2022

Community Revolving Funds for Agriculture Project

2016 - 2023

Impact Assessment Report

CRFA & ED

February 2022

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EXECUTIVE SUMMARY

Community Revolving Fund for Agriculture Input Supply CRFAIS was started in 2016 by NRSP Bank after signing an agreement with NRSP which is major partner of SPPAP for execution of Community Revolving Fund for Agriculture Input Supply component.

Under agreement NRSP Bank is financing to small land holding farmers in Bahawalpur, Bahawalnagar and Muzaffargarh districts and beneficiaries lists were provided by NRSP-Social Mobilization Partner (SMP) to Bank. The information contains in lists was about project villages, list of COs and also list of Households with Poverty Score of 0-23. Average loan size was Rs. 25,000 with 15% annually service charges only and no loan processing fee charge to CRFA beneficiaries.

NRSP transferred the funds Rs. 24 Million initially to NRSP MFB for targeting 960 beneficiaries for three districts. NRSP Bank covered the crop cycles; Kharif-2016, Kharif-2017, Rabi-2017-18, Kharif-2018, Rabi-2018-19,Kharif-2019, Rabi-2019-20, Kharif-2020 and revolved Rs.2,067,890 i.e. 2% from the earned service charges during the mentioned period / crop cycles.

In October 2020, 4th extension of the agreement; Community Revolving Fund and Enterprise Development (CRFA & ED) was signed with addition of seed money Rs.101.25 million and service charges percentage was increased from 15 % to 18 % annually with effect from Rabi 2020. Total funds under 4th extension was Rs.127 million with target client from 2,546 to 6,366 and Agriculture input, livestock & enterprise lending purposive were also added. Average loan size Rs.20,000 to 50,000 were revised with up to 6 months loan duration. Total 5 districts; Bahawalpur, Bahawalnagar, Muzaffar Garh, Rahim Yar Khan and Leyyah were also added in target area.

Impact Assessment Study was conducted in target 5 districts under CRFA & ED Project. Sample size 4% was taken and developed questionnaire to record responses of the respondents.

Summary of Findings;

Major findings of the study were beneficiaries with majority between 36 to 60 years and 5-7 family members. Majority sale out their final produce /animals to local middle man/Arhti /Biopari and could not get reasonable prices. Their income assessed between Rs.51,000 to Rs. 60,000 with major portion out of the total sample size. Most of the participants were interested in interest free loan. Very less number were reported against trainings obtained. Overall financial impact out of the interest rate directly benefited 9% to CRFA-Beneficiaries against Bank normal interest rate that is Rs.2,400/- with average Rs.30,000 loan amount. And Rs.3,000 saving from loan processing fee as charged to normal customers. Further, beneficiaries got benefited 32% saving by purchasing of input on cash for each crop cycle.

Objectives of the Study

To see the impact of project on beneficiaries' income, agriculture / livestock expense, financial access, service charge, loan process, repayments, training.

Study Design and Methodology

Study design and methodology was defined with 4% sample size of the total population 3,994 within targeted 5 districts and conveninance purposive method was used under non-probability sampling technique. A questionnaire was constructed as a tool of data collection based on both open ended and close ended questions. Interviews were conducted with respondents for data collection by using the quantitative approach. SPSS software was used for data analysis.

Review of Reports/ Literature / Information

Literature and reports pertaining to project conceptualization, planning and implementation were reviewed for reference before evaluation of the program.

Primary Data Gathering (Field)

Data was collected from targeted respondents under sample size by the bank field staff. Interviews were conducted and responses were recorded on questionnaire.

Compilation of Data and Analysis

Data was compiled and analyzed on the basis of collected data from primary and secondary sources.

Implementing Partners

National Rural Support Program (NRSP)

Established in 1991, NRSP is the largest Rural Support Programme in the country in terms of outreach, staff and development activities. It is a not for profit organization registered under Section 42 of Companies Act 2017 (repealed Companies Ordinance 1984).

NRSP's mandate is to alleviate poverty by harnessing people's potential and undertake development activities in Pakistan. It has a presence in 72 Districts in all the four Provinces including Azad Jammu and Kashmir through Regional Offices and Field Offices. NRSP is currently working with 3.74 million poor households organized into a network of 241,072 Community Organizations. With sustained incremental growth, it is emerging as Pakistan's leading engine for poverty reduction and rural development. NRSP is an implementing partner of SPPAP.

