

# **Micro-Enterprise Development in Mountain Areas**

**A Review of NGO  
Initiatives in Pakistan**

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**Abdul Ghaffar Mohmand**

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**International Centre for Integrated  
Mountain Development**  
Kathmandu, Nepal  
1999

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## Preface

Development experiences in most of the mountain areas of the Hindu Kush-Himalayan Region, over the past decades, have shown that the prevailing predominant mode of their economies – subsistence agriculture – is becoming increasingly unsustainable both economically and ecologically. Diversification of economic activities into products and services, for which these areas offer a comparative advantage, through enterprise-based production for the market is considered necessary for sustaining livelihoods and alleviating the poverty of the rapidly increasing population. It is in this context that ICIMOD established a programme on Development of Micro-enterprises in Mountain Areas with the objectives of identifying constraints and opportunities and developing policy, programme, and training guidelines for enterprise development in hill and mountain areas of the HKH region. As part of this programme, the Centre has commissioned a number of studies in different countries and areas of the HKH region with a view to documenting experiences of development and functioning of enterprises covering different aspects such as the comparative advantage of products, processes, and factors in enterprise development, technology, credit, and marketing and development of entrepreneurial skills as well as policies and programmes by government and non-government agencies for promotion of enterprises.

The present paper '**Micro-Enterprise Development in Mountain Areas: A Review of NGO Initiatives in Pakistan**', by Abdul Ghaffar Mohmand, is one in this series of studies. It is being published with the hope that it will be found useful by those engaged in research and development, policy-making, programme formulation, and implementation for the promotion of enterprises, as well as by present and potential entrepreneurs in their respective activities.

T. S. Papola  
Head  
Mountain Enterprises and Infrastructure Division

## **Abstract**

This study evaluates the impact of the development programmes undertaken by three rural support NGOs, i.e., the Aga Khan Rural Support Programme (AKRSP), Sarhad Rural Support Corporation (SRSC), and Balochistan Rural Support Programme (BRSP), in the mountain areas of Pakistan. Special focus has been given to the nature and thrust of these programmes in the context of enterprise development. All three NGOs have a common approach and programme structure. They all emphasise formation of community-based organizations and establishment of a participatory approach. The package offered includes construction of local infrastructure, improved natural resource management leading to better agricultural practices, use of inputs and livestock management, training in various fields for human resource development, provision of credit and promotion of savings, and support for income generating micro-enterprises.

Evaluation of the impact of NGOs and these programmes on the economy and society in their respective areas is constrained by lack of adequate baseline data and the absence of development activities other than through these programmes. On the basis of the limited information available (which pertains mostly to AKRSP) one can conclude that the programmes have a positive impact on household income. This outcome is the product of various initiatives undertaken concomitantly on different fronts. While provision of irrigation channels relieved a serious constraint on agricultural activities, the construction of road links has opened up the area, connecting it with major markets. Under the natural resource management (NRM) activities, provision of improved seeds, innovations in agricultural practice, and control of livestock diseases have facilitated an increase in the productivity of livestock. Increased access to credit has enabled the people to purchase various inputs and enter into new ventures.

Assessment of the impact of NGOs' initiatives on enterprise development calls for a precise definition of the micro-enterprise. Taking an elastic definition to include all activities that tended to bring about better returns for subsistence activities, such as purchasing buffaloes and bulls and opening small shops, substantial impacts can be attributed to NGO initiatives. Yet, if one were to classify dynamic enterprises with growth potentials that also have a bearing upon structural relations, then the examples are few. A closer scrutiny of the records of AKRSP, a success story to some extent, suggests that massive research efforts and other support need to be undertaken in order to bring about dynamic development in terms of establishing enterprises.

