

# **FDO -PPAF**

# **PMIFL SCHEME**

**PROJECT COMPLETION REPORT**  
**1<sup>ST</sup> JULY 2014 TO 30<sup>TH</sup> JUNE 2018**

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# Farmers Development Organization

## 1. History (POs short history) Establishment, registration, interventions, outreach etc. etc.

Farmers Development Organization was established in 1996 as a not for profit and non-governmental public interest organization and "A company setup under section 42 of companies' ordinance 1984". Farmers Development Organization [FDO] is working in southern Punjab, through participatory principles since December 1996, benefiting thousands of peasants, women and general communities. FDO strongly believes in community participation/ involvement and it is the major approach of FDO while working in the marginalized communities. As stated in its mission statement to develop and strengthen the disadvantaged and vulnerable segments of society for the realization of their rights by means of collective action through social mobilization, capacity building, facilitating provision of basic amenities, livelihood support and evidence-based advocacy. FDO works with the disadvantaged communities, and selects the areas where basic social facilities are non-prevalent, lack of community involvement in the development activities. As FDO believes in Sustainable Development and it is directly linked with the sustainable livelihood, that's why FDO has the strategic priority regarding livelihood interventions "Enterprise Development for the poor", with the strategic objective of "Improving access of marginalized sections to the socio-economic opportunities for decent livelihood and realization of basic rights" in its Strategic Plan.

## 2. Vision

A just, prosperous and peaceful society where people are able to identify their problems and have the capacity to resolve them.

## 3. Mission

To develop and strengthen the disadvantaged and vulnerable segments of society for the realization of their rights by means of collective action through social mobilization, capacity building, facilitating provision of basic amenities, livelihood support and evidence-based advocacy.

## 4. Back Ground of the PMIFL Project:

The Prime Minister's Interest Free Loan (PMIFL) Scheme was announced on May 14, 2014 under the Prime Minister's Youth Program (PMYP). It was emphasized that these interest free loans are meant to enable men and women to undertake productive activities including microenterprises, thus improving rural and urban job creation, and economic opportunities for Pakistani women and youth. The importance of well-defined intervention for fighting poverty is more than ever before.

Poverty is widespread in Pakistan, particularly in the rural areas. There is high unemployment and generally a lack of income earning opportunities, particularly for women. In his last address during the election campaign, the Prime Minister committed to bring productive micro-loans to the doorsteps of the poor so that they could set-up microenterprises to enhance incomes and improve quality of life.

As a response, the Government of Pakistan has announced a Rs. 3.5 billion Prime Minister's Interest Free Loan (PMIFL) Scheme to support productive microenterprise activities for the poor in rural and urban areas of Pakistan. These Interest Free Loans (average at Rs. 20,000) will be made available to households with a score of upto 40 on the Poverty Score Card (PSC), which have a viable business idea

or opportunity, but little or no access to banks and micro-credit institutions. It is mandated that 50% of the loans will be disbursed to women and persons with different abilities. Through the program, it is anticipated that one million loans will be disbursed over a period of 4 years.

## **5. Objectives of the Program:**

Primary objectives of the Prime Minister's Interest Free Loan (PMIFL) Scheme are as follows:

- Make Interest Free Loans available to men, women and youth from poor, vulnerable and marginalized households categorized under 0-40 on the Poverty Score Card. This will enable them to engage in productive economic activities, improve their lives and positively contribute to the economy.
- Support female participation and inclusion in economic activities by disbursing at least 50% loans to women.
- Encourage behavioral change by demanding loan beneficiaries to ensure specific health and education practices.
- Enhance the entrepreneurial competencies by extending capacity building services, e.g. enterprise training & counseling, market linkages, financial literacy and numeracy training.
- Establish and strengthen Rural and Urban Branches, and Union Council based community institutions for assessing, distributing and recovering Interest Free Loans.

