

**PRSP
PUNJAB RURAL SUPPORT PROGRAMME
THE FIRST FOUR MONTHS**

Report submitted to the

Board of Directors

By

**Dr. Akmal Hussain
Honourary Chief Executive Officer
PRSP**

December 1998

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OPERATIONS

Region	Regional Manager	Districts	Tehsils/ S. Tehsils Where COs Formed
Lahore	Dr. Amjad Saqib	Lahore, Okara, Kasur	Lahore
Gujranwala	Brig. (Retd.) Riaz Ahmad Riaz	Gujranwala, Hafizabad, Shaikhupura	Wazirabad, Gujranwala, Kamoke
Sialkot	Mr. Ayub Munir	Sialkot, Narowal	Daska
Faisalabad	Col. (Retd.) Javed Murtaza	Faisalabad, Jhang, Toba Taik Singh	Faisalabad, Jaranwala
Sargodha	Mr. Nasir Mahmood	Sargodha, Mianwali	Sargodha, Sahiwal
Sahiwal	Mr. Basharat Ali	Sahiwal, Pak Pattan	Sahiwal
Multan	Ms. Humaira Hashmi	Multan, Khanewal	Multan
Muzaffargarh	Mr. Muhammad Darjaat	Muzaffargarh, Laiyya	Muzaffargarh
Head Office (Lahore)	Dr. Akmal Hussain Hon. CEO		

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INTRODUCTION

A programme whose goal is nothing short of overcoming poverty in rural Punjab within a decade, is historically unprecedented in this Province in both the magnitude and complexity of effort. It was therefore clear from its inception that the PRSP would have to bring together a talented team of Managers each of whom could combine creativity with commitment. The challenge was to create a work culture in which this creativity and commitment could be sustained through an intensive work schedule and collective synergy. Since we were facing a unique set of circumstances in each of the eight regions where we started work, it was necessary to develop a management system that permitted sufficient space to each member of the team for independent thought and action, while at the same time, creating an environment for collective reflection and conceptualization through which we could deepen the quality of social action. This report attempts to present the principles underlying the management style and work procedures of PRSP, while also reporting on the strategic plan we devised through initial field visits, the objectives we specified for the program and the remarkable results that were achieved in the first four months.

PRSP MANAGEMENT VISION AND METHODOLOGY OF ACTION

You are the woof and you the warp
You are in a every pore
Says Shah Hussain Faqir
Naught am I all is you

-Shah Hussain – 17th, Century

DEPLOYING CONSCIOUSNESS FOR SOCIAL CHANGE

Six inter-related elements of the Punjabi Sufi tradition may be relevant to the PRSP endeavour:

1. The growth of the self involves a transcendence of the ego through a relationship of love (ISHQ) with the “other”.
2. The practice of ISHQ involves combining passion with rigorous rationality.
3. The true stature of a person therefore is measured not in terms of what he owns, but what he gives to others.
4. By the same token the more developed a person’s consciousness, the more he locates himself in the collective being of the community.
5. The process of growth of the self therefore is progressive integration with the community.
6. Dialogue is conceived by the Sufi as a process of mutually fertilizing reflection, which so enters consciousness, that it becomes the basis for existential choices and action.

I. LANGUAGE, LITERATURE AND SOCIAL CHANGE

INTRODUCTION

Overcoming poverty in rural Punjab is fundamentally a process of empowering the poor to actualize their creative potential. Such a profound social change, if it is to be sustainable, involves tapping into the specific cultural wellsprings of creative consciousness of the Punjab peasantry.

The peasants of Punjab may be poor, but they are inheritors of a rich cultural and philosophical tradition, which is reflected in their forms of apprehending social life, their poetry and folklore. Through their forms of love and social action the Punjab peasants express their dreams and sorrows, and make their individual and collective history.

The consciousness of the poor peasantry in rural Punjab has been deeply influenced by the Punjabi Sufi saints. This can be seen in the folklore and experiential reference points of contemporary language use in rural Punjab. Six inter-related elements of the Punjabi Sufi tradition may be relevant to the PRSP endeavour:

The growth of the self involves a transcendence of the ego through a relationship of love (ISHQ) with the “other”.

The practice of ISHQ involves combining passion with rigorous rationality.

The true stature of a person therefore is measured not in terms of what he owns, but what he gives to others.

By the same token the more developed a person’s consciousness, the more he locates himself in the collective being of the community

The process of growth of the self therefore is progressive integration with the community:

Dialogue is conceived by the Sufi as a process of mutually fertilizing reflection, which so enters consciousness, that it becomes the basis for existential choices and action.

These elements of the Sufi tradition are deeply rooted in the consciousness of the Punjabi peasantry. They lie just below the surface of language use in their silences as much as the cadences of their speech. Najam Hussain Syed, (perhaps the greatest Punjabi Sufi poet of the 20th century) has referred to this subliminal consciousness of the peasantry:

Once this counter consciousness of love and relatedness, of integrity and creative action, is brought to the surface, a new recognition and set of values come into play. The challenge in the dialogues undertaken by PRSP was to bring about this gestalt switch in consciousness, through word, gesture and work procedures.

The awakening of this consciousness in however nascent a form, was seen in the work of PRSP to be a material force for social change. One of the important factors in the rapid growth and depth of CO formation in the PRSP is that this consciousness was tapped during the dialogues.

II. PASSION, PARADIGM AND PRAXIS

1. Consciousness, Organizational Structure and Work Procedures

The defining feature of the program is the passion, which impels those who work in it and those for whom we work. It is not just an emotion but a form of consciousness. It comes from transcending the ego and relating with the community through love. Thus, passionate consciousness is both a cohering force of the community and also the synergy through which the PRSP team engages in a process of action and reflection. This principal is the basis of the work culture and the methodology of action of PRSP. It is illustrated by the dialogues that occur between PRSP personnel and rural communities, on the one hand and between the members of PRSP team on the other. The dialogues are designed to identify and actualize the creative potential of individuals.

The form of learning and creative growth pursued by PRSP through its dialogues has been called prophetic as, opposed to messianic.¹ The messianic leader/teacher/manager is one who claims to embody the truth and if his followers want to become something they can only be his shadows. By contrast, the prophetic leader/teacher/manager is one who abnegates his own exceptionality and recognizes each individual as the unique origin of change. The participants in the dialogues whether between PRSP and a community or within PRSP itself, are essentially co-equals in a journey of actualizing each other's creative potential in the context of social change.

