

Chapter 2

Aga Khan Rural Support Programme

The Aga Khan Rural Support Programme (AKRSP) was established as a people-centred, decentralized and participatory approach to rural development. It was recognised that traditional top-down approaches neglected the integral role of local communities in the development process, leading to greater centralization of power and an increase in top-down planning. The fundamental understanding behind decentralization, with participation as an inherent element, is that development processes had led to marginalisation of the people they were supposed to benefit (Chambers 1994). True development can only be achieved by putting people first and adopting a bottom-up approach (Cernea 1991). Active participation of beneficiaries is the key ingredient in decentralization. AKRSP's primary purpose is to involve rural people in their own development. Established in 1982 by the Aga Khan Foundation, with financial support from various donor agencies, it undertakes development activities in the Northern Areas of Pakistan.

1. The Northern Areas: A Brief Introduction

1.1 Location

The Northern Areas of Pakistan are situated between 35-37N latitude and 72-75E longitude. The Republic of China lies to the North East, the North West Frontier Province to the South, Kashmir to the East, and Afghanistan to the West. The terrain is rugged and living conditions harsh. Three famous mountain ranges sandwich the Northern Areas, the Himalayas, the Karakoram, and the Hindu Kush. These lofty mountain ranges are composed of several snow-capped peaks, lush green valleys, and some of the largest glaciers in the world; and together they form a major tourist and mountaineering attraction.

1.2 Climate

The climate of the NAs is dry continental. The temperature sometimes rises to 43°C

in summer and falls as low as -17°C (at higher altitudes) in January. In Gilgit (1,450m), the extreme minimum (Dec./Jan.) and maximum (July) temperatures recorded were -9.4°C and 45°C respectively. The NAs are situated in the outer Himalayas and are cut off from both the monsoon and winter westerly depressions. The moist air occasionally penetrates through the high mountains in summer and sometimes brings heavy and torrential rains, causing floods, and landslides. There is a wide variation in precipitation, as the valley bottoms receive only 100 to 200mm of rainfall, whereas the adjacent ridges receive twice the amount.

1.3 Natural Resources

The area under natural forest is estimated to be only 0.8 per cent in Gilgit, 0.3 per cent in Baltistan, and about 30 per cent in Daimer District. There is an acute shortage of timber, fuel, and fodder in Gilgit and Baltistan districts, whereas Daimer District supplies timber to other parts of the country. In Gilgit District, 50 per cent of the total requirements of wood come from farmlands. The natural forests can be classified into the following types:

- i) mountain sub-tropical forests,
- ii) mountain temperate/sub-alpine forests, and
- iii) alpine scrub.

The natural forests in the study area are state-owned reserved forests and composed of thinly-covered patches made up of *Pinus wallichiana*, *Pinus gerardiana*, *Picea smithiana*, *Juniperus macropoda*, *Fraxinus xenothozylodes*, *Pistacia integerrima*, *Prunus eburnea*, *Lunicera quinquelocularis*, *Rosa webiana*, *Betula utilis*, and *Spiraea spp.*

1.4 Demography

The Northern Areas consist of three administrative regions, namely, Gilgit (two districts), Baltistan (two districts), and Daimer (one district). A century ago, the NAs of Pakistan provided one of the main theatres for 'the Great Game' played out between Britain and Russia. Different parts of the NAs have a rich and varied political history besides ethnic, cultural, and racial heterogeneity.

Information on population figures for the Northern Areas is not yet available from the 1998 population census, but, according to the census of 1981, the total population was roughly 0.573 million, with an annual growth rate of 3.25 per cent. The population of this region embraces three Islamic traditions in approximately equal proportions. They are the *Sunni*, *Shia*, and *Shia Ismailia*. There are a number of distinct racial groups and linguistic and socio-cultural variations. The racial groups include the *Syed*, *Rajas*, *Sheen*, *Yashkun*, *Balti*, *Wakhi/Tajik*, *Kamin*, *Dome*, *Akhun*, *Gujar*, *Pathan*, *Muhan*, and a few *Punjabi* and *Kashmiri*. The dominant groups in the Gilgit region are the *Sheen* and *Yashkun*. In the 1981 census, the average literacy rate was estimated at around 15 per cent; only four per cent of females were literate. The state of health is generally poor due to malnutrition; hygiene and sanitation are also poor. The infant mortality rate is about 150-200 per 1,000 births. There is an extended family system and the average household consists of about eight members.

