



**Awami Development Organization**

**PROJECT COMPLETION REPORT**

**COMMUNITY LIVELIHOOD FUND**

**AT UNION COUNCILS**

**JAMAN SHAH, LADHANA AND LAYYAH**

**THAL JHANDI**

**January – June, 2014**

**DISTRICT LAYYAH**

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## Introduction

The Community Livelihood Fund is being supported under the Livelihood Enhancement and Protection project for the three Union Councils namely Jaman Shah, Ladahana and Layyah Thal Jhandi. In the first phase of the project the livelihood assets has been transferred to the marginalized communities to enhance their livelihood. After a period of two years it has been seen from the impact assessment report<sup>1</sup> that assests and income has been increased up to certain level but now they need financial resources to uplift their income level from one level to another level.

Community livelihood Fund started with the support of Pakistan Poverty Alleviation Fund under LEP project. Under this project microfinance facility is provided to the clients through the Local Support Organizations in the selected three Union Councils. The project started in the month of January 2014 and successfully completed over the period of 6 months and ended on 30<sup>th</sup> June, 2014.

Under this project total number of...300 (male 260..... and female 40.....) provided the micro credit facility in the sectors of enterprise, livestock and agriculture. The Local Support Organizations under the umbrella of Awami Development Organization is now turning into Non-banking financial institutions with 70% operational self-sufficiency. The impact that the successful implementation of a programme to expand the range of financial products available for development is substantial. Lending for enterprise development, livestock and agriculture is already a major part of the local support organization that expands it, reduces the risk associated with lending to it, or provides the poor with the ability to engage in enterprises that provide better financial returns, will have a substantial impact on poverty alleviation. It is also hoped that the successful implementation of this initiative would assist PPAF to pilot similar initiatives to identify opportunities in other sectors.

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<sup>1</sup> Study own conducted by the ADO through consultant in February 2013.

## **Pre- CLF Activities:**

### **Consultation Meeting:**

The orientation meeting was conducted with Local Support Organizations on how to establish the offices and other necessary documentation. Each LSO presented his own agenda to start the work. But all LSO raised the issue that they don't have the experience to run such kind of projects in which running cash is involved. One of the LSO raised the voice that at least ADO run the affairs of CLF as a support role until or unless we mature in the CLF component.

Each Local Support organizations individually passed the resolution<sup>2</sup> that ADO must nominate two persons (Branch manager and finance officer for the period of one year). The roles are pre-defined on the mutual understanding of all the Local Support Organizations.

This supported a lot for each Local Support Organization to build and strengthen their institution on CLF component.

### **Training of the LSOs on CLF**

The three.... Days training were organized for LSO members on CLF by Institute of Rural Management Islamabad so that members of LSOs have the orientation on the processes and procedures.

## **Methodology**

### **Identification of LSOs**

To initiate the process for Community Livelihood Fund, three Local Support organizations were selected in the three selected Union Council. The criteria are based on the market survey and where the financial need is in high demand for trading and business. It is also ensured that local support organizations have the capacity to initiate, plan and implement the community Livelihood fund.

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<sup>2</sup> Copies are attached as annex

S.No	Name of Local Support Organization	Union Council Name	Total Number of House Holds	Total Client targets	Total Amount to be disbursed
1	Bahar	Juman Shah	7417	100	1500000
2	Ladhana	Ladhana	7138	100	1500000
3	Sawail	Layyah Thal Jundi	9285	100	1500000
Total				300	4500000

### Establishment of office

The three offices were established with low cost operations, furniture & fixture and other necessary documentations. The offices were established in a single room with the support of community members. The staff is hired by Local Support Organization with the following staff.

#### 1. Branch Manager:

The branch manager will be responsible for the following:

- Lead and Manage the Community Livelihood fund
- Provide overall direction to the organization and ensure maximum outreach, sustainability of the CLF operations.
- Provide expertise, information, advice and counseling regarding affairs of the branch to the LSO executive body to ensure accountability to all stakeholders.
- Develop and recommend operating policies as well as short-term and long-term business plans for LSO approval and implementation.
- Position the branch as a market leader in the Union Council.
- Ensure sustainable growth and long term viability in a competitive environment
- Ensure training and monitoring of staff

#### 2. Field Officer

- To carryout field visits for social and technical appraisals
- To maintain the record keeping file of the clients
- To manage and ensure timely recovery of the clients

Three days training was arranged for the staff of Local Support Organizations. Total number of 22 participants were attended the training. The training covered the following topics

1. Objectives of the training workshop
2. Social and technical appraisals
3. Disbursement and recovery
4. Financial Management for CLF

One day field activity was also carried out for hand holding exercise, total number of 7 clients were appraised in three union councils namely ....., ....., .....