Southern Punjab Poverty Alleviation Project (SPPAP)

International Fund for Agriculture Development is funding Southern Punjab Poverty Alleviation Project (SPPAP) to aide in poverty alleviation and uplifting of the living standard of destitute segment of society. Government has taken this initiative to target the poorest district of Southern Punjab in the cotton-wheat zone and low intensity production areas with primary focus on both the agriculture sector as well as rural non-farm sector. Poorest of the poor segments of society are participating in completion of the project. Beneficiary selection is based on a preliminary poverty assessment of the Ten districts; Bahawalpur, Bahawalnagar, Muzafargarh, RajanPur DGKhan, Rahim Yar Khan, Leyyah, Bhakkar, Mianwali and Khushab

Progress Review of the CRFA Project-NRSP Bank as of 28th Feb,2022

Sr #	Tehsil	Total No. of Loans revolved since inception	Total Amount of loan Revolved since inception	Segregation of Earned Share in terms of;						Total net profit	Net Return on Investment (%)
				Cumulative Recovery	Right Off / Loan Losses	Cumulative Service Charges as of Kharif 2020	Cumulative Service Charges from Rabi 2020-21 to onward	Net Profit @3% on Investment (Rs) as of Kharif 2020	Net Profit @6% on Investment (Rs) from Rabi 2020 to onward		
1	Ahmedpur	4,159	116,680,500	86,750,902	340,108	3,446,928	2,791,294	689,386	921,127	1,610,513	1.38%
2	Bahawalnagar	4,337	125,546,435	103,456,464	2,789	4,774,702	2,816,915	954,940	929,582	1,884,522	1.50%
3	Jatoi	3,941	108,626,900	85,941,063	1,619,912	4,828,823	2,182,803	965,765	720,325	1,686,090	1.55%
4	Layyah	1,773	50,599,000	29,962,489	-	-	2,275,016	-	750,755	750,755	1.48%
5	Minchanbad	992	27,489,500	16,581,575	-	-	961,683	-	317,355	317,355	1.15%
6	Liaqatpur	2,406	77,364,500	46,646,931	-	-	3,022,965	-	997,579	997,579	1.29%
	Total	17,608	506,306,835	369,339,424	1,962,809	13,050,454	14,050,676	2,610,091	4,636,723	7,246,814	1.43%

Study FINDINGS
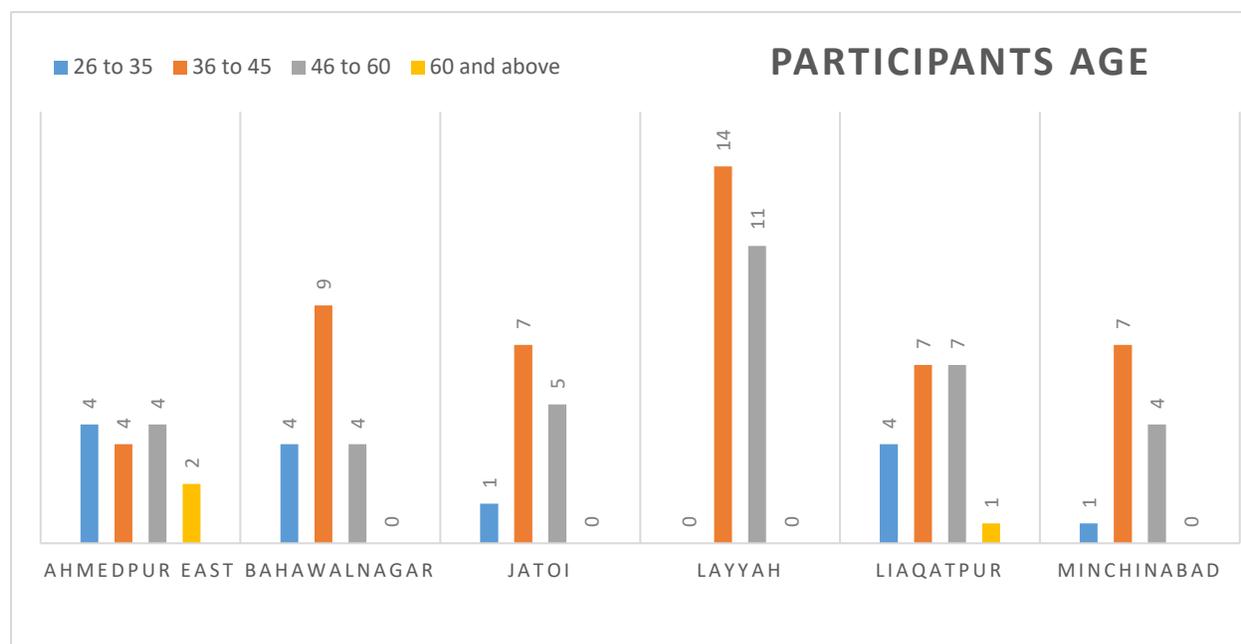
| Tehsil	Participants Age				
	18 to 25	26 to 35	36 to 45	46 to 60	60 and above
Ahmedpur East	0	4	4	4	2
Bahawalnagar	0	4	9	4	0
Jatoi	0	1	7	5	0
Layyah	0	0	14	11	0
Liaqatpur	0	4	7	7	1
Minchinabad	0	1	7	4	0
Total	0	14	48	35	3