The organizational structure reflecting the messianic approach is hierarchic and restricts the space for independent thinking. Its work procedures involve issuing instructions or blindly implementing them. By contrast the organizational structure associated with the prophetic approach is non-hierarchic, designed to provide space for thought and action by autonomous individuals in collegial interaction. Its work procedures instead of being a simple dichotomy between instructions and compliance, are designed for mutually fertilizing dialogues, action and collective reflection.

2. Alternative Paradigms and the Methodologies of Action

The paradigm of the PRSP is a framework of thought and action, which has been called Participatory Development.² This is exactly opposite to the paradigm, which has been followed by development practitioners in this country during the last 50 years. Since Pakistan's independence, the idea behind development actions was that the poor are victims to whom certain goods and services have to be delivered. This is the "top-down" paradigm. In the past, governments at best tried to develop administrative mechanisms through which goods and services could be handed out to the poor. It is now widely recognized that such an approach has not worked because in the process of delivering

¹ See, David Cooper: The Death of the Family.

Akmal Hussain: The End of Teaching, Weekly Viewpoint, Lahore.

² Akmal Hussain: Poverty Alleviation in Pakistan, Vanguard Books (Private) Limited, 1994.

goods and services, a large part of the resources get lost enroute, while poverty is reproduced after some time. The problem of the lack of goods and services for the poor is the result of the fact that they are locked into a system of dependence at the local and national levels. The dependence of individual members of poor village communities originates in the fact that they are fragmented and alone. They have neither the skills nor the resources to increase their productivity, nor the organizational strength through which to acquire resources from governments, donors and the market. The Participatory Development paradigm by contrast aims to enable the poor to organize, acquire new skills, increase productivity, achieve savings, and develop the ability to access training, technical support and credit from a variety of institutional sources.

COUNTERPOSED APPROACHES TO LEADERSHIP/MANAGEMENT/TEACHING

MESSIANIC	PROPHETIC
Leader/ manager/ teacher claims to embody the truth and if his followers want to be something, they can only be his shadows.	Leader/manager/teacher abnegates his own exceptionally and recognizes each individual as the unique origin of change.
Organizational structure is hierarchic in which space for thinking is restricted.	Organizational structure collegial (non-hierarchic), designed to provide space, for thought and action by autonomous individuals.
Work procedure involve issuing instructions or unthinking implementation.	Work procedures designed for mutually fertilizing dialogues, action and collective reflection.

III. THE PARTICIPATORY DEVELOPMENT PARADIGM³

1. Elements of the Participatory Development Paradigm

Participatory Development is a process which involves the participation of the poor at the village level to build their human, natural and economic resource base for breaking out of the poverty nexus. It specifically aims at achieving a localized capital accumulation process based on the progressive development of group identity, skills development and local resources generation. The essential feature of Participatory Development is social mobilization or the formation of group identity. This is done by initiating a series of dialogues with rural communities, which can result in the formation of community organizations. The beginning of the process is therefore the emergence of a nascent form of community consciousness. This is then deepened as the community identifies and implements projects for increasing income, acquiring new skills and begins to engage in collective savings.

³ Akmal Hussain: Poverty Alleviation in Pakistan, Vanguard Books (Private) Limited, 1994.

As the sense of group identity is deepened it gives a new self-confidence through which the community can engage in more ambitious projects involving collective action and management.

The concept of Participatory Development has three key elements:

- (a) Process: It is a process whose moving forces are the growth of consciousness and group identity, and the realization, in practice, of the creative potential of the poor.
- (b) Empowerment: The process of reconstructing a group identity, of raising consciousness, of acquiring new skills and of upgrading their knowledge base, progressively imparts to the poor a new power over the economic and social forces that fashion their daily lives.
It is through this power that the poor shift out of the perception of being passive victims of the process that perpetuates their poverty. They become the active forces in initiating interventions that progressively improve their economic and social condition, and help overcome poverty.
- (c) Participation: The acquisition of the power to break the vicious circle of poverty is based on participation within an organization, in a series of projects. This participation is not through 'representatives' who act on their behalf but rather, the actual involvement of each member of the organization in project identification, formulation, implementation and evaluation. It is in open meetings of ordinary members at the village/mohalla level organization that decisions are collectively taken, and work responsibilities assigned on issues such as income generation projects, savings funds, conservation practices in land use, infrastructure construction and asset creation.

2. The Dynamics of Participatory Development

The process of participatory development proceeds through a dynamic interaction between the achievement of specific objectives for improving the resource position of the local community and the inculcation of a sense of community identity. Collective actions for specific objectives such as a small irrigation project, building a school, clean drinking water provision, or agricultural production activities can be an entry point for a localized capital accumulation process. This is associated with group savings schemes, reinvestment and asset creation. The dynamics of participatory development are based on the possibility that with the achievement of such specific objectives for an improved resource position, the community would acquire greater self-confidence and strengthen its group identity.

3. The Implementation Mechanism

A rural support system that enables:

- i) Organizing village communities and rediscovery of community consciousness.
- ii) Access over credit.
- iii) Access over skill training.
- iv) Access over technical support from:
 - Government line departments,

- Donors,
- Other NGOs,
- Autonomous bodies

GOALS, OBJECTIVES AND VERIFIABLE INDICATORS

Plant your ideal,
The tree of light
In your inner courtyard,
Be constant in it's pursuit
Remain with the beloved
Remain with the beloved

-Shah Hussain – 17th, Century

IV. GOAL

Overcome poverty in rural Punjab within a decade by actualizing the potential of the poor through a regional support system. This system shall be designed to enable organization of poor village communities, through rediscovery of community consciousness, and provide access to skill training, credit and technical support. The purpose of such a support system is to initiate and sustain a process of diversified growth of income and the human, natural and economic resources of the poor.

V. OBJECTIVES OF THE PROGRAM

Organize approximately 1.63 million households, into approximately 29,681 community organizations with approximately half of them female COs, in 13,629 villages, to achieve 100 percent coverage of the poor population in the target regions.

On the basis of a series of dialogues with COs, identify a portfolio of diversified income generation projects in agriculture, livestock, micro enterprises and small-scale infrastructure. Through implementation of these projects, achieve a 50 percent increase in income levels of the poor population in the target region in five years, on a sustainable basis.

