

Note for Record
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Subject: **NRSP BANK**

At last the day came, when NRSP launched its Bank with headquarters in Bahawalpur, as a truly rural bank.

I was reminded of 1983 when AKRSP (Aga Khan Rural Support Programme) sowed the first seed resulting in setting up of the First Micro Finance Bank of AKRSP and now NRSP Bank. In those days, Government of Pakistan was offering interest free production loan to small farmers of Rs. 6,000 on two personal sureties, yet none of the small farmers availed of the facility. With a land holding, on an average of one and a half acre, all that the 100,000 small farmers of Gilgit-Baltistan and Chitral required were two bags of fertilizer costing Rs. 239. On a visit of the Chairman Banking Council, Mr. M.R. Khan, an old friend of mine, I discussed the problem with him. Next morning he summoned all heads of the scheduled Banks based in Gilgit to the AKRSP Office. The Bankers showed their inability to disburse loans of Rs. 239 as the administrative cost of such loans would be many times the amount. The Vice President of Habib Bank Mr. Saifur Rehman agreed to wholesale loan amount to AKRSP, if it took responsibility for disbursement and recovery of the loan amount on time. The Chairman Banking Council persuaded President of the Habib Bank Limited, to wholesale Rs. 250,000 for the purpose. The AKRSP Board gave a guarantee of repayment most reluctantly and the Chairman told me you should forget about recovery of this money. It will never come back. Of course, I had full faith in people and in the social collateral being fostered in the Village Organisations. Time has shown who was right.

The big breakthrough for NRSP came in 1998, when once again the President of Habib Bank Limited, Mr. Shaukat Tareen, gave a collateral free line of credit to NRSP of Rs. 600 million, saying to me your track record is the best collateral. In due course of time, the HBL credit line peaked to Rs. 2.5 billion and with the intercession of State Bank Governor Dr. Shamshad Akhtar, a consortium of Bankers was formed led by President Zakir of HBL, to increase the credit line to Rupees four billion.

Today the cumulative loaning by NRSP stands at Rupees 46 billion. However, it was Bahawalpur Region under Zahoor Hussain, an ex-engineer of AKRSP, who excelled all other Regions of NRSP in preparing the ground for the launch of the NRSP Bank. It fell to the lot of CEO NRSP, Dr. Rahid Bajwa to do the ground work, entailing feasibility and many other studies, to attract foreign partners with their share capital, to satisfy and comply with all the requirements of the State Bank and above all to convince the NRSP Board of Directors, including the Chairman, about the need for the Bank and the advantage that will accrue to NRSP, as the holding company of the Bank. Rashid never gave up despite insurmountable difficulties and finally succeeded in getting the license after two extensions of the date by the State Bank, enabling NRSP to comply with all the requisite requirements.

Zahoor has given an excellent start to the Bank by providing it a headquarters building, which would be the envy of any bank in Pakistan, national or foreign.

The Launch Ceremony was attended by a large number of NRSP credit clients, one of whom came to the stage and gave vent to the feelings of nearly 500,000 clients expressing joy and hope for the success of the Bank.

Amongst the foreign investors representatives of Acumen Fund New York, IFC of the World Bank and KFW of Germany, graced the occasion. Acumen Fund has already purchased 32% of the shares of the remaining 48% of the shares made available by NRSP for investors.

Amongst the NRSP Directors on the Board of the Bank, everyone was there except Fazlullah Qureshi who was being represented by Nazar Memon, a sponsoring Director of the Bank, in his own right. It was NRSP Bank's good fortune that the foreign investors nominated Mr. Aziz Rajkotwala as the independent director on the Board. In a simple interaction with the women members of the community organisation, Mr. Aziz understood the spirit of NRSP Bank and expressed his desire to make it a truly bank of the rural poor. I am confident he would be a real asset to the Bank in bringing professional banking competence tempered with empathy and compassion for the rural poor.