Local Support Organization Pictures		
Bahar Local Support Organization	Ladhana Local Support Organization	Sawail Local Support Organization

## **Bahar Local Support Organization**



## Ladhana Local Support Organization

Awami Development Organization (District Layyah)



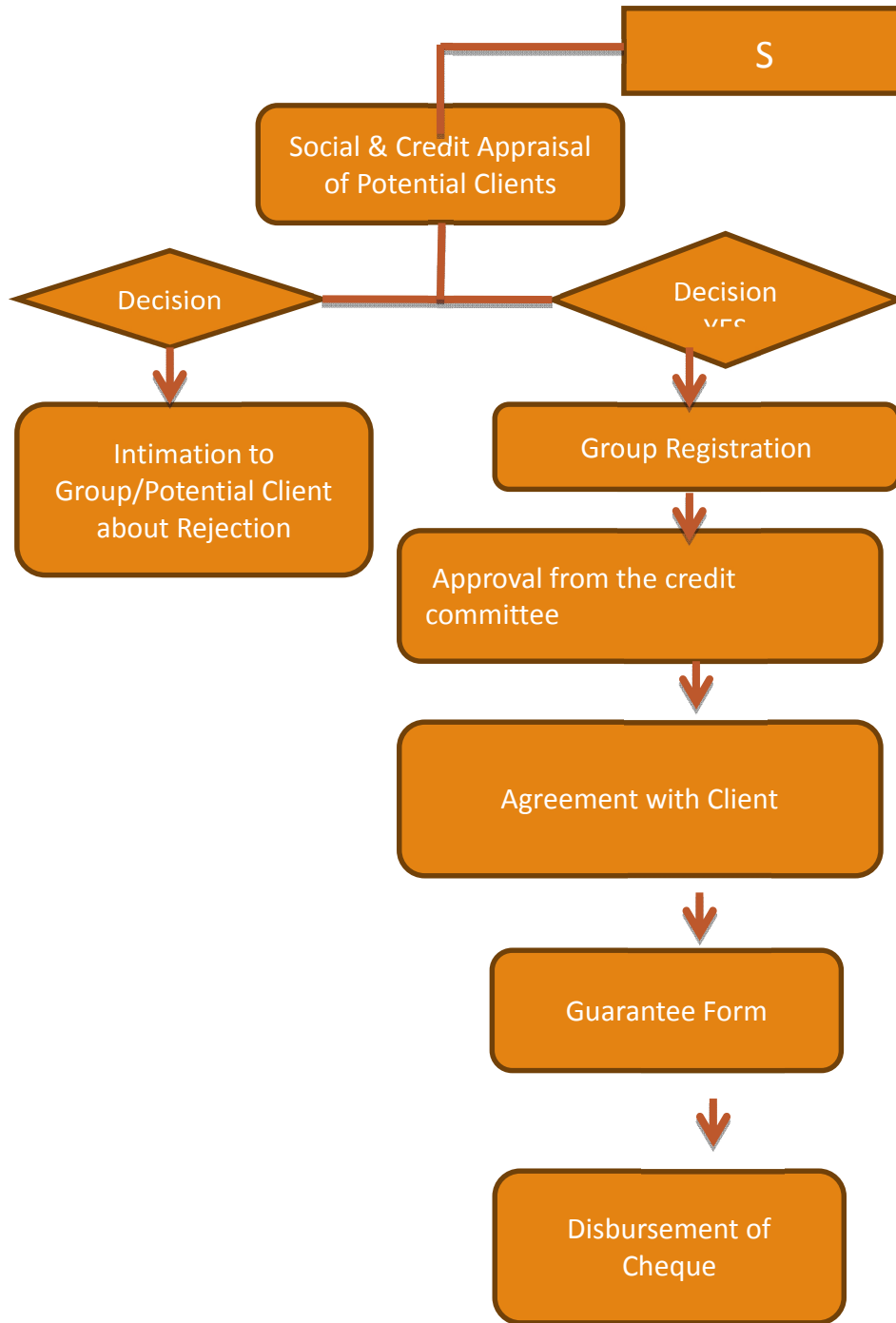
Awami Development Organization (District Layyah)



