the amount of credic extended and the amount due for recovery. A close scrutiny of the credit progress report indicates that the recovery of credit on due dates has been excellent. In fact, some of the VO/WO's have returned their loans much before the due date. No defaults have been recorded till date. The table below gives the position of recovery of credit.

Table 12
Loan Recovery

	VO	WO	VO	WO	
	Principal (Rs.)	Service Charge (Rs.)	Principal (Rs.)	Service Charge (Rs.)	Total (Rs.)
Charsadda	527,000	16,000	57,000	0	600,000
Kohat	50,000	2,000	28,000	4,000	84,000
Total	577,000	18,000	85,000	4,000	684,000

There are some operational bottlenecks in the disbursement of credit which were pointed to by the Internal Board Evaluation of SRSC. These relate to the policy of disbursement of credit in kind and the difficulty in monitoring and payback which this entails. In addition, there are some monitoring issues regarding the loan programme as it is managed by the VO's which is essentially untrained in this task. The absence of a credit officer is also leading to the lack of a well defined credit policy. Additional

aspects of the savings and credit programme which need specification is the relationship of loans to savings, the interest rate policy, the internal lending procedures, the monitoring of loans, inter-village lending. The major problem will be the lack of investment opportunities and the low level of return from investments in the agricultural sector. There will be a growing pressure on SRSC for investments in sectors outside agriculture particularly in Kohat. SRSC is not adequately prepared for this challenge. However,the principal obstacle to the credit & savings programme is likely to be the lack of a long-term vision regarding the programme.

5.7 Women-in-Development

The overall social and economic status of women in the project area is low; they are not well integrated in the production system, there is a highly specific gender division of labour which limits women's participation in project activities. Their low literacy level, poor health status and low level of labour force participation inhibits their overall participation in the project. Purdah is strictly enforced in NWFP and women's mobility and access to resources is severely limited. The social customs regarding purdah, female segregation, gender division of labour, resource ownership and decision-making by women, etc., are a major obstacle to women's participation in programme activities. The resistance does not generally come from women but male members of the household and village elders who are reluctant to changes in the status-quo.

Women of Charsadda are not permitted to work in fields. Agriculture is totally a male activity. On the other hand, traditionally, and partly due to male migration for gainful employment, women of Kohat are involved in agricultural activities. Except for irrigation, which is a male activity, women participate in sowing, weeding and especially harvesting activities in the field, and cleaning, processing and storing activities of food produce at home. Participation in these activities is dependent on their age, health and mobility factors. Women's access to cash income is limited, but there are various sources through which they may obtain small amounts of money. Usually women are able to save small amounts from cash provided by men for household expenditure. In addition, the marketing of dairy produce, poultry, eggs, handicrafts, tailoring etc. provide an additional source of income. Women in higher income households however tend not to be involved in income generating activities. Women visited in Kohat were much more enterprising than those in Charsadda.

A summary of activities undertaken for WID are given below in Table 13. SRSC has been much more successful in undertaking traditional activities for women than in inventing new ones. There is a certain amount of loss of direction in the women's programme due to

the fact that women are not well integrated into the economic system and it is difficult to find productive tasks which are not socially sanctioned for them.

Table 13
Summary of WO Activities

ACTIVITY	CHARSADDA	KOHAT
Women's Organizations (No.)	22	17
Total Membership (No.)	692	681
Savings (Rs.)	149,540	199,235
Loans (Rs.)	858,000	152,000

SRSC will be able to play a more meaningful role if it focused on social sector activities for women. It could target its programme at education for girls in villages which accepted the Terms of Partnership for such a programme. This will have the most lasting impact on the situation of women in the future. Meanwhile, at the village level, programmes of social organization, training, income-generation and savings, etc are affecting women's self-image, decision-making capacity and making marginal changes in their ownership of resources. However, given the existing situation of women, this is the best that can be expected, for the time being.

6. FINANCIAL ANALYSIS

6.1 Accounting and Financial Management System

SRSC was set up in 1989 as a Company Limited by Guarantee with no share capital under the Companies Ordinance (1984) of Pakistan. The accounting system of SRSC complies with the requirements of the Companies of Pakistan and, on the whole, generally accepted accounting principles and standards are in place. Specifically, the following observation were made by the evaluation team:

SRSC has appointed a firm of Chartered Accountants in accordance with the statutory requirements, who conduct an annual audit of accounts. Presently, no interim or internal audits are done by SRSC. In accordance with the Articles of Association of SRSC, the overall budget is approved by the members in the Annual General Meeting.