Description;

Highly percentage of beneficiaries age 48% observed between 36-45 years whereas 3% in above 60 years of age. Moreover,14% in major slab lead to Leyya District. Overall, majority of beneficiaries exists between 36 years to 60 years of ages. 18-25 age group scored zero out of the total sample size.

PARTICIPANTS HOUSEHOLD SIZE

■ Less Then Five ■ 5 to 7 ■ 8 to 9 ■ 10 or More
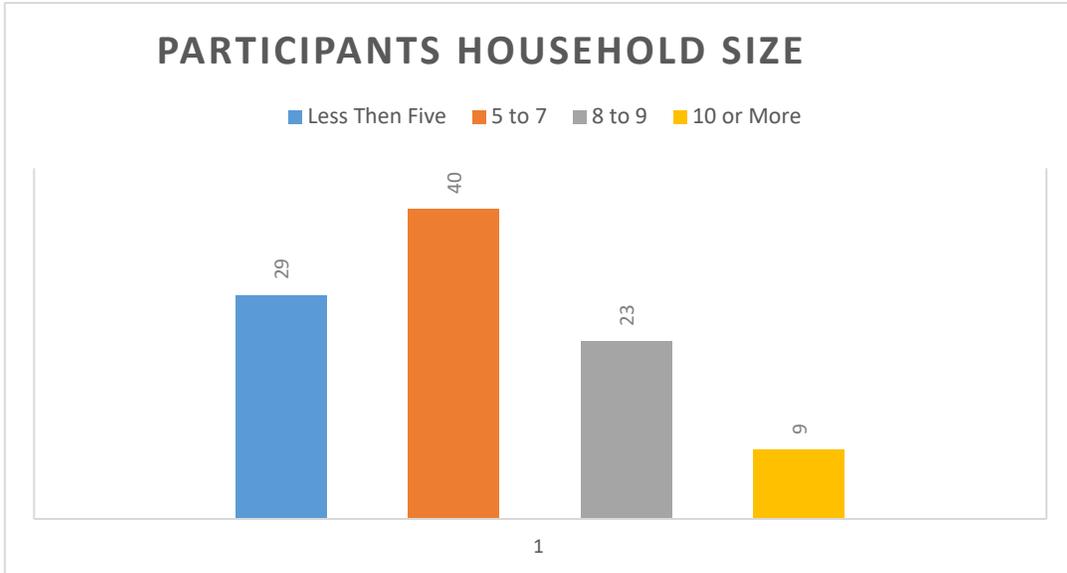
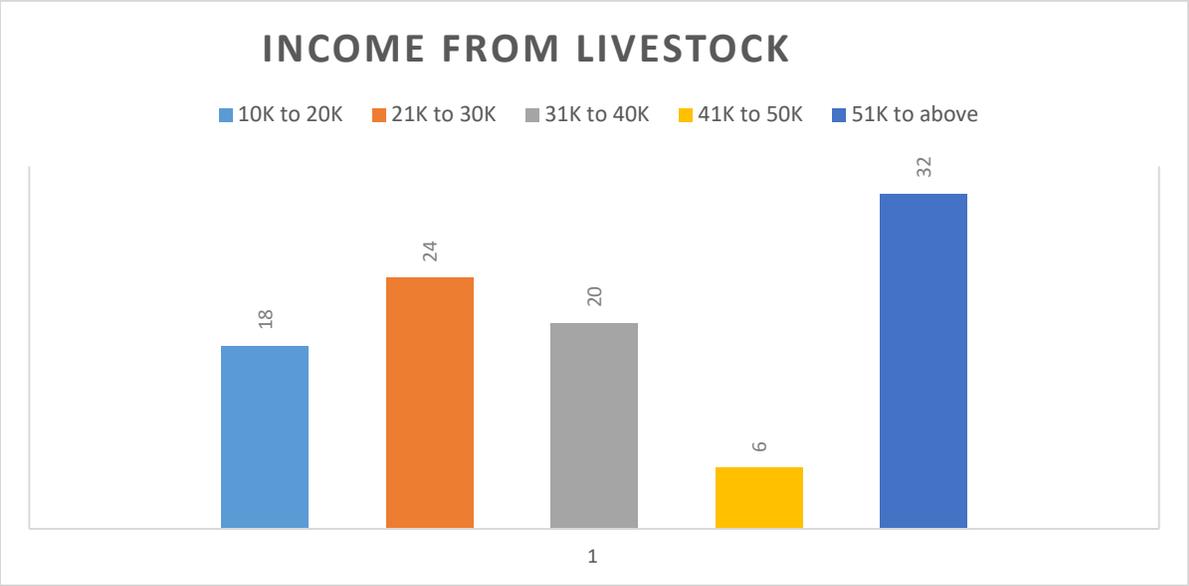| Participants Household Size			
Less Than Five	**5 to 7**	**8 to 9**	**10 or More**
29	39	23	9

