

## Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance

### Business Plan

#### General Analysis

Project Area	= Kinjher
Villages	= Arab Solangi
Total House Hold	= 80
No. of CO	= 3
CO membership	= 50
Male	=50
Female	=50
Children	=50
Coverage %age	=62.4%
Direct Beneficiaries	= 25
Indirect Beneficiaries	= 25 x 7.5 = 187
Total Project Cost	= USD 7,000
Average loan size	=USD 280 per beneficiary

#### Micro Finance Products

1. Enterprise Development
2. Livestock Development (Goat breeding/fattening)
3. Agri-inputs

## Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance

### 1. Enterprise Development (12 months)

Low scale grocery shops, low scale stitching units, barber shops, low scale medical store etc

### 2. Livestock Development (Six months)

Goat breeding and fattening only

### 3. Agri-Inputs (Six months)

For purchase of seed, fertilizers, insecticide & pesticide

### Product disbursement Strategy

Enterprise Development = 33.34% seed money required= USD2333

Livestock Development = 33.34% Seed money required= USD2333

Agri inputs = 33.34% seed money required = USD2334

### Product wise Beneficiaries allocation

Enterprise Dev:

No of loans = 10

Ave. Loan size =USD233

Repayable = in 12 monthly installments

Livestock Dev.

No. of Loans = 10

Ave. Loan Size =USD233

## Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance

Repayable = lump sum in six months

### Agri Inputs:

No. of Loans = 5

Ave. Loan Size = USD234

Repayable = lump sum six months (on crop cycle)

### **Loan Disbursement Strategy/Selection Criteria**

- The community organization (CO) in its meeting will identify the loanee for each segment.
- A resolution will be passed by mentioning the detail of intended/recommended loanee.
- 85% signatures/thumb impressions will be required on credit resolution. Less than 85% , the credit resolution will be considered void.
- Social Mobilizer of ELI will supervise the meeting in which credit resolution will be passed.
- Social mobilizer will forward this resolution to the credit officer of ELI with his or her recommendations.
- Credit officer of ELI, in a very next meeting of CO, will appraise the credit application.
- Credit Officer of ELI will recommend the case and will forward the case to PM-F&A.
- PM-F&A will approve or decline the case in the meeting with Credit Committee.
- After approval from the competent authority, cheque will be disbursed in the CO meeting to the intended loanee.
- Cheque will be written in the name of the Community Organization (crossed)
- The community organization will open a bank account to be operated jointly by the President and the Manager of the respective CO. The title of account will be "Community Organization Arab Solangi" .
- Both office bearers will withdraw the money from the bank and will be responsible to hand over the same to the intended loanee.

## Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance

### Loan Recovery Strategy

The respective CO will be responsible for implementation and recovery of loan. Further disbursement to the same CO will be withheld in case of bad debt.

### Financial Analysis of Seed Money

Total seed money Required = USD7,000

Limit for Enterprise Dev. = USD2,333

Limit for Livestock Dev. =USD2333

Limit for Agri. Inputs =USD2334

Loan per month = 3 (Enter.Dev. =1, Livestock =1, Agri-input =1)

Loan limit exhaust = in 10 months

Monthly Disbursement = Rs. 98,000/-

	Amount in USD								
	Months								
	1	2	3	4	5	7	8	9	10
Enterprise Dev.	233	466	699	932	1165	1398	1631	2097	2333
Livestock	233	466	699	932	1165	1398	1631	2097	2333
Agri Inputs	233	466	699	932	1165	1398	1631	2097	2334
<b>Total</b>	<b>699</b>	<b>1398</b>	<b>2097</b>	<b>2796</b>	<b>3495</b>	<b>4194</b>	<b>4893</b>	<b>6291</b>	<b>7000</b>

## **Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance**

### **Project Objective**

The project intends to respond to the problem of lack of access to credit facilities to target beneficiaries for the improvement and expansion of their existing businesses as well as to start new business for the betterment of their livelihood. Specifically, after one year of implementation, the project shall have:

1. Strengthened institutional capabilities of ELI;
2. Provided financial assistance to its Co members; and
3. Enhanced managerial capabilities of CO member borrowers

After three years of implementation, it is hoped that the poverty incidence in the target communities shall be reduced through increase in income and employment generation.

### **Proposed Methods and Outputs**

In achieving the above objectives, the following components (with corresponding outputs/outcomes) are expected in Year 1:

#### **Financial Assistance (loan/credit)**

Involves the provision of revolving loan fund to the Community Organizations at an interest of 30 percent per annum. Each qualified CO member can avail of loan amounts. A savings generation scheme is also incorporated in this component wherein potential member-borrowers are required to save USD0.28 cents per week in cumulative CO saving.

A wide and extensive range of enterprises will be identified within the community for support in addition to Enterprise Development, Livestock Development and Agri inputs.

#### **Lending Policies include the following:**

##### **a. Criteria for loan application**

1. Borrower must form into groups within 5 to 10 members
2. Any Male or Female member with existing business, who is physically fit and in good health, and without existing debt with other MFI or Individual, is eligible to borrow.
3. Borrowers are required to attend weekly group meetings and trainings as and when required bases.
4. Borrowers are willing to save USD0.28 cents per week in regular savings with the Community Organization.
5. The Group's commitment to pay the obligation of each member is required. Each member acts as co-maker for each other.

## **Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance**

6. Documentary requirements for individual borrowers include the following:

- 2 current photographs of the size 2 x2
- Local community clearance
- Residence Certificate
- Must have valid and strong saving passbook
- Accomplished loan application and simple business plan form
- Provisioning of Demand Promissory Note along with letter of continuity.

