

THE AGA KHAN RURAL SUPPORT PROGRAMME



TWELVE REPORTS ON AKRSP
By
AKHTAR HAMEED KHAN

GILGIT, NORTHERN AREAS

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A Project of the Aga Khan Foundation

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CONTENTS

	<u>Page #</u>
FOREWORD	vi
PREFACE	vii
FIRST VISIT TO AKRSP	1
INTRODUCTION	1
1. AKRSP'S ROLE - A NON-GOVERNMENT ORGANISATION (NGO)	1
2. THE GILGIT SITUATION	1
3. A DIFFERENT APPROACH AND MODEL	1
4. ADMINISTRATIVE STRUCTURE	2
5. STRUCTURE OF LOWER LEVELS	2
6. SHAPE OF VILLAGE ORGANISATIONS	2
7. GROWTH OF LOWER LEVEL STRUCTURE	3
9. ENGINEERING SECTION	4
10. RESEARCH UNITS	4
11. METHOD OF TOURING	5
12. PURPOSE OF THESE RECOMMENDATIONS	5
SECOND VISIT TO AKRSP	6
1. SECOND VISIT - OUTLINE	6
2. RURAL SITUATION IN GILGIT	6
3. FIVE FACTORS FOR EQUITABLE AGRARIAN GROWTH	7
4. AKRSP AND THE FIVE FACTORS	7
5. VILLAGE ORGANISATION AND THEIR PLANS	8
6. PHYSICAL PLANS	8
7. PLANNING FOR INCREASED PRODUCTIVITY	9
8. PLANNING FOR CREDIT AND MARKETING	9
9. AKRSP'S ROLE AND STRUCTURE	10
10. FOURTH FACTOR: CREDIT AND BANKING	10
11. FIFTH FACTOR: COOPERATIVE MARKETING	11
12. MONITORING AND EVALUATION	12
13. OTHER MINOR SUGGESTIONS	13
THIRD VISIT TO AKRSP	14
1. FIVE FACTORS FOR EQUITABLE AGRARIAN GROWTH	14
2. PROGRESS IN THE LAST SIX MONTHS	14
3. SUCCESSFUL MODEL: 1. Village Organisation	15
4. SUCCESSFUL MODEL: 2. PPI Projects	15
5. INCOMPLETE MODEL: Land Reclamation	16
6. INCOMPLETE MODEL: Increased Productivity	16
7. THE MODEL OF CREDIT AND BANKING	17
8. THE FIFTH MODEL: Cooperative Marketing	17
9. DEVELOPMENT OF SPECIAL MODELS	18
10. STRATEGY OF CONSOLIDATION	18
11. APPOINTMENT OF CONSULTANTS	19
12. IMPROVING EXTENSION METHODS	19
13. CASE STUDIES AND PROFILES	19

14.	MONITORING	19
15.	DOCUMENTATION	20
FOURTH VISIT TO AKRSP		
	SECTION 1 - PROGRESS AND ISSUES	21
	SECTION 2 - FUTURE INSTITUTIONAL SHARE	21
	SECTION 3 - SHORT TERM CONSOLIDATION: SALIENT POINTS	23
		24
FIFTH VISIT TO AKRSP		
	SECTION I - A THEORETICAL ANALYSIS OF THE ASSUMPTIONS AND APPROACHES OF AKRSP	27
	SECTION II - REVIEW OF APPROACH AND METHODOLOGY	28
		31
SIXTH VISIT TO AKRSP GILGIT		
1.	SOCIAL ORGANISERS	36
2.	MANAGERS	36
3.	PPI PROJECTS	37
		38
SEVENTH VISIT TO AKRSP		
1.	SUMMARY	39
2.	OUTLINE OF ADVANCED PLANNING	39
3.	SUMMARIES OF REVIEW SESSIONS	39
4.	DISCUSSIONS WITH THE MANAGEMENT GROUP	40
5.	FOUR ASPECTS OF AKRSP	40
6.	PRESENT PERFORMANCE	41
7.	CASE STUDIES OF VILLAGE PLANS AND A PLANNING MANUAL	42
8.	DISCUSSION ON WOMEN'S PROGRAMMES	43
		43
EIGHT VISIT TO AKRSP		
1.	POOR VISIT	45
2.	MAIN CONCERN - ADVANCED PLANNING	45
3.	TWO BARRIERS - PSYCHOLOGICAL AND ORGANISATIONAL	45
4.	THE RESPONSE	46
5.	THE ECONOMICS OF FORESTRY	46
6.	VISIT TO MOHAMMADABAD - NEED FOR A NEW PATTERN	47
7.	HYDEL PROJECT AT SHAHTOT - A REAL BREAKTHROUGH	47
8.	SUMMARY OF SESSIONS WITH MER	47
9.	SUMMARY OF SESSIONS WITH THE MARKETING SECTION	47
		47
NINTH VISIT TO AKRSP		
1.	FOLLOW UP ON ADVANCED PLANNING	48
2.	MAIN POINTS OF THE SPEECHES - (A) OWNERSHIP CRISIS	48
3.	MAIN POINTS - (B) RESPONSIBLE OWNERSHIP	48
4.	MAIN POINTS - (C) RETURNS ON INVESTMENT	48
5.	MAIN POINTS - PRACTICAL STEPS - (A) SURVEY	49
6.	PRACTICAL STEPS - (B) PLANNING	49
7.	PRACTICAL STEPS - (C) ORGANISATION	49
8.	CHALLENGE FOR MER - MODEL BUILDING RESEARCH	49
9.	THE CRISIS IN PASSU AND OTHER VILLAGES	50
10.	"THEORETICAL RESPONSE TO PASSU'S CRISIS"	50
		50

VILLAGE MEETING IN PASSU, 1 AUGUST 1987:	51
THE NATURE OF PASSU'S CRISIS	51
THE THEORETICAL RESPONSE TO PASSU'S CRISIS	52
THE MEETING	52
TENTH VISIT TO AKRSP GILGIT	58
SECTION 1 - "DIAGNOSIS" OR PROBLEMS	58
SECTION 2 - PROGNOSIS OR PROGRAMS	59
SECTION 3 - PRESENT CONDITION	61
SECTION 4 - INADEQUACIES	62
SECTION 5 - FUTURE STRATEGY - INVESTMENT IN WOODLAND	63
SECTION 6 - FUTURE STRATEGY - FEATURES OF DEVELOPED VILLAGE	64
SECTION 7 - FUTURE STRATEGY - INCREASING FAMILY PRODUCTION	66
SECTION 8 - FUTURE STRATEGY - THE VO BANK	67
SECTION 9 - MONITORING	67
ELEVENTH VISIT TO AKRSP	69
SECTION - 1 - IMPACT STUDY	69
SECTION - 2 - THE ESSENCE OF AKRSP EXTENSION APPROACH	71
TWELFTH VISIT TO AKRSP	72
SECTION 1 - ANALYTICAL REVIEW - JUNE 1989	72
SECTION 2 - REVISED SUGGESTIONS	73

FOREWORD

During the past ten years, the Aga Khan Rural Support Programme has been visited by many scholars, academics, diplomats, donors, senior government officials and consultants. All have made valuable comments and suggestions which have enabled AKRSP to respond effectively and efficiently to the development needs of the rural people of northern Pakistan. AKRSP has been most fortunate that Dr. Akhter Hameed Khan has been a frequent visitor to Gilgit over the past ten years. We are indeed proud of our long association with Dr. Khan, as he is fondly known in northern Pakistan, for he brings with him conceptual clarity and programming pragmatism, based on a life-time commitment and work with the rural communities in South Asia.

Dr. Khan's first visit to Gilgit was in 1983, just a few months after AKRSP initiated its development work. Since then Dr. Khan has made twelve visits, the last visit being in 1991. On each visit, Dr. Khan has spent significant time talking with villagers, holding dialogues with them, for he strongly believes that development programmes have a great deal to learn from the them. Over the years, the system of dialogues has been internalised by AKRSP. After each and every visit, Dr. Khan has produced a visit report for AKRSP. These reports reflect the dynamics of AKRSP's work in northern Pakistan, and are essentially an introduction to the conceptual and pragmatic evolution of AKRSP. Dr. Khan's visit reports form an integral part of AKRSP's training programme, both for its own staff and for the staff of other agencies.

AKRSP is reproducing all of Dr. Khan's visit reports, along with the preface written by Mr. Shoaib Sultan Khan, when the first six reports were published in 1986. The preface speaks volumes for the high esteem in which Dr. Khan is held by AKRSP and the villagers of northern Pakistan.

Gilgit, January 10, 1993

Hussain Wali Khan
General Manager

PREFACE

More than a decade ago I wrote a piece on Akhter Hameed Khan with anguish in my heart. This was the aftermath of the Daudzai days and my inexplicable posting from the Pakistan Academy for Rural Development, Peshawar. Akhter Hameed Khan, who at my request, had accepted an advisorship at the Academy in preference to a professorship at the Michigan State University, left Peshawar dismayed and disheartened, on my posting from the Academy. We kept in touch with little prospect of working together again. He tried to get me back in the main stream of rural development through the academic world but with no success. My frantic attempts to salvage the work I had been doing at the Academy or to get associated with international rural development agencies were thwarted with relentless obstinacy, under the cover of exigencies of services and through I was an officer on Special Duty (doing nothing), my services to government were considered indispensable. It was only after Mr. Ejaz Naik became Cabinet-cum-Establishment Secretary that I was allowed to take up an assignment with the United Nations Centre for Regional Development in Japan and thereafter with UNICEF in Sri Lanka.

Akhter Hameed Khan came to visit me in Sri Lanka and even before he had seen anything of my work in the Mahaweli Project, he suggested that I accept the Aga Khan Foundation's offer to implement a rural development programme in the Northern Areas of Pakistan. I had not even heard of the offer, hence I kept quiet. On his return to Pakistan, Akhter Hameed Khan persuaded Agha Hasan Abidi to offer me an assignment at the Orangi Pilot Project, Karachi, but UNICEF's refusal to second my services to BCCI Foundation, did not materialize my dreams of working with Akhter Hameed Khan again. However he had spoken so highly of me to BCCI, that the Foundation expressed an interest in my working with them from their London headquarters after completion of my first year of secondment with the Aga Khan Foundation. But the Aga Khan Rural Support Programme developed and progressed so positively and Mr. Robert Shaw with his peerless charm, determination and skill managed everything in such a way that it made me not only to decline the BCCI offer but in due course even to terminate my secondment from UNICEF. Indeed what really swayed me was the magnificent response of the small farmers of Gilgit district to AKRSP.

Akhter Hameed Khan accepted my invitation to visit Northern Areas and the six reports, which follow the Preface, are a result of his deep and abiding interest in the progress of AKRSP. His visits to Gilgit are to me and to my management and field staff the equivalent of beacon lights for a ship charting course in an unfathomed boundless ocean. His visit and foresight prevents us from falling in the routine; his experience guides us to refine the methodology; his counsel helps us in defining and understanding our role as an NGO and above all his encouragement spurs us on in moments of uncertainty and reassures us about the sense of direction. For he is the greatest rural development expert in the world that I have met so far. Some critics consider him too dogmatic and authoritarian with no flexibility. Others accuse him of demanding a teacher-disciple relationship and there are still others who think he has nothing new to offer.

That he is a teacher, Akhter Hameed Khan will be the first to accept that charge but that he demands everyone to become his disciple and give him total allegiance is far from truth. With his experience and knowledge who would not have an intellectual arrogance. He does not suffer fools, that is true, but he is always open minded and even prepared to accept new ideas and admit mistakes and failures. In fact he is too frank and self critical. In one of his lectures he poses the question if it is really his fault that during the forty years or so he has been able to find only one student? Someone with the ambition of having disciples would certainly have fared much better. The fact is he is least demanding. He seems to believe in the theory of the "full cup" and gives up rather abruptly if he comes across such personalities. Unfortunately in the modern day world there are too many full cups. Akhter Hameed Khan does not attempt to drain the cups, even partially, to enable them to absorb some of his wisdom. But if he comes across someone who is willing to share and learn from his experience, he lavishes all his charm, kindness and sympathy to help achieve the objective.

That he is not original, Akhtar Hamid Khan would be the first to admit and it is on this count he debunks the theory of charisma woven round him. His charisma or originality, he explains, is in his diligent and studious analysis of the rural development models of the world and the distillation of those principles from these experiments, which resulted in success and their consequent application in the field. That I had the opportunity to apply these principles with near uniform results in different regions and countries embracing Pakistan and Sri Lanka, with tremendous geographical distances, vindicates Akhter Hameed Khan's stand. And when I revisited Brahmanbaria ten years after Akhter Hameed Khan had initiated the Comilla approach, the changes were visible on the ground. The whole countryside had been transformed and the Thana Training and Development Centres (TTDC) were pulsating with life and humming with activity and hundreds of villagers thronging these centres not to present petitions but to acquire human skills from thana level experts and this was not the story of one TTDC, it was the same at all the nine centres that I visited unannounced in my old sub-division. It was this exposure which reinforced my belief and commitment in the principles of development Akhter Hameed Khan was enunciating. Who is to be blamed if this simple message being preached by him is not understood?

Akhter Hameed Khan is the very epitome of the principle of simple living and high thinking. In his non-rural development garb his humility and generosity as a man is amazing. His rapport with the rustic, the non-genteel, the labour, the lower government functionaries and the like, is inimitable. He is absolutely at ease with them as much as he is uncomfortable with the pseudo intellectuals and experts. He neither knows evil nor can perceive evil and thus in judging people is very gullible. He is often led astray by such unscrupulous persons leaving him hurt and confused. He has no cunning and accepts every thing on its face value. Why such an open, forthright, honest and simple person should be misunderstood is something beyond my comprehension.

The Prime Minister in a recent speech at Karachi, recalling his own political career, referred to his visit to Comilla and the wonderful work done by a dedicated person there. Let us hope some day someone will recall that person is still in Pakistan and yearning to benefit his countrymen by his hard-earned experience, in preference to a comfortable and relaxed retirement.

Gilgit, June 20, 1986.

Shoaib Sultan Khan

FIRST VISIT TO AKRSP 9TH TO 17TH JUNE - 83

INTRODUCTION

At the invitation of my old friend, Shoalb Sultan Khan, I went to Gilgit, and spent nine days, from 9th June to 17th June, with the Aga Khan Rural Support Programme (AKRSP). I saw a few irrigation projects and some examples of land reclamation, I attended only one village meeting. But I talked at great length with the elders in several villages and tried to understand their view of present problems and future developments. I talked similarly with AKRSP workers. Besides I benefitted by listening to the opinions of the commissioner, the development commissioner, and the deputy commissioner, who patiently answered questions and commented on my arguments. Nine days, of course, is too short a period of learning. I wish I could stay for many more days, see many more villages and talk with many more persons. However, I discussed my impressions, imperfect as they were, with SSK and his staff, in several sessions. Our discussions have been recorded. In those sessions I tried to give detailed reasons for my impressions and replied to many questions raised by the staff member. In this note I present merely a brief summary of the main points.

1. AKRSP'S ROLE - A NON-GOVERNMENT ORGANISATION (NGO)

- 1.1 It is important to define clearly and identify the role of AKRSP. First of all, it must be clearly understood that it is an NGO. It cannot be a substitute for government departments and it should not be a competitive rival.
- 1.2 Wherever possible an NGO should concentrate on supplementary activities and seen coordination with government programs and policies.

2. THE GILGIT SITUATION

- 2.1 In the Gilgit situation, the Daudzai organisational model, (Training Centre + village groups + two tier cooperative for services and supplies) is inapplicable because:
 - i) AKRSP, unlike the daudzai Training and Development Centre (TDC), is an NGO, with limited resources and no authority.
 - ii) The government has no policy, or capacity to start TDC in Gilgit.
 - iii) The long distances and the scattered and isolated villages, make the concept of a TDC frequently visited by group representatives unworkable.

3. A DIFFERENT APPROACH AND MODEL

- 3.1 AKRSP's main functions should be:
 1. Social and economic village organisations (VOs)
 2. Liaison between VOs and government and other agencies.
 3. Training of VOs managers and other cadres in coordination with other agencies.
 4. Opening up of services and supplies lines to VOs again in coordination with other agencies.
 5. Selective research to discover more efficient methods, implements or materials.

- 3.2 AKRSP's administrative structure should be designed to perform these major functions of socio-economic organisation, liaison and coordination, training, improving supplies, and conducting research.

4. ADMINISTRATIVE STRUCTURE

Taking full advantage of its flexibility as an NGO, AKRSP should set up autonomous sections, which would manage their fields in a responsible manner, freeing the GM from routine and details, with sufficient time for touring, reviewing, and evaluating. The following sections are suggested each with a responsible manager:

A - General

1. Budget and Accounts
2. Administration
3. Programming & monitoring

B - Special

1. Social Organisation
2. Engineering
3. Training and Supplies

C - Research

1. Marketing research
2. Housing and Implement research

These sections can be set up at once. Later a few more research units to study and evolve efficient models of village plans for:

- i) Land reclamation (levelling, terracing etc)
- ii) Forestation
- iii) Horticulture
- iv) Control of cattle disease
- v) Control of insect attacks

5. STRUCTURE OF LOWER LEVELS

The structure at headquarters in Gilgit is designed to start, train and support the VOs. In the Gilgit situation the Supporting Centre should be located only in Gilgit, and the VOs should be made as autonomous and self sustained as may be possible. AKRSP should post only social organisers for specified areas. The SO should have a house but not an office. He should tour from village to village, making frequent night halts. For training, services and supplies the VOs should be linked with Gilgit not with the SO's office (he should have no office).

6. SHAPE OF VILLAGE ORGANISATIONS

The SO should explain to the villagers the extreme importance and necessity of organisation for improvement of their condition. Organisation is essential for:

- a. Irrigation
- b. Land development
- c. Forestation
- d. Horticulture
- e. Cattle disease control

- f. Pest attack control
- g. Credit, fertilizers and other inputs
- h. Improved agriculture
- i. Poultry farming etc

AKRSP can help the village organisation by arranging, to begin with, the

- i) Training of
 - a) A manager
 - b) Cattle para-medic
 - c) Pest control specialist
 - d) Poultry farmer
- ii) By providing Kits, implements etc.
- iii) By opening up supply lines
e.g. credit through Habib Bank, fertilizers and insecticides through other agencies etc.
- iv) By arranging the stay of the VO's representatives in a hostel at Gilgit and paying their travelling expenses for journeys undertaken in the interest of the VO's.

7. GROWTH OF LOWER LEVEL STRUCTURE

Each SO should try to establish as many VO's as he can, VO's with the above trained cadres. It is important that the VO's should be sold and should be accepting, the vision of group management, specialized training, self-sustained planning, mutual aid, partnership with Gilgit agencies, gradual progress and development. It is equally important that AKRSP should not become a symbol of lavish outside aid, which would not only be difficult to provide, but would also inhibit the mobilisation of local resources.

After five or six VO's are well established the SO should select one of the energetic managers as an organiser who should be paid a small honorarium for assisting the SO in all the five villages. Thus ultimately an SO may have 20 or 25 villages with 4 or 5 organisers as his assistants. SO should be able to spend one night in each of his villages every month.

8. THE TRAINING AND SUPPLY SECTION

Its role will be vital:

- i) It should run a hostel for village trainees, village visitors, village organisers and SO's.
- ii) For training it should utilize the services of experts from other agencies.
- iii) With their help it should develop special training courses.
- iv) Remuneration should be paid to such experts both for preparing the instruction manuals and for taking classes.
- v) It should convene the courses with the help of SO's and convene refresher and follow up courses.
- vi) For supply purposes the T&S section should coordinate with the agencies in control of supplies, e.g. banks for credit, depots for fertilizer etc.

- vii) It should consider the opening of supply lines to the VOs through the trained village cadres, its most important function. Every effort should be made to ensure that stocks are available and are moving smoothly to VOs.
- viii) The link between the VOs, & the Gilgit centre and supply agencies should be direct, through the VOs managers. SO's should not be involved as intermediaries for supplies.

The cooperation between the T&S section and the SO section at the headquarters should be very close. Monthly meetings of SOs and Organisers should reinforce this cooperation.