Enable the provision of training to 107,372, men and women amongst the poor population in the target districts over the five year period, in the following fields:

Community Management, Livestock, Agriculture and Forestry, Poultry, Technical/Industrial Training, and Micro-enterprise development.

On the basis of social mobilization, skill training and provision of technical support, provide credit of Rs. 6.66 billion to Rs. 486,240 beneficiaries over a five-year period, and achieve 95 percent pay back.

Achieve a savings fund of COs of approximately Rs. 428.51million in the target regions.

VI. VERIFIABLE INDICATORS

In a program whose defining feature is to enable the formation of community organizations and the development of community consciousness, the most important verifiable indicator is the number of community organizations formed. A CO is deemed to have been formed only when it has acquired the ability to hold regular meetings (at least three) with proper documentation of the meetings and to have opened a savings account with contributions from each of its members.

The number of CO meetings held (with over sixty percent attendance) becomes the second indicator and the amount of CO savings is the third indicator of program performance.

Household level, portfolio of investment are developed by the regional teams through detailed dialogues with communities. These portfolios of investment indicate the income generating activity that households wish to undertake. The obstacles to undertaking such projects and successfully completing them are identified. The number of portfolio of investment completed, thus becomes the fourth indicator of program performance.

The basis of the credit appraisal of portfolio of investment is the assessment of their viability first by the CO and then by program staff members. Credit disbursements therefore represent collective evaluation of individual projects and becomes the fifth indicator of program performance.

Training needs in the context of both household level projects and collective projects are identified as an essential element in the process of localized capital accumulation. Training needs are identified on the basis of dialogues between program personnel and COs. The number of persons trained in various fields thus becomes the sixth indicator of program performance.

Finally, credit payback performance indicates not only the success of income generation projects but also the capacity of the CO to bring to bear its collective identity in ensuring timely payback of borrowed money by the individual households.

In the long run the ability of COs to design and implement collective projects and to resolve social conflicts at the CO level would become an important indicator of program performance.

FIVE YEAR STRATEGIC PLAN

What ever colour I weave

I weave deep

-Shah Hussain – 17th, Century

VII. STRATEGIC PLAN*

**TABLE SP-1
COMMUNITY ORGANIZATIONS
(ALL REGIONS)**

Sr. No.	Outputs	1st Six Months	Year 1	Year 2	Year 3	Year 4	Year 5	Total
I.	Community Organizations (All Regions)	800	2825	4975	6600	7500	6981	29681
	Region 1	100	300	600	900	1000	1200	4100
	Region 2	100	400	900	1700	2000	2000	7100
	Region 3	100	400	600	700	700	600	3100
	Region 4	100	400	700	1000	1500	1500	5200
	Region 5	150	625	875	800	800	400	3650
	Region 6	100	500	800	800	800	581	3581
	Region 7	150	200	500	700	700	700	2950

* The Strategic Plan was made in June 1998 for 7 Regions. The 8th Region (Multan Division) was established later in August 1998

**TABLE SP-2
CREDIT
(ALL REGIONS)**

II.	Outputs	Ist Six Months	Year 1	Year 2	Year 3	Year 4	Year 5	Total
II.	Credit (All Regions) Amount Beneficiaries	Rs. 95.525 M 6900	Rs. 345.276 M 25340	Rs. 711.125 M 51950	Rs. 1075.625 M 85450	Rs. 1786.625M 125050	Rs. 2646.025M 191550	Rs. 6,660.20 M 486,240
	Region 1 Amount Beneficiaries	Rs. 5.0 M 500	Rs. 21.0 M 2100	Rs. 60.0 M 6000	Rs. 120.0 M 12000	Rs.150.0 M 15000	Rs. 240.0 M 24000	
	Region 2 Amount Beneficiaries	Rs. 6.0 M 400	Rs. 16.5 M 1200	Rs. 45.0 M 2400	Rs. 67.5 M 3600	Rs. 126 M 4800	Rs. 157.0 M 6000	
	Region 3 Amount Beneficiaries	Rs. 9.15 M 750	Rs. 24.0 M 2500	Rs. 36.0 M 3750	Rs. 49.0 M 5050	Rs. 67.5 M 6250	Rs. 79.9 M 7450	
	Region 4 Amount Beneficiaries	Rs. 18.0 M 1200	Rs. 50.0 M 2500	Rs. 100.0 M 5000	Rs. 200.0 M 10,000	Rs. 400 M 20,000	Rs. 800.0 M 50,000	
	Region 5 Amount Beneficiaries	Rs. 24.375 M 1500	Rs. 125.776 M 7740	Rs. 268.125 M 16500	Rs. 298.125 M 24500	Rs. 528.125 M 32500	Rs. 593.125 M 36500	
	Region 6 Amount Beneficiaries	Rs. 10.50 M 1050	Rs. 63.0 M 6300	Rs. 147.0 M 14700	Rs. 231.0 M 23100	Rs. 315 M 31500	Rs. 376.0 M 37600	
	Region 7 Amount Beneficiaries	Rs. 22.5 M 1500	Rs. 45.0 M 3000	Rs. 55.0 M 3600	Rs. 110.0 M 7200	Rs. 200 M 15000	Rs. 400.0 M 30,000	

**TABLE SP-3
SAVINGS
(ALL REGIONS)**

Rupees in Million

Sr. No.	Outputs	First Six Months	Year 1	Year 2	Year 3	Year 4	Year 5	Total
III.	SAVINGS (ALL REGIONS)	3.45	25.14	57.43	88.18	120.1	134.21	428.51
	Region 1	0.45	2.70	5.40	8.10	9.00	10.80	
	Region 2	0.72	5.76	12.96	24.48	28.80	28.80	
	Region 3	0.90	7.20	10.80	12.60	12.60	10.80	
	Region 4	0.45	3.60	6.30	9.00	13.50	13.50	
	Region 5	0.54	3.33	8.73	14.76	20.52	24.84	
	Region 6	0.16	1.50	7.24	8.74	21.28	27.27	
	Region 7	0.23	1.05	6.00M	10.50	14.40	18.20	