## **6. Implementation Strategy**

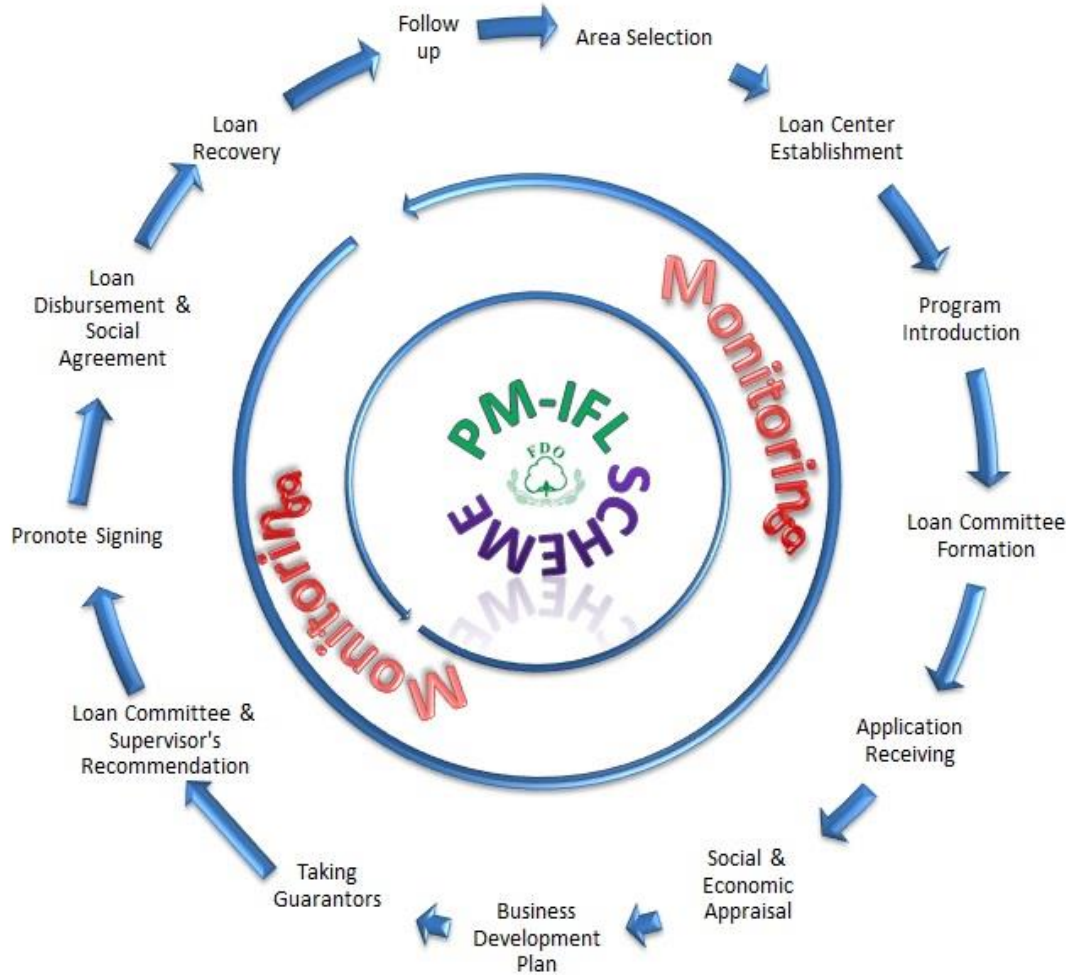
Farmers Development Organization implemented the Prime Minister's Interest Free Loan (PMIFL) Scheme in two ways. Based on its Implementation Strategy Manual for disbursing of loan facilities to Borrowers, FDO:

1. Started the program introduction in its targeted area through own branch staff and ensure the compliance of all the below mentioned implementation process of the program.
2. Sub-let the program to the 3<sup>rd</sup> Tier Organization existed on Union Council level. The U.C Level organization signed an agreement with FDO and implemented the program as per FDO's PMIFL Scheme implementation strategy manual.