9. ENGINEERING SECTION

- i) The assistant engineers should be located at the headquarters.
- ii) Several survey teams should be formed for deputation to projects. The teams should camp at project sites for the appropriate time. Unnecessary commutation should be avoided.
- iii) The Engineering section should offer its services to the district council for preparation of union plans and district plans for the reconstruction and extension of irrigation, flood control, land link roads.
- iv) In the next six months the section should prepare five year plans for two or three unions. These plans should indicate
 - a. The existing structures
 - b. Structures needing repair
 - c. New structures
 for irrigation, flood control and link roads. These plans will serve as models for other unions.
- v) The Engineering section should undertake research in respect of village land development, levelling, terracing, bunding, forestation etc in order to suggest improved methods to VOs.
- vi) Some research should be undertaken in respect of implements & method of earth work and stone breaking. The Chinese have left very good examples which should be widely propagated.
- vii) Instead of simply giving lavish cash grants the Engineering section should explore alternatives, like supply of improved implements and teaching improved methods of collection work, both for constructing Kuhls as well as for land reclamation.
- viii) The section should also concern itself with research about housing, heating, sanitation etc. It would be convenient, though, to set up a small research unit separately for this purpose. Details of such a research unit were outlined by Prof. Arif Hasan, who accompanied me during the Gilgit visit.

10. RESEARCH UNITS

We recommended that two research units, operating initially on a small scale, and in a small area, be set up:

- i) housing and implement, research unit.
- ii) A marketing research unit.

A third research unit concerned with village planning requires further investigation and consultation, which may be possible during my next visit.

11. METHOD OF TOURING

In the Gilgit situation, for the sake of effective organisation of the villagers, the old and well tried method of camping and night halts must be followed. Geographically, demographically, or technologically the mountain areas are not yet ready for the fast commuting which is so common and convenient in the plains. All AKRSP jeeps should carry tents (not nylon backpacks) and camping equipments. SOs should move from village to village several days at a stretch forgetting home comforts. Section managers should tour, in the same manner, with the SO, and so should the GM. Real contact with the villagers is not established in public meetings, which are really darbars in the feudal tradition. Real contact is established in long talks with individuals and little informal groups, in friendly conversations in the camp and in the homes. Contact with the workers of one's own organisation is also established in the same informal and friendly manner. The GM must find time for such leisurely tours and such informal contacts in order to acquire real insights.

12. PURPOSE OF THESE RECOMMENDATIONS

My purpose is to indicate a firm foundation for the future work of AKRSP.

This approach, which emphasizes the organisation and training of village cadres and much research, may appear slow, and unspectacular. But its result, if it is successful, will be permanent. And, again provided it is successful, after one or two years, the results would be quite significant. It would not put too much stress on the AKRSP workers and it would not demand extraordinary resources from outside. The development will be gradual, but steady, one stage leading easily to the next.

Of course, a great deal of pragmatic research and reviewing will have to be done constantly. And it would be wise to avoid hasty publicity. Finally, I hope, the coordination and liaison approach will minimize friction and rivalry with the government and other agencies, who naturally consider Gilgit as their territory.

SECOND VISIT TO AKRSP 8TH TO 24TH OCTOBER 1983

1. SECOND VISIT - OUTLINE

I went to four villages - Mohammadabad, Hanuchal, Rahimabad-I and Rahimabad-II with social organiser Ikramullah and engineer Mohammad Saleh, and to three village - Gulmit, Passu and Misgar with social organiser Motahir Shah and engineer Hazrat Amin. The third social organiser Sartaj, accompanied us in Gulmit, Passu and Misgar. I had long sessions of questions and answers, both with the villagers and with the social organisers and engineers, which I found very instructive. I tested our conception of village planning and development by explaining its details to village groups in the presence of social organisers and engineers, and watching their responses. These "dialogues" have been taped. At the Gilgit office I had many formal and informal discussions with the GM and members of the management group on the Gilgit rural situation, the appropriate development approach, aspects of AKRS Programme, its components and methods of monitoring them. These discussions too have been recorded on tape. Now I only need to summarise my impressions.

2. RURAL SITUATION IN GILGIT

The following appear to be its main features:

- 2.1 On the one hand population has increased rapidly during the last thirty years and is now growing even more rapidly. On the other hand, during this period, the process of reclamation of new land has slowed down. Our enquiries indicated that while many new villages were settled between 1850, there are few examples of more recent settlements. As a consequence the holdings have grown smaller, and in many cases are now quite uneconomic. Generally the subsistence agrarian economy has reached the verge of bankruptcy. It is being sustained by wages earned through non-farm activities - the most important source being construction work on roads and buildings by various agencies, followed by service and trade.
- 2.2 It is interesting to speculate about the causes of the slow down in the reclamation of new land and the establishment of new villages. The reclamation potential has not been exhausted. Many resources of water and vast areas of land remain to be utilized. Perhaps the chief cause of the slow down may be the weakening and final disintegration of the traditional social hierarchy - the feudal system controlled by Mirs and Rajas. Before 1950 this system could, by providing forceful leadership and necessary support, mobilize the over-crowded villages to reclaim new lands. Now there is an institutional vacuum. New institutions are needed which could enable the villagers to tame their hostile environment.
- 2.3 Recently roads are bringing the Gilgit district into closer relationship with the economy of the plains, the impact of this relationship can already be felt, and it will become more and more significant. It is more than probable that with the growing integration, the same economic and social trends will become dominant here as already are dominating the southern plains. The old traditional hierarchy will then be replaced by a new hierarchy - contractors, traders, tractor owners, who will also, sooner or later, become large landowners. For the majority subsistence farming will become less and less attractive. They will hope to save themselves through non-farm jobs, and through migration. It will be a lopsided and not a very happy kind of development.

3. FIVE FACTORS FOR EQUITABLE AGRARIAN GROWTH

In contrast to a haphazard and individualistic growth, it is possible to envisage a more systematic and cooperative agrarian development. Its main features would be as follows:

- 3.1 Institution building, primarily around village organisations, for dual purpose of planning mobilisation of manpower, and cooperative accumulation and control of resources.
- 3.2 Reconstruction of physical infrastructure
 - (a) irrigation channels
 - (b) roads
 - (c) land reclamation - extension of cultivable areas, gardens, pastures, and forests.
- 3.3 Increased productivity in grains, fruits, animals and timber.
- 3.4 Cooperative credit and banking -
loans as well as collection of equity capital through savings.
- 3.5 Cooperative marketing, including cooperative ownership of transport, storage, processing and packaging units.

Each of these factors is essential for rapid and equitable agrarian growth, and they are interlinked with each other.

4. AKRSP AND THE FIVE FACTORS

- 4.1 A very good beginning has been made by AKRSP. It is fortunate in possessing adequate resources and competent staff. It is also fortunate in being a non-government organisation. As an NGO it is in a position to assist effectively in the development of the above five factors, most of which rightfully belong to the private sector.
- 4.2 AKRSP's emphasis on formation of village groups recognizes the basic need for institution building. Field experience of the past ten months shows that the villagers themselves are keenly aware of this need. The speed with which the groups have formed, the regularity of their meetings, the quality of their planning, and their acceptance of the concept of cooperative saving and equity capital, is most encouraging. Dropouts have been surprisingly few.
- 4.3 Similarly AKRSP emphasis on the village planning and execution of physical infrastructure - irrigation channels and roads - is a correct recognition of priorities. Without more irrigation and connecting roads it is futile to expect any improvement in the agrarian economy. Irrigation and roads are the first essential steps for the revival of a stagnant and bankrupt subsistence agriculture.
- 4.4 It is extremely fortunate that AKRSP can provide the initial capital for the construction of this infrastructure - PPI or productive physical infrastructure, as they call it. Otherwise the villages, in their present destitute condition, could not undertake this essential task. As in most villages the work is done by the villagers themselves, the wages paid to them serve the purpose of an invigorating transfusion. A substantial portion of the wages is turned into equity capital through weekly savings collected in the group meetings. At present the chief reason for the great popularity of AKRSP is the financing of PPI projects. In the Gilgit rural situation, where the holdings are so small, and the

majority of farmers are compulsively searching for non-farm work, the introduction of a paid works programme (PPI), which simultaneously starts the process of agriculture development, is fully justified.

- 4.5 It is equally fortunate that AKRSP can provide technical guidance to the village groups for the planning and execution of these projects. Evidently the new water channels and roads cannot be made in the traditional nineteenth century manner, (with markhor (ibex) horns, as the villagers said). Areas have to be surveyed, levels ascertained, correct alignments to be made, explosives to be used properly. Traditional skills have to be strengthened by modern engineering skills. AKRSP engineers have evolved a remarkable model of popular planning. The speed and economy with which the village groups, guided by the engineers, have completed the PPI projects is unprecedented.
- 4.6 More attention has now to be paid to the other component of PPI - viz reclamation of new lands. This was one of the main points of discussion with the village groups and social organisers during my visit. I shall elaborate in a subsequent section. (See Section 6 below).
- 4.7 AKRSP has made a small beginning in respect of the third and fourth factors (increasing productivity, and credit and saving), and another very small beginning in respect of marketing. A great deal of R&D (research & development) work has to be done, before these supporting programmes become as well established as the first and second (viz village organisation and PPI). I shall summarise the tentative thinking concerning extension, credit and marketing.

5. VILLAGE ORGANISATION AND THEIR PLANS

However let us first discuss village organisations and their plans.

- 5.1 Village organisations are the prime movers. They will fill the institutional vacuum created by the decay of the old social order. They will make plans and execute them. They will husband and control human and material resources. They will be the foundation of a new cooperative and equitable social order. The village groups will be continuously assisted by social organisers and technicians.
- 5.2 The village plans will be based on the four factors of development:
 - i) Reconstruction of physical infrastructure - irrigation and land reclamation.
 - ii) Increase productivity.
 - iii) Cooperative credit and banking.
 - iv) Cooperative marketing.
- 5.3 AKRSP will assist first in making the plans, and subsequently in implementing them. It will promote social organisation, provide various kind of technical guidance and material support. The village organisations will take advantage of whatever facilities may be available from official agencies, but the plans will be designed to make the villages self-reliant, as far as possible. In other words the development will take place mostly in the private sector.

6. PHYSICAL PLANS

- 6.1 It is possible now to make the physical planning more systematic. In the villages where the groups have established, the social organisers and engineers should promote the concept of long range planning.

- 6.2 The first step should be to prepare a topographical map of the village, showing the residential area, cultivated plots, orchards, pastures and woods, irrigation channels, foot paths etc. Then the engineer, in consultation with the group, may prepare a development layout indicating the construction of new channels, the extension of cultivated lands, and pastures, and the planting of new orchards and wood lots.
- 6.3 On the basis of this comprehensive survey and layout the village groups should be assisted to make a long range plan, which could be implemented incrementally, year after year.
- 6.4 Initially the groups will need capital assistance in the shape of either grants or loans, but in course of time, if the pace of land development is maintained, the villages will begin to produce a surplus themselves. Thus the present trends, which are making village agriculture stagnant and bankrupt, may be reversed.
- 6.5 In the development layout, while the principle of family ownership and family cultivation should be scrupulously observed, the group should be advised to introduce full or partial joint management of certain activities. For instance, there should be a common nursery for fruit and timber trees. The pasture lots should be fenced for rotation. The orchards and woodlots also should be fenced, though inside the fence small plots may be allotted to individual families. Similarly the management of water channels and roads and foot paths must be joint.
- 6.6 Of course much research is needed to ascertain definitely the methods and contents of village physical plans. But this research will not consist in theoretical speculations. It would be action research in the organised villages, where the social organisers, the engineers and the village groups will learn by doing, each step being tested in practice, and leading smoothly to the next step.

7. PLANNING FOR INCREASED PRODUCTIVITY

- 7.1 Village groups can gradually increase their productivity in respect of cereals, fruits, animals and wood. The first step of course, is the improvement or irrigation, reclamation of more cultivable and pasture lands, the planting of orchards and wood lots. We have discussed it above.
- 7.2 The second step is the adoption of improved methods. This can be achieved by training, with the help of AKRSP, of village specialists, chosen by the village group from among themselves. Foremost among the specialists is the manager. Then there is the model farmer. An animal first aider has been added recently, and a plant protection man. More specialists should be trained in future according to the need felt for them.
- 7.3 The specialists are not only to be trained, they are also to be ensured of the supplies. For instance AKRSP ensures that the manager can get credit, the animal doctor can get the vaccines and medicines, the plant man can get insecticides etc. This coordination of specialized training and necessary supplies, establishes a healthy and permanent cycle, and ultimately makes the village autonomous.

8. PLANNING FOR CREDIT AND MARKETING

- 8.1 It must be clearly understood that increased productivity requires, at the initial stage, an infusion of capital:
 - i) For the construction of infrastructure - mostly grants.
 - ii) For the reclamation of land - mostly long term loans.
 - iii) For larger inputs in agriculture - mostly short term loans.

Fortunately AKRSP is in a position to undertake this stupendous task.

- 8.2 But it can be hoped that, once the process of increased productivity has been set in motion, AKRSP's promotion of the virtuous circle of saving - investment - more saving, will gradually bear fruit in the shape of accumulation of more and more equity capital from increased incomes.
- 8.3 Increased productivity also requires easy marketing of surplus produce. Small producers must achieve the economy of scale by cooperative collection and sale. Village groups would further need support from a central organisation which could link them with metropolitan mundies. The cooperative ownership of transport (chiefly tractors) may prove to be the key for collective marketing in remote villages.

9. AKRSP'S ROLE AND STRUCTURE

- 9.1 Having considered the five factors of development and their incorporation in village plans, let us now examine the role of AKRSP. This role is crucial. And it is two fold - to promote and to support. Without sustained promotional efforts, and without sustained adequate support, the villages will not be able to make much progress.
- 9.2 In its first year AKRSP has successfully established three promotional and supportive sections:
- i) Social organisation units
 - ii) Physical engineering section
 - iii) Extension training and supplies section.
- 9.3 Now it should establish on a firm and systematic basis the remaining two sections, viz
- iv) Credit and banking
 - v) Marketing and processing.

Thus it would be possible to promote and support, fully and comprehensively, the village development plans, prepared by the village groups. And AKRSP itself would be able to prepare long or short term plans, indicating targets to be achieved, and expenditures to be incurred.

10. FOURTH FACTOR: CREDIT AND BANKING

- 10.1 In its first year AKRSP has promoted weekly savings (or collection of equity capital) by village groups and also advanced crop loans to some of the groups. Accumulated savings have exceeded 25% of the loans advanced. And the savings are increasing steadily, specially in the villages where PPI projects are in progress.
- 10.2 As yet AKRSP has obtained the loan money from Habib Bank, against a hundred percent guarantee, and the groups have not been registered as cooperative societies. Considering the performance of the groups in respect of savings and repayment of loans, and considering their requirements of capital for investment in land reclamation, ownership of transport for marketing, and purchase of agricultural inputs, AKRSP should now proceed to formalise the credit and banking arrangements, and sponsor a central bank.
- 10.3 The village groups will then turn into primary societies, serving as village banks for the members - receiving deposits and shares, and advancing short and long term loans. The primary societies will be affiliated to the central bank, where their savings will be deposited and from whence they would

borrow all kinds of loans.

- 10.4 The two tier banking system will serve as the backbone of development plans. With two hundred active villages, owning thousands of acres of crop land, orchards, pastures and forests, and marketing a growing surplus of farm and forest products, the central bank would soon become a powerful institution.
- 10.5 In a few years it should become not only self-supporting (as its annual transactions would exceed crores of rupees), it should also be able to finance out of its profits the promotional, extension and research activities at present undertaken by AKRSP.
- 10.6 How much seed capital would be required by the central bank, what should be its mode of operation, how the promotional and training programmes should be designed - these and other questions need to be discussed in detail. I may be able to give some useful advice in the light of my experience of organising a two tier rural cooperative system in Comilla.

11. FIFTH FACTOR: COOPERATIVE MARKETING

- 11.1 The importance of linking the developing villages to the main markets cannot be over emphasized. The change from an isolated and moribund subsistence agriculture cannot take place without readily available opportunities for the profitable sale of whatever surplus is produced in the villages.
- 11.2 A very useful study has been made by Tayyab Ahsan of the present state of marketing in some remote villages. He has also studied the wholesale fruit market in Gilgit town. For four days we contacted the wholesale markets in Rawalpindi and Tayyab is going to contact the merchants in Peshawar and Lahore. What the merchants said was extremely encouraging.
- 11.3 AKRSP should now proceed to set up a marketing section. It should be given a revolving fund and a transport. Tayyab should recruit an assistant from among the fruit merchants of Gilgit town. A storage godown should be hired.
- 11.4 The marketing section will send samples of produce to Pindi, Peshawar and Lahore and secure orders. The packaging should be done in accordance with the advice of Peshawar and Lahore merchants. Where necessary processing should be improved by research.
- 11.5 Stable village groups should be informed of the new marketing arrangements through the social organisers, and some capable village managers should be called for a two days training conference. From the very beginning there should be full participation by the groups and their managers.
- 11.6 Initially, a village group may be paid in cash when they bring their produce. But gradually the full cooperative principle of profit and loss sharing, and delayed payment should be introduced.
- 11.7 As this is a pioneering venture the most meticulous records should be kept - financial and sociological, and carefully documented quarterly reports should be published - in English and Urdu.
- 11.8 Like the central bank, the marketing corporation may soon become self-supporting. Like the central bank it too should spend substantial portion of its profits on research on packaging, processing, and storage.

12. MONITORING AND EVALUATION

- 12.1 I discussed in detail with the managing group, and specially with Tariq Hussain, the method of maintaining and evaluating the progress of each of the five factors, both at the village and the central level.
- 12.2 For instance the vitality of village organisations can be measured by their records of:
- a) Regularity of meetings
 - b) Number of members
 - c) Percentage of attendance in meetings
 - d) Savings
 - e) Utilization of loans
 - f) Repayment of loans
 - g) Physical planning
 - h) Increased productivity
 - i) Marketing etc.
- 12.3 Physical planning can be measured in terms of:
- a) Dimensions of work
 - b) Additional cusecs of water
 - c) New land reclaimed
 - d) New layouts etc.
- 12.4 Increased productivity can be measured in terms of:
- a) New crop lands, orchards, pastures and wood lands.
 - b) Additional produce - crops, fruits, animals and woods.
 - c) Higher yields, ascertained by seasonal crop-cutting surveys.
 - d) Short term and long term investment etc.
- 12.5 Credit and banking:
- a) Accumulation of equity capital.
 - b) Utilisation of loans.
 - c) Repayment records.
 - d) Short term and long term investment etc.
- 12.6 Marketing
- a) Collection of marketable surplus - each season.
 - b) Sales.
 - c) Profit or loss accounts.
 - d) Ownership of transport.
 - e) Link with Gilgit or other markets etc.

13. OTHER MINOR SUGGESTIONS

- 13.1 A quarterly magazine in Urdu should be published for circulation to the village groups.
- 13.2 It should contain instructions as well as histories of good and bad work, and profiles of good workers.
- 13.3 At least two or more case histories should be carefully compiled for record as well as publication in each quarter.
- 13.4 Similarly every quarter the profiles of good workers should be compiled.
- 13.5 Quarterly conferences of good workers should be called to establish close contact.
- 13.6 Every section - social organisation, engineering, extension, credit, and marketing, should arrange training classes for their village workers, and keep upto date records of best workers.
- 13.7 Good workers, and good groups should be given public recognition in annual functions.

THIRD VISIT TO AKRSP 17th to 30th April 1984

1. FIVE FACTORS FOR EQUITABLE AGRARIAN GROWTH

Six months ago, in my second visit report, I had analysed the Gilgit rural situation, and pointed out five factors for rapid and equitable agrarian growth. I had written:

In contrast to haphazard and individualistic growth, it is possible to envisage a more systematic and cooperative agrarian development. Its main features would be as follows:

- i) Institution building, primarily around village organisations, for the dual purposes of planning and mobilization of manpower, and cooperative accumulation and control of resources.
- ii) Reconstruction of physical infrastructure:
 - a. Irrigation channels
 - b. Link roads
 - c. Land reclamation - extension of cultivable areas, pastures, orchards and forests.
- iii) Increased productivity in grains, fruits, animals and timber.
- iv) Cooperative credit and banking - loans as well as collection of equity capital through savings.
- v) Cooperative marketing, including cooperative ownership of transport, storage, processing and packing units.

