

## Sarhad Rural Support Programme (SRSP)

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### Brief History

The Sarhad Rural Support Programme (SRSP) was established in 1989, as a private, non-government, non-profit organization, following the model successfully developed by the Aga Khan Rural Support Programme (AKRSP). It received assistance from the Government of the North West Frontier Province, AKRSP and USAID. SRSP's development model evolved from the experiments in participatory rural development initiated in Pakistan over the last 35 years, such as the rural development initiatives by Dr Akhtar Hameed Khan in Commilla, IRDP Daudzai (NWFP), the Orangi Pilot Project (OPP) in Karachi. It also built on the experience of participatory community development programs in the Northern Areas and Chitral.

### Methodology

SRSP's approach emphasizes the participation of the marginalised rural communities at all levels as planners, designers, implementers and maintainers in the process of sustainable development. SRSP believes in a people centred participatory approach.

The SRSP mobilizes grass-root communities to form local institutions called Community Organizations (CO), which are then used as vehicles for building the self help capacity and potential of the communities they operate in. These organisations are also the vehicle to identify and undertake a variety of diverse developmental projects related to, for example, credit and savings, infrastructure development, natural resource management, enterprise promotion, and social development - with particular attention to gender equity concerns. In its microcredit operations, SRSP work through groups of 30 to 40 members.

### Area of Operations

The Sarhad Rural Support Programme operates in the rural regions of Peshawar, Abbottabad, Mansehra, Kohat in the North West Frontier Province. It covers 12 districts and reach 6,000 community organisations.

### Clients

SRSP's microfinance services has reached a total of 19,960 clients across the NSWP, from both genders, but is still biased towards men.

Active clients	Active savers	Active borrowers	Gender
6,784	-	6,784	28% women

As of 30 September 2003

### Poverty Focus

SPRSP aims to raise the income and quality of life of men and women, especially the poorest of the poor, living in the program area.

Average outstanding loan size	Average outstanding loan size / GNP per capita	Average deposit size
Rs.12,240	54%	-

As of 30 September 2003

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### Distinctive Features

SRSP is currently making efforts to improve its microfinance operations by restructuring its management structure, adopting new lending methodologies and putting a stronger emphasis on cost recovery.

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### Innovations

n.a.

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### Financial results

As of September 2003 SRSP's Portfolio at Risk (based on clients late more than six months) is very high at 69%, which is by far in excess of the best practice policy of 5% for 30 days delinquency. In addition, loan distributions fell far short of target, only 20% of the allocated funds were disbursed. The cumulative repayment rate is also below average at 89%, while the sustainability ratio of 23% shows the difficulties of reaching operational viability.

Loan Portfolio	Portfolio at risk	Savings Deposits	OSS / FSS	RoE / RoA
Rs.36.43 million	69%	-	23% / n/a	n.a.

As of 30 September 2003

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### Challenges and development plans

SRSP faces many challenges in its social mobilization strategy, due to the diversity of the physical landscape, with difficult terrain and long distances, the isolation and conservatism of some of the served communities, and the smaller endowment in comparison to other provinces. Moreover, the integration of microfinance and social services results in additional difficulties, in identifying cost structure, improving efficiency, specializing in microfinance, and aiming at sustainability of operations. All these challenges results in a portfolio heavily burdened with arrears, and low recovery rates.

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### Inclusion in financial Sector

SRSP borrows from the PPAF to finance a major proportion of its loan portfolio. It also collaborates with the Bank of Khyber, which lends to SRSP group members wanting to obtain a loan above the SRSP loan size ceiling.

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### Sources:

Web site: [www.kohat.sdnpc.org/SRSP.html](http://www.kohat.sdnpc.org/SRSP.html)

Rural Support Programmes Network web site: [www.rspn.org](http://www.rspn.org)