

Note for Record

**By: Shoaib Sultan Khan
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Subject: **Community Investment Fund (CIF) of Sindh Rural Support Organisation (SRSO)**

The nomenclature Community Investment Fund (CIF) was coined by the World Bank, when in 1998 after a visit along with me to Andhra Pradesh, Vice President Meiko Nishimizu declared that she had seen “UNDP’s miracle” in the implementation of UNDP sponsored South Asia Poverty Alleviation Programme (SAPAP) and directed her division to replicate SAPAP statewide, if the State Government makes such a request. Thus on phasing out of UNDP funded SAPAP in 2000, after six years, the World Bank stepped in and supported Andhra Government to take the programme from 20 Mandals (sub-district) to 1,100 Mandals, covering the entire State reaching ten million households with forty five million population.

The genesis of CIF was in Seed Capital initiated by SAPAP. It was accidental because as Senior Adviser of SAPAP when I requested UNDP for funds to give credit to the women organisations called Self Help Groups (SHGs) comprising 15 members, UNDP turned down the request on the plea that UN charter does not allow UNDP to give credit. On my protest that women earning Rs. 5 a day, weeding fields of the Zamindars, cannot be helped in any other way except by creating access to capital coupled with skills to utilize it gainfully, the German Finance Officer Ms Ingunde, at UNDP’s headquarters New York, assured me that she had not refused to give funds but UNDP is not allowed to take it back. That solved SAPAP’s problem of access to capital. The challenge was how to make the most beneficial use of it to reduce abject poverty of the rural families.

Three years earlier Andhra Government had initiated a project called Development of Women and Children of Rural Areas (DWCRA) asking women to organise themselves in groups of 15 and start saving Re. 1 a day and if they do so for six months, the State Government will give Rs. 25,000 to each such group, with the assumption that such groups called SHGs, will in course of time be able to link up with rural banks like National Bank for Agriculture and Rural Development (NBARD) and other commercial banks.

At the time of initiation of SAPAP in 1994, I found that out of thousands of SHGs, which had been formed over the last three years, only 200 SHGs had linked up with banks. On enquiry most of the SHGs informed that having saved Rs. 180 per member and getting Rs. 25,000 for the 15 members, they were at a loss what to do and resorted to equal distribution of the grant to each member and that was the end of the SHGs. SAPAP revived the dormant SHGs and taking a leaf from the Aga Khan Rural Support Programme (AKRSP) experience in Pakistan, asked SHGs to prepare a micro investment plan (MIP) for each SHG comprising individual household plans with the objective of income generation for each household. These MIPs varied from a requirement of Rs. 150,000 to 200,000 per SHG. SAPAP made this amount available to them after scrutiny and feasibility of each SHG Plan and gave money to the SHG on condition that the capital given to the Group will not be spent, it will be utilized and returned to the SHG to be revolved amongst the same members depending on performance of each household and their future requirement. Secondly, each SHG will try to increase the amount either through savings of members or by charging interest on the amount given to each household. As UNDP was not going to take back the money, the SHG was free to determine the terms and conditions on which the money was to be given to each household depending on their economic status.

In a little over three years, most of the SHGs had doubled the equity capital given to them and majority of them were able to access loans from banks through SHG or in many cases SHGs had federated into Village Organisations (VOs). In due course of time the federated SHGs in VOs formed the Mandal Organisation (MO) at the sub-district level. The banks were at liberty to deal either directly with SHGs or through VO or through the Mandal whichever appeared to them to be providing credible collateral.

In 2004, the Chief Minister of Andhra Pradesh decided to reimburse 75% of the interest charged by the banks to SHGs on prompt payment of the loan money. This gave great impetus to borrowing from commercial banks. In 2014 when I visited Andhra, over 10 million members of the SHGs had equity capital and savings of US\$ 700 million and were able to access more than US\$ 2 billion from banks at a subsidized rate of 3%.