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# List of Acronyms and Abbreviations Used

<b>AKES</b>	Aga Khan Education Service
<b>AKHS</b>	Aga Khan Health Service
<b>AKRSP</b>	Aga Khan Rural Support Programme
<b>BAMA</b>	Baluchistan Apricot Marketing Association
<b>BOK</b>	Bank of Khyber
<b>BRSP</b>	Balochistan Rural Support Programme
<b>CADP</b>	Chitral Area Development Project
<b>CED</b>	Credit and Enterprise Development
<b>COs</b>	Community Organizations
<b>DFIs</b>	Development Finance Institutions
<b>EDD</b>	Enterprise Development Division
<b>FAO</b>	Food and Agriculture Organization
<b>FATA</b>	Federally Administered Tribal Areas
<b>FHIES</b>	Farm Household Income and Expenditure Survey
<b>GAMA</b>	Gilgit Agricultural Marketing Association
<b>GFI</b>	Gross Farm Income
<b>GHI</b>	Gross Household Income
<b>GOP</b>	Government of Pakistan
<b>GTZ</b>	German Agency for Technical Cooperation
<b>HRD</b>	Human Resource Development
<b>ILO</b>	International Labour Organization
<b>IMI</b>	Institutional Maturity Index
<b>KKH</b>	Karakoram Highway
<b>LDO</b>	Local Development Organization

<b>MECP</b>	Micro-enterprise Credit Programme
<b>MIES</b>	Mountain Infrastructure and Engineering Services
<b>MSE</b>	Micro- and Small Enterprise(s)
<b>NGO</b>	Non-government Organization
<b>NRM</b>	Natural Resource Management
<b>NWDO</b>	Nagar Welfare and Development Organization
<b>NWFP</b>	North-west Frontier Province
<b>PI</b>	Productive Investment
<b>PPI</b>	Productive Physical Infrastructure
<b>PPI</b>	Productive Physical Infrastructure
<b>SAP</b>	Social Action Programme
<b>SDC</b>	Swiss Development Corporation
<b>SEWA</b>	Self-employed Women's Association
<b>SHO</b>	Shelf-helf Organization
<b>SRSC</b>	Sarhad Rural Support Corporation
<b>SSP</b>	Social Sector Programme
<b>TBA's</b>	Traditional Birth Attendants
<b>TDR's</b>	Time Deposit Receipts
<b>UNDP</b>	United Nations Development Programme
<b>VIP</b>	Vegetable Introduction Package
<b>VO's</b>	Village Organizations
<b>WID</b>	Women in Development
<b>WO</b>	Women's Organization

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# Chapter 1

## The Study: Objectives and Methodology

### 1. NGO Programmes in Rural Development in Pakistan: An Overview

Approaches towards economic development and poverty alleviation through people's cooperation and participation in the sub-continent of India can be traced back to the efforts of the Christian missionaries around 1880 in the canal colonies of the Punjab. Subsequently, a formal system of cooperatives was introduced into undivided India around the 1920s. The work of Gandhi and the efforts of some British civil servants (around 1930) had their own impact and influenced ideals of rural reconstruction.

Following partition of the sub-continent in 1947, the efforts of the Village Aid Programme in the 1950s and the Comila Project in the 1960s in East Pakistan (now Bangladesh) were identified as appreciable successes in this context. Subsequently, the Daudzai Pilot project was introduced in

Peshawar in the 1970s. This project was headed by Shoaib Sultan Khan, and Akhter Hameed Khan acted as Adviser to it. Both of them became involved in the Aga Khan Rural Support Programme from its inception in the Northern Areas of Pakistan in 1982. Wider recognition for this programme by the donor community and its success, culminating in these two development practitioners winning Magaysay awards, led to replication of this rural support programme by NGOs in all the provinces of the country. Consequently, the NGO movement gained a momentum of its own.

When Pakistan was formed in 1947, many NGOs were active in rehabilitation and poverty alleviation. Increasingly, however, perhaps because donor funding is available and because NGOs are influenced by altruistic goals, NGOs are taking on the roles of institutional agents.

One of the principal reasons for the increase in NGOs and their involvement in institu-