1.5 Economic Organization

The Himalayan region, also called the 'Roof of the World,' has a unique, dry landscape with scattered oasis settlements where there

is water for crop cultivation. The landmass of the outer Himalayas and the harsh fragile terrain make human existence more challenging than in other parts of the Himalayas. Approximately 90 per cent of the population in this region are subsistence farmers (Khan and Khan 1992). The average farm size is 1.1 hectares, of which only 60 per cent is suitable for cereal crops. Most farmers own some livestock (cattle, goats, sheep, and poultry), fruit and forest trees, and a chunk of private hay meadow in addition to cultivable land.

Agriculture is the main economic activity in the NAs, accounting for most of the income and consumption of more than 80 per cent of all households (Khan and Khan 1992). Cultivation is difficult because of the scarcity of flat land, lack of deep fertile alluvial soils, and water scarcity. Cultivated areas have been developed where construction of irrigation channels has been possible. The traditional farming systems are highly diversified, enabling the people to be self-sufficient. Arable crop cultivation is mixed with agro-forestry and livestock husbandry. Wheat, barley, and maize are the main staple crops, whereas millet and buckwheat, previously grown as staple foods, are being abandoned as opportunities for non-farm employment become available and flour and other commodities can be purchased in outside markets. Several varieties of vegetables, such as potatoes, which were previously grown as vegetable crops, have now become cash crops. Fruit crops include, apricots, apples, walnuts, peaches, pears, pomegranates, almonds, figs, mulberries, and grapes. Cherries, plums, and dwarf apples and pears are becoming popular, especially in double cropping zones. Self-sufficiency and the interdependence of crop cultivation and livestock husbandry and effective integration

of mixed farming are the main characteristics of farming systems in the NAs. The importance of farm income as a proportion of the total household income is shown in Table 2.

1.6 Transport and Communications

Until 1947, the NAs only had access to Kashmir through Baltistan and Astore. After the *de facto* division of Kashmir in 1949, the first link with southern Pakistan was established by air from Rawalpindi to Gilgit and Skardu (Baltistan). A major change occurred with the construction of a seasonal jeepable road in 1958 through the Babosar Pass (4,173m). This road links the NAs with the capital city and other regions. The road enabled merchants to bring in cheap commodities, and subsequently farmers stopped growing cotton and rice cultivation decreased (Whiteman 1985). The construction of the Karakoram Highway (KKH) provided an additional route; and this has been the single-most important event in the development of the NAs. The result has been a progressive change in the economy as well as in the farming systems since construction of the highway in 1978. The KKH has not only resulted in reduced costs in transporting goods, it has also facilitated tourism and new services associated with it such as hotels and trade.

Because of the KKH, flour, cooking oil, kerosene, fertilizer, and other commodities can be brought from other parts of the country. Walnuts and apricots grown for extraction of cooking oil are now grown as cash crops. Fruit and seed potatoes are currently grown for commercial purposes. In addition, the KKH has facilitated development and technological interventions through different change agents such as the AKRSP and FAO/UNDP. As a result of

Table 2: Household Income by Programme Area

Region	Gilgit	Chitral	Baltistan	Astore
Family Size	9.5	8.7	7.9	9.1
Irrigated Area (<i>Kanaf</i>)	30.6	26.0	30.1	36.1
Crops (% of area)	37.0	47.0	43.0	42.0
Irrigated Pasture (% of area)	63.0	53.0	57.0	58.0
Gross Value Produced (Rs)				
Crops	16235	9884	9402	8137
Livestock	8264	4970	4996	10056
Fruit	2962	3406	3089	346
Vegetables	2413	2317	1862	528
Forestry	3218	5584	2362	272
Poultry	914	1480	386	269
Other	2596	279	613	8516**
Gross Farm Income (GFI)	36602	27921	22710	28124
Farm Cash Costs	6845	3829	4483	9246
Net Farm Income	29757	24092	18227	18878
Other Household Income	23712	27241	10351	20916
Gross Household Income (GHI)	60314	54532	33061	49040
GFI as % of GHI	61	51	69	57
GHI per capita	5628	5900	3617	5405

* One Kanaf is approximately 0.5ha

** Includes Rs 5,739 for 'grass' sales, which is 20% of farm income.

Source : Bhatti et al. 1994.