The World Bank in 2000 rechristened SAPAP Seed Capital as CIF. In 2011 Government of India formulated a National Rural Livelihoods Mission (NRLM) on the pattern of Andhra Pradesh programme implemented by Society for Elimination of Rural Poverty (SERP) successor of SAPAP. NRLM as part of 12th Five Year Plan is aimed at mobilizing 70 million households covering 350 million

people at a capital outlay of US\$ 5.1 billion. The World Bank has made US\$ 1 billion available.

In 2008 when I presented Union Council Based Poverty Reduction Programme (UNBPRP) incorporating the experience of AKRSP, SAPAP and SERP, Chief Minister Syed Qaim Ali Shah observed you seem to have prescription of poverty reduction and I submitted but you have the resources. He turned to Chief Secretary Fazlur Rehman who vehemently endorsed what I had said. Additional Chief Secretary (Development) Khero and later Nazar Mahar gave full support including over Rs. 700 million for CIF for the districts of Shikarpur and Kashmore-Kandhkot when UCBPRP was launched in February 2009. With the support of Finance Secretary Malik and Secretary Planning Naheed Shah and Project Unit Director Shereen Narejo, SRSO had a smooth sailing with CEO Sono Kangharani giving his best.

In 2015 European Union (EU) offered the Government of Sindh replication of UCBPRP in eight districts of the Province. As a precursor to the initiation of the UCBPRP renamed Sindh Union Council and Community Economic Strengthening Support (SUCCESS) by EU, a conference on community driven development (CDD) was organised at Sukkur headquarters of SRSO on October 1-2, 2015.

Prior to the Conference, a field visit was organised for the participants in four groups. I happened to be in a group which included three media representatives, SRSP's (Sarhad Rural Support Programme) Chairperson and CEO, BRSP's (Baluchistan Rural Support Programme) COO and EU Adviser besides CEO SRSO.

Our field visit to Village Muhammad Ibrahim Soomro comprised 34 households of which 31 had organised themselves in 2 Community Organisations (COs) comprising 25 households below poverty line and 6 above it. The VO received Rs. 105,000 as CIF and since 2009, revolved it four times increasing it to Rs. 135,000 plus generating a savings of Rs. 70,000.

Through organised VO, they accessed from government 12 low cost houses for poorest of the poor plus Rs. 45,000 for income generating grants for 5 households.

A comparison of poverty score card (PSC) done in 2009 and again in 2015 showed following changes:

<u>Households</u>	<u>2009</u>	<u>2015</u>
8	0-10	22-42
5	12-16	20-57

According to PSC approved by the World Bank, households below 12 are poorest of the poor and above 24 are non-poor.

CIF amounting to Rs. 135,000 plus savings of Rs. 70,500 are being revolved and are the basis of financial viability of the VO comprising 2 COs.

The organised village as CO/VO has forged linkages with Green Star (a commercial entity) and 20 women have adopted birth spacing as a family planning measure.

With support of Save the Children, the VO has arranged food for malnourished children.

For facility of the VO members, as well as surrounding villages, the VO has purchased items for use on ceremonial occasions like cooking utensils, crockery, cutlery etc., at a cost of Rs. 45,000 and saved villagers thousands of rupees they had to spend on hiring these items.

The VO has also formed an Environment Committee for planting trees, laying of drainage system (with the help of Save the Children Fund) and constructed a Safety Mud Embankment around the village on self-help basis by raising Rs. 60,000, with the help of Local Support Organisation (LSO) on self-help basis.

The most unique initiative taken up by the VO was Blood Donors List, comprising 21 donors from the village, whose blood group was got tested at the local hospital and in time of need by any patient, they have volunteered to donate blood. Even Giacomo from European Union was amazed as in EU also, he seldom found such example in villages.

The driving force for all these activities, initiatives and achievements were the activists, the Social Capital of the village who were chosen unanimously by the VOs/COs members as President, Secretary, Treasurer etc., as office bearers. One of them who had studied upto Intermediate, when she saw the facilities for education of village girls beyond primary classes was 8 kms away, she

volunteered giving free tuition to girls who desired to study further. The Social Capital is the prime mover of Social Mobilisation.