**b. Loan amount per borrower**

- Loan amount per borrowers ranges from USD50 to USD233, depending on the saving trend and borrower need. Increase in loan amount is dependent on previous loan performance.
- Loan is subject to the recommendation of other CO members.

**c. Collection and Monitoring System of Repayments.**

- Loan amortization payment schedule is monthly.
- Penalty surcharge of 2% will be imposed on late payment based on amount due.

**d. Loan Procedure**

- Conduct of baseline investigation from the local community
- Conduct of group orientation and formation
- Attendance of borrower in CO meetings and training programmes
- Submission of applications and other requirement along with CO resolution
- CO resolution must contain 80% member signature
- Approval of ELI Credit Committee
- After approval, loan is disbursed.

ELI will ensure effective and efficient project management and implementation through continued coaching. It shall also assist in preparing appropriate forms and other loan documents as well as in opening project bank accounts, both for the proceeds of the grant and the re-flows.

Likewise, it shall conduct on-the-job training on the innovative process of implementing the selected microfinance model of organizing groups for re-lending and savings activities. The Board of ELI will assist in formulating effective strategies and activities in enforcing loan collection and minimizing loan delinquency as well as help ELI install a separate project accounting system, and regularize its financial planning and reporting.

## **Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance**

### **Outputs**

By the end of three-years, the following outcomes shall have been achieved under this component:

- Income of Co members increase by at least USD150 per month through provision of livelihood loans and expansion of business within the period.
- Individual livelihood projects are viable and profitable.
- At least 50% of loan funds used to finance non vending but more profitable small scale manufacturing, production or provision personal services.

### **Research and Creation of a Member Database System**

Involves the conduct of research activities to include updating of basic socio-economic data of member borrowers, profile studies, evaluation and creation of a database that includes name, address, gender of member borrower, business type, number of workers, classification and business and family income.

### **Monitoring and Evaluation**

ELI shall monitor member-borrowers' loan status through regular and/or unintended visits, collection and follow ups. Information on the visits shall be reflected on the Loan Status Report which shall include the client's name, type of business, loan status (new or re-loan) principal, interest and other charges, date release, loan terms [three months, six months, 10 months], amount collected to date, aging of account [current, overdue (1- 30 days, 31-60 days, 61-90 days, over 91 days), total overdue,] outstanding balance and repayment rate.

Likewise, there will be monthly meetings to evaluate the status of the project based on its objectives and strategies. Moreover, there will be an annual and final evaluation of the project for its internal and external operations.

### **Risk Assessment**

One major risk and how this will be managed within the project is poor performance of the livelihood projects and delinquency in loan repayment. Aside from the above cited training and activities, close monitoring of the progress of these livelihood projects and loan repayments will be done within the project period to ensure that the loan funds are used properly and that incomes derived from these projects are accounted for.

## **Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance**

Moreover, a Loan Delinquency Management Training will also be provided both as preventive measure and remedial process to counter possible recurrence of the delinquency problem.

### **Expected Results**

Project impacts at ELI level would be manifested in the following:

1. Increased ratio of member's capital contribution against seed capital;
2. Exhibited capabilities to manage loan fund and provide technical assistance to member beneficiaries.
3. Income generating project (IGP) program institutionalized.

### **Project Management**

#### **a. Project Implementing Team**

The Project Implementing Team [PIT] shall be composed of ELI representatives [Executive Director, Program Manager and Loan Officer]. They shall promulgate policies as well as approve and execute plans for the effective and efficient implementation of the project.

#### **b. Financial Management System**

ELI shall submit to Global Giving on quarterly bases the following documents:

1. Trial Balance
2. Income Statement
3. Balance Sheet
4. Quarterly Expenditure Report
5. Bank Reconciliation Report
6. Schedule/Chart of Accounts

#### **c. Credit Model**

ELI is decided to replicate Indonesian Model which will be reviewed and finalized later, on.



## **Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance**

It shall authorize the Executive Director and the Program Manager as bank signatories. The project shall maintain its own bank account and books of accounts. It shall also adhere to the generally accepted accounting principles and practices in the disposition of project funds or the financial system.

### **Community Participation**

This project is conceptualized and developed as part of the ELI development plan. It innovates savings approach to mobilize self generated funds to sustain the project. ELI will respond to development plan of providing people with access to credit to create gainful employment and increase income.

Moreover, ELI shall provide, counterpart to the project, staff and additional revolving capital. After phase out, project is envisioned to be sustained and institutionalized at the community level.

### **Environmental Assessment**

As a matter of policy, businesses of the members of the ELI should be ecologically sound, morally and legally upright. Strict compliance and enforcement of this policy will be ensured by the ELI Credit Committee.

### **Gender and Social Issues**

The project is basically gender fair, as it provides both men and women with equal access to credit and other opportunities as well as its control and benefits. In the research and database, it will be intended to establish the gender-based profile of member borrowers.

### **Sustainability Mechanism**

The project interventions and processes are, by themselves, practical measures to increase the likelihood of ELI sustaining the benefits gained in the project tenure.

With raised fund seed revolving capital of USD7,000, ELI will infuse additional USD2100(markup amount), making a total loan revolving capital of USD9,100. It is projected that on three-year basis, the ELI will generate additional share capital and savings of USD21,000, thus, sustaining the project even after phase out.

At the end of the project, ELI will formulate a master plan for its micro-credit project with another three years projection of its operations such as: expansion areas (target clients), additional services, update of loan policies, and projections on loan disbursement, repayment

## **Uplift Livelihood of Deprived Community of Village Arab Solangi, District Thatta through micro finance**

rate, savings, financial and operating self sufficiency ratios, administrative ratios, portfolio yield and productivity ratios.

----- End of Business Plan -----