Each of these factors is essential for rapid and equitable agrarian growth and they are interlinked with each other.

I had also defined the role of AKRSP in promoting the five factors and the role of village organisations in implementing them.

2. PROGRESS IN THE LAST SIX MONTHS

Considerable progress has been made in the last six months:

- A. AKRSP's basic approach or system of work is now quite clear. It is a Research and Development (R&D) effort.
- B. Looked at from another angle it is an attempt to build models of the five factors the chief indicator of viability is practice and acceptance in the village.

Here is the schematic form of the Research, Extension and Supervision approach:

- A. A problem is analysed collaboratively by a team consisting of experts, social organizers and village leaders.
- B. Based on this research a package of advice is prepared.

- C. It is presented or "extended" to the village organisations (VOs).
- D. If they are willing to participate they are given technical and material assistance.
- E. The guidance is continued through training of VO representatives, (managers and specialists), frequent visits by social organizers, and regular meetings of VOs.
- F. Contact is maintained with the AKRSP Central office for institutional support and supplies.

3. **SUCCESSFUL MODEL: 1. Village Organisation**

The following models have already been built and are spectacularly popular:

- i). Village Organisation:
 - a) Meetings are regularly held.
 - b) Good managers and chairmen have been elected.
 - c) Savings are regularly collected from members.
 - d) Excellent infrastructure construction projects have been prepared and in many cases already completed.
 - e) The practice of community discussion and action is beginning to prevail.
 - f) It can now be hoped that the concept of village plans will gradually gain acceptance.

4. **SUCCESSFUL MODEL: 2. PPI Projects**

The Second Model which is even more spectacularly popular is PPI (Productive Physical Infrastructure) Projects:

- i) Numerous Kuhls (irrigation channels across the rocks) have been constructed, are under construction, or under planning.
- ii) And link roads.
- iii) Sedimentation tanks, and
- iv) Protective spurs.

The innovative aspects of this model are:

- i) It is a joint effort by the Village Organization, AKRSP's engineering experts, and AKRSP's Social Organisers.
- ii) Expert guidance has ensured that the projects are technically sound.
- iii) Popular participation has reduced the cost and speeded up the construction.
- iv) Village Organisations have assumed the burden and responsibility of maintenance.
- v) The VO's have also assumed the responsibility of management, settlement of dispute, and realization of maintenance costs.

- vi) The presence of an effective organization further ensures that the subsequent steps for land reclamation may also be organised cooperatively.

5. INCOMPLETE MODEL: Land Reclamation

Cooperative land reclamation has not yet been developed as fully as models of VO and PPI. But I saw some very hopeful signs:

- i) In Passu, for example, I saw the first model of cooperative land reclamation after the cooperative completion of a Kuhl bringing rich water from a glacier. The Passu VOs have collaborated with AKRSP experts in preparing a land development plan for the entire village. They are now proceeding to plant orchards and develop pasture lands on a cooperative basis.
- ii) Cooperative action reduces the cost of development as well as the time. Last time I thought that the cost and time will be very high. But after looking at Passu I think that the cost is quite affordable, and the benefits can become available very quickly.
- iii) Another surprise for me in Passu was that after the arrival of water from the new Kuhls, the reclamation of new land for pasture, can be done cheaply and quickly if cooperatively managed by VOs.
- iv) Similarly in Chapurson valley I found that after the arrival of water from the new Kuhls, the reclamation of new land for pasture, can be done cheaply and quickly if cooperatively managed by VOs.
- v) It appears that the reclamation plans will have to be designed in accordance with the special requirements of each village. Thus at the higher altitudes of Chapurson or Misgar the emphasis would be on pasture and animal husbandry in contrast to a more proportionate mix of crop land, forest and orchards in Hanuchal.
- vi) A very good beginning has been made by AKRSP's engineering section with the preparation of six or seven village layouts. These will provide the basis for a good package of advice.
- vii) As in the case of PPI projects the land reclamation research and extension should be a closely coordinated effort by VO's and AKRSP technical experts and social organisers.

6. INCOMPLETE MODEL: Increased Productivity

AKRSP research and extension package for increased productivity is as yet very weak, compared with the models of VO and PPI. There are many reasons for this weakness. Efforts should be made to collect good advice from:

- i) Departmental experts.
- ii) From examples of good development in other countries with similar ecology, e.g. the Kulu Valley in India.
- iii) From the case studies of pioneer farmers and villages in Gilgit district itself.

But for the time being the "package" should emphasize the prevention of losses by pest attacks, diseases etc. (animals and plants). The major increase in productivity, of course, will come through increased supply of controlled water and the reclamation of more land for crops, gardens, forests and pastures.

7. THE MODEL OF CREDIT AND BANKING

The model of credit and banking by VO's though still in an elementary stage, is developing with remarkable speed.

- i) The most hopeful feature is the acceptance of the concept of cooperative saving and equity capital. I was amazed to learn that at the end of March the VO's savings in deposit with the Habib Bank amounted to Rupees seventeen lakhs. And they are growing rapidly.
- ii) The procedure for short term crop loans has been well worked out, both the issue and repayment.
- iii) It is now necessary to work out the procedures for long term loans for land development, purchase of tractors, etc.
- iv) Similarly procedure have to be worked out for the utilisation of VO's own equity capital.
- v) A cautious approach would be advisable. Research should be done carefully with a few organisations by the team consisting of an AKRSP expert, Social Organizer and the VO till a viable model emerges which could be multiplied.
- vi) Good models will emerge in the best VO's. Therefore the importance of careful documentation should be realized.

8. THE FIFTH MODEL: Cooperative Marketing

The fifth model, i.e. cooperative marketing is also in a nascent stage. Experimental efforts in Barkulti have shown good results, but several more villages must be organized, at least one village in each Social Organiser's area:

- i) More market research has to be done for various kinds of products.
- ii) The marketing of animals and animal products may prove as important as the marketing of fruits.
- iii) Improved methods of processing and packaging must be discovered and taught to the marketing villages.
- iv) In these villages "specialists" must be trained. The specialization will consist of (a) learning enterprising skills, (b) collecting market information, (c) learning improved processing and packaging.
- v) Social organisers should select these marketing specialists as soon as possible so that they may begin this training.
- vi) The training will not be of a "class room" type. It would consist of visits to the markets and to improved processing centres. Except in the very beginning, it should not be necessary for the Social Organizers to accompany the trainees, who should learn autonomously.

- vii) Training of marketing specialists will be highly individualised. Thus the Chapurson specialists will concentrate on processing of milk products, tanning animal feed etc. while the Barkulti specialists are learning about processing of apricots, or picking and packing of apples.
- viii) Social organiser and VO's marketing specialists will play a key role in marketing research and extension. They should be considered as equal members of the team led by the central office marketing expert.
- ix) If possible, (it is a big if) the manager of the VO should be made the marketing specialists. That would provide a source of adequate compensation for him. The question of incentive and compensation for heavily burdened managers would soon arise, if it has not already arisen.

9. DEVELOPMENT OF SPECIAL MODELS

To sum up and repeat:

- i) Model of VO is now well developed and can be easily duplicated.
- ii) Model of 4 kinds of PPI is equally developed and duplicable.
- iii) Model of saving and short term loans is half developed, and although even in its present form it is duplicable, it needs more research and experimentation with regards to long term loans and uses of equity capital. Banking procedures and institutional structures remain to be worked out.
- iv) Models of land reclamation are in a very early stage.
- v) Model of increased productivity has not yet emerged.
- vi) Model of cooperative marketing is also in a very early stage.

In the next six months, concentrated efforts should be made to develop special models of:

- i) Cooperative land reclamation.
- ii) And cooperative marketing.

It must be tedious and slow to evolve viable models. But as soon as viable models have emerged in a few villages, their duplication would be neither tedious nor slow.

10. STRATEGY OF CONSOLIDATION

This brings us to the strategy of consolidation. The first phase of AKRSP has been spectacular, even heroic as Prof. Guy Hunter called it. But it was primarily the phase of "propagation, of diagnostic dialogues". The second phase is now beginning. It is primarily the phase of consolidation. New and unknown models have to be evolved. Solutions must be found for nagging problems. Research and extension must be streamlined. Managers and specialists have to be trained. Incentives have to be built in cooperative endeavours have to be promoted. It is a long list. But to neglect consolidation, while proceeding heroically with propagation, will be like building on sand not on rocks.

11. APPOINTMENT OF CONSULTANTS

For streamlining field research and extension in:

- a) Forestry and pasture.
- b) Horticulture.
- c) Animal Husbandry and dairying.

I would suggest that contact should be established with the Forest Institute in Peshawar, the Tornab farm in Peshawar, and Faisalabad Agricultural University, to persuade some bright going professors to get involved in:

- a) Preparing "packages" of advice.
- b) Supervising extension in a few selected VO's.
- c) Training village specialists.
- d) Setting up small pilot projects, e.g. a small cheese making plant in Chapurson, or a small apricot processing unit in Barkulti.

These consultants could visit Gilgit at quarterly intervals and generally keep in touch through progress reports.

12. IMPROVING EXTENSION METHODS

The strategy of consolidation demands the improvement of not only research but also of extension. Full advantage should be taken of the fact that most of the managers and chairmen of VO's are literate. Leaflets should be written and distributed widely. SO's should always have a package of leaflets with them. A quarterly magazine should also be widely distributed. Tapes of successful managers and specialists should be played to VO's meetings. Conferences of activists should be held frequently. And the best of them should sometimes tour with the Social Organisers.

13. CASE STUDIES AND PROFILES

At this stage the publicizing of good work by VO's and the development of special models may prove to be the most effective extension method. Similarly intimate knowledge of the background of good activists may prove most helpful. Case histories and profiles may provide better sociological insights than figures and tables (which of course have an importance of their own in clarifying trends).

14. MONITORING

I pointed out in the PPM that AKRSP has three audiences:

- a) The villagers.
- b) AKRSP Directors and management.
- c) International and National observers.

AKRSP has done excellent monitoring and reporting for the second and third audience. But the reporting to the first and foremost audience now needs elaboration and improvement. The first steps in this direction are:

- a) Preparation of numerous instruction leaflets.
- b) Dissemination of case histories and profiles.
- c) Publication of a quarterly magazine.

15. DOCUMENTATION

I also pointed out that novel sociological and economic incidents are now happening in many villages of Gilgit. As yet these incidents are too nebulous and uncertain to be the subject of academic analysis. The stage of analysis has not yet arrived. This is the stage of observation and documentation. To use a fanciful analogy it is the stage of collection of specimens, which would later be classified. If the programme economists or social scientists, could spare the time they would find excellent social and economic specimens emerging in, e.g. Chapurson, Misgar, Passu, Hanuchal or Shamayal, to name only a few.

This specimen collection, or observation and documentation, will of course be in addition to the more systematic monitoring which is already being done for the progress reports.

FOURTH VISIT TO AKRSP 16th to 24th September 1984

SECTION 1 - PROGRESS AND ISSUES

1. Short Visit

My fourth visit to AKRSP was rather short. I was detained in Peshawar for an aimless seminar. During my short stay in Gilgit I could attend only two village meetings. However, the eight days were fully utilized for long discussions with the GM, the management group, the social organisers and the engineers. I also participated in a conference of the chairmen and managers of 40 VO's. Besides I had the opportunity to listen to the opinions of some high officials about the role of AKRSP. I wish my stay were longer, so that I could tour with the Social Organisers, and exchange views with some of the exceptionally advanced VO's.

2. Progress Summarized

I am writing this report as a continuation of my previous report. I think much progress has been made in the intervening six months, which can be summarized as follows:

- i) VO's have shown growing vitality. No doubt there are some delinquents, but their number is small. The majority have accepted the principles of participatory planning, land development, increased productivity, accumulation of equity capital, and co-operative marketing.
- ii) Numerous PPI projects have been successfully completed. The demand for them is great. Evidently they have created a new faith in the future of agrarian economy.
- iii) Many VO's now have one member trained as a plant protection specialist and another as an animal para-medic. Members have been persuaded to pay the cost of pesticides and medicines and fees for services. Besides the managers are themselves acquiring valuable skills. These are definite advances towards autonomy and self-reliance.
- iv) Savings are growing at an amazing rate. There are very few withdrawals by individuals, which indicates that savings are being treated as equity capital. The volume of loans has also grown. Surprisingly it is still less than the total savings, an unprecedented phenomenon in a rural area.
- v) After watching the first pioneering efforts of collection and export of village fruits to the Pindi market, many VO's are eager to engage in cooperative marketing.

It is not an exaggeration to say that both at the conceptual and the practical level AKRSP is quite strong.

3. Two Important Issues

AKRSP's spectacular progress in a short period has raised two important issues:

- i) The issue of expansion.
- ii) The issue of its future institutional shape.

Both issues require careful deliberation.

4. The Question of Expansion

It is natural that when one area receives the extraordinary benefits of AKRSP, the adjoining areas should clamour for the same. Recently popular clamour is being reinforced by a demand from the officials that AKRSP must take over other regions. There is also some talk about AKRSP becoming the general model for development.

5. Five Facts about Expansion

I would like to point out the following facts:

- i) On account of the nature of its design, AKRSP can be duplicated, but its area of operation cannot be extended indefinitely. Hence if it is desired to have AKRSP projects in other districts, each district should have the same central set-up as in Gilgit. Every district project must be autonomous. It will be impossible to organise, train, supervise, and supply VO's of other districts from Gilgit. Each district project must have its own supporting institutions: engineering, training, banking, marketing and monitoring. Extending these services from Gilgit to other districts will prove ineffectual. It would also weaken the program in Gilgit.
- ii) Plans for new districts should be made separately, and resources obtained separately. There should be no mix-up with Gilgit plans, and no transfer of resources. The enormous proportions of the demands from other district may jeopardize development in Gilgit itself.
- iii) It must be clearly understood that AKRSP, as a private company, can restrict its operation, unlike the Government, to a selected region. In fact a private organisation must be selective because it does not possess the resources available to the Government.
- iv) It must also be clearly understood that AKRSP is concentrating on activities which belong primarily to the private sector:
 - a. Village organisation.
 - b. Land development.
 - c. Increased productivity.
 - d. Credit and banking.
 - e. Marketing.

While there is no conflict with the work of Government departments, nevertheless these activities thrive better under autonomous institutions, than under bureaucratic control.

- v) In other words, the AKRSP model is relevant for the private sector. If the Government wants intensive development they should rehabilitate the IRDP, which was designed as a decentralised government program, and has all the components to achieve rapid development of a small region - a thana, tehsil or subdivision:
 - a. A markaz, with a representative officer from each department, and a co-ordinating development officer.
 - b. A local council and a rural works program.
 - c. A central co-operative association and bank and a credit and marketing program.
 - d. Primary co-operatives in every village.
 - e. Regular training classes for managers, model farmers, teachers, imams, midwives etc.

The Government has the resources for starting an IRDP in every tehsil. But if it is short of funds it can find many foreign donors. AKRSP cannot become the surrogate of the Government.

SECTION 2 - FUTURE INSTITUTIONAL SHARE

1. The Long Term View

While I would warn against expansion, I emphasize the need for consolidation. A short term view concerns the proper orientation of present activities. The long term view concerns the future shape of AKRSP and the type of institutions it should sponsor. I discussed the first aspect in great detail with the GM and his management group. Its salient points are given in section 3 of this report. Here let me outline the long term view. After two years the time has arrived to ask this question: What kind of institutions should be established by AKRSP to ensure the stability and continuity of the village development process it has started with such huge investments?

2. A Few Facts

Again I would like to point out a few facts:

- i) Systematic village development rarely takes place without outside institutional support. During the last two years AKRSP has become the central supporting institution for Gilgit villages. Essentially we see a two tier system in operation.
- ii) A close scrutiny reveals that AKRSP's central organisation is performing, although in an elementary and incipient manner, the functions of the following institutions:
 - a. A land development corporation.
(surveys, designs, plans, technical guidance, supervisory services, supply of materials, etc.).
 - b. An agricultural development corporation.
(extension, training, supply of seeds, fertilizers, pesticides, veterinary medicines, etc.).
 - c. A central bank.
(organising groups, collecting deposits, distributing and realizing loans, auditing accounts, training managers, etc.).
 - d. A marketing corporation.
(market research, contacting wholesalers, training managers, collecting and marketing produce, processing research and training, etc.).
- iii) Without AKRSP's fourfold institutional support the Gilgit villages would have remained immobilised. And any sudden withdrawal of support would again immobilize them.

3. Permanent Institutional Basis

How can the fourfold support be placed on a permanent basis? The analysis given above points out the direction.

- i) Let the Central Bank become the institutional core, and the VO's affiliated to the Central Bank.
- ii) The Bank will receive savings and equity capital from the VO's and give them all kinds of loans.

- iii) The Marketing Corporation will either be autonomous or an affiliate of the Central Bank. It will take over the functions of supplying agricultural or land development inputs, besides the processing, stocking and marketing of the products of VO's.
- iv) Engineering and agricultural extension will become two important wings of the Central Bank.
- v) While the Central Bank and the Marketing Corporation may soon become quite profitable, the Engineering and Agricultural Extension wings will require subsidization, which may be provided both from the profits of banking and marketing and from donations.

4. Detailed Discussions

The future institutional shape requires much detailed discussions. However the successful examples of the Co-operative Banks and Housing Societies of the Ismaili community in Karachi should serve as good models. Besides veterans of co-operative organisation, like Mr. Ramzan Merchant, are available for guidance. With slight modifications the well tested urban models can be transferred to Gilgit. If necessary I am willing to discuss further details with Mr. Merchant.

SECTION 3 - SHORT TERM CONSOLIDATION: SALIENT POINTS

1. Village Plans and Land Development

A new dimension should be added to the Engineering Section. Until now, the Engineering Section has concentrated on irrigation channels, link roads, protective bunds etc. It has also assisted in the formulation of village plans. However, in order to prepare good plans engineers should be joined by forest, pasture and horticulture experts. In Gilgit the scope for woodland, pasture and orchards is far greater than the scope for cultivable cropland. Moreover the cost of reclaiming cultivable land is prohibitive, while the cost of developing forests, pastures and orchards is quite low. If good models of low cost development are presented to the VO's, I am sure they would accept the vision of making long term village plans for the production of large quantities of timber, animals and fruits. In fact this vision is already being practiced in a few villages like Oshkhandass. If it becomes common large quantities of timber, animals, and fruits will be produced in every Gilgit village, yielding large cash incomes. This is how the Gilgit villages will benefit from their geographical environment. Their land is not suitable for commercial production of grains, like the lands of Sind and the Punjab.

2. Social Forestry and the World Food Program

If forestry and pasture experts join hands with the engineers, they should prepare plans for as many VO's as possible. The World Food Program has generously helped social forestation projects in India and Pakistan. The team should write a proposal to WFP to assist a ten year project in Gilgit. On account of the presence of active Village Organisations, AKRSP's engineering section, Social Organisers, credit and marketing sections, a social forestry project will achieve better results in Gilgit than anywhere else.

3. Revolving Fund for Loans

The solvency of Gilgit's agrarian economy will depend on the VO's land development plans. The first step, as indicated above, is to demonstrate low cost high benefit models. The second step is to give support and guidance. I was pleased when I heard the GM telling the VO's that, having received one PPI grant they should not expect more grants and gifts. On the other hand, they should finance their future development through loans and through their own equity capital. That is sound advice, and I felt that the VO's were willing to accept it. Therefore arrangements should be made for long term land development loans. With the consent of donors a revolving loan fund should be earmarked.

4. AKRSP Credit and Banking Operation

The present arrangement is far from satisfactory. In the first place it only caters for short term loans. Secondly, while AKRSP carries the entire burden of organising VO's, promoting savings, and distributing and collecting loans, a commercial bank takes all the profits. In August it held 31 lakhs in deposit from the VO's, and had loaned 28 lakhs against a 100% guarantee from AKRSP.