: World Bank 1995

infrastructural development, the presence of change agents and the growth of urban centres in Gilgit and Chitral, a growing number of micro-enterprises has sprung up.

2. AKRSP Programmes: Structure, Implementation, and Impact

A multi-dimensional and multi-sectoral package is used by the AKRSP for development of the Northern Areas. Essentially these include the development of social organizations; physical infrastructure such as roads and irrigation canals; natural resource management; human resource development; and provision of credit. The programme package is modified according to emerging needs; and this is reflected in the incorporation of additional elements

focussing on enterprise development such as the Micro-enterprise Credit Programme (MECP) and the creation of an Enterprise Development Division (EDD) in the AKRSP.

In order to implement these programmes, various divisions/sub-divisions have been created by the AKRSP. Decentralization in implementation was introduced for certain programmes, e.g., credit. Participation of the village organization in designing and implementing programmes is very evident. A brief discussion of these programmes is provided below.

2.1 Social Organization

Social organization lies at the centre of the AKRSP's rural development strategy. This

is a reflection of the belief that when the poor are organized they can deal effectively with the causes of their under-development. Moreover, collectively, no matter how poor people are they can be regarded as reliable collateral for access to credit facilities.

In the remote Northern Areas of Pakistan, the AKRSP helped form 2,217 male and mixed village organizations and 1,141 women's organizations by the end of 1997 for resource and financial management; and these cater to the needs of 120 thousand members. In fact, around 80 per cent of the households in the area are now covered by AKRSP's social organization programme. Village groups originally organized to construct physical infrastructure, such as irrigation channels, roads, or bridges, are now engaged in a number of other activities with the guidance and financial support of the AKRSP.

As a result of the activities described above, these village organizations are seen by the government as partners in development; that is to say that adequate interlinkages between government and these organizations, particularly in social sector development, are visible. In addition, interest in broadening the coverage of village-based organizations is emerging. Coalition of village groups is reflected in the recently-organized Nagar Welfare and Development Organization (NWDO), a non-commercial organization covering 23 villages and including 14 Village Organizations (VOs) and eight Women's Organizations (WOs) in addition to non-VO members. So far this arrangement has been made for a single infrastructure project to implement siphon irrigation, but, as a local development organization (LDO), it is a promising development for other spheres of activity. The development programmes undertaken by

the AKRSP in collaboration with village organizations are discussed briefly below.

2.2 Infrastructural Development

The AKRSP's Productive Physical Infrastructure (PPI) programme has acted as a catalyst for institutional development. As such, it has met some of the basic needs of the communities. The Mountain Infrastructure and Engineering Services (MIES) of the AKRSP have carried out a large number of small infrastructural projects, with the participation of communities in project identification, design, and implementation. Projects generally work with the construction of link roads, bridges, irrigation and land development schemes, and micro-hydel projects. A total number of 1,814 infrastructural projects had been initiated by December 1997, of which 1,541 have been completed and 237 were in progress. The breakdown of these projects by type and volume of investment is given in Table 3.

As seen in the table, there is a predominance of irrigation and road projects. However, it is important to highlight micro-hydel projects in Chitral where AKRSP collaborated with VOs and installed over 80 hydropower plants. Chitral Area Development Project (CADP) added to these efforts and there are now about 125 independent power-generating facilities. It is claimed that the cost per unit of electricity is the lowest for over 10 thousand households located in the high mountains of Chitral.

2.3 Natural Resource Management (NRM)

In order to promote natural resource management, various methods have been used, although the primary focus remains on ag-

Table 3: Physical Infrastructure Projects by Type, Number and Total Cost (up to December 1997)

Project Type	Number	Total Cost (Million Rs)
1. Irrigation	888	184.59
2. Link Roads	310	67.49
3. Protective Works	176	36.78
4. Micro-hydel	80	28.49
5. Water Supply	23	2.82
6. Medium Infrastructure Projects	58	71.34
7. Others	279	46.97
Total	1814	438.48

Source: AKRSP 1997

riculture and related activities such as forestry and livestock. Sector-specific programmes covering input supplies, demonstrations, and technical assistance generally influenced the introduction of new technologies. Technical staff work along with community members who have been trained by the AKRSP. Major packages related to NRM are provided in Tables 4 and 5.