# Sawail Local Support Organization



## PROCESS FLOW CHART OF COMMUNITY LIVELIHOOD FUND



## Operational Procedure

Credit officer in consultation with Branch Manager will decide about the new or existing area of operation to be taken up for social mobilization/credit group formation. Benchmark information will be gathered to initiate the exercise. The procedure devised for identification and profiling will consist of following:

1. Credit officer will visit potential area and gather information on various factors viz. demography, competitors, estimated number of potential beneficiaries, radius from branch office, reputation of the people and vicinity with respect to crime, professions, income generation activities, health and sanitation facilities, type of dwelling, terms of loans offered by other formal and informal MF sources, mobility of women, literacy/education levels, identification of mosques and imams, social leaders and any Mohallaha or community association, male and female councilors (as the case may be) etc.
2. Contact with Community leaders brings advantageous feedback and helps promoting Community Livelihood Fund.
3. The report will be presented to branch manager for discussion to conduct door to door contacts with potential clients.
4. CO will proceed to the area as approved by the branch manager and make initial contact with social leader/association/committee of the locality/*Mohallaha* and brief about the purpose and benefits of CLF program of respected Local Support Organization.
5. The group meeting is a learning activity for all the potential members of the group to ensure that they understand the requirements and procedures in accessing financing facilities. It should be one-day activity at the time convenient for participants to attend. In particular, group meeting will be undertaken to:
  - Prepare the participants to fully understand their roles and responsibilities as group members.
  - Orient prospective clients on the IMF services.

- Acquaint participants with the policies, procedures and requirements of the group, the importance of strict discipline and the value of and requirements for quality membership.
- Infuse values of commitment among participants in building and sustaining the Group.
- Prepare the participants to render joint liability
- Inform about the procedure of *CLF* and its terms and conditions.
- Group Meeting is to be conducted by the Credit Officer handling the identified area with backup support from the other Credit Officer.
- All participants should be asked about their understanding regarding objectives and procedures of community Livelihood Fund as well as, willingness to enter joint liability bond. The assessment of credit officer regarding participants' understanding will help to decide about their qualification to obtain finance.
- On the date of group meeting, credit officer will proceed as under:
  - a) Credit officer will explain about the concept of Community Livelihood Fund and its differentiating characteristics.
  - b) Credit Officer will explain the objectives of Local Support Organizations to promote and enhance income generating activities of the people of limited means.
  - c) The application processing fee of Rs.300 per client per application will be charged.

## Terms of Finance

<b>Particulars</b>	<b>Description</b>
Type of Finance	Community Livelihood Fund
Businesses which can be financed	<ul style="list-style-type: none"> <li>i. Working capital for commercial businesses</li> <li>ii. Purchase of livestock (dairy animals, poultry birds, sheep and goats, sec.)</li> <li>iii. Supplies of raw material</li> <li>iv. Purchase of public transport means like motor rickshaw and taxi (first or second hand rickshaws, motorcycles, carts, etc.)</li> <li>v. Purchase of equipments/tools</li> <li>vi. Supplies for handicrafts/embroidery/etc.</li> <li>vii. Dairy animals/poultry birds/sheep &amp; goats</li> <li>viii. Any other identified as microenterprise</li> </ul>
Period of Finance	CLF financing will be available up to 12 months depending on life cycles of the businesses. Indicative lifecycles will be as under:
Graduating Cycles	<p>1<sup>st</sup>: Rs. 10,000 to 15,000</p> <p>2<sup>nd</sup>: &gt; Rs. 15,000 to 20,000</p> <p>3<sup>rd</sup>: &gt; Rs. 20,000 to 25,000</p> <p>There can also be special consideration for higher amount with specific approval the board</p>
Frequency of Payment	<ul style="list-style-type: none"> <li>i. Monthly installments (in case of business with recurring cash flows or salaried person)</li> <li>ii. Lump sum (in case of seasonal cash flow)</li> </ul>
Maximum Allowance for Payment of Installment	7 days

(without penalty)	
Profit Margin	Markup: 18%
Penalty on Default	2% of outstanding Principle

## Business Plan

### 1. Bahar (Local Support Organization)

Month	Clients	Disbursement	Recovery (Feb-June) 2014			
			March	April	May	June
Feb	49	735,000	73500	100500	100500	150000
March	18	270,000				
April	-	-				
May	33	495,000				
June						

### 2. Ladhana Local Support Organization

Month	Clients	Disbursement	Recovery (Feb-June) 2014			
			March	April	May	June
Feb	47	705000	70500	150000	150000	150000
March	53	795000				
April						
May	-	-				
June	-	-				
	-	-				