In another year the volume of deposits and loans may exceed ten million rupees. AKRSP should institutionalise what it is already doing informally i.e. legalize the credit and banking functions and capture the profits. Instead of handing them over medium, and long term loans, for land development, marketing, stocking, processing, transport etc., village managers and accountants will be remunerated from the profits. They need incentives for remaining loyal to the VO's.

5. Marketing Section

While the engineering section requires an additional dimension, and the credit section requires formalization, the marketing section requires total reconstruction.

A few lessons have been learnt from the experimental efforts:

- i) Collective marketing is readily accepted by VO's.
- ii) There is great scope for export of fruits and nuts to the Punjab markets.
- iii) But a strong central organisation must be set up to
 - a. conduct market research, and processing and packaging research.
 - b. train village managers and advise VO's.
 - c. deal with Punjab wholesalers.
- iv) Separate marketing trips by individual VO's have yielded very uneven results.

The potential of marketing of VO's produce is immense. After land development and increased productivity have been linked with credit and marketing, a well managed marketing corporation will have a turnover of millions of rupees, exporting the multiple produce - timber, fruits, animal products - of 250 VO's.

6. Monitoring and Evaluation Section (MER)

Finally I offered a few simple suggestions to MER:

- i) SO's diaries. I am deeply impressed by the accurate and impartial reporting in the SO's diaries. It is a great advantage that they are not, as yet, impelled by fear or favour, and therefore neither are their reporting profiles, pictures of progress and set-backs, examples of consensus and disputes, enterprise and inertia, loyalty and dishonesty. I suggested that MER should carefully study and analyse the diaries, and present a categorized summary as an agenda for the monthly conference.
- ii) The diaries provide valuable sociological data for quarterly progress reports; data about attitudes and opinions, trends, pioneers and laggards, exceptional leaders etc. Statistical data should be collected from the sections, not from the SO's diaries. Statistical tables should be compiled from the records in the central office of PPI projects, savings, loans, training, marketing etc.
- iii) SOs are mobilisers and independent observers, they should not be considered as statistical investigators.

- iv) However, from the diaries MER may select suitable subjects for further investigation, either through SOs or independently.
- v) MER should keep in mind both its practical orientation and its academic limitations. It should realize that it does not possess the capacity for prolonged theoretical and intensive research.
- vi) For research of a high academic standard MER should obtain the collaboration of established research institutions. During my visit to Islamabad I found that Dr. Naqvi of PIDE and Dr. Rauf of Qaid-i-Azam university were willing to send their researchers and students to Gilgit.

FIFTH VISIT TO AKRSP
21 July to 3 August 1985

During this fortnight I attended seven village meetings where I asked many questions and heard many discussions. At the Gilgit office I read the diaries of Social Organisers and the proceedings of various meetings and conferences. Many hours were spent with the sections in long discussions with the section managements. In spite of his overwhelming engagements the General Manager mostly accompanied me. Workshop like sessions were held with the project management group, the monitoring-evaluation-reporting group, and the Social Organisers. The discussions in these sessions have been recorded on tape. I have edited the transcript of the session with the management group. It gives a good idea of my impressions. At the stage it is useful to keep in view the theoretical basis of the program and clarify the methodology of work.

I am prepared to edit the other transcripts when I receive them. By adding them to the present edited script we will get a complete report of my Fifth Visit to AKRSP.

Akhtar Hameed Khan
15 August 1985

C-1-IV-Maymar View
Gulshan-e-Iqbal - Karachi 47
Telephone: 464365
9 October, 1984

FIFTH VISIT TO AKRSP - GILGIT
21 July to 3 August 1985

Transcripts of a session with the management group - Aga Khan Rural Support Program on July 27, 1985.

The transcript has been edited to remove some repetition and some jumbled syntax. However the flavour of an extempore oral discussion has been retained.

Akhtar Hameed Khan,
15 August 1985

SECTION I - A THEORETICAL ANALYSIS OF THE ASSUMPTIONS AND APPROACHES OF AKRSP

Let us first analyse the underlying theoretical assumptions and then review the components of the program.

1. The first assumption is about a Populist Economic Structure

- i) You are trying to build an economic structure which has a special significance. Not long ago Gilgit was a pure feudal enclave, isolated from the rest of the sub-continent. It was controlled by the Maharaja of Kashmir and by Mirs and Rajas and their functionaries. Then the Maharaja was driven out, roads were built, the isolation was broken, and the feudal system was legally abolished. Gilgit now is in a period of transition. The integration with other parts of Pakistan is creating new economic and social circumstances.
- ii) In this transitional stage there are two alternatives: One alternative is that this area should also develop the same economic structure as Punjab and Sind. And, indeed, if no special effort is made, this will happen very quickly. The other alternative is to make a special effort to develop a better and more equitable structure.
- iii) One may very well ask - "What is wrong with the Punjab structure?" The answer is: several things are wrong. First there is distortion and discontent. Too many peasant farmers are becoming landless, and migrating to the big cities in search of a livelihood. Its consequence is the cancerous growth of katchi abadies in the big cities - cancerous and very dangerous.
- iv) If we examine how the rural economic system works, we see that its distinguishing feature is that the control of economic resources begins to concentrate in fewer hands, sometimes the old landlord, but more often the emergent commercial farmers, who own large farms, tractors, trucks, threshers, tube-wells, and capital. They become traders, moneylenders and contractors, and agents of the big arthis in the mandies.
- v) No doubt they are good farmers and clever traders. But on account of their domination the not so rich and not so clever majority is excluded from the development process and becomes passive and alienated. Consequently all available physical and human resources are not mobilized which then leads to unemployment, under employment and exodus to the city slums. In a country like Pakistan a rural economy which pushes large number of peasants out of the villages is a disaster because our industries cannot absorb all the rural migrants.

- vi) If that kind of rural system arrives in Gilgit within the next ten or twenty years there would be powerful commercial farmers, traders and contractors dominating the villages, with their big farms, tractors, trucks and accumulating capital. There would be the same growing landlessness, unemployment, out migration, alienation and non-participation of the depressed majority. There would be the same non-utilization of the physical and human resources on account of the non-participation of the majority.
- vii) Capitalist agriculture has been extremely successful in USA. No one can say that it has been a disaster. But the ultimate result of capitalist agriculture is mechanized large scale farming and the elimination of small farmers. In any country which does not possess enough resources to provide alternative employment to displaced small farmers excessive promotion of capitalist agriculture will cause instability.
- viii) Coming back to the question: Why should we be concerned if the Punjab pattern comes to prevail in the Northern Areas? We should be concerned because it would prevent full participation in the development process. It would prevent the full utilization of all physical and human resources which is possible only through the full participation of the majority. By concentrating economic and social power in fewer hands it would alienate the majority and make it passive. Hence the vast resources of the mountains, the water, the forest and pasture lands would remain half utilized. Poverty and discontent in the Northern Areas would be specially dangerous because they are adjacent to Russia, China and Afghanistan. Russia is a socialist super power. In China another socialist revolution consolidated itself. In Afghanistan also a socialist revolution is in progress. It is imperative that an equitable and stable economic structure should be developed in Gilgit.
- ix) There are three alternatives when an old feudal system comes to an end. One alternative is the imposition of socialism, as happened in Bokhara and Samarkand and Tashkent sixty years ago, and in Sinkiang thirty years ago. The second alternative is the introduction of capitalist agriculture as in the Punjab or Sind. But there is a third alternative, neither socialist nor pure capitalist, which we will call co-operative agriculture. This model was developed first in countries like Denmark, France and Germany, and more recently in Japan, Taiwan and south Korea. Cooperative agriculture gladly accepts the principle of private ownership of land, and protects and promotes small family farms. At the same time it promotes the pooling of and co-operative or collective management of many services and supplies, like irrigation, credit for marketing. In the 19th century Denmark modernized its agriculture of small farmers through co-operatives; and in the twentieth century the small farmers of Japan achieved prosperity and strength through co-operative association.
- x) A question - Arthis play a useful role: they advance money to the agriculturists and bring their produce to the mandi. Why should they be considered a sort of evil?

Answer - Credit and marketing are indeed essential functions not evils. It is their abuse which is evil. Compare the credit and marketing situation in a Japanese village and a Punjabi village. The small producer in the Punjab is often paying fifty percent or more for the arthi's services. This is the criteria by which an arthi is to be judged: How much are they taking from the poorer farmers through money lending and marketing? I am afraid that judged by this criteria the Punjab arthi system cannot be called a blessing to the small farmers.

2. Second Assumption

- i) Our second assumption is that in Gilgit the agrarian economy is on the verge of collapse on account of the rapid increase in population, on the one hand, and the non reclamation of new land, on the other. In the old days when a village became over crowded, new settlements were made

under the direction of the feudal lords. The old village sustained the new settlers for two or three years. You may, if you like, call it a system of forced labour - of begar. (Incidentally the Chinese communist government has promoted the same system of free labour for the construction of physical infrastructure - ten or fifteen workers being sent by each village to the work camp while the village bore their expenses.) In Gilgit, it seems that when the old free labour system based on traditional authority came to an end, the process of new settlements also came to an end.

- ii) For two decades the rural areas have been dependent on subsidies - work by NAWO etc. The size of this subsidization has to be increased year by year in order to avoid famine conditions. This is a precarious situation as it would not be possible to continue the subsidies for a long time.
- iii) You noticed when you began your program that the villagers generally had no faith in the future of their agriculture. They thought that they will have to find non farm jobs in offices and factories, in construction of roads and buildings.
- iv) We, however, believe that this disintegrating village economy can be rehabilitated through agricultural development, which may become possible through co-operative organisation. Your work has amply demonstrated that this assumption is correct. In the last thirty months new sources of water have been created in numerous villages and the process of reclamation of new land has been resumed with great vigour. The process has been resumed because you have created a new authority in the shape of village organisations and also because you have been fortunate enough to bring so much capital from outside.
- v) The infusion of capital is essential for a stagnant economy. That is what agencies like NAWO and others were supposed to be doing. But your approach was more comprehensive. Let us take the specific example of PPI Projects. Suppose you had not promoted VO's (Village Organisations), the Kuhl's would not have been built, or they would have been built like the NAWO Kuhl's.

3. Third Assumption

Our Third Assumption is that the agrarian economy of Gilgit will develop along special lines rather different from the economy of Punjab and Sind. The geographical terrain and the climate indicate that these mountain regions cannot become flourishing grain producers. They are far more suitable for the development of forests, pastures and orchards. They may have to import grain, but they can produce huge quantities of timber, fruits, and animals. It is only through the export of these products that the Gilgit rural economy can be rehabilitated. Otherwise the development efforts would be mere palliatives.

4. Fourth Assumption

Our Fourth Assumption is that the factor for achieving general development will be co-operative management combined with individual ownership. Without co-operative management the development process will not go very far. It would be topsided. There would be rich farmers and clever traders, there would be a few more orchards or efficient farms; but there would be no extensive reclamation of new land.

- i) Just imagine if there had been no co-operative or collective management in the case of the PPI Projects. The collective management took the shape of the VO, its frequent meetings, the election of manager and president, the partnership agreement with AKRSP, selection of labourers and the extension of the work, and later its maintenance. Take away this key factor and the PPI program would have made little progress.
- ii) Now take the case of land reclamation. If it was to remain an individual effort only a few well-to-do farmers could develop more cropland and that also with the help of big loans. But see what is

happening in Risht or Passu or Phander. In these villages Co-operative Organization is enabling them to plant thousands of timber and fruit trees, ad extensive pastures very quickly and economically, and every one is participating in and benefiting from co-operative development.

- iii) Or consider your credit program. Through the Village Organisation you have been able to reach thousands of very small farmers. Besides, the recovery of loans has been exceptionally complete. Without village organisations your credit program also would have suffered the dual failure of limited access and poor recovery - common features of most rural credit programs during the last forty years.
- iv) Another example of the effectiveness of co-operative management is the growing success of the arrangements by VO's for the prevention of losses of cattle and crops. They have accepted the responsibility of maintaining a trained specialist for cattle, and another trained specialist for crops and orchards. AKRSP has provided the training, and the VO's are buying the medicines and paying services and fees to their specialists. Through this arrangement it has been possible in these villages to vaccinate their animals in unprecedented numbers, and spray crops and orchards. And, most significantly, a permanent system of prevention of losses has been established.
- v) Co-operative management is also showing remarkable results in marketing even at this initial stage.

We have finished the review of theoretical assumptions. Before we proceed to review the approach and methodology of AKRSP I would be glad to answer any questions.

Question by Dr. Babul - You mentioned that the development of forests, pastures, horticulture and livestock would be more rewarding than growing wheat and corn. Are the existing cropland to be replaced by forests and pastures? What will happen in the intervening period? And will not people become dependent on imported foodstuff?

Answer - There is no suggestion for replacement or not growing grains. What is being pointed out is that there is far greater potential for increased production of timber, fruits and animals. Some villages have already discovered this possibility. For instance in Phander: I asked them what will happen after five years, and they replied that there were would be many more hundred kanals of pastures, thousands of poplar and willow trees, and many more cows, goats and sheep. After five years everyone of the 28 families would be selling 15000 rupees worth of timber, and 25000 rupees worth of animals. Obviously there is no similar scope for earning fifty thousand rupees by each family by growing wheat or corn. Again in Risht they are developing 5000 kanals of pasture land. There, 30 families may be able to sell 100 animals every year.

SECTION II - REVIEW OF APPROACH AND METHODOLOGY

1. A Non-Government Organisation

- i) First of all you must remember that you are a non-government organisation. You have no official authority, no powers, no sanctions. You can only promote, you can only advise, you cannot enforce compliance.
- ii) As an NGO you should operate in the private sector. The activities that you are promoting belong primarily to the private sector. A proper distance should be maintained from the government. There should be no competition, no attempt to set up parallel services. The private sector ultimately acquires its own autonomy.

2. Research and Extension Approach

- i) As a non-government organisation working in the private sector AKRSP has adopted the research and extension approach or technique. In this approach it is assumed that the small farmers are their own managers and financiers. They may be advised but they cannot be compelled. They may or they may not accept the advice. Take an Example: In Phander the willow trees are being destroyed by caterpillars.

AKRSP's function is to find out the right pesticide (research), train the plant specialist of Phander, give him the supplies (extension), and hope that the Village Organisation will look after the trees.

- ii) We should remember that when an innovation is being introduced, and acceptance is voluntary, every one does not accept it at once. Diffusion of new practices takes place gradually. If a new practice advised by you is accepted immediately even by 10 or 15% you have succeeded.
- iii) The R&E technique requires that the package of advice must be really good. It should not be inadequate or incomplete. The package must be constantly refined in the light of the response from the clients. Acceptance is the real criteria.
- iv) Fortunately the acceptance of every one of your package of advice can be quantified and is being quantified statistically. PPI's acceptance as well as its benefits and costs can be quantified. Credit operation and its benefits can be quantified. Prevention of losses is being recorded statistically. Land development can also be quantified. Even the growth of Village Organisations and their performance can be quantified. The acceptance and results of co-operative marketing can be measured statistically.
- v) We have discussed the indicators for quantification in a separate session with the Monitoring, Evaluation and Research section.
- vi) While AKRSP is following a R&E approach it is not a research institute. It is not in a position to undertake basic research in agronomy, animal husbandry, or horticulture. Basic research can be undertaken only by highly specialized institutions. AKRSP will have to depend on them. It cannot compete with them. And the same is true of basic research in the social sciences. Collaboration and co-ordination with research institutions of physical and social sciences is the alternative not parallel or competitive attempts.

3. Extension Pattern and System

- i) The extension system that you are building differs from the conventional pattern followed by government departments. They depend a great deal on an official extension agent, a paid employee reporting to his superiors and in no way responsible to the villagers. Each department tries to have as many extension agents as possible under its control.
- ii) Instead of the paid departmental extension agent your system creates agents from among the village group. These agents or specialists receive training and supplies and instruction from the experts at the centre (AKRSP). The specialists are paid by their Village Organisation and are responsible to it.
- iii) Instead of one departmental extension agent serving several villages, your system creates several specialists in each village. Thus the Manager is the specialist and extension agent for social organisation and infrastructure works and credit. There is a specialist for plant protection and another for animal husbandry. Further there may be a marketing specialist. The aim is to make the

village as autonomous and self supporting as possible.

- iv) One special feature of your extension approach is the grafting of scientific methods on traditional methods. I have read that Chairman Mao insisted that the rural extension team should consist of three members: The Part Leader, The Scientist and The Village Elder. Your team consists of a Social Organiser, A Technician and the Village Organisation. This combination of the traditional and the scientific has proved extremely fruitful in the PPI projects and would prove equally fruitful in land development, increased productivity and marketing.

4. Institution Building

- i) You are also trying to build permanent institutions at two levels. First at the village level: A vacuum has arisen after the end of the old order. The Village Organisations have put an end to this vacuum. A new order is established through regular meetings, mutual discussion, appointment of Managers, collection of equity capital, co-operative management etc.
- ii) The Village Organisations are to be supported by APEX Institutions - AKRSP Social Organisers, Engineering Services, Agronomy and Animal Husbandry Services, Credit and Marketing Corporations. The future shape of these APEX Institutions is emerging quite clearly. In five or ten years they will be firmly established. They will be a permanent legacy for the prosperity of Gilgit District.
- iii) When all the villages are organised as autonomous units the Apex Institutions will have two or three hundred clients. And what powerful and rich clients they would be! Each VO would be the owner of hundreds of acres of croplands, forests, pastures and orchards, and thousands of animals. Each VO would be producing and marketing large quantities of fruits, timber, and animals. Each would be using substantial amounts of credit and also collecting a good deal of equity capital. Each or most of the VO's would own their own implements and transport. They would maintain their own specialists. They would also maintain their irrigation channels or link roads or embankments. And at least some of them will set up processing units and lay the foundation for the growth of Agro Industries.
- iv) Not only Engineers but also the Social Organisers should be given this new training and orientation. Its details have been discussed separately. The old team of Social Organiser and Engineer needs to be strengthened not by additional staff but by additional expertise.
- v) Team work cannot be over emphasized. I am happy to note that AKRSP leadership is promoting team work. Technical experts are refining the package of advice which is presented to the VOs through the Social Organisers. SOs are reporting the acceptance or non acceptance of the advice minutely and truthfully. There is excellent feed back in the diaries which I find fascinating reading. Similarly I found the monthly conference of SOs and the Village Managers stimulating and enlightening.
- vi) I would recommend that the Agricultural and Animal Husbandry experts should collect a small seminar library for helping in the training of the SOs, the Engineers, and the Village Specialists. Closer Collaboration should be sought with research institutions, including the PIDE. Their researchers should be invited to conduct in-depth research.
- vii) I am impressed by the progress of co-operative marketing. Of course there are still many snags, many teething troubles. But a good package is in the marketing: Village Organisation, training of a market specialist for the VO, training in picking, packing and processing, credit, market information. It is good that the program is not being over stretched or over expanded. More reliance

should be placed on the demonstration effect. The operation should be streamlined. I feel confident that with careful management the model of co-operative marketing which is being developed by AKRSP would spread as rapidly as the model of the construction of PPI projects has spread in Gilgit villages.

- viii) You are making very innovative experiments in social, economic, and physical engineering. I would repeat my old warning that you should now proceed slowly and carefully, not rush around too much. The first attempts should be made on, what may be called, a laboratory scale, with only a few villages and with the best managers. The initial attempts should be carefully recorded, monitored and evaluated. Such is the goodwill you have acquired that every one of your successful innovation would be widely and quickly duplicated. Do not misuse the good will: Do not offer any half baked and incomplete advice.
- ix) At the same time you need not be afraid of some failures and dropouts. You are teachers, and no teacher in the world can ensure that all his students will secure a first class. And the larger the number of students the greater is the chance of dropouts and duds.

Question by Khalida Nasir: How should the Management Team help the Women's Program?

Answer - A program for rural women will have two aspects: One aspect like child care, maternity, hygiene and nutrition, will concern them exclusively. The other aspect concerns their role as partners in the family farm enterprise. Your problem is that you are unable to include the first aspect in your program. You want to concentrate on economic activities. In economic activities there is no point in segregating the women from the men. Economic programs should be organised jointly with men, just like the family farm.

Question by Syed Motahir Shah: You have emphasized the training of village specialists. A follow-up is needed after the training. But there are not enough technical staff and the follow up is left to the Social Organisers.