Disbursement of development funds is made from the Head Office on the basis of approved PPI and PI forms from a bank account operated jointly by the CEO and the Chairman. These forms, besides other details, states the total amount required. The Project Approval Form is initiated by the RPO and approved by the Chief Social Organiser, the Chief Executive Officer and the Project Director of Winrock International. This approved form is then forwarded to the Finance Department for the issuance of cheque. Routine administrative expenses are paid on the basis of approved Petty Cash Vouchers. Regional Offices have an imprest fund, which is deposited in the personal bank accounts of the Regional Programme Officers. The directors have recently authorized SRSC to open corporate bank accounts in Kohat and Charsadda, to be operated jointly by the RPO and the accountant.

The existing corporate accounts in the regional offices only hold development funds, and the accounts are operated by any two of the CEO, CSO, Finance Manager and Chief PMER.

In the absence of proper procedures/manuals, it was felt that the Finance Manager has to process all payments even if he feels that some requests for payments are not adequately supported by proper receipts/vouchers. For instance, expenditures on PPI/PIs are made by the head office on the basis of approved forms, but all receipts/vouchers liquidating the previous advance(s) are kept at the regional offices, and the finance manager is not in a position to scrutinize requests for additional advances.

All USAID funds are kept in a separate Foreign Currency Account, and periodic transfers to a Rupee Account are made on the basis of need. The rupee account does not exclusively hold USAID funds, and expenses from this account cannot be tracked by 'source'. Although most of SRSC funds are in the form of USAID grants, it was felt

that separate Rupee bank accounts should also be maintained so that the expenditures are conveniently reconciled with the bank balance.

SRSC has Fixed Asset Cards for the assets, but none of the assets are identifiable at present. The finance manager plans to allocate serial numbers to items under various categories (furniture, office equipment etc) in the near future. It is recommended that this is done soon to meet AID requirements that all USAID property is readily identifiable. Vehicle records and log books, however, are maintained in accordance with USAID guidelines.

6.2 Financial Reporting System

The following reports are generated for financial monitoring:

i) **Liquidation Report:** This report is prepared on a monthly basis. It reflects the actual expenses incurred during the month, comparison of the cumulative expenses with the budgeted expenses and the elapsed time of the project. This report is sent to Wionrock International. A cash advance request for the coming month is sent with this report.

ii) **Expense Statement:** A Expense statement is also prepared periodically which is almost a replica of the liquidation report except that it reflects the individual account heads, the expenses incurred cumulatively and during the month. Here too the comparison of expenses is done with the consolidated budget figure.

iii) **Trial Balance:** A Trial Balance is prepared on a monthly basis at the Head Office which is partially helpful to the Finance Department for depicting the accuracy of their ledger accounts.

iv) **Progress Report:** One of the main financial reporting documents of SRSC is its Quarterly Financial Progress Report. The number of Progress Reports produced till date are seven. The comparisons, like the Liquidation report, are done with the total budgeted amount of two years rather than comparing the actual monthly expenses with the monthly budgets.

6.3 Financial Assessment of Projects

As stated earlier, SRSC accounts are maintained by-project. As such, all expenditure on individual projects can be tracked, although the back-up documents are maintained at the regional offices.

The following steps are followed in project identification:

- The community identifies a project which is of importance to

all the villagers collectively.

- After the project has been identified the next step is for the social organizers, the technical staff, and the community to have a close view of the project which enables them to prepare the design and estimate the cost to be incurred.

- The above feasibility is then sent to the Head office for senior management approval.

- The scheme thus finalized is taken back to the community for discussion and the villagers are informed of the terms of partnership.

- This first project is financed as a grant and is deemed as an investment in the village organization.

The village organization conducts a meeting and in the presence of the SRSC staff a committee is formed for the procurement of the required materials for the particular project as well as the overall management of the work.

The members of this managing committee are selected with the consent of all the members of the village organization. At this stage the SRSC staff performs the function of a facilitator. The minimum number of members in a managing committee are two whereas the maximum number of members are four.

It was observed during our visits that the members had faith, trust, and confidence in the members they have selected. In the village organization meetings all other members are apprised of details of the amount utilized by the managing committee.

It is recommended that the accountant at the regional level should be provided signed receipts (by the president and the general secretary) of the costs incurred on a particular PPI. He should pass the same to the Finance manager with any comments or objections he has.

6.4 Development vs Administrative Expenses

There is no provision in the SRSC accounting system to allocate development and administrative costs under separate cost groups. A consultant was hired by SRSC earlier to recommend changes in the accounting system to cater for this need, but apparently no step has been taken in this respect so far. At a later stage, USAID's Financial Analysis Branch reviewed the indirect cost rate of SRSC and recommended that all Head Office Costs (excluding the cost of the CSO and Program Engineer) be included in the indirect (administrative) cost pool, and the regional office costs and program costs be treated as Development Costs. Table 14 gives the

percentage of administrative to development costs for SRSC under various scenarios.