The media representatives from Tribune (which also collaborates with New York Times) and an independent journalist, who also feeds CNN, observed that their eyes have been opened, they could never imagine that illiterate women members (97% were illiterate) could achieve all this.

After the interaction with COs/VO, the first two tiers of three tier Social Mobilisation model, the group proceeded to Union Council Birkhan in District Shikarpur and interacted with the members of LSO, the third tier of the model.

In the presentation given by LSO Chairperson Bilqees, Vice Chairperson Meera and Treasurer Sanam, the visitors group was informed that out of 3725 households, 2895 have been organised in COs/VOs with 100% membership of 0-18 households with 67% membership of 19-23 and 57% membership of 24-100 on the Poverty Score Card.

The source of income of the people is 39% from agriculture, 31% from livestock, 15% daily wages, 9% government and NGO employment, 8% are unemployed. The LSO also had data about schools with number of children and teachers and also how many were functioning and how many were closed.

There were 29 VOs in the UC revolving a total of Rs. 11.47 million as CIF amongst 0-18 eligible households numbering 1174 out of total of 1486. Another 101 households have been given Rs. 1 million as a grant for income generation who were considered destitutes unable to take CIF, which had to be returned to be revolved.

In addition 20 VOs had implemented 236 community physical infrastructure (CPI) projects comprising drinking water hand pumps, hand pumps with latrines, water and sanitation projects and low cost housing at a total amount of Rs. 8.1 million.

247 women/girls were trained for earning income spread over nine vocations and 145 men/boys got training in 19 different vocations. On a survey commissioned by SRSO through Institute of Business Administration (IBA), it was found that out of 32,000 men and women trained under this programme, IBA reported that 88% were not earning anything. After training 91% of the 88% started earning from Rs. 2,000 to Rs. 8,000 per month and of the women 75% had started earning.

915 members of the organised communities participated in capacity building programme which included community management skills training (CMST), LSO bookkeeping, gender training, exposure visits to Islamabad, Karachi, Abbottabad, Tharparkar, Azad Kashmir and one of them even went to India. 135 members have also formed 7 business development groups (BDG) for marketing.

22 VOs have taken out micro health insurance against hospitalization and 127 claims amounting to Rs. 2.5 million were settled. The premium for individual health insurance is Rs. 150 (US\$ 1.50) per year and Rs. 1,000 (US\$ 10) for entire family. It is cashless and operated by Jubilee Insurance Company.

The LSO has forged linkages with 12 organisations comprising SRSO (integrated development), Save the Children (WASH, Nutrition, Health) Engro Foundation (livestock enterprises), Saba Pakistan Hadya Trust (educational scholarship and water and sanitation health (WASH), Al-shafa Trust (eye camps), Tahleek Foundation (voter, NIC importance), Green Star (family planning), Helpage International (old age help), Kainat Foundation (importance of education) and MCH Society (family planning).

On Self Help Initiatives, LSO has constructed LSO office at a cost of Rs. 320,000, facilitated members in getting BISP cards, birth certificates, nikah nama (marriages) and set up a vocational training centre with the help of BBSYDP (Youth Development Programme).

The LSO was most enthusiastic about their future plans and had a lively discussion with the group. The local head of the district is very supportive and his deputy was present during our visit.

The following day, the EU sponsored CDD Conference was to be inaugurated by the Provincial Minister Local Government Syed Nasir Hussain Shah but he was called away to Karachi by the Chief Minister. However, he came to SRSO office on our return from the field visit and assured the conference members, especially EU representative of his government's and personal full support to the SUCCESS programme. The Government of Sindh was ably represented by the Additional Secretary, Planning & Development Mr. Muhammad Ali Khoso, specially deputed by the Additional Chief Secretary Mr. Ejaz Ali Khan. Mr. Khoso took immense interest in the field visit and the following day in the proceedings of the conference. I was particularly happy to see in Muhammad Ali a genuine believer in the strategy of Social Mobilisation.