Answer - The poet Jaisi says that if a tree grows near a sandal tree the perfume of sandal penetrates it. In course of time Social Organisers will acquire enough technical skills for the follow up. Intensive efforts should be made to employ a large number of technical staff for village supervision would be a mistake generally made by government departments.

Instead of putting numerous centrally paid technicians at the village level we are trying to train the village specialists responsible to the village organisation and paid by them. In course of time the technical skill of these village specialists, grafted on their traditional skill and actual experience, will grow. The best of them should be recruited as supervisors to look after the neighbouring villages. Thus a cadre of village technicians will be built up to serve as effective extension agent of the experts of the APEX Institution.

ORANGI PILOT PROJECT
SECTOR 1 - D
26 DAULAT HOUSE
ORANGI TOWN KARACHI - 41

17 November 1985

Dear Shoaib Sultan,

Here are the impressions of my sixth visit.

I have summarized them very briefly as the details have already been discussed with you. The summary is made for the sake of record.

My general impression is of steady and significant progress in many directions.

Your staff and the village activists respond with remarkable speed to even the most difficult suggestions when you concentrate on them.

After my return I have arranged to make models of the solar cooker and the economy stove. They are indeed extremely efficient. Everybody who sees them wants to buy them.

The Orangi Artisans can make the solar cooker for Rs. 600 and the stove for Rs. 100 (including 1 Degchi).

If you like you may send Isa Khan to look at these. The Orangi models are better looking than the Peshawar originals. Isa Khan should explore the possibility of their manufacture in Orangi.

Yours sincerely,

Akhtar Hameed Khan

SIXTH VISIT TO AKRSP GILGIT
25 OCTOBER - 4 NOVEMBER 1985
AKHTER HAMEED KHAN

During this visit I spent six days in the company of Social Organisers and Managers of VOs. My purpose was to judge their understanding of AKRSP and their capacity to consolidate and expand it. I asked many questions, and held long conversations. The conversations were relaxed and free. I took pains to avoid the impression of an inspection or a formal meeting. A lot of the talking was done while walking around. I was glad that the Social Organisers and the Managers were quite frank and open. This frank and open attitude is a great asset for AKRSP and it should be encouraged. Here is a summary of my impressions.

1. SOCIAL ORGANISERS

i) As Transmitters and Observers

In my opinion the role of the Social Organisers is first to transmit the AKRSP message to the VOs and attentively observe its acceptance or non acceptance and then transmit a true account to the management. The Social Organisers I met understood this role very well. They were faithful transmitters and intelligent observers.

Their capacity to transmit and observe should be constantly sharpened and improved and encouraged. Unfortunately there is only one effective way of doing this: Close relationship with the management, especially the GM. The monthly review meetings and managers conferences have certainly strengthened this relationship. But more association in the SO's own area would further improve it. I know that my suggestion is a difficult one. The management, and specially the GM, are over-burdened and over-stretched. However, I must point out the necessity of sustaining the morale and increasing the skill of organisers of pioneering work, which can be achieved only through frequent personal contact.

ii) As Mobilisers

There can be no doubt about the effectiveness of the Social Organisers (whom I met) as mobilisers of the VOs. I saw clearly that the Social Organisers have acquired the trust of managers, presidents and other activists of the active VOs. They have actually created a cadre of social workers. It is this cadre which is spreading the AKRSP message and mobilizing the mass of the villagers.

As the morale and skill of the Social Organisers is dependent on personal contact with the AKRSP management, the morale and skill of the village activists is dependent on the personal contacts with the Social Organisers. Later on the activists may become self-directed, but that stage has not yet arrived.

If this assumption is correct, then it is essential that the SOs should be able to maintain the frequency of contact. The frequency of contact can be maintained by limiting the number of VOs and making long circuit tours with intervening night halts. Night halts promote intimate contact with the activists much more than through formal group meetings.

iii) As Team Members

The Social Organiser and Engineer team has proved its effectiveness in the PPI projects. It will be found equally effective in land development projects. I would urge that the training of both Social Organisers and the Engineers in Range Management should be expedited. The training should emphasis the team work aspect.

iv) As Loan Supervisors and Collectors

The performance of Social Organisers as Loan Supervisors and Loan Collectors has been excellent. Their role as supervisors must continue. They must continue to scrutinise the loan requests and teach the VO managers to become strict planners and faithful borrowers. But the Social organisers should gradually be relieved from the responsibility of collecting the loans. This responsibility should be gradually transferred to the managers. A system of commission on collections should be worked out to provide incentives to the managers. It should be realized that the volume of loans is growing rapidly while the number of Social Organisers will not grow proportionately.

v) Capacity of the Social Organisers

The Social Organisers are the work horses of AKRSP. In the field they are carrying the burden of the programme on their shoulders. The consolidation and the expansion of the programme, the development of advance models, the introduction of new innovations, the training of village activists, etc., depends on the calibre and capacity of the Social Organisers.

I strongly recommend that the capacity of the Social Organisers should be carefully determined. They should not be over-burdened with too many VOs, or too many loan collections, or too many visitors, or too many surveys etc. They should have enough time for their role as transmitters, observers, mobilisers, and trainers of village activists.

2. MANAGERS

i) Crucial Role of Activists

The widespread acceptance of innovations, social or technical, is being accomplished through the village activists. The Social Organisers have succeeded in mobilizing the activists who are mobilizing the mass of the villagers. Every good VO is the result of the faith and energy of their activists. I asked the Social Organisers to take me to some of their best managers. After meeting with them I was convinced that the AKRSP will grow firmly in the future if it can retain the loyalty of such activists.

ii) The Role of the Managers

The socially and technically developed village which is being promoted by AKRSP will be different from the traditional village. One important difference would be that many more economic activities would be organised collectively. Collective management would require "Specialists". Chief among these would be the manager. He would be responsible for the organisation of land development plans, credit and savings, and joint ownership of machines. There would be other specialists, but the manager would be the key specialist.

iii) A Happy Synthesis

AKRSP marketing loans have broken the stranglehold of the village traders who were agents of Gilgit arthis. The loans have enabled the VOs to operate economically on a scale far higher than the traditional pattern. One happy feature is that in many cases the traditional traders have joined the new system instead of fighting it. They have become the marketing specialists and placed themselves under the control of VOs. As in the case of PPI projects here is another example of the VOs making a very pragmatic grafting of new methods on the old practices.

3. PPI PROJECTS

i) Self Financed Projects

I heard that in many villages irrigation channels or link roads or other minor work is being undertaken without asking for any financial assistance from AKRSP. These self-financed projects should be documented as carefully as the AKRSP PPI projects. They would prove conclusively that the first projects have started a real process of development, that the people have regained faith in the future of the agrarian economy, and that they have become solvent enough to work autonomously.

ii) Land Development Plans

The rapid progress of land development planning is fascinating. As this development is being financed with loans and not with outright grants it is of great and permanent significance. Its documentation will provide the most valuable insights.

iii) Guidance for Range Management

The need for supplying real scientific guidance for range development - forestation, pastureland and orchards - is very urgent. The same kind of expert advice should be available for this as was made available for the engineering projects. And the engineers and the Social Organisers should be trained to transmit it to the VOs.

iv) Different Models of Village Plans

I have seen different models of village planning which demonstrate the intelligence and ingenuity of the villagers: First there are the lucky villages where there is plenty of empty land and a potential supply of water. Here the plantation of fodder, timber and fruit trees is in progress. They are planning to multiply their animals. Secondly there are crowded villages. They are planning to improve their lands for more intensive crop and fruit farming.

I saw a third model in Roshanabad in Hunza. This is a very small village with very little land. Their plan is to further intensify their farming and to engage in the trading of fruit and animals as contractors and transporters. I wish I could study the model of well developed villages near Gilgit like Oshikandas and Sultanabad. Much can be learnt from these rich villages for transmission to other villages.

SEVENTH VISIT TO AKRSP 29 AUGUST - 9 SEPTEMBER 1986

1. SUMMARY

My seventh visit, from 29 August to 9 September, took place after ten months. In the meanwhile AKRSP has made considerable progress both in respect of consolidation and of advanced village planning. My time was devoted to reviewing the consolidation and to defining the direction of advance.

The reviewing was done through discussions and meetings with the General Manager, the Management Group, the monthly Staff Conference, and the monthly Conference of Managers of Village Organisations.

The direction of advanced village planning was discussed similarly. Furthermore, for the sake of testing, its outline was presented in some village meetings:

Two days were devoted to the study of Oshikandas and Danyore, two villages which offer good demonstrations of advanced planning, like intensive forestry and fruit and vegetable production and marketing.

Several days of touring with the Social Organiser of Gilgit, Sultan Hameed and long talks with him and his dedicated managers, like Fazal Ahmad and Bulbul Jan, helped me greatly in exploring the direction of advanced village planning.

In fact I came to the conclusion that during my next visit I should continue this exploration by going to some other villages of Gilgit, which on account of their favourable position and the presence of co-operative minded managers, have the potential of becoming good models of advanced planning.

I think that if the models are first developed fully in Gilgit their duplication in other places would be very easy. I also think that at this stage the intensive educational effort and the close monitoring required for developing good models is more feasible in the Gilgit Unit than in the remoter units.

2. OUTLINE OF ADVANCED PLANNING

What is the outline of this advanced planning which can now be seen more or less clearly?

Its first and most important feature is that all the potential land and water resources of the village are to be developed and utilised fully. Fortunately for most villages the potential land and water resources are quite large. Thus a village with 100 or less families may possess a territory of several thousand acres.

The ownership and management of present cropland may continue to be in individual hands, but both the development and maintenance of the territory as a big farm-ranch require cooperative management.

Cooperative management is essential for developing and maintaining the full potential of:

- Irrigation
- Forestry
- Pastures
- Orchards

Cooperative management is also essential for:

- Plant protection
- Animal husbandry
- Processing

And it is equally essential for the vital functions and services of:

- Credit and savings
- Marketing

Cooperative management demands that the Village Organisation should, unlike the practice of subsistence farming, employ a number of trained, whole time specialist functionaries.

That this revolutionary transition is not an impossible dream is being demonstrated in not a few but many advanced villages. AKRSP's main job is to duplicate it widely.

3. SUMMARIES OF REVIEW SESSIONS

The formal discussions with the Management Group and the monthly Staff Conference, conducted mainly in English, have been accurately summarised by the reporters. As a matter of record, I am reproducing two of these:

- i) Discussion with the Management Group
- ii) Discussion in the Staff Conference

The discussion in the Monthly Conference of VOs and in the village meetings at Madinatul Karim and Jaglot have been recorded in Urdu. These may be considered as appendices to this report.

4. DISCUSSIONS WITH THE MANAGEMENT GROUP

The main topics of discussions were the evaluation reports prepared for the World Bank Team:

- The report on irrigation
- The report on village organisations
- The report on marketing

My remarks were summarised by Tariq Husain.

ON IRRIGATION EVALUATION

It is more than enough for the Bank Team, but we should ask where do we go from here. I would carefully note the implementation and water utilisation differences between villages. I would not generalise, but take samples and case studies of different land use patterns. At present policies can be made on the basis of case studies but not on the basis of trends because trends do not become evident quickly and are changing frequently.

We should identify the most profitable approaches discovered by advanced villages and transfer them to other villages. Our policies, unlike the policies of the departments, should be drawn from the vision and experience of advanced villages, e.g. Phander. We do not possess a blue print of development and there are no experts who can give us such a blue print.

In your report there are sections on analysis of sustainability and failure. There should be a third section on advanced villages. These villages show us the future, perhaps through stained glass.

ON VILLAGE ORGANISATIONS

Your report conveys only about one-fourth of what is going on - it understates what is being accomplished. There should be a change in the format of the report: it should include case studies, e.g. maintenance of PPIs, self-financed PPIs, land development etc.

The report misses much of the dynamics which can be captured through more tables. The tables should be cumulative.

Many remarkable features seem obvious to me:

First, the training programme - the only autonomous self-reliant programme in Pakistan. Second, the quick acceptance of the package of advice. Third, the extremely low rate of drop-outs. Fourth, the social ferment and the technological change. This last feature is clearly reflected in the SO's diaries, but not in the progress reports.

ON MARKETING

Fresh thinking is needed to understand the situation correctly. It would be helpful to study the marketing structure of some Punjab villages - the operation of the arthis and its effect on the small farmers. Obviously the villages near Gilgit town may be adopting the Punjab pattern. This comparative view and the ideological background is necessary as an analytical tool.

In the development of the future marketing structure, AKRSP is not as yet the dominant influence. It is only promoting ideas of cooperative marketing with the help of Village Organisations and their activists.

We can study as a precedent the creation of fruit marketing in Baluchistan by Mr. Howard, six years ago. Howard himself studied the fruit production in Afghanistan and its export to India, and then transferred the technology and the market mechanism to Baluchistan.

AKRSP has to perform more or less the same task. It has to spread the belief that an export market exists for fruits, livestock, timber and dairy products. Then it has to help in the creation of the market mechanism, chiefly through the cooperative education and training of Village Organisations and their managers and marketing specialists.

AKRSP strategy should not be monopoly or confrontation, but dissemination, training and coordination.

5. FOUR ASPECTS OF AKRSP

At the monthly Staff Conference, AHK began by saying that he has the unique opportunity of seeing AKRSP both from far and near, of seeing the wood as well as the trees. His position was like the coach of a John McEnroe or Ivan Lendl. AKRSP had heroic workers. Sometimes it appeared that the work was being done by jinns not ordinary human beings.

He then presented an outline of the FOUR ASPECTS of the programme:

- a) Provision of supplies and services
- b) Technical guidance
- c) Training
- d) Supervision

A. SUPPLIES AND SERVICES

- a) PPI grants, materials and tools
- b) Credit - for production, land development, marketing
- c) Fertilisers and improved seeds
- d) Pesticides
- e) Veterinary medicines and artificial insemination
- f) Marketing supplies and services

B. TECHNICAL GUIDANCE FOR

- a) Cooperative organisation and management
- b) Saving and loan management
- c) Physical infrastructure development
- d) Land development, forestry, pastures, orchards
- e) Improved crop production and plant protection
- f) Animal husbandry - vaccination, A.I., silage
- g) Marketing - packing, processing, information

C. TRAINING OF

- a) Managers and presidents
- b) Plant protection specialists
- c) Animal husbandry specialists
- d) HYV demonstration
- e) Marketing specialists
- f) Packing and processing demonstrators

D. SUPERVISION

- a) Village Organisations
- b) PPIs and land development
- c) Savings and loans
- d) Performance of specialists
- e) Marketing

6. PRESENT PERFORMANCE

AHK then reviewed the present performance of all items of this list.

He believed that AKRSP's delivery of Services and Supplies was more adequate than the performance of the departments, while its Technological Guidance and Training programmes were uniquely based on the participation of the Village Organisations, their assumption of responsibility, and the promotion of their autonomy.

He repeatedly emphasised the need for 'Grafting' improved methods and innovations on traditional roots. He pointed out that in view of the fact that the Village Organisations were being designed to be autonomous, self-managed and self-financed, the supervision exercised by AKRSP should be educational and not coercive. Direct control is to be avoided, e.g. in respect of loans or marketing. Even the responsibility of recovering the loans should be shifted from the Social Organisers to the managers of VOs.

He thought that there should not be too much worry about a few dropouts and a few delinquencies. If efforts are focussed on the continuous improvement of the advanced villages, the villages which are lagging behind would soon be inspired by living examples. The effect of successful demonstrations is more powerful than the effect of exhortation or coercion.

Answering a question as to how loans should be supervised, AHK said that the first essential step is that the SO's initial recommendation should be sound and the VO and the manager should assume full responsibility. Similarly about new PPIs or the promotion of self-financed PPIs, SOs should just continue their educational work and should not push or hassle the VOs, but be patient and let them resolve their own differences and plan at their own pace.

About technical guidance, he pointed out that there are two kinds of packages of advice: in the first place the package is well-tested like PPIs, credit, fertilisers, pesticides etc. Secondly there are untested innovations, like HYV, processing, silage etc. His advice was that the innovations should first be carefully tested in a few villages only, under the direct supervision of experts, in a kind of 'laboratory' situation. After successful demonstration the package can then be duplicated in many more villages.

7. CASE STUDIES OF VILLAGE PLANS AND A PLANNING MANUAL

AHK said that there are now many advanced villages which have developed good plans. The time has arrived to complete case studies of these plans. The case studies should carefully outline both the management systems followed by the village as well as the physical contents of the plan.

There would be four sections of the case study:

- a) Management system
- b) Physical planning
- c) Expected benefits
- d) Difficulties encountered

SOs should complete these case studies with the guidance of MER and AV, who should do the final editing and publishing. In this way AKRSP would be following the example of the Harvard Business School.

With the help of these case studies, it may become possible after one or two years to compile a very useful manual of village planning.

B. DISCUSSION ON WOMEN'S PROGRAMMES

Relating his own experience in Comilla, AHK said that after the comparative study of farming in Bengal and Japan, he came to the conclusion that the Bengali farmer could not be as productive as the Japanese farmer because the Japanese wife was an intelligent and energetic partner in the family farm business, while the Bengali wife was segregated and ignorant.

AHK said that he was convinced that the segregation of women was our main problem. Therefore, he could not understand the insistence of donors for SEPERATE income generating programmes for women.

Of course there could be special programmes for women like maternity and child care. But there could be no separation in economic activities because like the Japanese small farm the Gilgit small farm was a close knit family business.

The aim should be to make the Gilgit wife an intelligent, energetic, and well trained partner in the family business like the Japanese wife.

Women's training programmes, like poultry or processing or seed treatment or animal feed etc., should be combined and coordinated with the men's programme.

This combination and coordination is a radical innovation. It should first be tested carefully in a few selected villages in a "LABORATORY SITUATION".

EIGHT VISIT TO AKRSP 1 MAY TO 15 MAY 1987

1. POOR VISIT

This visit was not a good visit. Two days, 2nd and 3rd May, were lost waiting in vain for PIA flights, and another two days were lost in travelling by jeep. While in Gilgit, I could not do the intensive touring of advanced villages which I needed for my education. I hope to do that during my next visit in the near future.

However, I refreshed my knowledge of AKRSP's progress through long discussions with the General Manager, Members of the Management Group, three Social Organisers (Sultan Hameed, Noor Mohammad, Iqbal), several VO managers, by visits to Rahimabad, Mohammadabad, Chaprot, Hanuchal and Shahtot and by reading the case studies and the diaries.

2. MAIN CONCERN - ADVANCED PLANNING

My main concern during this visit was to place before the Social Organisers and the village managers the concept of an advanced model of planning (described in the Seventh Visit Report), and ascertain their reactions.

The salient features of this concept are as follows:

- i) Village families should realise that they are owner of two kinds of property:
 - a) Private
 - b) And common
- ii) Their private property consists of their households, croplands, fruit trees and animals. Their common property consists of the territory around their village with its pastures, forests, water channels and link roads.
- iii) They should realise that the area, value and productive potential of their common property is enormous.
- iv) By investing much capital and with much labour village families can develop their private property at best twofold or threefold. On the other hand they can develop the productive capacity of their common property fiftyfold or even a hundredfold.
- v) For example a family can reclaim one or two acres more of cropland but the VO can develop several thousand acres of forests and pastures.
- vi) Privately a family may keep ten or fifteen more animals, or grow twenty or thirty more trees, but jointly through the VO they can raise hundreds of animals in the common pastures and cultivate thousands of trees in the common forest.
- vii) Within 10 or 20 years the private holdings would be subdivided among their children and become microscopic. But the common pastures and forests will remain intact and their value and produce will increase.