Table 14
Administrative Vs Development Expenditure

Method of Assessment	Administrative Expenditure (%)	Development Expenditure (%)
Scenario 1		
Scenario 2		
Scenario 3		

It is felt that the above proposals need further refinement; for instance, labor time and travel costs of all employees can be conveniently tracked. Allocations should be made after determining the time spent on various activities, and a good way to monitor is by maintaining daily time sheets. It does not seem reasonable to allocate all regional office costs to the development cost pool since there is a strong argument to include some costs in the indirect costs pool. Some examples are: salary costs of accountants/administrative staff, office running expenses, and some portion of vehicle running expenses including depreciation.

Therefore, it is recommended that SRSC, under the USAID criteria of Reasonableness, Allocability and Allowability, reclassify its cost structure either itself or through an outside agency.

SRSC has had considerable problems in justifying the provision of funds for its overhead expenditure. The decision to classify costs in one category or another is a subject one and there will be as many suggestions to reclassify as there are people recommending them. In case the SRSC approach is accepted by donors they should accept the overhead and direct costs of implementing the approach. The audited overheads of the organization should provide the basis for charging each donor a share of the overhead costs. SRSC should then insist on collecting these overhead costs as part of the total grant rather than committing them all for program expenditure. USAID and other donors are sufficiently well aware of these costs as the principals for charging an overhead is well accepted in all USAID funded projects as well as those funded by other donors. A comparative assessment of overhead costs of a few .rojects in NWFP are given in the table below.

Table 15
Comparative Analysis of Overhead Costs

Project	Administrative Expenditure (%)	Development Expenditure (%)
Kala Dhaka		
Gadoon Amazai		
MSFP		
SIAP		

6.5 Cost-effective Measures

The Finance Department, in collaboration with the other departments, should play a key role in attaining the above objective. It should be the responsibility of every department head to find ways and means through which it can cut unnecessary costs. In order to explain the importance of cost reduction and funds limitations, it was felt by many at SRSC that a budget workshop should be held and all Management staff of SRSC including the RPOs, the CEO, the Chief Social Organiser, the Finance Manger etc should use their experiences and knowledge to forecast the expenses based on the projected level of activity they have planned for the next year. All this will result in teamwork, where each one will benefit from the experiences and knowledge of the others.

7. BENEFICIARIES & BENEFITS

7.1 Beneficiary Profile

The participants in the Village Organizations self-select themselves for village level activities. The Social Organizer attempts in his initial village level dialogues to disseminate information about SRSC activities and approach as widely as possible. Thereafter, the decision to participate is an individual one. In this sense, the situation is different from the one prevailing at AKRSP where all villagers generally participate in village level meetings due to the small size of the village and the homogenous social structure. In the SRSC project area, the decision to participate in village level meetings is not unanimous. It is very much a matter of individual decision-making. Participants did not appear to have a uniform profile although a majority of those involved were principally involved with agricultural activities. Tenants and small farmers generally appeared to be more active participants than the farmers with larger landholding. In a few cases, the large landlord appeared to be at the helm of affairs and this seemed to contribute to galvanizing support for the Village Organization.

SRSC conducted a socio-economic survey in a few villages in November 1991 which revealed that a majority of the beneficiaries of Kohat and Charsadda had very low income levels. About 80% of the farmers own less than 12.5 acres of land, 70% live in mud houses, their ownership of farm machinery is negligible, high incidence of illiteracy specially among women. Women particularly suffer from poor health and nutrition and are isolated by social and cultural constraints. However, the programme beneficiaries of Kohat and Charsadda are different from each other in terms of economic base, settlement pattern, per capita income and male literacy. About 52% of the beneficiaries of Kohat and 63% of Charsadda earn their living from agriculture. However, in Kohat most of them work outside during the slack in the agricultural season. Average family size in Kohat is 9 compared to the 6 in Charsadda. Per capita income in Charsadda is Rs 5,939 compared with Rs 3,477 in Kohat. The literacy level is very low in both areas but the incidence of illiteracy among male members is 63% in Charsadda as compared to 41% in Kohat. The incidence of unemployment is 16% in Kohat and 6% in Charsadda.

7.2 Level of Participation

The total number of households in SRSC's programme area in the two districts of Kohat and Charsadda is 145,000. Almost all of the Village Organizations are organized along the village Khels or hamlets. As such, the Village Organization is not representative of a village but of a Khel. An impact evaluation conducted by SRSC estimated that the level of membership in the VO's ranged from 17%

to 100% of total households with the average participation level at 55% of the households in the Khel. The SRSC progress report of September 1992 reveals an overall participation level of 60% while the summary data indicates the overall percentage of participation of households in organized villages at only 31%. The M&E section sometimes compares the level of participation to total households in the village and sometimes to the total households in the Khel. Thus these figures may need to be further refined. However, it is clear that there is wide divergence in the level of participation from village to village. A cursory examination of participation level during this review indicated an overall participation level of 63%. It appears in most villages that the membership in organizations grows over time once the credibility of the SRSC approach and the Village Organization is established. out.