Description;

Household size remained 39% with 5-7 family member out of the total whereas 9% with 9 members in family. Graphic and tabulated description is mentioned above extracted from sample size.

INCOME FROM AGRICULTURE

■ Series1 ■ Series2 ■ Series3 ■ Series4
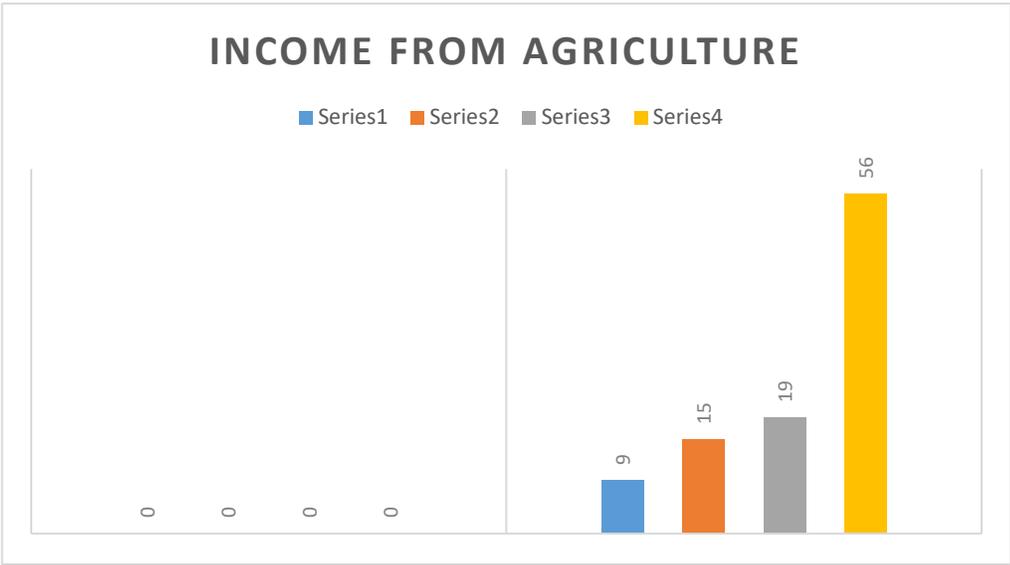
21,000 to 30,000	31,000 to 40,000	41,000 to 50,000	51000 to 60,000	60,000
9	15	19	56	1

Description;