The highlight of the Conference was a presentation of LSO Khushhal Network of District Shikarpur. A network of 11 LSOs of the 11 Union Councils of Sub-district Lakhi Ghulam Shah comprising:

- COs	1648	
- VOs	369	
- Total households (hhs)	37625	
- Organised hhs	31640	
- 0-18 PSC	15425	100% organised
- 19-23 PSC	6140	65% organised
- 24-100 PSC	10075	78% organised
- Eligible CIF hhs	15425	
- CIF recipients	15168	
- CIF amount	Rs. 135 million	
- CPI	3431	
- Total cost	Rs. 103 million	
- Vocational Training	4708	
- Female	3045	
- Male	1613	
- BDG Income Earned	Rs. 3 million	
- Micro Health Insurance	1133 claims	
	Rs. 18.4 million	

The spectrum of activities of the LSOs of the Network was more or less on the same pattern as witnessed in the field visit.

A recent impact assessment of CIF of 2750 households in 42 villages of 4 Union Councils of Shikarpur and Kashmore districts with 1832 CIF eligible households of which 1273 had received Rs. 14.7 million CIF, on an average of Rs. 11,500 per household which was revolved four times. 710 hhs had received only CIF and not BISP grants.

The tentative conclusions of the assessment of CIF beneficiaries were 50% of the 0-18 households graduated out of the band i.e. 20% moved to 19-23 while 30% to non-poor band 24-100. In addition a door to door verification of 478 households showed creation of assets worth Rs. 7 million who had received only Rs. 5 million as CIF and the CIF was still being revolved amongst the households.

The Conference was aptly described by Mr. Giacomo Miserocchi, Development Adviser, Rural Development & Local Governance, EU who deputed in place of the Minister in the inaugural session, in the following words:

Ladies and Gentlemen, colleagues, friends,

Thank you for joining us in this event which the EU is organizing with the support of its partners: the Rural Support Programmes Network, the Sindh Rural Support Organisation, and all the other Rural Support Programmes, who joined the cause of “harnessing people’s potential”.

Yes, this event is about “people”. “Common and unknown rural people” whose daily efforts, challenges, sufferings and voice goes unheard.

These people often represent 2/3 of the population of developing countries, but still go unnoticed because making their voice heard requires collective action. And acting collectively requires awareness, consciousness, identity, shared interests, capacity to act....

This conference is part of a series of conferences across Pakistan, which the EU felt the need to organize together with its RSPs partners in order to talk and bring awareness about CDD: a development responding to the needs and priorities identified by the very same individuals and communities who will ultimately benefit of it.

CDD: a beautiful and straightforward concept, so difficult to put in practice when we look at the multiple challenges and bottlenecks that commonly characterize large systems, where public and private spheres interacts, different layers of actors operate, power dynamics develop, crystallise and entrench, making access and control of resources an extremely difficult process.

So, here we are to talk about CDD, with the aim of sharing experience through the experience of the work carried out by the RSPs.

We are here to divulgate the concept of social capital and touch with our hands the immense potential deriving from “harnessing people’s potential “ for country systems, politicians, civil servants, development practitioners, donors and citizens at large.

Social capital is about the exponential opportunities available to organized groups of people, who consciously decide to act collectively to address shared

interests and needs. It's about building trust amongst individuals living similar experiences; developing mechanism of downward accountability; rules of engagement; plans of action; and then?...then looking outside, the world as a whole, reaping the opportunities available from a strengthened capacity resulting from unity.

You will be flushed with concepts, type of activities like Social Mobilisation, Community Organisations, Village Organisations, Local Support Organisations, Community Investment Funds, Income Generating Grants, Community Physical Infrastructures,....don't panic! At the heart there is a very simple concept. Individuals are organized in groups. Groups are organised in bigger groups. Bigger groups are organized in other groups....you've got a hierarchical organisation now, similar to a pyramid! Interconnections between constituent elements are made of human dynamics. This is more powerful than a stone pyramid in the Egyptian desert, because it can walk, think and talk!