A cogent indicator of community participation in SRSC activities is their contribution to labour, land and material costs of the productive Physical Infrastructure projects. An estimate of the community contribution to these costs was made for collective projects excluding individual projects like gypsum treatment and land levelling where it is difficult to estimate the exact nature of contribution. These calculations revealed that the community contributed between 7% to more than a 100% for most of these projects.

The total cost of the PPIs initiated by SRSC upto the end of September 1992 was Rs 12.86 million. Calculations show that Village Organization contribution to these projects is about 44%. Thus the total community contribution in PPIs initiated upto now is estimated to be approximately about Rs 5.65 million or US$ 226,000 (see section on VO contribution). This would mean that the community contributes approximately US$ 3,500 per PPI for collective projects. This figure is much higher for individual projects. However, these figures would indicate that the VO contribution would be more than US$ 226,000[11] for the PPIs initiated until the end of September 1992. The amount of operations and maintenance cost over the life of the project has not been added to this figure.

The SRSC impact evaluation conducted for 10 villages in Charsadda and 8 villages in Kohat indicate that a sizable part of the beneficiaries are not members of the Village Organization and do not directly participate in village level activities. This is typical of irrigation and link road projects. The table below gives an indication of the number of beneficiaries who are not directly involved with Village Organization activities from a sample of randomly selected villages. A principal challenge to the Village Organization will be to evolve a mechanism to extract a service charge for the use of these projects. Such a service

[11] Exchange rate of US$ = Pak Rs. 25.

charge can be diverted to a maintenance fund for the maintenance and operations of village level projects. Several Village Organizations are currently considering measures to institute such a service charge. However, they need a more systematic approach to undertake this task with assistance from SRSC.

Table 16
Status of Beneficiaries

Name of Village	VO Beneficiaries	Other Beneficiaries
Manda Khel	69	51
Koteri	65	35
Jowar Ghundai	40	60
Madi Khel	36	80
Cheena	43	307
PD Khan Kaley	30	20
Tarkha	30	40
Tulanday	25	30
Dheri Zardad	35	465
Abazai	49	25
Sarwar Kaley	20	6
Musa Kaley	32	10

7.3 USAID Targets Vs Achievements

The table below gives a comparison between USAID targets and the achievements of the programme upto September 1992.

Table 17
USAID Targets Vs Achievements

(September 1992)

ACTIVITY	USAID Target	Achieved
Village Organizations (No.)	100	129
PPI's completed (No.)	70	27
VO Contribution to PPI's (US$)	349,000	226,000
Credit to VOs (Villages)	70	59
VO Member Training (No.)	750	316
Training Conferences (No.)	30	21
Non-Aid Funding (US$)	60,000	174,000

7.4 Benefit & Cost Analysis

The benefits of the SRSC project activities are principally aimed at increasing the productivity of the agricultural sector. About 74% of the Productive Physical Infrastructure Projects entail investments in land and the irrigation infrastructure for agricultural purposes. The increase in agricultural incomes is expected as a result of increased irrigation water which enables cultivation of additional land, increases cropping intensity, enables the cultivation of high-value water intensive crops, improves land fertility and on-farm water management as a result of gypsum treatment and land levelling.

In addition, the investment in the delivery of agricultural inputs like improved seed, fertilizer and cropping practices has already contributed to increases in yields of anywhere between two to three times. Without a crop-cut to estimate precise yields the exact increase is difficult to estimate. A benefit-cost analysis was undertaken by SRSC and this reveals benefit cost ratios of between 1:0.5 to 2.17 for PPI activities. Benefit cost ratios for other programme activities is expected to be much higher as the PPI grant represents the most costly aspect of the project. The returns to investments in agriculture, livestock disease prevention, credit and savings are expected to be somewhat higher.

7.5 Expected Long-Term Impacts

The degree to which SRSC can have a long-term impact at the village level depends upon its institutional and economic impact at the village level. A PPI helps to increase incomes but it is unlikely to generate surpluses which can then be invested in village level

development. The institutional impact centres around the acceptability of the Village Organization as a vehicle for village level development and its ability to raise the resources required to undertake local government functions, development projects, and cooperative business ventures at the village level.

SRSC's impact on incomes comes primarily from the PPI, the credit programme and the agricultural and livestock programmes. The impact on income levels at the village level will be unable to change the livelihood system. It will affect current consumption patterns and several investment decisions but it will not transform the livelihood systems. The local potential for savings demonstrated by SRSC can lead to the evolution of a village based savings and credit system. Credit availability at the local level can be expected to have a more lasting economic impact with the right investment environment which would require the returns from investments to increase. Investment opportunities are currently limited and the returns to investment are low.

