

Sindh Agricultural & Forestry Workers Coordinating Organization (SAFWCO)

In this document:

- Brief History
 - Methodology
 - Area of Operations
 - Clients
 - Poverty Focus
 - Distinctive Features
 - Innovations
 - Financial Results
 - Challenges & Development Plans
 - Inclusion in Financial Sector
-

Brief History

SAFWCO was established in 1986 by a small group of social activists to encourage the empowerment of rural communities. SAFWCO started its microfinance program as a part of its greater social activities.

SAFWCO initiated its credit program in 1993-94, by providing loans under the Low Cost Housing Program (LCHP) and Goats Rearing Program (GRP). A major proportion of loans were given for the construction of low cost houses in 1993, and to rebuild damaged houses due to the monsoon in 1992.

SAFWCO's saving program was initiated in 1990, first by empowering groups to mobilise and manage their own savings, then by directly collecting savings on a monthly basis from groups and transferring it to commercial banks.

Methodology

SAFWCO works to alleviate poverty in Pakistan through a variety of interventions, among them microcredit and microsaving activities.

SAFWCO provides loans for income generation purposes, with an emphasis on women. Loans range from Rs.8,000 to Rs.25,000 and are disbursed through community organisations (COs), in rural villages, and directly through solidarity groups in semi urban and slum areas. Loans are made to established groups of both men and women, comprised of three to six individuals, that have been operating for over a year. Credit Committees in rural villages screen the applicants and act as intermediaries. Loans are used for agricultural development, retailing and trade, livestock, handicraft and others. Loan delinquencies of over one month can result in the disqualification of an entire village for further loans. This ban remains in effect until all arrears are repaid.

The saving program includes monthly meetings used to collect savings, with a minimum voluntary contribution of Rs.20, and is operated through COs, which collect deposits, and manage the savings records and passbooks. Communities are also encouraged to utilise their savings through their village development organisation as internal lending.

SAFWCO also collaborates with small NGOs, providing them with training in microcredit operations and loans.

Area of Operations

SAFWCO operates in rural communities located in the Sindh province. Within Sindh, SAFWCO concentrates its activities in the districts of Sanghar, Hyderabad, Khairpur, Dadu and Jacobabad. It participates to the Sindh Microfinance Network (SMN), which gathers sixteen microfinance providers in the province.

Clients

SAFWCO provides services to 72 male Community Organisations (COs) and 47 female COs organized. Overwhelmingly, loans have been made to clients operating in the retail and livestock sectors of rural Sindh.

Active clients	Active savers	Active borrowers	Gender
3,703	3,703	2,973	42% women borrowers

As of 31 December 2003

Poverty Focus

The clients of SAFWCO are among the poor population living in Sindh, both women and men. An impact survey, based on interviews with 128 women borrowers, showed that one third of the average monthly household income came from the income generated by participating in the microcredit program.

Average outstanding loan size (US\$)	Average outstanding loan size / GNP per capita	Average deposit size (US\$)
69.5	17%	3.4

As of 31 December 2003

Distinctive Features

SAFWCO operates a wide range of social programs and uses microfinance as a complementary tool to its approach to alleviating rural poverty.

Innovations

n/a

Financial results

SAFWCO remains unsustainable according to its most recently published figures (2003). However, both its 2002 Operating and Financial sufficiency ratios have improved by 86% upon its 2001 figures. SAFWCO's cumulative repayment rate remains high at 95.6%, with major improvements in its portfolio at risk in the last two years.

Loan Portfolio (US\$)	Portfolio at risk	Savings Deposits (US\$)	OSS / FSS	RoE / RoA
206,595	6.5%	12,555	40.6% / -	-87.8% / -23.8%

As of 31 December 2003

Challenges and development plans

SAFWCO has developed a business plan supporting the transformation of its microfinance program into a rural microfinance bank, licensed by the central bank and capable of financial intermediation.

Inclusion in financial Sector

SAFWCO borrows from the PPAF to on-lend Rs.13 millions to about 2,000 borrowers.

Sources:

- *Empowering the poor, ten years of SAFWCO Microfinance program*. SAFWCO. October 2002
- SAFWCO brochure
- SAFWCO Annual Report 2002
- Web site: www.safwco.org
- Mixmarket SAFWCO profile www.mixmarket.org