The importance of wheat in the farming system in the Northern Areas needs no emphasis. It accounts for about 35 to 55 per cent of the irrigated area and, in the case of small farmers, it accounts for 70 per cent

of the cultivated area. Introduction of new wheat varieties (Mexi-Pak) in Gilgit took place in the 1960s. The AKRSP, however, introduced Pak 81 seed in 1985 and, by 1989, one-fourth of the farmers were growing it. Though significant, the adoption rate is regarded to be low considering the importance of wheat in the farming system. The AKRSP also designated 27 VO's in 1993 to act as wheat seed villages for seed production and maintenance of purity.

Maize is second in importance to wheat, accounting for approximately one-fourth of the cultivated area in Gilgit and Chitral. Despite the provision of improved seeds by

Table 4: NRM Supplies through AKRSP

	Cumulative December, 1997	Area (ha)	Beneficiary Households
Improved Seeds			
Wheat (kg)	299965	1910	12264
Maize (kg)	22029	359	1835
Potatoes (kg)	161207	242	4753
Fruit Trees ('000)			
Distributed by AKRSP	921	2270	29491
Supplied from Local Nurseries	299	711	9660
Planted by V/O and W/O	2055	4495	30399
Nurseries (Number)	1313	89405	N.A.

**Table 5: Livestock Packages (AKRSP) Performance
(up to December 1997)**

Programme	Number	V/WOs	Beneficiary Households
Feed Improvement			
Silage Production (kg)	1231842	229	2286
UST Production (kg)	263996	58	2393
Breed Improvement			
Milch Cows (No.)	380	33	344
Bulls Distributed (No.)	64	63	3028
Cross-bred Cattle (No.)	309	151	4446
Yaks Introduced (No.)	4578	155	5282
Sheep			
Sheep Distributed (No.)	2315	77	837
Pure-bred Sheep (No.)	1364	44	588
Poultry			
HBP-I (No. of Birds)	398377	1014	15371
HBP-II (No. of Birds)	42715	292	3512
Breeding Centres	193	190	3818
Chicks Supplied by AKRSP	477457	134	17158

the AKRSP, the adoption rate does not appear to be substantial. According to the World Bank review *"the improved maize varieties have obviously not been appropriate for the circumstances of most of the farmers"* (World Bank 1995). Potatoes, vegetables, and fruit rose substantially in terms of production as well as acreage. Some evaluative exercises focussing upon initiatives in vegetable growing confirmed their profitability for growers (Ashgar 1996).

AKRSP's NRM programme also includes activities involving livestock and forestry. It has a three-pronged strategy for livestock development: reduction in animal losses, improvement in animal nutrition, and improvement in the genetics of local livestock. This has been implemented through delivery of inputs to and training for farmers. Around 1,300 village specialists had been trained by the end of 1994 with an esti-

mated coverage of 70 per cent of the VOs. Similarly, 1,500 poultry specialists had been trained by the end of 1994. To improve nutrition, feed preservation and techniques such as ensiling maize and treatment of wheat straw have been attempted. However, adoption of maize silage and straw treatment is slow. Vaccinations were increased to reduce animal losses. According to one study, the incidence of vaccination increased ten-fold between 1989 and 1994 (World Bank 1996). Over time, the livestock population has increased; The main increases being in poultry, the numbers of which almost doubled between 1987 and 1991.

Forestry accounts for roughly one tenth of the gross farm income in Gilgit and Baltistan and for 20 per cent in Chitral. There has been a substantial increase over the years in the number of forest trees, almost 300

per cent between the Agricultural Census of 1981 and the AKRSP Bench Mark Survey in 1992. Forestry has been identified by the AKRSP as a growth enterprise. The

organization and management of VOs as well as skills related to NRM and enterprise development. Table 6 gives details of HRD activities.

Table 6: Training Courses Conducted by December 1997

Type of Training Course	Gilgit	Chitral	Baltistan	Total
1. Regular Courses	361	323	195	879
2. Specialist Trained	5286	5644	3050	13980
3. Refresher Courses	258	167	221	646
4. No. of Participants	5296	2514	4609	12419

Source: AKRSP, 1997

AKRSP also started a government-funded Social Forestry Programme in the area in collaboration with the Forest Department in 1993. The principal objectives of this programme are afforestation, nursery development, training, and environmental education in schools.