8. MAJOR CHALLENGES & OPPORTUNITIES FOR THE FUTURE

8.1 Overview

By October 1992, SRSC had demonstrated that AKRSP's approach had the potential for replication in the North West Frontier Province and had established itself as a credible provincial NGO accepted by the provincial NWFP Government as a vehicle for village level development. A principal achievement of SRSC has been IFAD's proposal to use SRSC for organizing Village Organizations and Women's Organizations for the implementation of the Mansehra Village Support Project. The project strategy visualises that once established, the VOs and WOs will establish contact with government agencies and the private sector and develop channels of communication through which the target group can gain access to services and appropriate technologies.

SRSC has so far implemented those aspects of AKRSP's strategy which are fairly well developed. However, the major challenge to SRSC and AKRSP is for the future. The model beyond the PPI is far less developed at AKRSP and is still under experimentation. AKRSP has defined certain aspects of it and derived lessons from it which need to be built upon further. SRSC does not have a clear blueprint as to what should be done beyond that stage. This applies, in particular, to the future of the credit and savings programme. SRSC has additional market opportunities available to it which were not open to AKRSP. The fact that 70 to 75% of SRSC's project area is barani means that SRSC will have to identify opportunities which look beyond the agriculture sector. Thus there are additional opportunities and challenges ahead for SRSC. Some of the principal challenges and opportunities are discussed in the sections below;

8.2 Expansion vs Consolidation

SRSC is planning to expand to Karak District in January 1993 and to the Mansehra District in July 1993. This rate of expansion is far more rapid than AKRSP's phase of expansion into the Chitral District and Baltistan which came after several years. SRSC contends that expansion into these new programme areas was a principal means of raising additional donor funds. This expansion is likely to stretch the existing management capacity of SRSC considerably and undermine its credibility. This is particularly true of the expansion into Mansehra District which is located at a distance and where SRSC has been given considerable responsibility in programme implementation. SRSC's Social Organization staff need further training even for the Charsadda and Kohat Districts and its capacity for Village Organization will be clearly overstretched for such expansion. Furthermore, the major challenge to SRSC is the development of innovative programme packages for the existing

project areas. The stress on expansion at this stage will undermine SRSC's efforts to focus on the development of these packages. Once these packages are developed and tested expansion into other areas will be appropriate. At this stage expansion is not well advised.

8.3 Sustainability of the Village Organization

The sustainability of the Village Organizations (VOs) and the Women's Organizations (WOs) depends upon the incentive for them to stay organized and undertake collective tasks of village level development and income generation. This requires the existence of such activities on an on-going basis. The beneficiaries will organize around a PPI or any other activity perceived by them to be beneficial. However, the principal challenge is to stay organized and to have a cogent incentive to do so which leads to some real benefits for the community. Collective group meetings are necessary for collective consciousness raising and sharing of collective responsibilities and tasks. However, without a well defined task of village level development and the resources to undertake those tasks it would be difficult to expect them to keep having meetings. Currently, the savings and credit programme provides the only post PPI incentive for an organization to continue their meetings. The incentive to stay organized depends upon a collective vision of the future. SRSC has yet to provide this vision.

Ultimately, the VO will only be sustained if sufficient village development activities are being channelled through it and more organizations use it for entry to the village level. For this there must be a widespread acceptance of the idea of the Village Organization as the vehicle of village level development. The government has also indicated its readiness to work with VOs as is evidenced by the governments decision to establish the National Rural Support Programme and the Manshera Village Support Programme. The strategy for this project is based on channelling development support to the target group through VO/Wos. The project would be implemented jointly by SRSC, the relevant line departments and the VO/Wos. SRSC would provide the link between the target group and the technical expertise of the line departments. The principal challenge to SRSC would be to show a method of ensuring the link of the line departments with the target population. This link has always been tenuous because the poor are difficult to reach and the professional rewards for the line departments of working with the poor are limited. this situation. The Mansehra Support programme represents a challenge to SRSC. However, the expectations of the project from SRSC seem a little unrealistic and SRSC should approach implementation cautiously.

The Social Action Plan with its emphasis on female education, health, population planning and water supply is currently being

developed with donor assistance. The SAP is particularly important from the standpoint of women. The GOP has for the first time accepted the need to invest in these sectors and to implement these programmes through grass-roots organizations at the village level. This policy represents a real opportunity for SRSC to demonstrate the role of the VO in undertaking social sector programmes. AKRSP could not expand into the social sector because it did not have the mandate to do so. SRSC does not have such limitations.

The role of the Village Organization over the long-term has not been defined by AKRSP. SRSC must innovate its own definition. The VO can become the local government at the village level, or assume the role of a corporate entity which undertakes business activities or it could become a local financial institution with savings, loans and investment portfolios. These questions about the future have never been fully addressed. They need to be addressed today for appropriate planning and development for the future.