3. TWO BARRIERS - PSYCHOLOGICAL AND ORGANISATIONAL

In order to implement this vision two barriers, one psychological and the other organisational, have to be crossed:

- i) Gilgit peasants have very clear and definite perception of private property, its development and maintenance. But their perception of the development and maintenance of common property is either non-existent or very obscure.
- ii) In the past the territory around the village belonged to the Rajah and Mir and the villagers could only beg or steal from it.
- iii) When the divine owners, the Rajahs had disappeared the villages did not assume responsibilities of ownership, of protection and maintenance. They only stole without prestraint.
- iv) It is imperative that the VOs should first of all assume the responsibilities of ownership.
- v) The village families should realise that common property must be developed and maintained in the same manner as private property. As in the case of private property, the families must be willing to pay the cost in order to earn the benefits.
- vi) If they believe that common property is like Kamadhuk, the cow of Hindu gods, a source which yields benefits without any costs, they will soon, like the proverbial peasant, kill the goose which lays the golden eggs. In fact this is exactly what they have been doing in many villages.
- vii) The village families are familiar with the management of their small private property, (although they should learn some improved methods). But the management of a range of thousands of acres of forests, pastures, orchards, water channels, foot paths etc., is unknown to them.
- viii) They have to acquire this new organisational skill. It is a very complicated skill, requiring a great deal of technical, social and economic guidance.
- ix) By acquiring this skill a VO will develop an extensive territory and own a vast source of income for many generations to come.
- x) It is only through extensive range management, through the plantation of forests and pastures, through large scale animal husbandry, through the sale of large quantities of timber, fruits and animal products, that the Gilgit village will escape from the poverty trap of minuscule land holdings which the high birth rate and the law of inheritance fragments rapidly.

4. THE RESPONSE

The concept of assuming responsible ownership of a large territory, creating institutions for its management, planning its development, paying the costs and dividing the benefits, needs to be explained again and again. I was encouraged by the response from the Social Organisers. (Sultan Hameed, Noor Mohammad and Iqbal), and VO members of Rahimabad, Jalalabad, Chaprot and Shahtote. I have corrected the transcript of the speech at Chaprot, and would like to correct the Rahimabad speech also. The two speeches are attempts to present the concept of territory or range planning in a form suitable for popular understanding. They may be worth distributing widely. During my next visit I would like to continue the discussion of the concept with the Social Organisers and the managers of the advanced VOs.

5. THE ECONOMICS OF FORESTRY

Mr. Hussain Wali Khan has first hand knowledge of the amazing cost benefit ratio of poplar cultivation - 22 year old trees sold for Rs. 18,000. His knowledge should be widely disseminated. He told me that it is generally said that the hilly areas will be transformed by the Suzuki and the Safaida. I suggest that the village women also should be taught to adopt the Safaida.

6. VISIT TO MOHAMMADABAD - NEED FOR A NEW PATTERN

I saw the land reclamation in Mohammadabad and wondered at the poor return they are getting from so much investment. Most of the families in this village, as in some other villages in the vicinity of Gilgit town, are service holders. Agriculture is not their primary concern. Perhaps the VOs in such villages could organise contract services for the absentees or part timers. I will take up this problem during the next visit.

7. HYDEL PROJECT AT SHAHTOT - A REAL BREAKTHROUGH

The hydel generator I saw operating at Shahtot is a perfect model of successful research and development. It is both technically efficient and simple to operate. Its low cost should make it available for any competent VO. And it would surely be even more profitable than the Suzuki and the Safaida. The Engineering section has now a new package of advice as important as the Kuhl and the link roads. The cheapest electricity in the world will make the villagers autonomous in respect of light and heating. It will help in the conservation of forests. It may provide the infrastructure for new cottage industries. Above all it may not require large grants and subsidies. The cost of the project is so small and the returns so large and immediate (e.g. saving of Rs. 30 per month per family for kerosine), that the VOs should be asked to raise the capital cost through extra savings.

8. SUMMARY OF SESSIONS WITH MER

- i) Case studies need improvement. Further discussion during next visit.
- ii) Column of cumulative figures should be added to tables.
- iii) New and separate tables for self-financed PPIs.

9. SUMMARY OF SESSIONS WITH THE MARKETING SECTION

- i) Revised tables showing the growth of saleable products in each village in each season.
- ii) Outline of an R&D project for fruit processing.
- iii) Careful study of the trend of some marketing specialists to become Punjab type arthis rather than cooperative managers.

NINTH VISIT TO AKRSP 25 JULY TO 6 AUGUST 1987

1. FOLLOW UP ON ADVANCED PLANNING

During this visit I was able to do the follow up on advanced planning outlined in the last report. In the company of the General Manager I visited Jalalabad, Markhun, and Chaprot.

I tried to explain to the members the concept of comprehensive development of their territory. The three speeches have been recorded and transcribed. My impression is that members of Jalalabad, Markhun and Chaprot, understood and accepted the concept and promised to carry it out in practice.

They would need intensive assistance from the team of Social Organiser/Engineer/Forester under the concentrated guidance of Tariq Husain and MER. The printed versions of the speeches should be circulated among the Social Organisers and advanced VO managers for further discussion and comments.

2. MAIN POINTS OF THE SPEECHES - (A) OWNERSHIP CRISIS

(For the sake of record it would be convenient to have the text of the speeches translated into English like the Passu speech. Here I am summarising the main points).

Traditionally the territory around the village belonged to the Rajah and Mir. The villagers could only beg or steal from it. Feudal authority was exercised with an iron hand and the forests were well preserved. Now that the iron hand has been removed the territory is ownerless and derelict. Its resources instead of being developed are being ruthlessly depleted. The absence of protective ownership on the one hand, and the increased pressure of population on the other hand, has hastened the destruction of forests and pastures.

Some VOs themselves have become aware of this dangerous situation and are taking preventive steps, as in Chaprot. But the real solution is that VOs should definitely assume the responsibility of ownership. I gave them an analogy - the territory was their mother. She was abducted by the Rajah. Now that the tyrant was dead their widowed mother has naturally come back to her sons. Is it not both their right and their duty to protect and serve her? The assumption of responsible ownership by VOs seems to me to be the only way of saving this fragile environment.

3. MAIN POINTS - (B) RESPONSIBLE OWNERSHIP

I tried to explain the vital necessity of protecting the trees, bushes and grass cover of the mountains through responsible ownership. The functions of responsible ownership would be:

- i) Protection
- ii) Servicing
- iii) Investment
- iv) Scientific Utilisation

For subsistence farmers a change of attitude would be essential to operate a large range jointly. They will have to learn to exercise two kinds of ownership: The private and personalised ownership of their small farms and the cooperative ownership of a huge range.

4. MAIN POINTS - (C) RETURNS ON INVESTMENT

I pointed out to them the economics of range management - how the returns on their investments in large scale forestry, pastures and animal husbandry would be many times larger. The intensive labour required for the reclamation and cultivation of cropland will not be required for forestry and pasturage. In contrast to small farms, range development is satiable for cooperative management. Another important consideration is that while the small family farms will soon be fragmented the forests and pastures will remain as a most valuable common property.

5. MAIN POINTS - PRACTICAL STEPS - (A) SURVEY

After the discussion of the two psychological barriers - viz non-assumption of responsible ownership, and the subsistence farm (Minifundia) mentality I pointed out the practical steps which should be taken.

First and foremost comes the survey - a complete mapping and classification of all the resources in the territory: water, soil, trees, bushes, grass, herbs etc.

The survey should be done under the guidance of the Engineer and the Forester. It is necessary to combine local knowledge with scientific knowledge. The survey and the map will make their vision concrete and indicate the directions of the VO's endeavours.

6. PRACTICAL STEPS - (B) PLANNING

The resource map of their range or territory should be thoroughly discussed in VO Meetings. Having assumed responsible ownership of the territory the VO should start to plan its development.

The grafting of scientific knowledge of experts on the traditional skills should continue. In other words the plan should be prepared jointly by the VO and the Engineer/Forester/Social Organiser/ Economist team.

The long term nature of the plan should always be kept in view. Two pitfalls should be avoided:

- i) The obsession of subsistence farmers for extension of cropland.
- ii) The demand for large grants and loans.

The emphasis should be:

On gradual extension of forestry and pasturage through economical investment of labour, and on the scientific utilisation of the existing resources - range development etc.

7. PRACTICAL STEPS - (C) ORGANISATION

Survey and planning would not be too difficult if the VO is committed to the concept of responsible ownership and if it is blessed with good managers. Much more difficult than the survey and the plan would be the creation of the organisation which would be needed for the cooperative management of the vast area.

Fortunately the rudimentary forms of cooperative management are already visible among the advanced VOs in the shape of collective plantings, appointments of choudidars, control of grazing, payment of specialists etc.

Intensive efforts should be made in special villages to help them to further develop the model of future organisation.

8. CHALLENGE FOR MER - MODEL BUILDING RESEARCH

MER should accept the challenge of this model building research for territory or range development in Jalalabad, Morkhun, and Chaprot, and for a special marketing structure in the Chaperson villages.

9. THE CRISIS IN PASSU AND OTHER VILLAGES

Passu is a case study of Regression, a turning away from land development, which is taking place or may take place in many other Gilgit villages on account of the growth of school education and non-farm employment opportunities, and the consequent breakdown of subsistence farming.

We analysed the various aspects of this problem and tried to define AKRSP's response.

On the 1st of August the issues came out in an exciting meeting with the members of Passu VO. Tariq Husain has prepared a note on this meeting including a translation of my speech and the subsequent discussion. This should be circulated as an appendix to this report. His concise summing up of the response is quoted below:

10. 'THEORETICAL RESPONSE TO PASSU'S CRISIS'

"To begin with, we have to recognize the force of change: the young will not come back to the farm once they are educated: the subsistence family farm is disappearing. This has happened all over the world; there cannot be an exception in Gilgit.... What is the alternative to the diversified, subsistence oriented family farm with its high labour requirement? The farmers needs for secure production and cash incomes can be addressed in future by collective management, specialization in labour and production, and a land use pattern with less intensive labour requirements. The theoretical response, thus, has two essential components: (technological innovation with a focus on land): this involves a transition from labour intensive, crop-oriented land use patterns to extensive agricultural development based on the optimal use of the entire territory available to a village, including its forests, pastures, watersheds, glaciers, etc.

(Institutional innovation with a focus on human resources): this entails a transition from subsistence production on each farm to specialization of work within a village, labour sharing and the exploitation of the economies of scale in managing a large range rather than a family farm. Both aspects of this response have to be anchored firmly in the management of resources available to each village: the village must not depend on the vagaries of tourism as the source of its permanent income. Higher incomes and employment opportunities have to be created, and can be created, within each village by more systematic exploitation of the resources in its territory.

This, basically, is the message that Dr. Akhter Hameed Khan took to the residents of Passu on 1st August.

AGA KHAN RURAL SUPPORT PROGRAMME
GILGIT

VILLAGE MEETING IN PASSU, 1 AUGUST 1987:

Will Passu Find the Real Gold?

Recorded by: TH

AKRSP team:

Dr. Akhter Hameed Khan	(AHK)	
Shoaib Sultan Khan	(SSK)	General Manager
Tariq Husain	(TH)	Deputy General Manager
Izhar Ali Hunza	(IA)	Programme Officer
Essa Khan	(EK)	District Programme Engineer
Mohammad Iqbal	(MI)	Social Organizer, Hunza
Karim Jan	(KJ)	Audio-Visual Assistant

THE NATURE OF PASSU'S CRISIS

In 1983, AKRSP gave a grant to the Passu VO for the construction of a new channel. In 1984, when the channel was nearly complete, AKRSP and the VO surveyed and prepared a plan for 265 hectares of new land that would be irrigated by the new channel. In 1984, the Passu VO appeared to be a model for other villages - it seemed to be a cohesive group of villagers, led by respected activists, who understood the need for developing their agriculture through collective management, and had saved large amounts of money in their VO account. Almost all AKRSP visitors were taken to Passu, including members of the Board of Directors and representatives of Canadian donors (one of whom gave a stirring and emotional speech paying tribute to the spirit of Passu).

In 1984, the KKK was opened to expatriate tourists wishing to travel beyond Passu to Soust. In 1986, the Pak-China border at Khunjerab, and all of KKK, was opened up to third-country nationals for unrestricted travel. The number of overseas visitors registered in Gilgit Town increased by 191% in 1986. Hotels sprang up all along the KKK, including two new ones in Passu. Employment in tourism-related activities picked up substantially; Passu benefitted particularly from the larger number of visitors trekking along the famous Batura Glacier that falls within Passu's traditional watershed-territory.

The commercial spirit began to affect Passu in other ways, too: Passu began to shy away from investment in agriculture. Land development proceeded at a much slower pace than had been anticipated in 1984. Instead, the VO used Rs. 100,000 of its capital to go into the business of supplying electrical appliances to the villages of Gojal which were hoping to get electricity in 1986 from the new Khyber hydel station; this business has almost certainly brought losses to the VO, due to the delayed arrival of electricity. Most significantly, the Passu VO lost all appearances of cohesiveness: the established rivalry between the pro-Mir and anti-Mir factions that are present in many Hunza villages began to undermine VO activities, even as Passu's most articulate activist turned into a hotel-keeper, and others turned to trade and tourism.

The growth of education and off-farm employment opportunities for Passu has meant an effective labour shortage for many agricultural activities. One result of this is slow land development; another is the tendency to try and sell off livestock. Wage labour for agricultural activities, a common phenomenon in villages lower down the Hunza valley, is unknown in the Gojal area: the labour shortage is a new phenomenon in Gojal and the market for imported labour, especially Balti workers, is yet to develop.

The present conditions in Passu exemplify the crisis facing many of the accessible, tourism dominated villages of Gilgit. These villages require a response from AKRSP that recognizes the nature of change, and, simultaneously, addresses the issue of agricultural development in imaginative ways.

THE THEORETICAL RESPONSE TO PASSU'S CRISIS

To begin with, we have to recognize the force of change: the young will not come back to the farm once they are educated: the subsistence family farm is disappearing. This has happened all over the world; there cannot be an exception in Gilgit. The attractiveness of education and a more comfortable life-style is spreading like wildfire. The elderly can tend the crops and animals for only so long.

What is the alternative to the diversified, subsistence-oriented family farm with its high labour and management requirements?

The farmer's needs for secure production and cash incomes can be addressed in future by collective management, specialization in labour and production, and a land use pattern with less intensive labour requirements. The theoretical response, thus, has two essential components.

1. technological innovation (with a focus on land): this involves a transition from labour-intensive, crop-oriented land use patterns to extensive agricultural development based on the optimal use of the entire territory available to a village, including its forests, pastures, watersheds, glaciers, etc.;
2. institutional innovation (with a focus on human resources): this entails a transition from subsistence production on each farm to specialization of work within a village; labour-sharing; and the exploitation of economies of scale in managing a large farm rather than a family farm.

Both aspects of this response have to be anchored firmly in the management of the natural resources available to each village: the village must not depend on the vagaries of tourism and trade as the sources of its permanent income. Higher income and employment opportunities have to be created, and can be created within each village by more systematic exploitation of village resources.

This, basically, is the message that Dr. Akhter Hameed Khan took to the residents of Passu on 1st August.

THE MEETING

The meeting with the Passu VO took place in the Hunza-style room of Ghulam Mohammad's Passu Inn. AKRSP's District Programme Engineer Skardu, Mohammad Darjat, was present in Passu on leave; Darjat translated Khan sahib's words into Wakhi, sentence-by-sentence.

GM You had made a plan for land development after you constructed your channel. Is your work proceeding according to the plan, or has there been slower progress than anticipated?

Ghulam Mohammad It can't be done according to the plan. We had planned to do land development collectively, but that method did not work out in our village.... The five-year plan that had been made for us had little relevance to the conditions prevailing in our village.

GM But that's not the point, Ghulam Mohammad. As you have said, the question is one of collective management. The VO's reason for existence was simply collective management.

VO Member

As far as the channel and its maintenance is concerned, we work together. We also decide collectively on individual plantation targets, so everyone does that. But it is true that development of each plot is done individually....

GM

Sanjar Baig, the basic question is one of management. It won't affect me or my colleagues whether or not you develop your land. But you should consider what Khan Sahib has to say.

AHK

I am looking not only at Passu, but at scores of villages. And in my view there are villages that are succeeding, and villages that are failing to do the work. There are many villages like Passu which don't want to do what they had thought about three years ago. I want to explain to you that decision which you have to accept in order to achieve a very big success. This decision confronts most of the villages here. You have to decide whether your pucca income, your major income, your children's income, their children's income will come from agriculture and land, or from some other source. You have to decide whether what Almighty Allah has given you in these mountains is a blessing or a curse.

What is happening now, particularly in Passu, is that the tourists are coming, and you are making good money from tourism. When we were working in other villages 4-5 years ago, the Public Works Department was funding roads, etc. and people thought that was a big source of income. Ghulam Mohammad, there are a few villages now which have understood that their major and permanent source of income for the future will be land. Not because 10 kanals of crop land have increased to 12 kanals or 100 trees have increased to 125. Those villages have thought like this: we have 5,000 kanals of barren land; then we have another 25,000 kanals of land, on which we will have lakhs of trees, we will develop huge pastures and become owners of thousands of heads of livestock. They have understood that these tourists and service-employment are temporary things, but that their land has supported them for generations in the past, and they can transform this land so that, in 10 years, they can increase their incomes up to 10 times, and bequeath these incomes to their future generations.

As an old man living in Karachi, I want to say something to you. You should know that the conditions that are evolving in Pakistan will mean big setbacks for tourism in the next 4-5 years. Forget about other people's statements - our own President said after the Karachi bomb blast that this is only the beginning. Keep this thought in your kind - the situation in Pakistan is bad, so don't pin your hopes on tourism. Whatever you can earn from tourism, consider it a premium. But it is dangerous to think of it as a permanent source of income.

[Several large tourist groups have canceled out this summer - T]

Now I'll return to my main subject.

There are some villages that have now understood that their real asset, their real source of income is their land-mountains, forest and pastures. And once they decided this, they also understood that if they want to be the owners of lakhs of trees and thousands of animals and thousands of kanals of pasture land, and if they want to sell thousands of trees and animals every year, then they can't do this individually. For example, once they plant thousands of trees, they can't go and look after the trees individually. I can tell you about villages that have engaged the

services of up to six chowkidars: the VO pays for them. And realize that six jobs have been created there. You will see that those villages have restricted the free-grazing of livestock, so that they may protect their pastures and trees. And they have started calculating their future incomes. You are surprised and pleased at getting a hundred rupees from a tourist. You should know that our engineer Hussain Wali Khan had planted 22 poplar trees around his field five years ago - he sold them for Rs. 18,000. You do not have the correct picture of the wealth you can produce from your village.

Ghulam Mohammad sahib and my dear villagers of Passu ---

The first decision is whether you want to develop your real asset, your major source of income - this land that God has blessed you with, that has sustained the generations of your ancestors and will sustain a hundred more generations - do you consider this land to be your major asset, or will you rely on income from a few minor errands? Will you decide, as other villagers have decided, that in the next 10 years you can multiply each family's income 10 times? Can you not create jobs for your children within your own village? Can you not, before you die, decide to leave a bequest to your children that will help them and their children prosper? If you decide in these ways, then you will have to pay attention to your land. You can do other work, too, but you should realize that land is your primary resource and the other jobs are secondary. Tourists are here today and gone tomorrow. But your land has been there for thousands of years, and will still be there for thousands of years in the future. And if you decide that this land is your mother and your wealth, then you will have to develop every inch of it - not just increase your 10 kanals to 15 kanals.

We spoke to the villagers of Jalalabad yesterday. They have decided that they are going to evaluate the entire 36,000 kanals of land in their territory. And they dare going to develop every single resource within that territory - trees, pastures, herbs, stones, water, bushes - everything. The day you decide that land is your real wealth, that you will be the owners of lakhs of trees and thousands of kanals of pasture land, selling thousands of trees and animals, that day you will again have to consider collective management. You will have to engage the services of chowkidars, shepherds and experts. What you spend on these people will fetch you 50 times in return. Once you decide on these issues, then call us back to your village.

Now, consider one more thing. There are many other villages like Passu, where people have lost interest in agriculture, because there are fewer people now who are willing to work hard in agriculture. In villages around Gilgit, up to 70% of the families are engaged in government jobs. But it will be a great loss if this results in the destruction orchards and crops. So, my dear Ghulam Mohammad, sahib, members of the VO - my suggestion is that the VO should take over the responsibility for agricultural as a contractor: individuals can take up jobs wherever they want, but they should pay for the VO to undertake their agricultural work. If you can't find enough workers within your village, you should have your VO engage 5-10 Balti workers. Or if there are people within the village with small landholdings and spare time, the VO should engage their services.