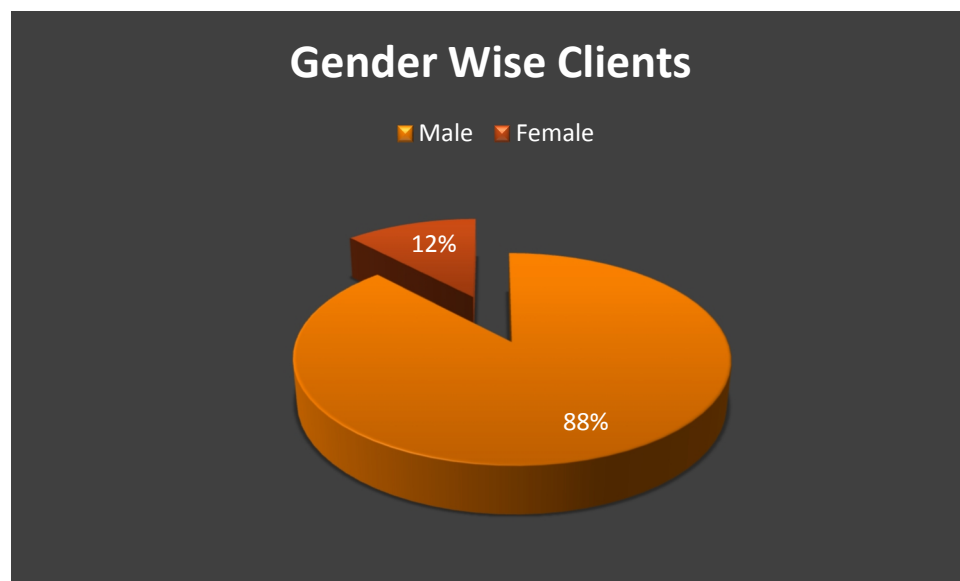
### 3. Sawail Local Support Organizations

Month	Clients	Disbursement	Recovery (Feb-June) 2014			
			April	May	June	
March	41	615000	61500	79500	147000	
April	12	180000				
May	45	675000				
June	12	180000				

## Disbursement (Gender and trade)

### 1. Bahar (Local Support Organization)

Gender	Jan	Feb	March	April	May	June
Male		37	18	-	33	-
Female		12	0	-	0	-



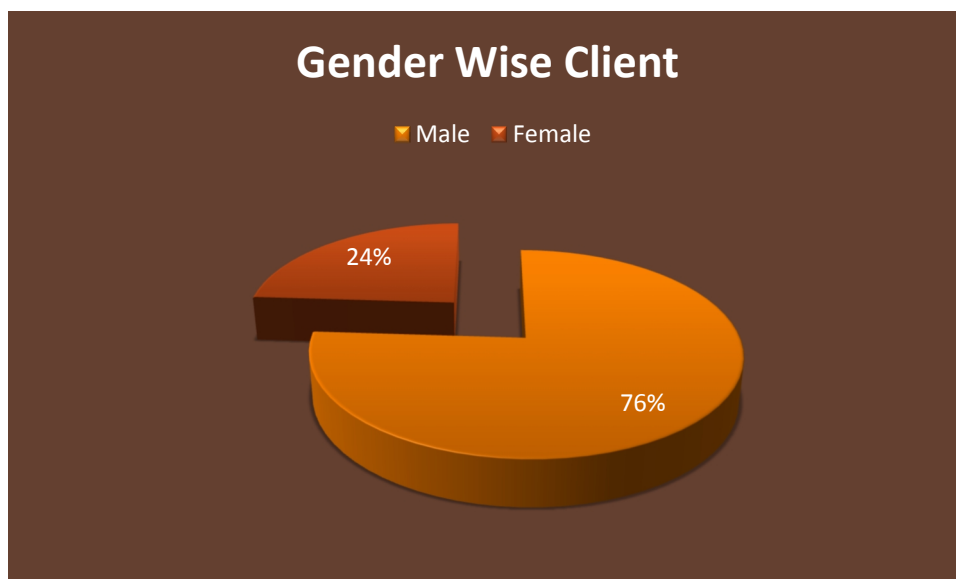
Trade	Jan	Feb	March	April	May	June
Enterprises		36	14		22	
Livestock		13	4		11	
Agriculture						
others						