8.4 SRSC as a Viable NGO

The issues which are linked to SRSC's sustainability and viability for the future are SRSC's options as an umbrella organization, institution building, service delivery, delivery of public sector programmes or commercial joint venture. The distinction between institution building and service delivery for SRSC is not a real one as there can be no institution building for SRSC without service delivery. There are very few NGOs at the local level for SRSC to contemplate the role of an umbral NGO at this point. It appears that a principal role for the future for SRSC maybe in the delivery of public sector programmes. This is evident from the role envisaged for it in the Mansehra Village Support Programme (MVSP). The line agencies in the field do not feel threatened by SRSC and extend it cooperation and support.

The MVSP is expected to establish and test a model in which SRSC would cooperate with government line departments, research stations, the private sector and donor supported projects. SRSC's role as a facilitator is expected to last for about ten years in a particular area. Once the VOs/WOs are established and able to work directly and effectively with line departments and other organizations, SRSC's task would be complete. If SRSC is successful, donor and government support would undoubtedly be forthcoming for activities in other areas. In other areas, the expectations of the MVSP from SRSC maybe too high. For example, the expectation that SRSC would 'monitor demand and market prices, help participating VO/SWOs develop marketing contracts, maintain a register of private companies and dealers and would attempt to strengthen the businesses of these suppliers through training in management and by facilitating access to credit from ADBP ' maybe too high.

SRSC could also establish commercial projects modeled on the Patoki livestock project. Under this model it could initiate seed supply on a commercial basis, undertake post-harvest activities, cold storage, etc. The critical issue is whether SRSC is able to transform cooperative action into corporate enterprise. SRSC does not currently have the expertise to establish such ventures but such possibilities should not be ruled out completely. The Patoki Livestock Project has demonstrated the success of this model. SRSC must evolve its own model with the VO members as shareholders. The success with which it is able to innovate on the basic model provided by AKRSP will in the final analysis determine its own survival.

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LIST OF ANNEXURE

ANNEX 1 List of Villages Visited

ANNEX 2 Criterion for USAID Registration

ANNEX 3 Scope of Work

ANNEXURE 1

LIST OF VILLAGES VISITED AT CHARSADDA

DATE	NAME OF VILLAGE
01-11-1992	Sardargul Kaley
01-11-1992	Ziarat Shah
01-11-1992	Gul Mohd Kaley
02-11-1992	Turkhat
02-11-1992	Jano Koe
02-11-1992	Khaista Kaly
03-11-1992	Sarwar Kaley
03-11-1992	Abazai
03-11-1992	Qadim Abad
04-11-1992	Yousaf Talao
04-11-1992	Turlandai
04-11-1992	Abbas Kaly 2
05-11-1992	Chada
05-11-1992	Masal Korona Shabqadar
05-11-1992	Masal Korona Charsadda
05-11-1992	Ghafoor Khan Kaley

ANNEXURE 1

LIST OF VILLAGES VISITED AT KOHAT

DATE	NAME OF VILLAGE
06-11-1992	Lodhi Khel
06-11-1992	Toghbala
06-11-1992	Chacha Koroona
07-11-1992	Keri-Sheikhan
07-11-1992	Gulabad
07-11-1992	Dhok Kohati
07-11-1992	Koteri
08-11-1992	Pershai
08-11-1992	Banda Karim Khan
08-11-1992	Haziq Abad
09-11-1992	Shahokhel
09-11-1992	Raisan
09-11-1992	Fateh Khan Khel
16-11-1992	Torawari
16-11-1992	Madi Khel
16-11-1992	Jowaro Ghundai
16-11-1992	Kana Cheena

LIST of WO's Visited

Field trips were undertaken to 11 WOs out of 21 WOs in Charsadda District and 11 WOs out of 17 in Kohat District. They are listed as follows:

Charsadda

1. Utmanzai I
2. Nazo II
3. Shpano II
4. Tarkha
5. Niamorhay Baba
6. Cheena
7. Sadran Qala
8. Nazo V
9. Nazo III
10. Aziz Abad
11. Shad

Kohat

1. Chacha Korona
2. Dhoke Kohati
3. Manda Khel
4. Koteri
5. Madhi Khel
6. Jowar Ghondai I
7. Jowar Ghondai II

ANNEXURE 2

CONDITIONS FOR USAID REGISTRATION OF LOCAL PVOS

A local Private Voluntary Organization eligible to receive direct USAID funding is one that:

- Is a legal entity organized under the laws of the country in which it is located;
- Is a private, non-governmental entity and receives funds from private sources;
- Is voluntary organization that receives voluntary contributions of money, staff time or in-kind support from the public;
- Is a non-profit entity and has tax-exemption under the laws of its country of operation if such laws exist and are appropriate;
- Is engaged in charitable or development assistance activities consistent with the US Foreign Assistance Act or PL 480;
- Prepares annual financial statements that indicate the organization has the financial resources to enable it to perform its normal functions in the absence of AID support;
- Is controlled by an active and responsible governing body which maintains effective policy and administrative control, which meets at least annually and whose members serve without compensation;
- Obtains, expends and distributes its resources in conformity with accepted ethical standards without unreasonable cost for promotion, publicity, fund-raising and administration.