It should be stated that there has been a shift in the strategy of the AKRSP towards NRM. Inadequacies in individual sector-specific approaches to the complex and interrelated issues arising out of increased population pressure and environmental degradation have been assessed. An integrated approach to NRM has been introduced recently with an emphasis on achieving the balance between growth and conservation with the active collaboration of the VOs.

2.4 Human Resource Development

As part of the overall development strategy, human resource development (HRD) is a key activity of the AKRSP and is integrally linked with the implementation of various programmes. The Human Resource Development Division of the AKRSP imparts training in skills identified by village committees as a felt need for the or-

In terms of broad areas of training, by the end of 1997, the presidents and managers of over 4,400 VOs and 2,200 WOs were trained. In the context of NRM activities, particularly those related to agriculture, livestock, and forestry, training was a major component. The total number of specialists and masters trained in the region by the end of 1997 was over 8,000; slightly less than half of them belonged to WOs. Assessment of the effectiveness of training and monitoring of village specialist activities were carried out throughout 1997 by Institutional Maturity Index and Bench Mark Surveys. On an average, 45 per cent of the NRM specialists were found to be active, suggesting a high attrition rate of 55 per cent.

The enterprise development section undertakes training for enterprise specialists. A general enterprise training module, comprised of sub-modules for marketing, cash flow analysis, and financial and inventory management, has been developed. In addition, vocational training in tailoring, carpet weaving, and carpentry is given.

2.5 Credit and Savings

Provision of credit in the context of a basically subsistence economy is one of the

main activities of the AKRSP. Funds for credit come from the savings generated by the VOs themselves and external sources. It should be noted that members of the VOs and WOs have to contribute to deposits at every meeting of the village organization. Over the years, the volume of savings has grown substantially. By the end of 1997, 3,358 village organizations with a membership of 126,000 had collected savings of Rs 357 million. The total loans disbursed by that date were approximately Rs 941 million, of which Rs 272 million were outstanding.

The average saving balance per member by the end of 1997 works out at Rs 2,829. There appears to be a great deal of variation in this balance between different areas covered by the AKRSP. For instance, the average balance per member was Rs 4,078 in Gilgit in comparison to Rs 2,309 and Rs 1,435 in Chitral and Baltistan, respectively. These differentials could be due to the length of time the AKRSP has been in operation, as Gilgit was the first region to be covered by the programme.

Credit disbursed up to December 1997 by the AKRSP through village organizations is given in Table 7. It is seen that the village organization credit programme (No. 5 in the table) accounts for more than half of the total amount disbursed. This is usually a one-year loan with full collateral given to VOs for onward lending to members. Service charges of from 12 to 15 per cent are levied. The credit disbursed for micro-enterprise and corporate VO credit extended for enterprise development accounts for 17 per cent of the total disbursement; and this is given on the basis of a 20 per cent service charge for a duration of six months to one year.

3. Nature and Structure of the Micro-Enterprise Development Programme

With extensive infrastructural inputs along with improvements in NRM practices, marketable surpluses, particularly fruit and vegetables, became available in the AKRSP programme area. Cooperative marketing networks were established to procure good prices for farmers' produce. In 1990 the marketing section of the AKRSP widened its scope to cover non-agricultural activities such as tourism. In 1992 the section changed its name to the Enterprise Development Division (EDD). At the same time, the AKRSP introduced a separate credit line for micro-enterprises in order to assist entrepreneurs with working capital.

The main objective of the Enterprise Development Programme is to facilitate diversification of the local economy which is characterised by subsistence-oriented agriculture and remittances. The programme area has the potential for establishment of small and diverse enterprise development - especially with productive physical infrastructure (PPI) development - in areas that have not been optimally exploited. For this purpose the AKRSP provides four main inputs for sustainable development of micro-enterprises; namely, credit, technology, training, and marketing.

