

September 19, 1984

NOTE FOR THE RECORD

Subject: Dr. Akhter Hameed Khan's briefing with Engineering, MER, Accounts, Women's Section, Extension and Training and the Management Group

Participants:

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| 1. | Dr. Akhter Hameed Khan | |
| 2. | Mr. Shoaib Sultan Khan | General Manager |

Engineering

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| 3. | Mr. Hussain Wali Khan | PSE |
| 4. | Mr. Essa Khan | Assistant Engineer |
| 5. | Mr. Faryad Khan | Assistant Engineer |

Women's Programme

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| 6. | Ms Khalida Nasir | Consulting SO |
| 7. | Mr. Arab Khan | Asstt. SO |

Accounts

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| 8. | Mr. Mutabiat Shah | Programme Accountant |
| 9. | Mr. Sultan Shahaiddin | Consultant Accountant |

MER

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| 10. | Mr. Azmat Qadir | Project Economist |
| 11. | Mr. Zafar Ahmad | Project Economist |
| 12. | Mr. Izhar Ali | Consulting Programme Officer (Recorder) |

Extension & Training

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| 13. | Mr. Muhammad Aslam Ch. | Consulting Training Officer |
| 14. | Mr. Gari Khan | Farm Information Officer |
| 15. | Mr. Shah Wali Khan | Consul. Agriculturist |
| 16. | Mr. Farman Ali | Project Veterinarian |
| 17. | Mr. Mahmood Jumani | Cons. Food Technologist |

AHK paid his fourth visit to AKRSP in Gilgit. All the sections constituting AKRSP had an opportunity to have a joint session with AHK on September 19, 1984. The meeting spread over next day the 20th of September. AHK continued his meeting in the AKRSP's Training and Extension Centre.

1. Engineering

The session began with a discussion about the Engineering Section which was represented by the Programme Senior Engineer, Hussain Wali Khan (HWK).

HWK reported his section's progress in the field of PPIs. He mentioned that 2/3 of the total PPI projects have been successfully completed so far, in both the Chitral and Gilgit districts.

AHK asked HWK if he was facing any problems regarding estimates. HWK replied "no significant problems". He said "in fact we try to avoid that term whenever possible simply to distinguish ourselves from other estimating agencies". HWK further said that instead we use words such as gift, help for assistance which leaves a different impression on public opinion and makes a much more favourable impact. AHK thought that was "true and wise".

Fortunately there were no theoretical problems facing the Engineering Section in promoting PPIs. AHK advised the section on basic data keeping and made the following remarks:

"You need to know to what extent a village is saving its labour cost. If you calculate this variance you can compare and apply it to other villages".

AHK explained that from the monitoring point of view, one should compare the estimated cost sheet as against the actual or "as built" cost-sheet to have a fair idea of the labour saving ratio. This information should then be recorded as per project so that it could be analysed by the MER and utilized elsewhere. AHK further said that there should be another "fact-sheet" for each project, containing such details as: length - if it is a channel; quality of water discharge; land reclaimed; number of beneficiaries and other relevant information. AHK advised that these two sheets must be coded and catalogued in the library along with their respective project maps. The analysis will be done by taking samples from these various projects which could also be sent to the donor agencies. AHK continued: "keep the record of" goods" and "bads" for sampling purposes that will help to improve and streamline the operations".

HWK said that he has prepared "who is doing what" information sheet about VOs, indicating which VO has taken what project, physical progress, savings-loans obtained etc.

AHK suggested that such details should be kept separately by sections concerned. He stressed that energy should be focussed on specific problems.

Highlighting AkRSP's strategy in the second phase of development, AHK observed that the programme should go ahead with PPI projects already planned. At the sometime, second generation of projects should be commenced in villages where PPIs have already been undertaken. The important point to note in this connection was that these post-PPI projects will be pursued entirely on the basis of loans. AHK continued that it is important to explain fully the nature of this new approach e.g. AKRSP will pursue its second generation of projects through extending short/long term loans to the VOs which have already benefitted from a PPI projects.

HWK said that he has already sent engineers to survey such prospective projects in this regard.

The GM held that villages should now think about land development in terms of pastures and forests. If they agree to these conditions, AKRSP will provide them with loans to pursue such projects. The detailed procedures for such loans will be sorted out by the MG.

AHK noted that SOs should be briefed on this new policy shift. They could certainly publicize AKRSP's "one funded PPI for each VO policy". But at the same time they should make it clear that AKRSP encourages, and will assist their post-PPI projects in a different way i.e. through loans for pastures and forestry development.