AID Handbook 3, App 4C-A
April 20, 1984.

Scope of Work for the Assessment of SRSC

I. Background

Through the Seventh Amendment to the Tribal Areas Development Project Agreement No. 391-0471, dated September 26, 1990, USAID provided a grant of US $ 2 million to a newly established local NGO, Sarhad Rural Support Corporation (SRSC), in North West Frontier Province (NWFP). This grant was channelled through an AID registered PVO (Winrock International), so that Winrock could assist SRSC in its infancy and nurture it to the stage where it would be eligible for registration with AID as a PVO. SRSC is not yet so registered and therefore cannot receive AID funds directly. This grant was made for an initial period of 2 years. The funds were released to SRSC through Winrock International in April 1991. The purpose of this grant is to strengthen SRSC to a point where it can stand alone as a fully operational, financially viable, and independent entity. More important, this grant was to support SRSC as a vehicle for undertaking, on a pilot basis, substantial community-based rural development program in Charsadda and Kohat Districts of NWFP by promoting "Village Organizations" (VOs) and "Women Organizations" (WOs) as vehicles for popular participation in development.

II. Purpose

The purpose is to obtain a preliminary assessment of SRSC focusing on: (1) efficacy, appropriateness and cost effectiveness of the "beneficiary participation" approach to rural development; and, (2) the effectiveness of steps taken to institutionalize SRSC which would permit the registration of SRSC with USAID/Pakistan as a local PVO. TADP funds for SRSC did not become available until April 1991. Nevertheless, the assessment should be able to provide insights into indicative trends and result in recommendations to adjust the direction of unproductive trends, if any. The tasks in the Statement of Work are intended to be performed with this in mind.

III. Statement of Work

In order to determine how successful SRSC has been in establishing itself as a Non-Governmental Organization (NGO) the Contractor shall:

1. Assess SRSC performance in adopting the Aga Khan Rural Support Program (AKRSP) village organization model to the situations in Charsada and Kohat; and in establishing SRSC as a self-sustaining rural development NGO in the NWFP.

2. Assess the development components of the program; identify successful components and the lessons to be learned from them; identify weak components, the reasons for the weakness and suggest corrective actions;

3. Assess the effectiveness of SRSC's financial management structure and the cost effectiveness of the development approaches utilized in the model.

To complete the above tasks, the Contractor shall critically examine the following aspects of SRSC operations and make recommendations:

a. **Program methodology, institutional development and lessons learned:**

1. How successful has SRSC been in adopting the AKRSP model in Charsadda and Kohat? Identify specific program areas where the AKRSP model has achieved its objectives. Analyze the reasons for success and failures in the different program areas. To what extent were the local people involved in problem identification, priority setting, and decision making?

2. What steps have been taken for institutional strengthening of SRSC such as an active and effective Board of Directors and Chairman of the Board, established working procedures, and the recruitment and retention of qualified professional staff at the headquarters and at the two field stations.

3. Specify what steps SRSC has taken to ensure sustainability of the village organizations (VOs) and women's organizations (WOs)?

4. What role does the "Productive Grant" (Productive Physical Investment) have in organizing villages? What role do other project components play as incentives for organizing village groups?

5. What are the "lessons learned" from replication of the AKRSP model in Charsadda and Kohat?

b. Program Management:

1. How are the program's goals and objectives established and monitored? Are the village projects effectively monitored by both the field and headquarters' staff? Is there adequate feedback from the field units to both the headquarters' management and to the SRSC Board of Directors?

2. What mechanisms does SRSC use for monitoring and evaluating activities at the field level? Are development criteria used in the evaluation? Are villagers involved in the evaluation process? Can these monitoring and evaluation mechanisms be improved?

3. What is the decision making process from the Board of Directors to the Chief Executive Officer of SRSC and from the CEO to office and field staff? Does the communication system efficiently move information up and down through the system?

4. Is SRSC adequately staffed to effectively manage its present level of program?

c. Achievements

1. What is the participation level of the beneficiary population in the village projects? What are the procedures for developing the village and women's organizations into sustainable groups? Identify any specific VOs and WOs that have undertaken nonsubsidized development work.

2. Determine the degree of success of the various program components such as: productive physical investments (PPIs), savings and credit programs, unsubsidized productive activities, and extension and training activities. Have these program components achieved their implicit objectives of creating and sustaining VOs and WOs?