**TABLE SP-4
SKILL TRAINING
(ALL REGIONS)**

Sr. No.	Outputs	First Six Months	Year 1	III.	Year 3	Year 4	Year 5	Total
IV.	Skill Training (All Regions)							
	Activist Training		1370	3420	5430	7200	5200	28412
	Other Skills		2290	9275	13970	17645	18710	78,900
	<u>Region 1</u>							
	Activist Training		300	900	800	2400	300	3600
	Other Skills		300	1200	2400	3200	4000	4800
	<u>Region 2</u>							
	Activist Training		60	120	180	200	200	200
	Other Skills		50	185	310	525	490	610
	<u>Region 3</u>							
	Activist Training		60	200	300	400	400	300
	Other Skills		160	640	960	1120	1120	960
	<u>Region 4</u>							
	Activist Training		50	100	100	200	300	300
	Other Skills		150	250	300	600	900	1000
	<u>Region 5</u>							
	Activist Training		600	1250	1750	1600	1600	800
	Other Skills		1000	3200	4000	4200	4200	2100
	<u>Region 6</u>							
	Activist Training		200	300	1600	1600	1600	1162
	Other Skills		430	1800	3000	3000	3000	2600
	<u>Region 7</u>							
	Activist Training		100	550	700	800	800	800
	Other Skills		200	2000	3000	5000	5000	5000

BUDGET 1998 – 1999 AND FINANCIAL IMPACT ASSESSMENT

Everything quantifiable runs out,
And everything anticipated
is yet to come

-HAZRAT ALI (PBUH)

Table B-3
**MEASURING EFFICIENCY
RATIO ANALYSIS**

		RATIO		
(I)	<u>Administrative Expenditure</u> Total Expenditure	<u>4,574,632</u> 45,611,292	=	10.030%
(II)	<u>Administrative Expenditure</u> Value of Outputs	<u>4,574,632</u> 3,973,315,194	=	0.115%
(III)	<u>All Expenditure</u> Value of Outputs	<u>45,611,292</u> 3,973,315,194	=	1.148%
(IV)	<u>Administrative Expenditure</u> Interest Income	<u>4,574,632</u> 6,215,000	=	73.606%

VIII. THE BUDGET AND FINANCIAL ANALYSIS

Table B-17
INCOME STATEMENT 1998-99

BUDGETED INCOME		<u>Rupees</u>	
Surplus before taxation brought from last year		9,995,036	
A. INTEREST ON INVESTMENTS		91,620,000	
Service Charges on credit (Annex-III)		27,622,080	
Total Income		129,237,116	
BUDGETED EXPENDITURE			
B. EXPENDITURE			
B1. Administrative Costs			
		<u>Rupees</u>	
B1.1	Capital Expenditure	2,723,000	0.63%
B1.2	Administration & Office Overheads	1,195,000	0.28%
B1.3	Travel & Vehicle Operation	348,600	0.08%
B1.4	Personnel Costs	2,848,572	0.66%
Total Administrative Cost		7,115,172	1.66%
B2. Programme Costs			
B2.1	Credit Disbursements	345,276,000	80.36%
B2.2	Provision for Loan Losses	17,263,800	4.02%
B2.3	Human Resources Development	8,160,000	1.90%
Social Mobilization			
B2.4	Capital Expenditure	21,790,000	5.07%
B2.5	Administration & Office Overheads	10,670,400	2.48%
B2.6	Travel & Vehicle Operation	4,528,800	1.05%
B2.7	Personnel Costs	14,882,080	3.46%
Sub-Total of Social Mobilization		51,871,280	12.07%
Total Programme Costs		422,571,080	
Total Expenditure Budgeted		429,686,252	
Less Credit Disbursements		345,276,000	
Total expenses excluding Credit		84,410,252	19.64%
Add Interest on OD		21,407,112	4.98%
G. Total		105,817,364	
Income/(Deficit) Before Taxation Carried Forward		95.98%	23,419,752*

- *Subject to exemption from Income Tax*

Table B-2
BUDGET & ACTION
INPUT VS OUTPUT

INPUTS				OUTPUTS					
				Number of Poor With New Skills	Present Discounted Value of Skills Acquired	Number of Persons Organized	Present Discounted Value of Income Stream Due To Social Mobilization	Interest Income	Total
1	Administrative Expenditure								
	<i>(I)</i>	Fixed Overheads							
		Rent	60,000						
		Legal Expenses	72,000						
		Auditors Fee	110,000						
		Salaries	2,848,432						
		Depreciation	236,600						
			-						
			3,327,032						
	<i>(II)</i>	Variable Costs							
		Telephone	240,000						
		Utilities	180,000						
		Stationery	60,000						
		Books & Periodicals	60,000						
		Publication Training & research	144,000						
		Furnishing	35,000						
		Crockery	10,000						
		Legal Expenses	88,000						
		Calculators	16,000						
		Vehicle Pole & Maintenance	165,000						
		Contingencies	120,000						
		Daily Allowance of staff	129,600						
			1,247,600						
			4,574,632						
2	Training Expenditure								
				6,927	2,224,709,955				2,224,716,882
3	Social Mobilization Expenditure								
	<i>(I)</i>	Fixed	8,722,000						
	<i>(II)</i>	Depreciation	2,795,660						
	<i>(III)</i>	Variable	11,359,000			55,312	1,742,328,000		1,742,383,312
								6,215,000	6,215,000
4	Income Generation								
	TOTAL				2,224,709,955		1,742,328,000	6,215,000	3,973,315,194

PRSP BUDGET ANALYSIS

INVESTMENT AND SOCIAL BENEFITS

- With an expenditure of Rs. 8.1 million on training in the first year, and social benefit of Rs. 2.224 billion can be generated.

- With an expenditure of Rs. 32.876 million on social mobilization, a social benefit of Rs. 1.742 billion can be generated.

- The total social benefits (in terms of discounted present value of future stream of earnings) from the first year's total budgetary expenditure is 8611%.

PROGRAMME PERFORMANCE

The mind is not a vessel to
be filled but a fire to be
kindled

-PLUTARCH

THE QUANTITATIVE DIMENSION

In the period July to October 1998 we have, by the Grace of God, not only established eight regional teams in our target divisions but have formed 764 community organizations with a collective savings fund of Rs. 2.758 million. We have disbursed Rs. 22.41 million of credit to 1403 beneficiaries in a wide range of fields including agriculture, livestock and micro-enterprises. The pay back credit is 100%. We have trained 782 village level activists in fields such as community management, livestock, agriculture, poultry, public health and light engineering.