How will this benefit you? You will benefit because your real assets will continue to grow.

If you think this can't be done, please let me hear about it; otherwise, consider this suggestion seriously. This is a suggestion for villages with labour shortage. This will make the VO an employment agency. Those with little or no work will find an additional source of income. And land development will continue - trees will be grown, and farms will be tended. By all means, go and earn Rs. 150 from tourism, but be prepared to give Rs. 50 to the VO so that your real assets can be developed as well.

Let me tell you a story now of when New Zealand was discovered and gold was found there. Two brothers migrated to New Zealand. The younger brother, by nature, was greedy; the elder brother, by contrast, was wise and patient. He saw that everyone was taken in by the gold rush, and all the fertile land was lying unattended. He said to his younger brother: "Go and look for your gold. I have found gold already". He staked his claim to the land, and stayed there with his horses and cattle. The younger brother set out in search of gold. He bore great hardship, and found some gold; but he couldn't find anything to eat, since you can't eat gold. After great misery and hunger, he returned to the elder brother, and asked for food. The brother offered all his food, but asked for all the gold in return. So the elder brother ended up with all the gold in a few days! Then he suggested that they both return home. The younger brother was most upset, and complained that he had nothing to return home with, since the elder brother had gathered all the gold. At that point the elder brother returned the gold to the younger brother, and said: "Here, take your gold back. But remember now what is real gold".

When we started working here, people would ask us to provide jobs, or set up factories - they had given up hope in their land. Now you have been entrapped by greed a second time. Earlier, you had started realizing that you have great wealth, that if you worked hard on it you would be rich in 5-10 years. But now again, like the younger brother, you have set out in search of false gold, and any such gold will go to waste.

[Discussion among VO members in Wakhi.]

Darjat (translation) to AHK. They say they understand what you are saying, but that their hands are tied. Their children are in school, or they are looking for jobs; they are in search of gold. Those of us old people who remain are working as best as we can. We have cultivated some of the new land. But we cannot work the way you suggest: we are old and weak.

AHK

Get the VO to arrange for workers. Hire those who have time to spare. Or hire those who are working elsewhere - pay them their due wages.

[Discussion among VO members in Wakhi.]

Darjat translating. My uncle says that they have not given up on land development. In the first 3 years, the channel was not strong enough, so they were watching it carefully. This year they are confident about the strength of the channel, and they will proceed with land development in the future.

AHK

Tell your uncle that we have a balance in which we can weigh Passu against other villages. I am saying to you that a large amount of capital has been invested here. You have worked very hard, and collected a large amount of capital in the VO. But

what you are doing now means that all that investment will yield a very small return: it is like digging up a mountain for a handful of straw. The kind of revolutionary changes in your well-being that were about to take place have now been stopped. The little nuggets of gold you pick up from the tourist have become stuck in your throat - you are being stifled.

[Discussion among VO members.]

GM

Consider carefully what is being proposed to you. We are not saying that you should give up your jobs in tourism. But you should decide that, in order to develop your land, you need to make collective arrangements for mobilizing labour from within and outside the village. You don't even have a shortage of capital - you have already taken a loan for land development. How can you go on attending to the tourist trade while you are hoarding the land development loan and land is not being developed? Why have you taken that loan? Tell me why I shouldn't take the loan back from you. Why did we give you the loan? We gave it so that you could develop your land quickly and increase your incomes. But if you are not developing your land, what rights can you claim to the loan?

You can work out yourself the benefits of investing in land. But you are not investing in it.

[Ghulam Mohammad addressed the VO members in Wakhi, reminding them of their countless meetings and the opposition of 2-3 members to collective arrangements by the VO. Ghulam Mohammad is keen to force the issue, and requests the GM not to interrupt his speech to the villagers. He is visibly moved, and berates the villagers for allowing discord to undermine the VO. He states plainly that the villagers have gone against the mandate of Mawlana Hazir Imam and the wishes of AKRSP.]

GM

Ghulam Mohammad, please also tell them that the Imam is coming to visit Chaperson and Souse, but he will not visit Passu.

AHK

Tell them that we will try our utmost that he doesn't visit Passu.

GM

He will go to Chaperson, to Souse, and to Khyber--but he will not come to Passu. Why should he come to Passu, to see what?

AHK

Should he come to grieve at what you have done?

[Ghulam Mohammad continues to berate the villagers, alternating between Wakhi and Urdu, telling them that they have brought shame upon themselves. They have great savings in the VO account, but that is a useless achievement, he says; AHK agrees. They have a land development loan of Rs. 122,000, but that is nothing either. They have told lies to AKRSP, they have ignored the teachings of Mawlana Hazir Imam. They have only themselves to blame for their sorry state.]

AHK

Ghulam Mohammad, tell them that AKRSP extended them a hand of friendship, assisted them in every way, gave them strength, and loved them - and they spat in our faces! Let us go.

The meeting broke up in pandemonium as the visitors left the room. There were heated arguments between VO members; one villager grabbed his shoe to use as a weapon.

And some wept.

Outside, Khan sahib reminds us, "Our relationship with villagers is not a social relationship. Our role is that of a teacher, or surgeon. The teacher uses the rod occasionally, and the surgeon must use the scalpel if necessary."

cc: - All Section Heads
 - Chairman of the Board, Karachi
 - Mr. Shaw, Geneva

TENTH VISIT TO AKRSP GILGIT
11 JUNE - 22 JUNE 1989

ANALYTICAL REVIEW & DISCUSSION
WITH THE MANAGEMENT GROUP - 20 JUNE

SECTION 1 - "DIAGNOSIS" OR PROBLEMS

1. Let us review what has been done and what else should be done.

Using your medical terms: What was your diagnosis of the rural condition and what was the prognosis?

After five years of treatment how is the present condition and what should be the future treatment?

Or, in other terms, what were the problems, as you saw them, what were the solutions offered by you?

What improvements have taken place?

And what should be done for further progress?

What has been accomplished by past strategy, and what, in the light of experience, should be the future strategy?

It may be tedious to return to old issues, but frequent theoretical reviews are essential.

2. Let us make a list of your diagnoses:

First of all you noticed that the physical infrastructure was in a terrible state.

There was a great shortage of water and roads; lack of water restricted agriculture and lack of roads restricted marketing and consequently inhibited production.

One aspect was not fully recognised in the beginning, the importance of ecology of mountains and forests. It has now come in clear view, the destruction of forests and erosion of mountains. They were deteriorating so rapidly that the entire economy was in danger.

Your first diagnosis was that priority must be given to the construction of physical infrastructure: water channels, and roads should be built.

But you realized that the needed network of kuhls and roads was so widely scattered that it could not be built by a department or a central agency.

Your view was unconventional; the conventional view was that the kuhls and roads needed by the villagers should be built by NAWO or District Councils.

Your view was that the widely scattered village kuhls and roads can be built only by utilizing local knowledge, local labour and local managerial talent.

In other words, you had come to the conclusion that for building rural physical infrastructure we should start with the building of rural institutional infrastructure.

You had discovered that in the Raja's time, when the feudal system was fully alive, new villages were settled and new land was reclaimed. After the decay of the system few new villages were settled, inspite of greater need.

Therefore your program of PPI (Productive Physical Infrastructure) was based on the program of forming VOs (Village Organisations).

3. Your approach to the problem of low productivity was also a little different.

The conventional approach was to introduce improved varieties and breeds for increased production.

You gave priority to the prevention of losses by pests and diseases to crops, orchards, cattle and poultry.

4. Your fourth diagnosis was that development required capital: without much infusion of capital there would be little development.

The conventional approach ignores the relationship between investment and growth, and thinks mostly in terms of distribution of favours and patronage.

AKRSP provided some capital to the VOs, but insisted that the VOs themselves too must accumulate their own capital.

You taught the VOs that increased production depends on increased investments and increased investments depend not only on loans and grants but also on savings.

You are now teaching them that as they increase their production they should also increase their savings, and only thus can they sustain the cycle of growth.

5. About marketing: you paid special attention to the exploitative and restrictive role of the middleman.

With the help of special marketing credit VOs tried to rescue their members from old usury and teach them the benefit of cooperative marketing.

6. You decided that in view of the physical situation Gilgit villages must become autonomous: they should not be too dependent on outside agencies.

For instance, for vaccinating cattle, or spraying crops, to expect that it would be done by a central agency, is unrealistic in mountainous areas.

Therefore VOs should develop this capacity for themselves by training and paying their own experts.

SECTION 2 - PROGNOSIS OR PROGRAMS

1. Your "diagnostic surveys" had shown that the most urgent demand was for water channels - the kuhl.

You were not the first agency to meet this demand.

In the Raja's time too kuhl had been made by traditional methods, after Pakistan big engineering departments had tried to make kuhl.

How was your approach different?

You insisted that every village should make the loan for its own kuhl - but you introduced an innovation: the planning as well as the work was done by a team in which your engineers joined hands with the villagers.

It was perhaps the first time that scientific planning was brought to the village level, and modern engineering was combined with traditional experience.

For this combination we have used a metaphor - "grafting".

Traditional experience and practices have a sound basis, but in some respect they are restricted, and do not have the dimensions created by a century of scientific progress.

The two need to be combined, and in all fields: whether it be irrigation or road engineering, agriculture, horticulture, forestry or animal husbandry. Traditional knowledge is to be supplemented with scientific knowledge and traditional practices with scientific techniques.

When you introduced the planning of the kuhls by VOs assisted by AKRSP engineers it became possible to make kuhls which were bigger and better than those made traditionally. These kuhls would both have been made without the "grafting" of modern engineering on traditional practices.

By joint planning by "grafting" many remarkable kuhls were made with surprising speed at surprisingly low cost.

2. According to conventional wisdom rural poverty was due to low productivity, which was mainly due to poor varieties or poor breeds, non-use of fertilisers etc. Therefore priority should be given to introducing new varieties, new breeds and new methods.

You gave priority to prevention of huge losses which were taking place so obviously. Spraying of crops and orchards or immunisation of cattle against epidemics could be introduced immediately.

Certainly better varieties etc. should also be introduced gradually, but the current losses (estimated to be about 30%) should be stopped immediately.

And you realized that the prevention of losses should be the responsibility of the VOB.

You made the village autonomous for kuhls and roads; and you tried to make them autonomous for spraying and vaccination, by training members nominated by the VOs as plant, or animal specialists.

It was a difficult proposal to make the villagers responsible; they were convinced that it was the duty of the government to spray their crops or inoculate their cattle.

Our leaders in fact have made such promises to the villagers--promises which cannot be fulfilled.

It is beyond the capacity of any government department to look after the village kuhl, or road, or crops or cattle. Only the villagers themselves (and VOs) can do that properly.

In the mountains only an autonomous village ensures development. Too much dependence on outside agencies is the road to frustration.

Not all the trained specialists are good; and some VOs have not even trained them. But your prognosis - your insistence on autonomy - is correct. There is no other alternative.

3. As in the case of the kuhl or road or spraying or vaccination, so in the case of credit and marketing, you made the village the base of planning and you tried to make the village autonomous.

Conventional credit does not reach the majority of small farmers. It is hijacked by waderas.

And conventional credit has a dismal recovery record.

Your VOs have built a credit system which reaches out to the majority and which has an excellent record of recovery.

Because it was based on village planning and autonomy your loan program caught on as quickly as the PPI program.

Both the access to the majority of small farmers and the fine record of recovery is due to the VO system - the formation of the group, its frequent meetings, the presence of a manager and a chairman holding the group together, and acquiring management skills, and constant training by Social Organisers.

It is these factors which are missing in conventional programs.

4. Another factor missing in conventional programs is effective emphasis on savings by the villagers.

You fully appreciated the need for infusing capital from outside for the sake of developing the villages. But you also appreciated the need for accumulation of capital by the villagers themselves through regular savings.

The villagers have responded positively, which clearly indicates that they can understand the working of the cycle of growth - investment - increased production - more savings - more investment etc.

You have made a very significant demonstration in the field of rural economics in Pakistan.

SECTION 3 - PRESENT CONDITION

What is the present condition?

1. You have created a social and institutional infrastructure which, in turn, is developing and maintaining the necessary physical infrastructure of kulis and roads, the economic infrastructure of credit and marketing, and the technical infrastructure of plant protection and animal husbandry.

And, in my opinion, these are now permanent. Institutions take root when they perform necessary functions - when they deliver, so to say.

The VOs have built and maintained kulis and roads, they have disbursed and recovered loans, they have collected savings, organised marketing, trained and remunerated their own specialists.

This new tradition of cooperative action and skill will not be forgotten easily or quickly. On the other hand, it will spread.

Compare the poor condition of villages which have not trained specialists or whose managers have learnt management, with the well organised villages. Inevitably the former will, sooner or later, follow the example of the latter.

By teaching the village to become autonomous you are really reviving an old tradition. If you read the history of India or China you find that conquerors came and disappeared, but the civilization continued, because its basis was the autonomous village, looking after its own affairs.

The new foolish expectation that a lot of things would be done for the village by the government or outsiders - that in fact it would get a "free lunch" - is contrary to the old tradition. It is a dream - a mirage. You should not encourage it.

SECTION 4 - INADEQUACIES

Your program - Social Organisation, PPI, Credit & Marketing, Agricultural Extension - are in a healthy condition as proved by statistical indicators.

But let us carefully examine some inadequacies.

1. Let us begin with our first inadequacy : it concerns the mountain ecology. We understood the priority of kuhis and roads; but I think we have not yet fully understood that this area depends for its climate, its rainfall, its agriculture and livestock, on the preservation of forests.

This is the greatest danger and the biggest challenge faced by this area.

The forests were well protected in the Raja's time: in the first place because the people were tightly controlled; and secondly because a small population was controlled by high mortality.

Now there is anarchy and the population is doubling every fifteen or twenty years.

The forests are practically ownerless. They are being raped as a country is raped by invaders or a village by robbers.

The forests are without any protector. They are being distributed as loot or plunder. Foolishly, suicidally, the villagers themselves have joined in the plundering of forests, instead of protecting them as the very support of their lives.

Everything that is being done - building social or physical infrastructure, agriculture or horticulture - will fade and disappear if the forests disappear.

Without protection and further development and loving maintenance of forests there is no future for rural Gilgit.

Why are the forests being destroyed? On account of anarchy, the absence of responsible ownership. No property is safe unless it has an owner and protector.

Your future strategy will give priority to the protection, development and maintenance of forests through the VOs.

2. It is embarrassing for me, a generalist, to speak of inadequacy in a specialist program. But I crave your indulgence.

I want to point out that it is a temptation for experts to hope for quick results by introducing improved breeds.

In my view we should pay more attention to the improvement of traditional methods of feeding and housing.

I know from personal experience in Bengal that the Union Council member's cow gave 5 seers of milk while the small farmer's cow gave 2 seers. The breed was the same; feeding and housing was different.

If we hurriedly introduce improved breeds, without improved feeding and housing, the improved breeds will soon fall to the level of local breeds.

Why not first upgrade the feeding, housing and health of the local breed like the Union Council member?

Let us concentrate at least some of our research and extension effort on upgrading traditional methods and local breeds.

3. There were some inadequacies in our women's program. One reason for that was that health, child care, nutrition and family planning were excluded from it.

The other reason was the misunderstanding that there can be in Gilgit villages separate economic programs for women.

As a matter of fact, the family farms are very much of a joint business in which the whole family is inextricably bound in partnership.

You have now redesigned the program. In the future strategy this inadequacy has been remedied by recognizing the fact of partnership and integration.

My analysis on Women's program and its future strategy has been summarised separately by Ameneh.

SECTION 5 - FUTURE STRATEGY - INVESTMENT IN WOODLAND

1. We do not have to bother about the VOs; they are by now firmly rooted.

Neither need we worry about the physical infrastructure of kuhls and roads. Much has been completed and the remaining will also be completed in course of time.

There is no need here for changes in approach, stance or organisation.

2. One new factor which we should introduce in our future strategy is to convince the VOs that the most profitable investments can be made inside the village itself.

VOs put their savings in a bank or post office; they get a mere 14% from which 2.5% zakat is deducted. Instead, they can make local investments which would bring much higher gain.

Some VOs have already discovered one spectacular avenue of investment: tree plantation - a woodlot.

When I first went to Oshikandas, I was amazed at what I saw there. Oshikandas had thousands of trees; every family had a woodlot, which was their main source of income.

In a recent visit to Mohammadabad I saw that it is becoming another Oshikandas. The duplication of a model is the real proof of its success. Oshikandas is a model which can be duplicated in many villages.

3. We can divide land development into two categories: Cropland, and woodland or woodlots.

Levelling for cropland requires much investment and gives poor returns compared to tree plantation for woodland which requires less investment and labour and gives much higher returns.

Your forestry experts can recommend excellent varieties of timber, fuel and fodder trees for the woodlots.

AKRSP should propagate this concept and help the VOs to make this investment both with loans and savings.

Films of villages like Oshikandas and Mohammadabad should be shown to other VOs and their managers should be encouraged to make personal visits.

DIGRESSION ON THE RURAL ECONOMY OF GILGIT

Fifty years ago this area was importing perhaps 10% of its requirements from outside. Neither the Raja nor the people needed any subsidies or foreign aid. Both were self supporting.

But what is the present position? Most consumer goods are imported from outside, very little is exported, small tax revenue is generated while large subsidies are consumed.

Watch the trucks on KKK and notice the proportion of imports and exports. Even timber and animals are imported.

What is the future of such an economy?

It must change; there must be more exports and less subsidies.

What can Gilgit export? Wheat? No. It can export only fruits, timber, animals, and other wealth hidden in the mountains - herbs, minerals, precious stones.

Your assignment is to make Gilgit prosperous. How can you make an area prosperous which is importing 90% and exporting 10%? For Gilgit the mountains are the real source of development and the only true hope of prosperity.

You have built the VOs, you have built the social and physical infrastructures, you have built the credit structure, you have popularised the concept of saving and investment. You have started the process of development.

Now you should make the VOs see that their real objective should be to produce a big exportable surplus of fruits, timber, animals, and other wealth from the mountains.

For this purpose the VOs should reconstruct the third infrastructure - the mountain with its forests and pastures, nurturing large herds of cattle, producing vast quantities of timber, meat, skins, butter, cheese etc.

SECTION 6 - FUTURE STRATEGY - FEATURES OF DEVELOPED VILLAGE

1. Let us paint a picture of the future "developed" villages.

A "developed" village will have two new features:

1. Protection and improvement of its "territory"
2. Cooperative services and supplies.

By territory I mean all the land in and around the village, with all its resources - water, soil, forest, pastures etc.

A developed village will have a clear concept of responsible ownership of its territory, its protection and improvement, instead of the present suicidal concept of plunder.

And a developed village will organise cooperative services and supplies for credit, marketing, plant protection and animal husbandry.

Numerous VOs have acquired the second feature (cooperative services) while only a few have acquired the first feature (protection of territory).

2. We should remember that if we have a developed model it is easy to duplicate it.

There already are a few villages which have acquired or are in the process of acquiring both the above two features.

What should be the new priority in promoting this model of developed village? The creation of a conviction that their territory belongs to them, it is their future resource, it is their legacy to their children.

On the growth of this conviction will depend the protection and improvement of territory, afforestation and range development.

As in the case of irrigation, so in the case of forestry and pastures, "grafting" of scientific methods must be done on traditional methods.

It may be more difficult in forestry than in irrigation. Much initial research about trees, grasses, soils, elevation, etc. has to be done and many experiments and demonstrations have to be made.

Research, experiment and demonstration require time and should not be hurried too much.

Your full package of advice for territorial or land development will emerge slowly from your research and demonstration, which, in my opinion, is being very well done by Michael Junkove.

3. When you are introducing innovations you may be introducing either something simple or complicated. A simple innovation can be multiplied fairly fast.

Credit was a simple innovation and you have multiplied quickly.

Marketing was more complicated and it has spread slowly.

Protection and improvement of territory is a complicated innovation. You must proceed stage by stage, not omitting any link.

You should first concentrate on only five or six already existing model villages adopting territorial protection and improvement, with forestation, pastures, collective herds of cattle etc.

As these villages go further forward they may be turned into training and demonstration centres. Let managers and chairmen of other VOs come there and see with their own eyes and hear with their own ears.