3. Specify the SRSC targets achieved compared to the targets originally stated in the SRSC proposal to USAID.

4. Specify the SRSC's progress in meeting the USAID criteria for registration as a local PVO in Pakistan. (see Annex 1)

d. Financial Analysis:

1. Delineate SRSC's expenditures by development versus administrative. Development expenditures include costs directly related to beneficiaries such as PPIs, agriculture credit, village and women organizational development and other core program costs. Administrative expenditures include capital costs such as vehicles, office furniture, computers, copiers, and recurrent costs such as wages and salaries, office and equipment rentals, and transportation expenditures.

2. Are sound and generally accepted financial practices in place and working effectively? Is the present SRSC financial management system operating in accordance with the USAID/NGO requirement? If not, what aspects need rectification?.

3. To what degree are any cost reductions feasible? If so, recommend possible areas for cost reduction?

e. Beneficiaries:

1. What are the financial and other benefits that can be identified within both village and women's organizations?

2. To what degree can SRSC have a long-term impact on the development of village and women's organizations?

f. Sustainability of SRSC as a Pakistani NGO:

1. How successful has SRSC been in raising funds from both international and Pakistani donors?

2. What are the various options and their strengths and weaknesses for sustaining SRSC as a viable NGO?

3. How can the village and women's organizations become sustainable within the framework of a dynamic SRSC?

IV. Composition and Qualifications of the Team

The assessment team will be composed of three members - a social scientist, who shall also act as team leader, a female social scientist and a financial analyst. All team members must have strong English writing skills (FSI rated S-4, R-4) and must be Pushto speaking. Strong interpersonal skills are also required.

1. Social Scientist/Team Leader

S/he should have at least a Master's degree in social sciences, e.g. economics, sociology, anthropology, public administration. The team leader should have at least 10 years experience in project implementation or project monitoring or evaluation, preferably in rural development. S/he should be thoroughly familiar with the various rural development initiatives undertaken in the past and those now being undertaken in Pakistan. S/he should have demonstrated experience of having performed evaluations, assessments, or project design activities for donors, PVOs, or host Government agencies. Familiarity with the PVO/NGO based project implementation modality will be an advantage.

2. Social Scientist (female)

She should have at least a Master's degree in social sciences, e.g. economics, sociology, anthropology, public administration. She should have at least 5 years experience in project implementation, or monitoring or evaluation preferably in rural development. She should be thoroughly familiar with the various rural development initiatives undertaken in the past and those now being undertaken in Pakistan. She should have demonstrated experience of having performed evaluations, assessments, or project design activities for donors, PVOs, or host Government agencies. Familiarity with the PVO/NGO based project implementation modality will be an advantage.

3. Financial Analyst

S/he should have at least a Bachelor of Commerce degree and 5 years experience in financial monitoring or analysis of donor-assisted, PVO-managed, or Government-funded projects. Experience in performance audit will be an advantage. S/he will seek guidance from the Team Leader in undertaking her/his assignments. However, a satisfactory final output will be the responsibility of the Team Leader.

V. Deliverables

The Contractor shall submit five copies of a consolidated draft report complete in all the above stated aspects to the Chief, USAID Rural Development Division, Office of Agriculture and Rural Development (RDD/ARD) or his representative, not later than four weeks after the effective date of this Order. The report shall have an Executive Summary of not more than five pages. The draft report (excluding the Executive Summary and annexes) shall not exceed 100 pages.

RDD/ARD will distribute the draft for review. Comments on the draft report will be made orally and in writing at a meeting to be held at USAID/Peshawar, three working days after submission of the draft report. The Contractor shall revise the draft, complete the final report and submit ten bound copies of the final report to the Chief, RDD/ARD, or his designated representative, within three working days after the meeting. The final report (excluding the Executive Summary and annexes) shall not exceed 100 pages.

The Contractor shall present its findings and recommendations in a workshop to be held at Peshawar within one week after submission of the draft report and in accordance with the schedule developed in conjunction with the RDD Advisor (see IX. below). USAID shall make all arrangements for the workshop.

VI. Performance Period

The period of performance will be approximately six weeks, beginning on or about October 13, 1992 and ending November 30, 1992.

VII. Technical Direction

The firm will work under the direction of the USAID RDD Policy Advisor, Peshawar. The Pakistani liaison official will be the Director General, Special Development Unit, Government of the NWFP. Other AID liaison officials include the Chief, TSPU, and TADP Project Officer. The Contractor's liaison with the Sarhad Rural Support Corporation will be the Chief Executive Officer.

VIII. Logistic Support

USAID/Peshawar will provide the Contractor with office space, office equipment, workshop facilities/equipment and in-country transportation. The Contractor shall be responsible for all other logistic support, including secretarial services.

IX. Methodology and Schedule

Prior to beginning fieldwork, the Contractor shall, in conjunction with the USAID RDD Policy Advisor, develop a workplan for the assessment and agree upon and outline the methodology to be used, including review of secondary source data as well as collection of primary data through interviews and field visits.