THE QUALITATIVE DIMENSION

A change is beginning to take place in the quality of life of the rural poor in the areas of our operation. I have had occasion to talk with communities in all the eight regions. The hope that we have kindled and the love that I have received from them has deeply moved me. Across the eight regions, the organization of poor village communities and the start-up of income generation projects have not only given a new confidence and collective purpose in many cases but has also significantly increased their individual incomes. Beyond the income dimension I have noticed, for example, in Multan a village community reported that they are beginning to settle their disputes within the CO and have even resolved amicably the disputes, which they had earlier registered at the local police station. A women's CO in the same area have set up a girls school indicating the beginning of collective action for the collective benefit of the community.

LINKAGES FOR TECHNICAL SUPPORT

The Department of Livestock and Dairy Development has been mobilized by our, RGMs to provide training to village activists in improved livestock management, the department of Agriculture has been mobilized to give advice on pesticide use and the Department of Health has been mobilized to provide their expertise at a community managed health camp. Private sector firms such as AEFSCO have been linked up with PRSP, to conduct workshops with COs for training in soil testing and use of composite fertilizer for the precise nutrient requirements of each field. Similarly, NESTLE Milkpak has been approached to provide information on increasing yields of milch animals.

IX PROGRAM PERFORMANCE

Program performance and verifiable Indicators

Table SP-1 shows program progress in terms of verifiable indicators specified in Section VII. A total of 764 COs were formed during the period July - October 1998, including 542 male CO's, 211 female COs, and 11-mixed Cos.

An indication of the management capability and early state of community identity formation is the fact that collective savings amounting to Rs. 2.578 million were achieved, including Rs. 2.397 million savings amongst male COs and Rs. 0.18 million savings amongst female COs. Payback performance on credit so far is 100 percent.

A total of 1,838 CO meetings were held with over 60 percent attendance. Credit amounting to Rs. 22.141 million was disbursed during the period, including Rs. 20.878 million to male COs and Rs. 1.263 million to female COs.

A total 782 person were trained in a variety of fields such as community management skill training (CMST), livestock, agriculture, industrial and technical.

II. SOFTWARE DEVELOPMENT FOR PRSP

At PRSP, the importance of using Information Technology in Financial and Credit Operations was felt at a very early stage. A computer specialist was appointed who was supported by the Computer Systems Department of Sayyed Engineers (Private) Limited⁴ on a gratis basis, under the guidance of the Honourary Chief Executive Officer, to cater to the specific features of PRSP operations: A decentralized accounting system in which social mobilization, CO formation and a wide range of individual and collective activities were important elements.

The Financial Accounting System has been installed in all the regional offices. The development of a Credit Control System has been completed and trial run of this system is taking place. This system will be installed in the regional offices in the first week of December. The following is a brief description of these systems.

Financial Accounting System

The Financial Accounting System of PRSP has been installed at all regional offices in October 98. Financial data is being fed into this system on a daily basis. This system is running free of errors since we received the computerized monthly Trial Balance report from all regional offices.

There are three important reports that will be generated from Financial Accounting System:

- Trial Balance

⁴ The support of Mr. Irfan Saeed & his team of Software Experts at Sayyed Engineers (Private) Limited for the development of customized software for PRSP is gratefully acknowledged.

- Comparison of Budgeted vs. Actual Expenses:
- Month-wise comparison of Actual Expenses

Credit Monitoring and Information System

Credit Control System is a core system for PRSP because it will not only help to record and maintain data but it will also help in analyzing, the information like technical appraisal and the sources of income of the borrower. The scope of this system is very wide since it is linked with Financial Accounting as well as Social Mobilization.

A significant advantage of this system is the ease with which loan repayment schedules can be prepared specifically catering to the gestation period of each project. Moreover Credit Control Officers will be able to inform and remind Social Organizers and subsequently Community Organizations about dates of their repayments a week ahead.

Technically, this system will consist of master databases of borrowers, Community Organizations where credit has been disbursed and two transaction files to record the disbursements and recoveries. The system will generate reports to summarize the loan information by Type of Loan, by Community Organization, by Social Organizer, by field unit or by regional office. On the other hand, it will take care of the most complex jobs of Credit Control Officer, like Bank Reconciliation, preparation of Income Statement and preparation of Loanee Ledger.

The tables in Appendix-2 indicate the Credit Monitoring & Financial Accounts Monitoring formats derived from the Information Systems Software Development for PRSP.

PROGRAM PROFORMANCE QUANTITATIVE DETAILS

Table PP-1
AGGREGATE ALL REGIONS JULY TO OCTOBER, 1998
PROGRAM PROGRESS REPORT

PARTICULARS	ACTUAL		
Programme Introduction	1,305		
Number of Male COs formed	542		
Number of Female COs formed	211		
Number of Mixed COs formed	11		
Total	764		
Number of COs members (Male)	11,944		
Number of COs members (Female)	4,231		
Total	16,175		
CO's Savings (Male)	2,397,590		
CO's Savings (Female)	180,608		
Total	2,578,198		
Number of CO meetings held	1,936		
a) With over 60% attendance	1,806		
b) Less than 60% attendance	130		
Credit Disbursed to Male Members (Rs.)	20,878,100		
Credit Disbursed to Female Members (Rs.)	1,263,000		
Total	22,141,100		
Credit Payback Performance	100 %		
Number of Loanees (Male)	1,340		
Number of Loanees (Female)	104		
Total	1,444		
Average Cash Income of Loanees	3,042		
Average Non-Cash Income of Loanees	1,375		
Number of Persons Trained in:	Male	Female	Total
<i>CMST</i>	304	16	320
<i>Live Stock</i>	33	-	33
<i>Agriculture</i>	124	-	124
<i>Poultry</i>	-	19	19
<i>Industrial Technical</i>	15	152	167
<i>Public Health</i>	-	-	-
<i>Others</i>	86	33	119
Total	562	220	782

COLLECTIVE SAVINGS

MONTHS	MALE	FEMALE	TOTAL
JUL	47,115		47,115
AUG	495,797	23,653	519,450
SEP	685,526	37,206	722,732
OCT	1,169,152	119,749	1,288,901
TOTAL	2,397,590	180,608	2,578,198