Thus next year you have 25 new models.

4. I am often a wet blanket, saying "Don't go too fast" but not always.

There is a part of the advanced model which can be introduced quickly and widely: the village nursery. The village nursery, like other programmes reduces dependence on outside sources.

I would advise not to insist on the nursery being a collective enterprise of the VO. It would be better managed by a private entrepreneur.

Forests and pastures should be collectively managed though with specialised and paid gangs. But nurseries require individual attention.

5. Your programmes have created a favourable climate for the emergence of private entrepreneurs in the village.

We need not encourage exploitative middlemen like the traditional merchant moneylender or privileged (with the help of ADB loans) tractor or thresher waderas.

But there is room for commercial farmers, commercial dairy-men, commercial poultry farmers, commercial nursery owners - and other private entrepreneurs.

They are not exploiters. They promote production and employment. And it is their presence in sufficient numbers which will turn the present subsistence economy into a commercial economy which will produce the surplus for export.

The favourable climate for private entrepreneurs has been created because your programmes - PPI, credit and marketing, agricultural extension - have opened new opportunities.

Your programmes have created opportunities as well as an urge for profitable investment through increased production.

And they have also created the means i.e. easily available credit and the habit of saving.

You may remember that when we first went to the villages we found that the farmers did not think that their land had a great profitable potential. Now the potential is visible.

SECTION 7 - FUTURE STRATEGY - INCREASING FAMILY PRODUCTION

Taking full advantage of this favourable climate in our future strategy we should make an important addition: we should start a special programme for increasing production of family units.

What is the difference between the family unit and the commercial entrepreneur?

The commercial entrepreneur operates whole time and on a larger scale - as nursery owner, dairyman, poultry farmer, processor etc.

For family unit the work is part time, supplementary, and on small scale, by members of the family themselves.

The families will plant trees, cultivate kitchen gardens, keep poultry and milk cows to supplement their farm income.

2. You may exclaim "but they are doing this!" Quite true. They are doing it in the traditional manner. Now you are going to teach them "grafting" of scientific methods on traditional methods - a synthesis which will increase productivity and reduce losses.

Take, for instance, chickens or milk cows; you should give scientific advice about housing and feeding; or teach them to plant woodlots and kitchen gardens in their compounds.

By modernizing family production you can bring about considerable increase in the family income.

I am sure that as the families increase their produce there would be no difficulty in organising marketing of their wood, milk, eggs or vegetables.

SECTION 8 - FUTURE STRATEGY - THE VO BANK

1. Now that you have created opportunities for profitable investment in the village, the time has arrived to establish a bank in the village itself.

This is another giant step towards autonomy. Until now the VOs have been running to you for short or long term loans. They can still do so, when necessary.

But for the commercial entrepreneur or the family unit the VO itself can do the banking.

AKRSP cannot examine every individual request or make a judicious decision. The VO, on account of intimate local knowledge, can easily do that.

Among VOs there are many who have two or three lakhs of rupees as savings.

It is foolish to let this money go (through the banks or the post office deposits) to Karachi or the big cities, while it can be much more profitably invested in the village itself.

If you think about it, the existence of lakhs of rupees in the hands of the VO is almost a miracle. Imagine if every village in Pakistan was in this position.

Not only the VO has the capital for investment, it also has the managerial ability and social control for promoting commercial entrepreneurs and family units in the village.

In your future strategy the VO bank can play a very dynamic role.

SECTION 9 - MONITORING

1. Every teacher knows that, in a large class of students, some are good, some middling, and some duds.

Every organiser knows that, in spite of his best efforts, some units will not perform properly. Every general knows that in a real battle there will be casualties.

Human beings or groups are not uniform, the larger the numbers the greater is the disparity.

Our duty is not to become either complacent or cynical. To say that all is well, or to say that it is all wrong, is stupid.

Our monitoring and classification should be done with great care.

In my opinion we should concentrate more on the pioneers, consult them more frequently, send them on tour to other VOs, send other VO managers to their villages etc.

In the diffusion and acceptance of innovations there always will be pioneers, early adopters, late adopters, and laggards. If the pioneers and early adopters remain active, if they continue to progress, the laggards will follow them, in courses of time, inshallah.

Spending most of your time with laggards is like polishing bricks to make them shine like mirrors. More association with the pioneers will be good for you and good for them.

I conclude with the suggestion that you should hold separate conferences of the pioneers.

ELEVENTH VISIT TO AKRSP 16 SEP - 25 SEP 1989

During this visit mainly two subjects were discussed in several meetings with the Management Group and MER.

(The discussions were recorded and I would be glad to edit the transcripts if they are sent to me.) A bare outline is given below:

The first topic was the preparation of an impact study; the second topic was the extension approach adopted by AKRSP and how it differs from the "line and command" approach of government departments.

SECTION - 1 - IMPACT STUDY

AKRSP began its "diagnostic surveys" in December 1982. Its programmes have now been in operation for six years. A natural question is being asked: What impact have these programmes made?

First of all it is necessary to realise the limits of AKRSP's "intervention". While other (far more powerful) social and economic forces are transforming the Gilgit region, AKRSP is working only in certain selected spheres.

These spheres are circumscribed by AKRSP programmes. From the very beginning each programme has clearly outlined its objectives.

I have tried to summarise the objectives of main programmes in my last paper - "Analytical review etc".

For instance the objectives of the programme of forming village organisations (VO) were:

1. to create a new social order to take the place of the collapsed old feudal order,
2. to create a local institution for constructing and maintaining village kuhls and roads,
3. to create managerial and technical skills in the village itself,
4. to create an effective tradition of cooperative management, popular participation and control,
5. to promote the concept of autonomy in resources, and managerial and technical skills.

Or the objectives of the PPI programme were:

1. to teach Village Organisations (VO) to plan and construct water channels,
2. and assume responsibility of maintaining, and where necessary, further expanding and developing them,
3. and learn to "graft" modern methods of engineering on traditional skills.

Or the objectives of agricultural development were:

1. to assist VO's in increasing crop cultivating, horticulture, forestry, and pastures,
2. and increasing the use of fertilisers, spraying and other modern inputs,
3. to introduce HYV of wheat and maize, new crops like potatoes, improved varieties of fruit and forest trees and forage.

Or the objectives of loan and saving programme were:

1. to make short and medium term loans available to most small farmers for increased production, cropland development, orchards, forests, pastures,
2. to create managerial ability in each VO for preparing loan plans, distributing loans, and recovering loans,
3. to create in VOs, through regular and frequent meetings, the discipline of honest use and repayment of loans,
4. and most important of all, to inculcate the habit of regular savings, and accumulation of their own capital,
5. and thus making them aware of avenues of local investment and laying the foundation of VO banking.

Indicators

The well defined objectives of each programme easily turn into indicators. Records have been kept in such a way that performance of every VO can be determined statistically in respect of each indicator.

AKRSP has regularly compiled and published quarterly and annual progress reports.

An enormous quantity of statistical data is available for tabulation and analysis over a period of five years. If properly tabulated and analysed the statistical data for the indicators will present a reliable picture of the impact of AKRSP programme.

Basic tables will disclose the performance of each VO over the five year period and the extent of the impact of each programme.

Consolidated and categorised tables will reveal the general impact in the region.

Steps

The first step is to compile a basic list of the indicators for which the quarterly and annual data is available.

The next step is to compile a basic list of all Gilgit VOs showing their annual performance for all indicators over the five year period.

The third step is to prepare consolidated and categorised tables.

The fourth step is to carefully examine and analyse these tables, interpret their significance, and thus determine the dimensions of the impact after five years of AKRSP programmes.

I am willing to help in the compilation of the consolidated and categorised tables and their examination.

I am also willing to write a general introduction to the impact study as well as summary introductions to chapters dealing with separate programmes.

I think a comprehensive impact study can be completed within six months if we can work out the process of collaboration with MER, the District Office and myself.

I was greatly impressed by the efficiency and speed of AKRSP computer sections.

Mr. Najam Sethi of Vanguard expressed eagerness to publish the impact study.

SECTION - 2 - THE ESSENCE OF AKRSP EXTENSION APPROACH

In my "Analytical Review" I have shown how AKRSP programmes differ from departmental programmes.

In the first place no department tries to promote VOs; only AKRSP does it.

AKRSP engineers do not build kuhls or link roads or other physical structures. They teach the VOs to build and maintain them.

AKRSP staff does not, like the commercial banks or the Agricultural Development Bank, select loanees and distribute loans. AKRSP Social Organisers teach VOs to prepare loan plans, distribute and recover loans, collect their own capital and ultimately do their own banking.

AKRSP does not undertake to spray crops or vaccinate cattle. It invites VOs to send members for training as plant or cattle specialists.

AKRSP's programmes are directed towards making the VOs independent, not dependent on "field staff". They create managerial ability, and technical skills inside the village, and promote formation of own capital and utilisation of own resources.

The essence of the AKRSP approach is training and extension.

But the extension agents are the nominees of the VOs: managers, agriculture and livestock specialists, foresters.

Departments want their own extension agents, paid and controlled by them. And they want ever larger numbers of departmental employees - the so-called "field staff".

The performance of the line departments with huge numbers of field staff does not inspire much confidence.

On the other hand AKRSP's performance in engineering, credit, agriculture, forestry, -- without much field staff, relying mainly on VOs, and using their nominees - managers, and village specialists as extension agents -- has been much more fruitful than the field staff supervised departmental performance.

There is a natural desire to emulate the power and authority of departments and prefer paid subordinate field staff to VO nominees. The temptation should be resisted.

AKRSP should certainly strengthen its training capacity where necessary, but in respect of "field staff" it should not emulate the departments. It should continue to make the VOs self-reliant, not dependent. The nominees of VOs have been the best extension agents and AKRSP experts should continue to rely on them.

TWELFTH VISIT TO AKRSP 10 JUNE - 22 JUNE 1991

My eleventh visit to Gilgit took place in September 1989, 21 months ago. I am sorry for the big interval. I was too involved with the Orangi Pilot Project and some other affairs.

My twelfth visit lasted for 12 days which were spent in intensive discussions with the GM, the Deputy GMs, members of the Management Group, some SOs, some VO managers and cluster leaders. I could also visit some villages and talk and listen to villagers.

SECTION 1 - ANALYTICAL REVIEW - JUNE 1989

1. During my tenth visit, in June 1989, I had made, in long sessions with the Management Group, an analytical review of AKRSP at the end of seven years. I have carefully re-read this review. As I consider most of its conclusions still valid I enclose a copy. My present report is really a continuation of that analysis.
2. I had pointed out that AKRSP had made the following "diagnosis" of the miserable rural situation:
 1. The physical infrastructure of kuhls and roads was most inadequate.
 2. After the end of the old feudal system anarchy was prevailing everywhere.
 3. The villagers had no faith in the future of farming. They generally wanted non farm employment.
 4. The rural economy was in a state of deep depression. Productivity was low and investment was minimal.
3. In the light of this "diagnosis" AKRSP had made the following "prognosis", or in other words, introduced the following programmes:
 1. A massive infusion of capital grants for building the productive infrastructure (PPI) of kuhls and roads.
 2. Establishment of a social or institutional infrastructure of village organisations (VOs).
 3. Another massive infusion of capital in the shape of short-term agricultural loans for increasing productivity.
 4. A third massive infusion of capital in the shape of medium-term loans for land development - cropland, orchards, and woodlands.
 5. A fourth infusion of capital in the shape of marketing loans.
 6. Supporting technical programmes of improved agriculture, animal husbandry, and forestry.
4. Instead of adopting the popular line and command methods, AKRSP preferred to assume a teaching role, giving social and technical guidance along with credit, and trying to make the village as autonomous as possible.

1. VOs were entrusted to plan and build and maintain kuhls and roads.
2. VOs were trained to give and recover loans, to collect savings regularly, and promote marketing.
3. VOs were encouraged to select suitable members for training in plant protection and cattle vaccination and pay them for spraying the members' crops and vaccinating their cattle.
5. After seven years the results were quite visible and could be measured by statistical indicators:
 1. An extensive network of kuhls and link roads was built and was being maintained by VOs.
 2. VOs have distributed and recovered millions of rupees in loans, short and medium-term, to thousands of small farmers who previously had no access to cheap credit.
 3. VOs have collected surprisingly large sums in saving.
 4. Many VOs are paying their specialists for spraying and vaccination.
6. An outstanding achievement of AKRSP is that in a short period of six years it has pulled the Gilgit agrarian economy from a deep depression:
 1. New water channels, link roads, the fourfold massive infusions of capital, demonstrations of increased productivity, have created the hope of large profits from the land.
 2. Villagers everywhere are now eager to invest in land development, even those who are engaged in non farm work.
 3. Increased productivity, the linking of villages to markets, and availability of credit is promoting commercial enterprise.
7. Finally, the analytical review underlined some inadequacies, and suggested a few directions for future strategy. (For details see the enclosed copy of the report on Tenth visit).

SECTION 2 - REVISED SUGGESTIONS

1. Now after my Twelfth visit I take the liberty of making the following revised suggestions:
 1. A second round of PPIs, primarily kuhls for water development.
 2. A few pilot PPIs in specially selected remote villages for "territory" or range management.
 3. A few pilot PPIs in specially selected villages for hydro-electric stations.
 4. Continuation of low interest short-term agricultural loans to VOs.
 5. Continuation (and expansion) of low interest medium-term loans to VOs for land development.
 6. Issue of low interest medium-term loans to VOs for purchase of milk cows by members.

7. Issue of loans at current bank rates to commercial entrepreneurs both in the villages and in market towns like Gilgit.

It may be noticed that the aim of these suggestions is to sustain and further strengthen the spectacular growth which is taking place in the agrarian economy of Gilgit.

1. 2nd round of kuhl PPIs:

1. There can be little doubt that it was the extensive construction of kuhls and the increased supply of controlled water that created the surge of interest in land development in Gilgit.
2. It would be wrong to assume that all the available water has already been harnessed. Most probably only 20% of the water sources or less have been utilised.
3. Even a cursory tour of the villages will reveal that there is crying need for more water development.
4. It is also obvious that this new development, like the old development requires both financial and technical assistance.
5. However, the 2nd round of kuhls does not require free capital grants like the first round. Now VOs are rich enough to develop the kuhls with long-term loans.
6. In fact they are in a position to contribute a substantial amount from their own savings. To invest their savings in increasing their supply of water would be far more profitable than bank deposits, when there is double digit inflation.
7. The need for technical guidance for making bigger and better kuhls is as great as it was in the first round (probably greater). Luckily the AKRSP engineers are far more experienced than they were nine years ago and just now they are almost half idle.
8. So the VOs may be invited to prepare plans for the second round of water development and the engineers should assist them to make better and bigger kuhls.
9. The new plans should be financed by long-term low interest loans. Each plan should have a meticulous list of beneficiaries who will repay their proportionate share. They should be allowed to use their accumulated or future savings for repaying the long-term loan or even for contributing to the cost of construction.
10. As for link roads I think enough money is floating in the departmental programmes. With a little lobbying by AKRSP it should be possible to secure these funds for VOs to construct the roads under their management. However AKRSP engineers should help the VOs to make the plans for presentation to the departments.

2. Pilot PPIs for "territory" or range management:

1. The developing villages located in the vicinity of markets have started producing vegetables, eggs, milk, fuel and fodder for the market. This model of market economy is spreading and will spread more quickly with the availability of credit and the emergence of commercial entrepreneurs.

2. Remote and isolated villages require a different model - a model of range management resulting in large scale production of forest and animal products, which can be sent to the market, not daily, but at long intervals.
 3. The development of this model - relevant perhaps for 25% of the villages - requires intensive social and technical guidance from AKRSP, and long-term loans.
 4. AKRSP may select a village like Phandar or Chaprot where thousands of trees have already been planted.
 5. A junior forester may be posted to this pilot village exclusively for two years as an advisor. (No jeep please - he should live in the village). His salary should be regarded as a research investment.
 6. A comprehensive plan of range management should be prepared jointly by the VO and AKRSP forestry expert.
 7. Long-term low interest loans should be advanced and beneficiaries should be persuaded to invest some of their savings in this highly profitable venture.
 8. When the demonstration is complete the pilot village should be used as a training centre for similarly situated villages.
3. Pilot PPI for hydro-electric stations:
1. This is another model which requires intensive social and technical guidance for its proper development. But if fully developed and demonstrated it will be adopted widely and bring great benefits (and profits) to villagers, and boost the rural economy like the Japanese Suzuki Pick-up.
 2. The hydro-electric apparatus designed by Hussain Wali Khan is a technical break through. What is now needed is managerial guidance and long-term loans for introducing it in the villages.
 3. The pilot project will be a threefold partnership between VOs, a commercial entrepreneur, and an AKRSP advisor - preferably a junior Social Organiser posted exclusively (like the junior forester) for two years to live in the village until the model and its demonstration is complete. (No jeep please).
 4. A long-term low interest loan may be necessary.
 5. After a successful demonstration the pilot station will become a training centre.
4. Continuation of low interest short term agricultural loans:
1. The massive infusion of capital in the shape of low interest-short term agricultural loans, and low interest medium-term land development loans has been - like kuhls and link roads - the crucial factor in demonstrating to the Gilgit villagers the profitability of work on the land, or, in other words, reviving the stagnant agrarian economy.

2. It is essential for sustaining the growth of the agrarian economy that these two crucial programmes of cheap credit for agricultural and land development should not only continue but should be expanded.
 3. The VO members should be able to get short-term agricultural loans at the same low interest as before.
 4. The well tested procedure of submission of a loan plan by VO with 30% collateral should be followed.
 5. To take away this facility of getting a low interest loan which is three times of the collateral will inhibit investment in agriculture. We should always remember that our chief aim is to promote investment in agriculture.
 6. VO members should be permitted to repay their loan from their surplus savings, i.e. the amount of savings left after deducting the 30% collateral.
5. Continuation and expansion of low interest medium-term loans for development of cropland, orchards and woodland:
1. As pointed out above AKRSP should sustain and encourage the surge of interest in the development of croplands, orchards and woodlands.
 2. A visit to Daryore or Mohammadabad shows how widely and efficiently this kind of development is managed. Foremost among the developers are those who are employed in offices or business.
 3. Case studies of medium-term loans have revealed some anomalies: in some cases the VOs kept the medium-term loan amount in bank deposits because there was a big margin of difference between AKRSP and bank interest rate. However, although the loan money was "misused", the promised land development was actually done with members' own resources of labour and money.
 4. This kind of "misuse" can easily be prevented by adopting the following procedures:
 - i. The medium-term loan plan may be prepared by the VO in the same way as the short-term loan plan i.e. the loans will be to individual members. It will not be a collective loan to VO.
 - ii. Each loanee included in the plan must indicate clearly the development that is to be done with the loan. (SOs should supervise plan preparation).
 - iii. Each loanee will surrender a 30% collateral from his savings.
 - iv. On receipt of the loan amount the VO will immediately disburse the loans to individual members.
 - v. Installments of repayments may be fixed at reasonable intervals.

- vi. No investment will prove more profitable for the largest number of village families than land development. And no other investment will ensure the growth of the agrarian economy of Gilgit as much as land development by the largest number of village families.

6. Issue of low interest medium-term loans for milk cows:

1. Villages close to growing markets are keenly interested in keeping milk cows. In order to make such villages "milk centres" medium-term loans on low interest should be given.
2. A reasonable term for repayment will be two lactation period.
3. The nature and objective of this new type of medium-term loans should be explained to SOs who may select suitable VOs for the creation of milk centres.
4. May be Dr. Farman Ali would like to supervise two or three of such potential milk centres in the vicinity of Gilgit as pilot projects.

7. Issue of loans to commercial entrepreneurs:

1. The growing agrarian economy is presenting many opportunities for commercial enterprise.
2. It would be worthwhile to encourage and help the entrepreneurs, both in the village and in the market towns.
3. There is no need for extending the same facilities to commercial entrepreneurs as are being extended to small farmers.
4. Commercial entrepreneurs can easily afford to pay the current bank rates of mark up.
5. Loans may be given to them by the VOs directly.
6. AKRSP may also utilise the revolving fund given by the World Bank Micro Enterprise Project for loans to non farm entrepreneurs.