3.1 Credit

The AKRSP introduced a Micro-enterprise Credit Programme (MECP) in 1992 to build up a small business base, centered on local people, through investments that create jobs for V/WO members. The AKRSP gives loan to individuals who are members of V/WOs. Although permission to take the loan must

Table 7: Credit Extended by December 1997

Type of Credit	Number	Beneficiary Households	Disbursement (Rs million)	Net Default (Rs million)
1. Short-term	8060	324432	131.73	1.71
2. Medium-term Credit	565	30075	65.79	3.19
3. Micro-enterprise Credit	9343	9344	158.13	5.47
4. V/O Corporate Credit Programme	24	338	10.83	0.21
5. V/O Credit Programme	3175	143372	574.38	

Source: AKRSP 1997

be given by the member's V/WO, credit is otherwise given free of collateral. The AKRSP provides support services and charges 20 per cent per year, which it considers to be the market rate for this type of facility. Loans range from Rs 5,000 to a ceiling of Rs 40,000. Decentralization and participation are accomplished by placing the responsibility for approval and issue of loans to their members on the V/WO. Rapid increases have characterised MECP activities in amounts disbursed (see Table 8). A category-wise breakdown of enterprises is given in Table 9. Credit for micro-enterprise is generally targetted towards those entrepreneurs who wish to expand their businesses but are unable to do so due to lack of liquid capital. In some cases, credit is also given to start a fresh business.

The programme assumes some risks in terms of bad loans, but considers it as one

of the costs of identifying good entrepreneurs and expects it to occur primarily on the Rs 5,000 starter loans. It may, however, involve risks that are more substantial than assumed. Though the net default as of December 1996 was reported to be less than five per cent (Table 10), analysis of earlier, more detailed figures suggests a more serious situation. By the end of 1994, arrears accounted for 27 per cent of the outstanding amounts. Loans overdue for more than six months accounted for only three per cent of the total amounts outstanding, but, according to one assessment, this proportion was likely to rise (World Bank 1995). The detailed portfolio indicates that 41 per cent of the borrowers whose loans have fallen due were in arrears, and all were in arrears for the total amount of their loan. A contributing factor is that the Micro-enterprise Credit Programme (MECP) loans have a single maturity.

Table 8: Micro-enterprise Credit Programme (MECP) Disbursement, 1992-94

District	1992	1993	1994
Gilgit	0.56	1.16	3.60
Chitral	0.10	0.50	2.82
Baltistan		0.22	4.43
Astore			0.55
Total	0.66	1.88	11.4

Source: AKRSP 1992, 1994

Table 9: Disbursement of MECP Loans by Type, Cumulative as of December 1995

S.N.	Loan Type	# of Loans	Amounts
1.	Agricultural machinery	11	165,000
2.	Carpentry	22	125,000
3.	Electrical goods' store	14	110,000
4.	Flour supply store	26	180,000
5.	Fruit marketing	25	225,000
6.	Furniture shop	13	120,000
7.	Fuelwood marketing	22	145,000
8.	General store	664	4,850,000
9.	Garment shop	18	135,000
10.	Hotels	50	400,000
11.	Home utilities	18	105,000
12.	Input supply store	19	136,000
13.	Ladies' shops (shops exclusively managed by women)	63	390,000
14.	Livestock marketing	71	450,000
15.	Medical store	26	225,000
16.	Motor vehicle repairs	13	95,000
17.	Nursery development	15	110,000
18.	Poultry development	249	1,669,400
19.	Repair shop	44	325,000
20.	Sewing machines	12	80,000
21.	Stationery shop	16	130,000
22.	Tailoring	11	55,000
23.	Timber marketing	15	90,000
24.	Village guesthouse	10	160,000
25.	Others	214	1,670,000
	Total	1661	12,145,900

Source: AKRSP 1995

Table 10: Summary of the MECP Loans for all Programme Areas as of December 1996

Micro-enterprise Credit	VO		WO		Total	
	Cum.	Add. 1996	Cum.	Add. 1996	Cum.	Add. 1996
No. of Loans	5021	1817	709	254	5730	2081
Beneficiary households (#)	5021	1817	709	254	5730	2081
Disbursement (Rs in million)	57.64	30.66	6.45	3.28	64.10	33.95
Net amount outstanding (Rs in million)	32.68		2.87		35.55	
Net default (Rs in million)	4.14		0.57		4.70	

Source: AKRSP 1996

Under the programme of the Enterprise Development Division, the AKRSP caters to the demand for slightly large-sized credit for small- and medium-scale enterprises. (That is to say that EDD credit is for small and medium sized enterprises while MECP is for micro-enterprises). Some of these enterprises are listed, along with their employment size and loan amounts, in Table 11.

poultry farming, shopkeeping, honey production, vegetable production, dry fruit marketing, and saw milling. In some cases, participants were sent to major cities to study the main wholesale markets, Friday bazaars, and auction markets. Some emphasis has been given to inculcating a spirit of entrepreneurship. This has been facilitated by providing general courses in en-