NUMBER OF CO FORMATION

MONTHS	MALE	FEMALE	TOTAL
JUL	79	17	96
AUG	109	47	156
SEP	157	50	207
OCT	221	101	322
TOTAL	556	198	764

CREDIT DISBURSEMENT

MONTHS	MALE	FEMALE	TOTAL
JUL	360,000		360,000
AUG	1,956,760	200,000	2,156,760
SEP	4,993,000	260,000	5,253,000
OCT	13,568,340	803,000	14,371,340
TOTAL	20,878,100	1,263,000	22,141,100

NUMBER OF PERSONS TRAINED

MONTHS	MALE	FEMALE	TOTAL
JUL	45		45
AUG	94	40	134
SEP	145	35	180
OCT	328	95	423
TOTAL	612	170	782

X. SUMMARY REVIEW

In the period July to October 1998 we have, by the Grace of God, not only established eight regional teams in our target divisions but have formed 764 community organizations with a collective savings fund of Rs. 2.758 million. We have disbursed Rs. 22.41 million of credit to 1403 beneficiaries in a wide range of fields including agriculture, livestock and micro-enterprises. The recovery rate of credit

so far is 100 percent. Training has been imparted to 782 village activists in community management skills, agriculture and livestock.

Underlying this quantitative achievement in terms of verifiable indicators, is the fact that a change is beginning to take place in the quality of life of the rural poor in the areas of our operation. I have had occasion to talk with communities in all the eight regions. The hope that we have kindled and the love that I have received from them has deeply moved me. Across the eight regions, the organization of poor village communities and the start-up of income generation projects have not only given a new confidence and collective purpose in many cases, but has also significantly increased their individual incomes. For example, small household *durri* producers in one region were locked into an exploitative relationship of dependence on *arhtis*. The *durri* manufacturers were provided with raw materials at higher than the market prices by the *arhtis* and *durris* were acquired by the *arhtis* while at less than market prices. After PRSP intervention, these *durri* manufacturers now buy raw materials and sell *durris* independently leading to an increase in their incomes typically from about Rs. 2,500/- per month previously to about Rs. 4,500/- per month now. Similarly, in other regions, poor households have set up small village retail shops, acquired buffaloes, small goats, set up bicycle repair shops and Chikkh producing units. A total of 1403 households have benefited from such interventions. Beyond the income dimension I have noticed, for example, in Multan a village community reported that they are beginning to settle their disputes within the CO and have even resolved amicably the disputes, which they had earlier registered at the local police station. A women's CO in the same area have set up a girls school, indicating the beginning of collective action for the collective benefit of the community.

We have also succeeded, by the grace of God, in establishing linkages with government line departments and the private sector to bring their expertise to bear for poverty alleviation at the village level. For example, the Department of Livestock and Dairy Development has been mobilized by our RGMs to provide training to village activists in improved livestock management, the Department of Agriculture has been mobilized to give advice on pesticide use and the Department of Health has been mobilized by our RGM in Lahore to provide their expertise at a community managed health camp for 650 members of various COs. In the private sector arrangements have been made with AEFSCO leading to the holding of workshops in our regional offices to inform CO members about the importance of soil testing and how a composite fertilizer that is congruent with the nutrient requirements of each farm can increase yield per acre by 15 to 50 percent. AEFSCO has offered to do soil testing in our target areas and provide custom-made composite fertilizer to farmers on demand. Similarly, Nestle Milkpak have been persuaded to offer their services to show to poor farmers how a scientific mix of cattle feed can both reduce the costs of feed and double milk yields of buffaloes and cows. They have also offered to pick up milk from villages on a pilot basis initially at Sahiwal.

In short, across the eight regions of the Punjab, the seed has been planted of community organization, improvement in incomes, skills, systematic provision of technical support at the village level, and a change in social consciousness. We may be witnessing the tentative beginning of a silent revolution in the lives of the rural poor in the Punjab.

Table PP-2
Region-wise Cumulative Social Mobilization Report
July to October 1998

Region	CO's Formed		
	Male	Female	Total
Lahore	83	21	104
Gujranwala	73	15	88
Sialkot	84	23	107
Faisalabad	83	28	111
Sargodha	73	29	102
Sahiwal	61	38	99
Multan	44	38	82
Muzaffar Garh	52	19	71
Total:	553	211	764

Table PP-3
Region-wise Cumulative Credit Disbursement Report
July to October 1998

Region	Credit Disbursed			Number of Beneficiaries		
	Male	Female	Total	Male	Female	Total
Lahore	5,522,000	55,000	5,577,000	250	7	257
Gujranwala	1,380,000	-	1,380,000	53	-	53
Sialkot	5,982,000	650,000	6,632,000	369	43	412
Faisalabad	337,000	-	337,000	15	-	15
Sargodha	1,955,000	-	1,955,000	87	-	87
Sahiwal	2,427,000	419,000	2,846,000	123	30	153
Multan	538,840	25,000	563,840	43	2	45
Muzaffar Garh	2,736,260	114,000	2,850,260	400	22	422
Total:	20,878,100	1,263,000	22,141,100.00	1340	104	1,444

Table PP-4
Region-wise Cumulative Community Savings Report
July to October 1998

Region	Community Savings		
	Male	Female	Total
Lahore	556,500	43,500	600,000
Gujranwala	160,900	15,260	176,160
Sialkot	510,000	28,000	538,000
Faisalabad	103,774	9,911	113,685
Sargodha	398,791	16,682	415,473
Sahiwal	368,238	36,444	404,682
Multan	46,434	20,140	66,574
Muzaffar Garh	252,953	10,671	263,624
Total:	2,397,590	180,608	2,578,198

Table PP-5
Region-wise Cumulative Training Village Activists Report
July to October 1998

Region	Activists Trained		
	Male	Female	Total
Lahore	39	-	39
Gujranwala	90	35	125
Sialkot	84	6	90
Faisalabad	26	-	26
Sargodha	56	113	169
Sahiwal	30	-	30
Multan	115	19	134
Muzaffar Garh	120	39	159
Total:	562	220	782