Once the staff or 3<sup>rd</sup> Tier Organizations was brought on board, they were given the PMIFL Implementation Strategy Manual to guide their entire branch and field implementation; from orientation, to assessments, to disbursements & recoveries, to documentation, monitoring and communication.

The FDO/U.C Level Organization did the set up Urban/Peri-Urban or Rural Branches/ Loan Centers. Formation of Loan committee was done consisting of one member from each revenue village of the targeted Union Council including the one member from PM-IFL Project Team. One member from two attached revenue villages were taken in case of small revenue villages or more than six revenue villages in the targeted Union Council. Meeting with the communities in each village were organized in targeted area to form the loan committees.

The operational activities were carried out by FDO at loan centers as per project cycle given below:



**7. Overview of Project Period** (July 1<sup>st</sup>, 2014 to June 30<sup>th</sup>, 2018)

<b>General Information</b>	
<b><i>Name of the Project</i></b>	<i>PMIFL Scheme</i>
<b><i>Implemented By</i></b>	<b><i>Farmers Development Organization</i></b>
<b><i>Funded By</i></b>	<i>Pakistan Poverty Alleviation Fund</i>
<b><i>Project Start Date</i></b>	<i>July 1<sup>st</sup>, 2014</i>
<b><i>Project End date</i></b>	<i>June 30<sup>th</sup>, 2018</i>

<b>Project Cost (on-lending amount, Rs.)</b>	<i>30 Million</i>
<b>Operational Cost (Rs.)</b>	<i>12 Million</i>
<b>Target Districts &amp; No. of UCs</b>	<i>Districts= 02, Union Councils = 03</i>

### 8. PO PPAF Partnership (Background Previous and Current interventions):

FDO has implemented a number of Projects in collaboration with PPAF since 2009 including Social Mobilization, Access to Justice Projects, Gender Base violence project, Community Physical Infrastructure (CPI), Livelihood Enhancement & Protection (LEP), Early Rehabilitation after flood, Health and Education along with Rehabilitation of Persons with Disabilities for the Rehabilitation of Communities in District Multan, Lodhran, Rajan Pur and District Muzaffargarh. The list of past and ongoing projects in collaboration with PPAF is given below:

Sr #	Name of Project	Funded By	Duration of Project	Project Start date	Project End Date	Total Budget	Target Area
1	CPI 1 Community Physical Infrastructure Project	PPAF	3 Years	2005	2008	26 million	Lodhran
2	Livelihood Enhancement Protection (LEP) 3 R	PPAF	2 Years	1-Oct-10	1-Jun-11	100 Million	Muzafargarh
3	Social Mobilization	PPAF	2 Years	2009	2011	36 million	Multan
4	Flood Relief	Local philanthropy, UNDP, PPAF	1 year	1-Aug-10	30-Oct-11	25 million	M. Garh, Multan, Ranjan pur
5	Rehabilitation of flood effected communities	UNDP/PPAF	1 year	1-Oct-10	30-Jun-11	60 million	Muzaffar Garh (5 UCs of Tehsil Kot Addu)
6	Rehabitation Persons with Disabilities (RPWDs)	PPAF	24 Months	1-Jan-10	30-Jan-12	82,847,144	Multan

7	Rehabilitation of Person with Disabilities	PPAF	3 years	2009	2012	78 Million	Multan
8	Livelihood Enhancement Protection (LEP) Core	PPAF	15 months	1-Oct-11	#####	31,595,900	Multan+ Muzafargrh
9	Livelihood Enhancement Protection (LEP) IMV	PPAF	2 Years	Jun-11	30-Jun-13	7,931,000	Muzafargarh
10	Early Recovery	PPAF	45 Days	1-Sep-13	15-Oct-13	Rs. 14,876,950	Rajan pur
11	Health & Education	PPAF	3 Years	1-Jul-11	30-Jun-13	73 million	Multan
12	Insitutional Development & Social Mobilization (ID and SM)	PPAF	3 Years	1-Jul-10	30-Jun-13	1,700,000	Multan, Muzafargh
13	CPI 2 Community Physical Infrastructure Project II	PPAF	5 years	2009	2013	56 million	Multan/ Lodhran
14	Model Village Project	Engro Foundation/PPAF	2 years	1-Mar-11	#####	50 million	M. Garh UC Ehsan Pur
15	Itehad Model Village & Community Livelihood Fund (IMV/CLF)	PPAF	18 Months	1-Jul-13	#####	7,615,300	Muzafargarh
16	Institutional Development (ID)	PPAF	19 Months	1-Oct-13	#####	6,380,000	Multan
17	Livelihood Enhancement Protection (LEP) Research	PPAF	1 year	1-Sep-13	#####	78,232,000	Multan, Muzaffargargh, Lodhran