Income from agriculture activities recorded 56% for Rs.51, 000 to 60,000 maximum whereas 9% observed income between Rs.21,000 to Rs.30,000.
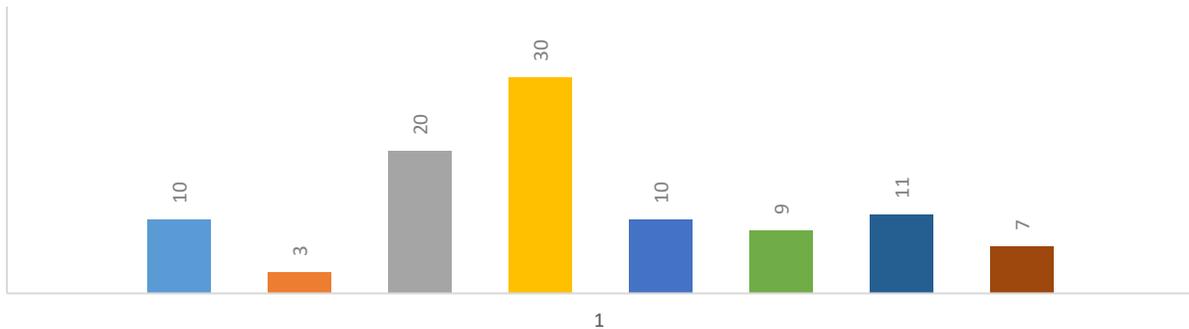
INCOME FROM LIVESTOCK

■ 10K to 20K ■ 21K to 30K ■ 31K to 40K ■ 41K to 50K ■ 51K to above

18   24   20   6   32

1

Participants detail				
Income from Livestock				
10K to 20K	21K to 30K	31K to 40K	41K to 50K	51K to 60,000
18	24	20	6	32

Description;

Income of Livestock farmers recorded maximum 32% between Rs.51,000 to Rs. 60,000 and minimum with 6% having Rs.41,000 to 50,000 whereas income between Rs. 21,000 to 30,000 remained 24%.

PARTICIEPANTS SUGGESTION

Legend:
- Rise Loan Size
- Increase Loan Tenure
- Increase Loan size and tenure
- Provide intreast free loaning
- Provide grant
- Provide loans for tunnel farning
- Provide cheepest and hight quality fertilizers and Seeds
- Reduce intrest rate

Participants Suggestion	
Rise Loan Size	10
Increase Loan Tenure	3
Increase Loan size and tenure	20
Provide interest free loaning	30
Provide grant	10
Provide loans for tunnel farming	9
Provide cheapest and high quality fertilizers and Seeds	11
Reduce interest rate	7

Description;

30% Study participants suggested "provide interest free loan" whereas 3% showed to increase loan tenor. Moreover, 20% said to increase loan size and tenure as well. 10% were interested to convert loan into grant whereas 7% wanted to reduce interest rate. 11 % said to provide cheapest and high quality inputs ; fertilizer/seed.

4. Conclusion and Recommendations

Agriculture is one of the most important elements of Pakistan's economy as almost 42.3% labor force is associated with it. Most of this labor force includes subsistence farmers, who find it difficult to make both ends meet, leaving serious capital constraint at farmer's end to purchase quality agri-inputs and deploy latest farming practices. Further, these poor farmers lack knowledge about latest farming practices, resulting in reduced crop yield. Besides having agricultural land and human resource, under-developed targeted districts with serious gaps in modern farming and irrigation methods.

The microfinance, to some extent, addresses the capital needs of such farmers but it cannot do so alone and requires other stakeholders to join in and add value at every step of farmer's crop cultivation cycle till harvesting which could benefit farmers across the targeted districts so that lives of poor farmers in rural areas, can be transformed for better.

The major problem of cotton sector in the area was inadequate skills in land preparation, fertilizer usage, pest control, crop management, irrigation and picking that resulted-in high loss of produce along with unavailability of local workforce for processing and value-addition. Whereas farmer used domestic seed for wheat crop which resulted low yield. Further, livestock farmers were getting small loans to run their business but could not managed the due cycle of sale purchase within loan tenor. Livestock sector has same observation to find difficulties in search good markets /mandi for selling animals. Livestock farmers were also connected mostly with local biopari and cannot get reasonable prices. The facilitated COs, which are proactively engaged in the sector, will help in taking the intervention to next level.