Table PP-6
Credit Control Status Report by Region
Upto 31st October 1998

Region	Credit Disbursed	Credit Due	Credit Recovered	Credit Over Due	Pay Back Performance %
Lahore	5,577,000	57,750	60,655	-	105%
Gujranwala	1,380,000	43,035	43,035	-	100%
Sialkot	4,907,000	64,903	64,903	-	100%
Faisalabad	337,000	-	-	-	-
Sahiwal	2,676,000	36,187	48,192	-	133%
Sargodha	1,955,000	26,937	26,937	-	100%
Multan	563,840	3,300	3,302	-	100%
Muzaffargarh	2,850,260	35,729	39,307	-	110%
Total:	20,246,100	267,841	286,331	-	*107%

*Note: *Some repayment dues were paid ahead of time by CO members.*

Table PP-7
Composition of Credit Report
Regional Office Lahore
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro Chemical, Feed/fodder	Upto 12 Months	50	-	50	1,035,000		
Enterprise Development	Working Capital	Upto 24 Months	124	5	129	2,772,000	34,781	35,704
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	75	2	77	1,745,000	22,969	24,951
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	-	-	-	-	-	-
SIIE	Development of Productive Infrastructure	Upto 24 Months	1	-	1	25,000	-	-
		Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			250	7	257	5,577,000	57,750	60,655

Table PP-8
Composition of Credit Report
Regional Office Gujranwala
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro chemical, Feed/fodder	Upto 12 Months	10	-	10	150,000	-	-
Enterprise Development	Working Capital	Upto 24 Months	22	-	22	630,000	27,935	27,935
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	18	-	18	540,000	15,100	15,100
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	-	-	-	-	-	-
SIIE	Development of Productive Infrastructure	Upto 24 Months	3	-	3	60,000	-	-
		Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			53	-	53	1,380,000	43,035	43,035

Table PP-9
Composition of Credit Report
Regional Office Sialkot
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri inputs	Seed, Fertilizer, Agro Chemical, Feed/fodder	Upto 12 Months	83	6	89	1,307,000	-	-
Enterprise Development	Working Capital	Upto 24 Months	153	5	158	2,545,000	57,209	57,209
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	-	-	-	-	-	-
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	41	9	50	885,000	7,694	7,694
SIIE	Development of Productive Infrastructure	Upto 24 Months	9	-	9	170,000	-	-
		Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			286	20	306	4,907,000	64,903	64,903

Appendix I

Table PP-10
Composition of Credit Report
Regional Office Faisalabad
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro Chemical, Feed/fodder	Upto 12 Months	1	-	1	7,000	-	-
Enterprise Development	Working Capital	Upto 24 Months	7	-	7	175,000	-	-
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	7	-	7	155,000	-	-
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	-	-	7	-	-	-
SIIE	Development of Productive Infrastructure	Upto 24 Months	-	-	-	-	-	-
		Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			15	-	15	337,000	-	-

Table PP-11
Composition of Credit Report
Regional Office Sahiwal
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro Chemical, Feed/fodder	Upto 12 Months	48	-	48	793,000	-	-
Enterprise Development	Working Capital	Upto 24 Months	59	5	64	1,280,000	29,554	40,636
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	16	25	41	603,000	6,633	7,556
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	-	-	-	-	-	-
SIIE	Development of Productive Infrastructure	Upto 24 Months	-	-	-	-	-	-
		Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			123	30	153	2,676,000	36,187	48,192

Appendix I

Table PP-12
Composition of Credit Report
Regional Office Sargodha
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro Chemical, Feed/fodder	Upto 12 Months	9	-	9	125,000	1,385	1,385
Enterprise Development	Working Capital	Upto 24 Months	39	-	39	875,000	18,500	18,500
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	23	-	23	515,000	-	-
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	14	-	14	380,000	7,052	7,052
SIIE	Development of Productive Infrastructure	Upto 24 Months	2	-	2	60,000	-	-
		Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			87	-	87	1,955,000	26,937	26,937

Table PP-13
Composition of Credit Report
Regional Office Multan
July to October 1998

Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro Chemical, Feed/fodder	Upto 12 Months	8	-	8	67,840	-	-
Enterprise Development	Working Capital	Upto 24 Months	26	1	27	360,000	3,300	3,302
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	9	1	10	126,000	-	-
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	-	-	-	10,000	-	-
SIIE	Development of Productive Infrastructure	Upto 24 Months Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			43	2	45	563,840	3,300	3,302

Appendix I

Table PP-14
Composition of Credit Report
Regional Office Muzaffargarh
July to October 1998