## 2. Ladhana Local Support Organization

Gender	Jan	Feb	March	April	May	June
Male		37	39			
Female		10	14			



Trade	Jan	Feb	March	April	May	June
Enterprises		32	37			
Livestock		15	16			
Agriculture						
others						



### 3. Sawail Local Support Organizations

Gender	Jan	Feb	March	April	May	June
Male			36	9	45	9
Female			5	3	0	3



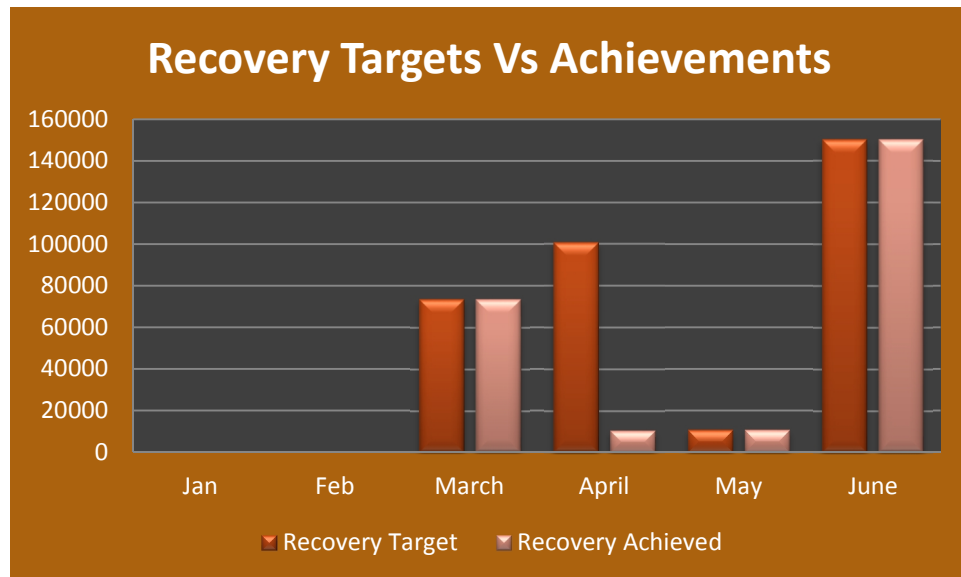
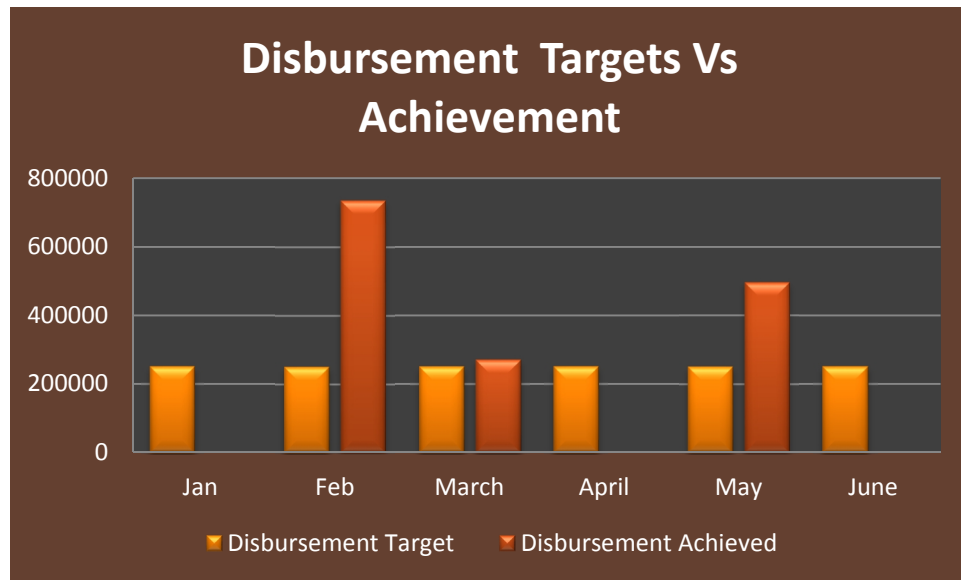
Trade	Jan	Feb	March	April	May	June
Enterprises			31	8	37	8
Livestock			10	4	8	4
Agriculture						
others						