Based on the finding of this report it is recommended that;

- Under CRFA, funds on 18 % should be converted into interest free loan
- Training for beneficiaries should be planned for good agricultural practice
- Increase loan tenor in term of loan cycle
- Development of value chain to provide cheapest inputs and to access for good market

Annexure A: Questionnaire

Beneficiaries Assessment Form

Survey: _____

Start Time:_____

End Time:_____

Interviewer's Name:

Interviewer's Signature:

_____   _____

Result

1: Completed	2: Not Available	3: Postponed_____
4: Refused	5: Partially completed	6: Not eligible person

7: Other (specify) _____

Remarks

Supervisor's Name

Supervisor's Signature

_____   _____

For ESSENTIAL SOLUTIONS Use (Data Entry after Survey) Only

Date of Data Entry I:

Name of Data Entry Person - I:

_____   _____

Data File Name (for data entry I):

Checked by:

_____   _____

Informed Consent
My name is ……………………………………………………………………….and I am carrying out the Impact Assessment of CRFA on behalf of the NRSP-MFB. The purpose of this study is to evaluate and assess the performance and impact of the said CRFA Funds. Your views are important and this survey will help in improving the organization's policies and practices.   I would like to ask you some questions and won't take too much of your time (15-20 minutes). Your participation is voluntary and the information you provide will remain strictly confidential. Do you have any questions about the survey? If no, ask if you can begin the interview.   Respondent's Consent - YES / NO (*if the answer is NO move to the next participant*)   Thank-you.

Location and Personal Information	
1. District:	2. Tehsil:
3. Village/Town/City:	4. CNIC:
5. Name of the Participant:	
6. Gender: Male ☐ Female ☐	7. Age:
8. Marital Status: 1. Married ☐ 2. Unmarried ☐	
9. Contact Phone No:	9. Cell No.
10. Education Level: No Formal Education ☐ Primary ☐ Middle ☐ Matric ☐ Intermediate ☐ Graduate ☐ Post-graduate ☐ illiterate ☐	
11. Household Size: Less than 5 ☐ 5 to 7 ☐ 8 to 9 ☐ 10 or more ☐	

Beneficiary Profile

12. How long have you been engaged with the Sector? Agricultural ☐ Livestock ☐ Enterprise ☐ Less than 1 year ☐ 1 to 5 years ☐ 5 to 10 years ☐ more than 10 years ☐				
13. Are you a member of Credit Organization? ☐ Yes ☐ No				
14. Did you directly engage /work with said sector? ☐ Yes ☐ No				
15. What is your total Farm Area? _____Acres				
16. What is your average cost per acre? (if Crop Loan) _____PKR				
17. Number of Activities performed in agriculture / livestock (mention name of activity /work)				
1	2	3	4	5
18. What is income from agriculture?				
Agriculture Income	Rs._____			

19. How many animals you keep? 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 or above ☐ 20. What is your average cost per animal?(if Livestock Loan) _____PKR
21. Did you purchase any animal? ☐ Yes ☐ No
22. Income from Livestock? Rs._____

23. Please rate the support of NRSP-MFB with regard to the following? *(please check one for each aspect)*

	Very bad	Bad	Neutral	Good	Very Good
Finance /Funds/Loan	☐	☐	☐	☐	☐
Interest on Loan	☐	☐	☐	☐	☐
Repayment of Loan	☐	☐	☐	☐	☐

24. Rate the aspects of the loans with reference to following. (please check one for each aspect)

	Very bad	Bad	Neutral	Good	Very Good
Services by the bank	☐	☐	☐	☐	☒
Selection of Beneficiaries /Group	☐	☐	☐	☐	☐
Are you satisfied with this loan	☐	☐	☐	☐	☐

Training Information			
25. Training-1			
1. Name of Training completed			
2. Place of Training			
3. Dates	From:	To:	
4. Duration	Months:	Weeks:	Days:
26. Benefits from the training attended.	☐		
	☐		
	☐		

27. Please rate the training with regard to the following? (please check one for each aspect)

	Very bad	Bad	Neutral	Good	Very Good
Training Content	☐	☐	☐	☐	☐
Training Duration	☐	☐	☐	☐	☐
Facilitators/Trainers	☐	☐	☐	☐	☐

28. Monthly Income	☐ Before the Training (Rs.)	☐ After the Training (Rs.)

29. Suggestions, if any