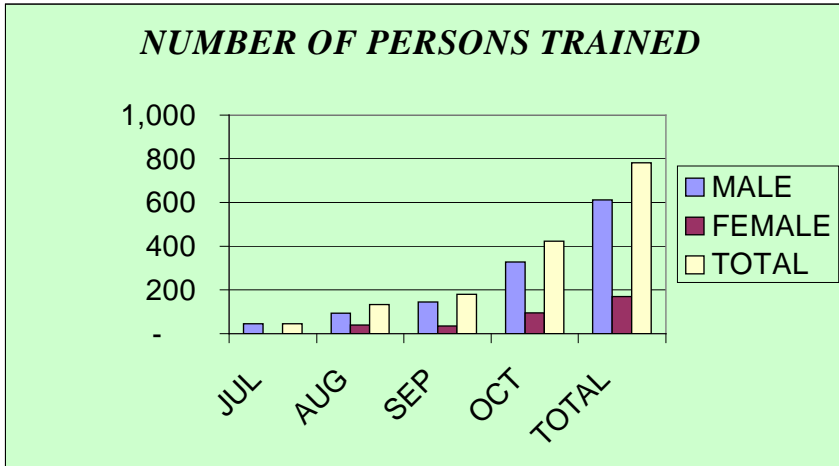
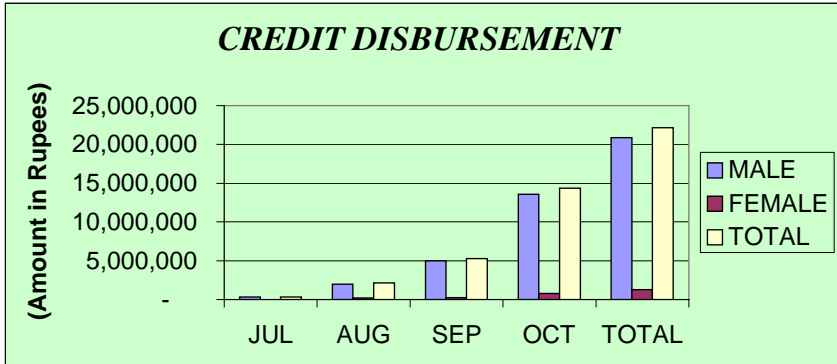
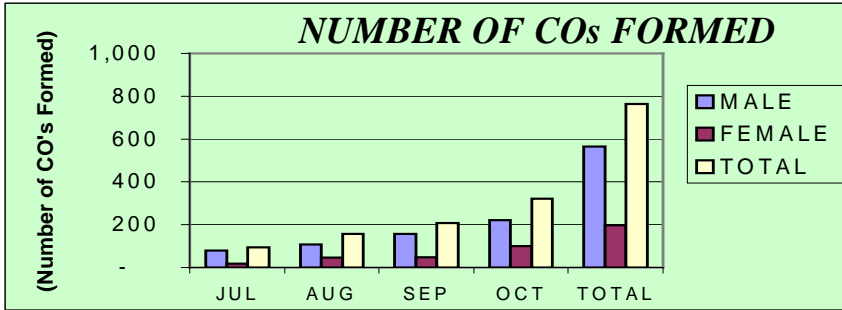
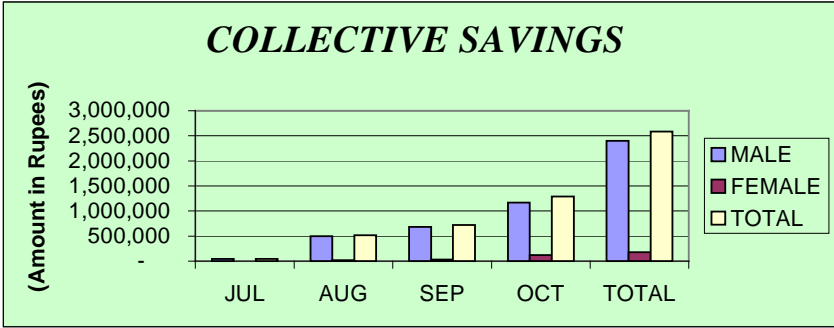
Package Type	Purpose	Credit Period	Number of Loanees			Total Credit Disbursed	Total Credit	
			Male	Female	Total		Due	Recovered
Agri Inputs	Seed, Fertilizer, Agro Chemical, Feed/Fodder	Upto 12 Months	101	-	101	585,760	-	-
Enterprise Development	Working Capital	Upto 24 Months	61	-	61	519,000	35,729	35,729
Livestock Development	Fattening/ Breeding Sheep & Goats, Fattening of Calves	Upto 12 Months	238	22	260	1,745,500	-	3,578
	Milk Animals (Cows/ Buffaloes) Pulling/ Cartage Animals	Upto 30 Months	-	-	-	-	-	-
SIIE	Development of Productive Infrastructure	Upto 24 Months Individual Upto 60 Months for CO	-	-	-	-	-	-
Total:			400	22	422	2,850,260	35,729	39,307

Table B-4
Present Discounted Value of Future Streams
of Earning Resulting from 1 Year's Credit Rs. 6,242
per person for Micro Enterprises

Annual Income (Rs)	9,363
No. of Years	6
Discount Rate	18%
Present Value of Income (Rs)	32,748
Less Interest Payment in First Year (Rs)	1,248
Net Present Value of Income (Rs)	31,500

Table B-5
Present Discounted Value of Future Stream
Of Earnings Due to Skill Acquisition

Annual Income per Person (Rs)	60,000
Number of Years for which Income is Earned	20
Interest Rate	18%
Present Value of Income (Rs)	321,165



Formats of Reports of Credit Control System and Financial Accounting System:

**Financial Accounting System
Trial Balance**

July – October 1998
Regional Office: Muzaffargarh

CODE	Account HEAD	DEBIT	CREDIT
1120	OFFICE EQUIPMENT	18,300 DB	
1122	COMPUTER & PRINTERS	159,000 DB	
1124	PHOTOCOPIERS	46,500 DB	
1130	FURNITURE & FIXURES	101,832 DB	
1140	MOTOR VEHICLES	1,087,069 DB	
1144	AIR CONDITIONERS	25,254 DB	
2010	PRSP HEAD OFFICE CURRENT ACCOUNT		2,245,855 CR
2480	PREPAID EXPENSES	96,000 DB	
2810	BANK OF PUNJAB: OPER.	140,563 DB	
2820	HABIB BANK LIMITED –CR POOL	1,000 DB	
6000	OPERATING EXPENSES	379,776 DB	
7000	PROGRAMME EXPENSES	2,325 DB	
8040	SUNDRY EXP. CARRIED FORWARD	188,236 DB	
		2,245,855 DB	2,245,855 CR

**Financial Accounting System
Trial Balance**

For the month ending October 1998
Regional Office: Muzaffargarh

CODE	Account HEAD	DEBIT	CREDIT
6010	SALARIES AND BENEFITS	82,537 DB	
6020	WAGES	2,500 DB	
6050	STAFF TRAVELLING	76,930 DB	
6120	POSTAGE AND TELEGRAM	536 DB	
6130	TELEPHONE AND FAX	2,182 DB	
6140	VEHICLE PETROL, OIL, LUBRICANTS	36,227 DB	
6142	VEHICLE REPAIR AND MAINTENANCE	2,292 DB	
6145	VEHICLE HIRING	18,350 DB	
6150	OFFICE SUPPLIES	13,455 DB	
6160	MEETING AND CONFERENCES	134 DB	
6170	FREIGHT AND CARRIAGE EXPENSES	738 DB	
6184	STAFF GUEST HOUSE EXPENSES	23,350 DB	
6200	BUILDING MAINTENANCE	1,401 DB	
6210	EQUIPMENT MAINTENANCE	43,953 DB	
6230	BOOKS MAPS AND PERIODICALS	1,153 DB	
6240	COMPUTER CONSUMABLES	3,373 DB	
6300	PRINTING AND STATIONERY	40,233 DB	
6320	UTILITY EXPENSES	432 DB	
6400	TRAINING EXPENSES	9,640 DB	
6410	TRAINER ALLOWANCE	20,000 DB	
		379,776 DB	