From the RSPN family Sono Khangharani, Roomi, Javad, Malik Fateh, Masood Gill and many others came. Many like Shandana and Shahida Jaffrey had to abandon their plans after long wait at the airport due to inordinately delayed flight by PIA.

Captain Mahmood Sultan of Adamjee Insurance along with Saima especially came to offer their felicitations on this happy occasion.

Amongst the local guests, the Director General Rangers, Brigadier and his Colonel were most prominent. The Brigadier confided to me his appreciation of the way NRSP Bahawalpur Region operates. He was most impressed by the discipline, administration and physical appearance of the NRSP operations.

The Chief Guest was the Deputy Governor, State Bank, Mr. Yaseen Anwar accompanied with the Executive Director. The Governor Dr. Shahid Kardar could not come being called away by the President of Pakistan. A day earlier on a chance meeting on the flight from Islamabad to Karachi, he offered his profuse apologies and assured me of full support to NRSP Bank. The Deputy Governor, in his speech praised NRSP operations and expressed full confidence in NRSP Bank becoming the leader in the micro finance sector in Pakistan. Pakistan Poverty Alleviation Fund (PPAF) representative also spoke on the occasion and assured of continued support to the Bank, as given by them in the past to NRSP.

The Launch of the Bank was an elegant and impressive function with the participation of all the stakeholders. Zahoor's arrangements are always par excellence but this function inclusive of logistics, accommodation, food was super. Everyone commented on the excellent arrangements.

After the Launch, we visited the Training Centre, an excellent state of the art entity, where NBAF Instructors have trained over 500 of the employees of NRSP for staffing NRSP Bank. Another feather in Zahoor's cap and reflection of the support given by Rashid and the NRSP headquarters staff.

Bahawalpur Region was also selected by PPAF for Social Mobilisation Project and for the last two years, NRSP had set up a Social Mobilisation Wing in the Region to implement the Project, under the direct guidance of Agha Ali Javad, General Manager NRSP.

We were amazed to find nearly 500 women from Bahawalpur and Bahawalnagar districts waiting to see us in the Training Centre compound under a Shamiana. Nearly 300,00 women have been organized in community organisations (VOs) under the Project, who have clustered themselves in village organisations (VOs) federating into local support organisations (LSOs).

Women Activists Tahira Anwar, Shazia Najeeb and Nida came to the stage and spoke about the activities of their CO/VO/LSO with such confidence that all of us including investors, directors, guests and RSP staff were greatly impressed at their potential, spirit and determination of the members of the organized communities. Even in a short period of two years, without any funding from the Project, they had undertaken activities in the field of forging linkages with NCHD (National Commission for Human Development) , Department of Health and Education, NADRA, CIF, private commercial companies, resource mobilization, monitoring of loan utilization, training, helping flood affectees, sewing centres, eye camps, helping widows and destitutes, raising funds for LSOs from COs through regular contribution and getting development schemes and funds for their MPAs.

Their future planning included strengthening of their institutions, forging of linkages with all the government and other agencies, empowerment by right to information of development activities in their area, social security measures for the needy and the poorest of the poor, marriages of orphans, health facilities like ambulance, facilitation of agricultural and livestock development, acquiring knowledge about union council, encouraging participation of everyone in decision making.

When I asked how the activist leaders were chosen, the response from members was their reputation of honesty and track record of serving others.

The women expressed great joy at the launch of NRSP Bank, saying this would give their COs an opportunity to open their bank accounts. All the 14,000 COs were keen on this. This was a very good omen for the new bank. NRSP Bank independent Director Mr. Aziz, a seasoned commercial banker, was so touched and moved hearing the women that he asked Rashid and Zahoor that the Bank will have to formulate such rules and procedures that the organisations of the women, face no difficulty in accessing services of the Bank.

On way to Multan to catch the flight to Islamabad, we visited one of the branches of the NRSP Bank and I was most impressed, at the way the branch was set up. It could compete with any branch of a commercial bank, yet taking full care of the convenience and comfort of the villager client. I am fully confident of the success of the NRSP Bank and wish it godspeed.