18	Prime Minister Interest Free Loan Scheme (PMIFL)	PPAF	1 year	1-Jul-14	30-Jun-18	33,000,000	Multan+ Muzafargrh
19	Livelihood Enhancement Protection (LEP) Batch 58/Seep	PPAF	1 year	1-Jul-14	30-Jun-15	3,000,000	Multan
20	Livelihood Employment and Enterprise Development (LEED)	PPAF	6 months	1-Apr-15	Sep-15	8,570,000	Multan
21	Institutional Development	PPAF	6 Months	1-Apr-15	Sep-15	7,730,000	Multan
22	Community Physical Infrastructure (CPI)	PPAF	6 Months	1-Apr-15	Sep-15	32,647,059	Multan
23	Gender Base Violence (GBV)	PPAF	6 months	1-Apr-15	Sep-15	2,233,000	Multan
24	Prime Minister Interest Free Loan Scheme (PMIFL)	PPAF	12 Months	1-Apr-15	Mar-19	133 million	Lodhran
25	Benazir Income Support Program (Waseela-e-Haq)	Pakistan Poverty Alleviation Fund	2 years	Oct-10	Feb-13	67 million	
26	Pilot Project on Ending Gender Based Violence	PPAF	6 months	Apr-15	Sep-15	2.1 million	
27	Rule of Law (A2J pilot project)	PPAF	7 moths	1-Jan-17	31-Jul-17	Rs.2740200	Rajan pur
28	Community Physical Infrastructure	PPAF	6 months	Apr-15	Sep-15	17 million	
29	LEP Batch 62	PPAF	6months	Apr-15	Sep-15	9.86 million	



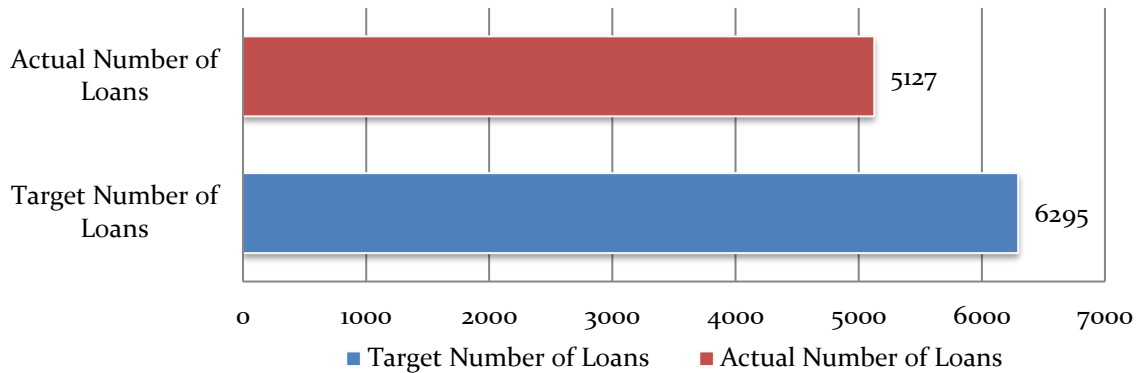
30	ACCESS TO JUSTICE PILOT PROJECT RAJANPUR	PPAF	7 months	2017	2017	Tatar Wala & Hajipur of District Rajanpur
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### Progress Report as of Jun 30, 2018:

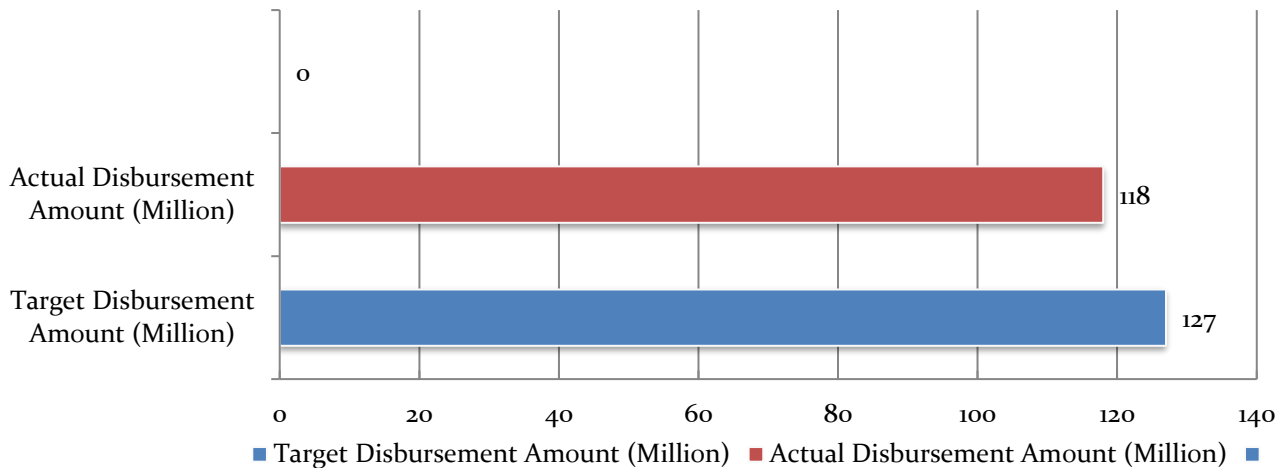
Sr. No.	PROGRESS INDICATORS	TOTAL
1	Total Number of Loans Provided	5,127
2	No of loans provided to Men	2,408
3	No of loans provided to Women	2,719
4	Total Amount Disbursed (Rs)	118,200,800
5	Amount Disbursed to Men	55,173,500
6	Amount Disbursed to Women	63,027,300
7	No of loans to Persons with Disabilities (PWDs)	49
8	No of loans to BISP beneficiaries	123
9	Recovery Rate	97%
10	Active Loans	1,129
11	Outstanding Loan Portfolio (Rs.)	24,371,792
12	Portfolio at Risk (PAR) %	4.9%
13	MIS Up-dation (Disbursement & Recovery) %	100%
14	No of Branches/Loan Centers	02

### TARGETS VS Achievements

Indicator	Target	Achievement	%
Number of Loans (as per IP)	6,295	5,127	81%
Amount Disbursed- Target as per IP	127 Million	118 Million	93%



### **TARGETS VS ACTUAL AMOUNT DISBURSED**



## **9. Case Studies with Pictures (at least 3 best case studies, please get guidance from the published success stories by PPAF on PMIFL Scheme)**

### **1. Success Story of Mr. Juraid**

Mr. Mohammad Juraid worked as a labourer in sinawan or where he found daily work. He had 5 children including 2 sons and 3 daughters. Only 2 children were going to nearby school, others were interested to attend the school but the family was unable to bear the expenses of their education. Mr. Mohammad Juraid has the ownership of one shop but had no power to put extension things in it for running as best. He was living hand to mouth and was passing his life in misery. All of his family was seeking a light of luck to change their lives. Mr. Mohammad Juraid had the skill to run a shop of Grossery but the phenomenon was the severe in shape of money.