The sum of the parts is finally greater than the whole!

ON EU APPROACH to Local Development

As a donor, the EU recognises the key role played by communities in defining their own development while playing an active role in shaping their future.

But this is just one part of the equation!

Delivery of public services remain a key responsibility of the government. Defining the overall development outcome of a country, a region or a locality, still sees the government playing an extremely important role.

Communities alone can do a lot, but lack resources. They lack the possibility to provide important information to local administrators/governments if they are not given the opportunity to participate in the process of allocation of resources.

Nobody knows local needs, better than the very individuals/communities who daily experience quality, quantity of services delivered!

Here why the EU strongly believes in the important synergies that can be created by bringing closer Civil Society to Local Authorities. Look at development as an apple (we will call it "**a development apple**"). Cut it in halves and recognise the importance of both parts in equal terms.

Multiple ways can be devised to bring the two sides together, and much depends on the specific structure and degree of decentralisation of the fiscal, administrative and political powers that the public system foresees. Each Province in Pakistan has its own. Some have already had LG elections (Balochistan, KP), some like Sindh are going to hold them soon. This is a great opportunity to think critically about the ways the “development apple” shall shape itself.

The EU sees these important upcoming events as great opportunities to bring at the forefront the role that communities can play, Government recognizes the potential and formally and institutionally creates a space for this to happen.

How?...by creating the necessary institutional environment built on policy and regulation.

Government!...you have an important role to play!

ON SUCCESS Programme

The EU is here because, by embracing wholeheartedly the cause of CDD through the work of the RSPs, it decided to extend support in Sindh through the SUCCESS programme (Sindh Union Councils and Community Economic Strengthening Support).

I'll make your life easier from the onset. Except for one element, there's nothing new in the programme that differs from what you have seen yesterday throughout the countryside.

The EU actually recognises the quality of the Government funded programme “Union Councils Based Poverty Reduction Programme” of the Government of Sindh. **And here we align!**

We just provide resources to extend geographic reach to 8 additional districts, by providing 77,5 million EUR over a period of 6 years (2015-2020).

And we will do the same: 1) support to develop community organisations; 2) support to economic growth/income generation; 3) development of community infrastructures/productive assets.

What is new? A dedicated Sindh Province policy and budget framework for Community Driven Development, making public resources available to communities.

ON GENDER

Let me spare some final considerations to a feature of this program, that has gone so far unnoticed, but that you surely noticed yesterday during your field visit.

Target beneficiaries will be WOMEN! I say it capital, and I am proud of it. This is a programme that finally recognises the productive role of women, going beyond the traditionally stigmatizing label of being the only responsible for reproductive household tasks.

Women are in the centre. Women, with their sense of responsibility, vision for unity, protection of the family unit (the founding unit of communities and societies at large!). Women with their creativity, initiative and perspectives.

Diversity and complementarity are back to the centre.

Ok, let me go back to my institutional role and use classic technical jargon:....yes, SUCCESS has an enormous potential to promoting economic and social rights, empowering girls and women, strengthening their voice and participation.

Just give for a moment credit to the power of social mobilisation, and think for a second what women can do through it!!!

CONCLUSION

Dear friends,

I hope this day can serve the purpose to explore and understand more the developmental relevance of concepts and practices such as social capital, community driven development, interaction between civil society and local authorities, empowerment of women....

We hope to offer you the opportunity to do just this. To bring back with you the strategic significance of all this, and **reflect on what you can do to contribute to this.**

The EU has no merit if not just being a careful observer of the opportunities and excellences already available in this beautiful country: the work of the RSPs, the thousands of organised communities, the enlightenment of some governments, the willingness and commitment of simple people...**We all have to harness something!**