Another suggestion AHK gave in this connection was to include sanitation as an item in the new programme. He advised the MG to initially select one or two villages to undertake sanitation as a possible post-PPI project which could later be replicated elsewhere. AHK noted that this will also strengthen the Women Organisations. He asked KN to initially prepare one WO for this purpose.

HWK inquired how to prepare villagers for this programme who are already apprehensive of loans and as to what extent the loans should cover the components of labour and material cost?

In regard to loan disbursement, the GM observed that in Mohammad Abad and Sher Qilla cases, some principals have emerged regarding the ceiling and disbursement of loans for land development. GM said that after many discussions with the villagers, the consensus arrived at was to allow every individual to develop at least a minimum area of new land. In this way the loan amount could be controlled and its benefit ensured to everyone at a guaranteed level.

AHK suggested that a manual should be prepared for this purpose by codifying these principles. He further noted that priority should be given to lands which are more economical to reclaim and a ceiling should be imposed on per kanal of land development cost, since in many cases the cost is not relative to area of land reclaimed.

The other important point to be noted in this connection was to develop pasture by taking advantage of terrain.

AHK pointed out that the significance of forests and pasture land is dangerously under-rated in this area. He suggested that this should be carefully investigated and the villages should be helped in exploring their potential resources. AHK said that a lot of villages can specialize in dairy products, meant, fur, timber and many other items.

Regarding villagers apprehension about loans, AHK noted that initially this would be a serious problem. People may not agree to undertake projects on loan basis but we should convince them. Just as a physician convinces his patient to agree to surgery so as to remove the cause of his illness. Besides, we can argue that the money which they take as loan does not go anywhere else. Except a small portion on explosives, it remains with them since they exchange their labour for it. The loan could be paid back by the money they had earned through their labour, plus by increased income which will result out of the new project undertaken. Moreover, the loan will be serviced through easy instalments and in a longer duration.

HWK then reported on the successful experiment of implements which had been gifted to the VO on the basis of savings performance.

AHK appreciated the idea and remarked: "this was a very good step which helped a concentrate labour and equity capital". AhK called it "the working capital" in the villages. AHK suggested transportation as one such tool which can also help integrate the rural labour and its nascent economy.

The GM noted that five VOs had submitted loan applications in this regard but the bank has declined to entertain their request or was dragging its feet.

AHK commented that this was a basic weakness. He said that we have to set up an institution which will serve as a bank for our village cooperatives.

Citing the example of Comilla project, AHK observed that in Comilla the system was very simple. The United Bank served as the banker for our Central Cooperative Bank. We did the loaning ourselves at a service charge of 5% and made Rs.7.5 lac within a year and a half.

AHK suggested that basic thinking is required in this regard. SS was asked to study what HB was making out of the money deposited by AKRSP/VOs. He was also asked to find out under what legal cover, we can operated as a Cooperative Bank.

2. Accounts

MS made the same point that Habib Bank has not helped us in our accounts and the loaning system. The

bank makes only two entries and enjoys the full benefits of our huge accounts with it.

With regard to the AKRSP's loan and credit system, AHK advised that record should be kept at all three levels e.g. individual loanee, VO and project accounts so that we can have full information about any defaults.

The GM asked SS to devise such a system as the first step towards establishing an independent bank. AHK said that the SOs should not be burdened with these details. They should be provided with ready-made charts so that they can easily collect information about loans/credits in their units. Since the Managers are Managers and not Accountants. AHK suggested to appoint village accountants like villager supervisors in every SOU to avoid gradual deterioration in the credit system.

3. Marketing

Discussing the principles, AHK maintained that in every case we are promoting autonomy and decentralization. As the initial step, our research would concern with opening supply of line for marketing. The first investigation in this regard, AHK noted was to go down country for market exploration. At the same time, we should prepare people back in the villages for marketing purposes.

(i) At the village level

Our responsibility here is to train villagers in basic fruit technology, such as picking, grading, packing and preserving the produce. Provision the villagers with these two tools in marketing techniques e.g. basic training and market information. We expect them to handle their own marketing system. We are not going to encourage the tendency of attaching AKRSP personnel with their consignments.

AHK noted that initially these would be difficult but they should learn through trial and error, as every learning process involves this principle. Since the villagers share the profit they should accept the loss as well, AHK advised the marketing section to put forth this argument.

Elaborating further the principal AHK asserted that in marketing, the villagers are only used to subsistent marketing. What they needed now is to learn the collective expertise in entrepreneurship. AHK said that we should go slow in this process. Villagers should go to other areas to learn from their experiences.