The star of Progress shines on the luck of Mr. Mohammad Juraid and he heard the news of Prime Minister's Interest Free Loan Scheme from a shop keeper when he was passing from a near by shop

located near his home. He came to PMIFL Center and inquired the process to get the loan. He also visited the KRM Corner in the office where he decided to take loan to run his Grossery shop as he already had the skills of running the Grossery shop. He applied for 20000 for his business. All the concern process was took place and he declared as a beneficiary to take a loan and he awarded the loan of PKR 20000 on 19th Day of December 2014 for starting his Grossey Shop. He started the business with the support of his skills and family.

The crux of prosperity was the Prime Minister's Interest Free Loan Scheme for Mr. Mohammad Juraid and his family as he was working as a laborer and his family was living in miser. The small amount of 20000 took Mohammad Juraid as a happy work running and also a source to get his all children educated. Finally the conclusion occurs in shape of prosperity to Mr. Mohammad Juraid and his whole family as Mr. Mohammad Juraid is earning about 800 To 1000 on daily basis and also has to start keep saving from his income for future business enhancement. . The small amount of loan is not only the light of prosperity for Mohammad Juraid's family but also a clue for his village.



## 2. Success Story of Mr. Saddique

**“The mirror is clear for all who wants to start a business, said Sadique.”**

M Sadique has three sons and one Daughter. His family was the part of a combine family under the supervision of his brother as the lord of the family.

His father was running a tea shop and Sadique was working there as a helper but later his elder brother took charge of his father's business. Sadique's family condition was poor as compare to his brother's family because his brother was now working there as an owner and Sadique was still as helper, he never demanded his salary as his brother was bearing the expense of his family. At one morning his brother came and asks Sadique to leave the shop and also refused to bear the expenses of sadique's family. This was a big challenge for Sadique to support his family as he was only clue for his family lives. He started work on daily wages. One day when he was



coming from the work, on the way of his house he attended a session where a credit officer was giving the introduction about the PMIFL Scheme. He demanded the contact number from credit officer to take interest free loan.

He visited the PMIFL Center and applied for 30000. He decided to start his own business of Tea Stall in near city as he already had the skills to run the tea shop. Rs 25000 were approved from loan approval committee after reviewing his business plan and economic appraisal. With the passage of a short time he was awarded interest free loan from PMIFL Scheme for his said business in January 2015. He found a shop and started his own business after two days of receiving the loan.

The crux of his prosperity was his own poverty as when he was in combined family, he was dependent on his brother and when his poverty annoyed him then he decided to take step for his family and his business. PMIFL was a light of hope and progress for Sadique and his family. Now he is running his own business of tea stall to eliminate poverty from his family and also from his village. He is earning PKR 600 pure profits on regular basis and no doubt this was a dream for the whole family to own a business.

## **10. Challenges faced**

Some challenges were faced during implementation of PMIFL activities and during managing the PMIFL operations which are inline below:

- In inception phase of project, due to unexperienced in implementation of microfinance activities FDO faced challenges at policy level and during activities implementation as well.
- High rate of staff turnover was observed due to lowest salary packages and other benefits.
- The MIS of project was not so much effective during first two years of project to generate different reports and to analyze data.
- As the loans were provided to the community with Govt. slogan i.e PM picture or Name, with limited guaranty so people hesitate to repay the loan amount and consider the loan amount as public money. Also, political interference increased during disbursement which caused late repayment of loan from clients.
- Late disbursement of operational cost from donor to PO creates hurdles in smooth implementation of project activities.

## **11. Suggestions to improve the project**

Some suggestions and recommendations seem very important and dare need to improve the quality of PMIFL Scheme. The key suggestions are given below:

- There should be capacity building sessions of PO from donor to implement the project activities effectively.
- The operational cost of project should be reasonable along with other benefits to staff.
- The project MIS should be completed in all aspects before start of project to track the project outputs in effective way.
- The loan may be issued to public with Govt. slogan but without the picture/name of any politician and strict security measures should be taken to secure the loan amount and no restrictions should be given by the donor to PO.
- Disbursement of operational cost from donor to PO should be in time so that the operational matters of PO can be managed effectively.