## Disbursement Vs Recovery Targets

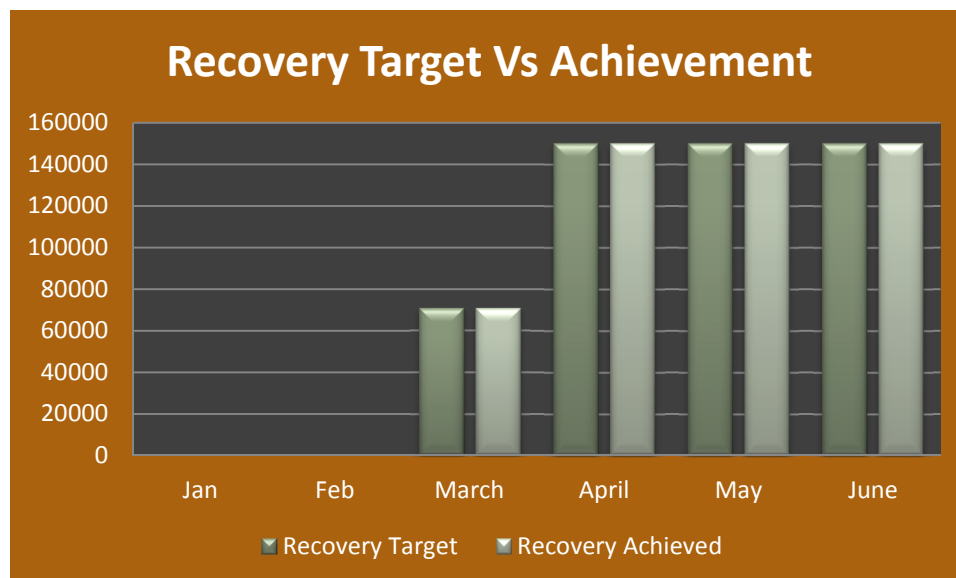
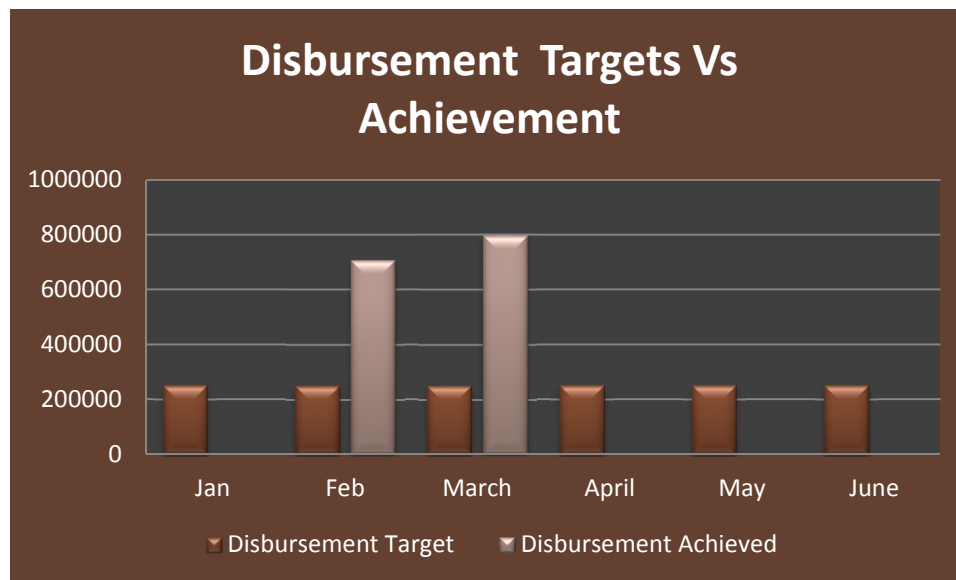
### 1. Bahar (Local Support Organization)

Disbursement			Recovery		
Month	Target	Achieved	Month	Target	Achieved
Jan	250000		Jan		
Feb	250000	735000	Feb		
March	250000	270000	March	73500	73500
April	250000		April	100500	10500
May	250000	495000	May	10500	10500
June	250000		June	150000	150000



## 2. Ladhana Local Support Organization

Disbursement			Recovery		
Month	Target	Achieved	Month	Target	Achieved
Jan	250000		Jan		
Feb	250000	705000	Feb		
March	250000	795000	March	70500	70500
April	250000		April	150000	150000
May	250000		May	150000	150000
June	250000		June	150000	150000



### 3. Sawail Local Support Organizations

Disbursement			Recovery		
Month	Target	Achieved	Month	Target	Achieved
Jan	250000		Jan		
Feb	250000		Feb		
March	250000	615000	March		
April	250000	180000	April	61500	61500
May	250000	675000	May	79500	79500
June	250000	180000	June	147000	147000