Table 11: Commercial Credit Programme (Gilgit Region)

Name of Enterprise	Loan Amount (Rs)	No. of Employees
Hunza Carpet Centre	580,000	104
Adventure Centre Pakistan	200,000	23
Hunza Fabrics	200,000	10
Riveria (sp)Hotel	1,600,000	25
Passu Tourist Lodge	350,000	8
Total	2,930,000	170
Cost per job created	17,235	

3.2 Technology

Technological support for product development is another aspect of the micro-enterprise development programme. The products that can be marketed are the same agricultural products grown for subsistence; but new varieties are also introduced by the programme. In essence, the aim is to increase the market value of farm products to enable farmers to get a better return for their labour. This approach requires certain key inputs, namely, improvements in production, processing, packaging, and promotional methods. Primacy has been accorded to dried apricots, as they are available in reasonable abundance. Methods of dehydration are taught to growers.

3.3 Training

For training in marketing, the AKRSP has designed courses for entrepreneurs who are involved in the supply of agricultural inputs,

enterprise development, particularly for women. Details of different types of training carried out are given in Table 12.

3.4 Marketing

The market programme has evolved significantly over the last 10 years. Initially its aim was to assist VOs in cooperative marketing. However, after the UNDP/FAO project had demonstrated the potential for dried apricots and seed potatoes, these were promoted in Gilgit and Baltistan, and the Gilgit Agricultural Marketing Association (GAMA) and the Baltistan Apricot Marketing Association (BAMA) were created in 1992 with technical and financial support from the AKRSP. This facilitated contacts with private seed potato buyers from the Punjab. AKRSP support has since been given to establish avenues for marketing fresh vegetables in both Gilgit and Baltistan through commercial wholesalers. An impressive performance in cooperative mar-

Table 12: Training for Enterprise Development

Type of Training	Number of Trainees			
	Gilgit	Baltistan	Chitral	Total
Enterprise development course (men)	196	37	105	338
Enterprise development course (women)	83	53	0	136
Training of commercial apricot growers	22	101	10	133
ED master trainers	0	0	7	7
Marketing management course	0	133	0	133
Training for good MECP loanees	0	70	0	70
Cooperative marketing-participating VOs	688	1,180	570	2,438

keting is cited in the 1997 Annual Report. Around 60 VOs participated in cooperative marketing, with gross sales of Rs 5,050 million during the year, benefitting 1,340 households. These VOs were given Rs 30 million in credit, mostly short-term.

The marketing section has also expanded its horizons by promoting the establishment of non-agricultural business enterprises, such as village guesthouses, to capitalise on the potentials of the tourist market. More than 400 marketing specialists have been trained. This training has also evolved in response to the changing focus of the Enterprise Development Division (EDD).

A productive link between markets and growers is established by the EDD through provision of market information and arrangement of exhibitions. In addition, a number of marketing enterprises has evolved over the years. The important ones among them are given below.

Baltistan Apricot Marketing Association (BAMA)

BAMA was established in 1992 to market apricots. BAMA organized its suppliers into an exclusive group called 'Commercial Apricot Growers' and entered into supply

agreements with them. BAMA then arranged to sell apricots to institutional buyers. In 1995 there was a dramatic rise in the price of dried apricots from Rs seven to Rs 40.00 per kg. BAMA earned a net profit of Rs 84,000.00 in the second half of 1995.

Baltistan Renmoshy Tanzeem

This organization was established as a cooperative in 1994 by ten master trainers of livestock. Supply of agricultural inputs and medicine to farmers in the region is its main business. With a total working capital of Rs 200 thousand in 1995, this cooperative earned a net profit of 140,000 during the year. The organization has established breeding centres, poultry farms, and dairy farms in different places in the region and has plans to venture into processing and marketing skins and hides.

Gilgit Agricultural Marketing Association (GAMA)

Initially GAMA was established to organize the marketing specialists trained by AKRSP. While GAMA improved the quality of dried apricots as BAMA did, the initiative was soon taken over by private entrepreneurs because of the rising demand for the product. Therefore GAMA shifted its focus from apricots to seed potatoes and changed its

name from the GAMA to the Gilgit Agricultural Marketing Association. During the

1995 GAMA had a total turnover of Rs 1.3 million with a net profit of Rs 100,000.