



# QUARTERLY ACTIVITY REPORT

*APRIL-JUNE 2016*

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**Written By**

Aisha Almass – Research & Documentation Officer

**Edited By**

Rukhshanda Riaz – Manager Human & Institutional Development (HID)



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## Vision & Mission

### Vision

Sustainable development through financial inclusion

### Mission

Taking measures for social and economic uplift of the marginalized, with focus on women, to enhance their economic prosperity & self-reliance through financial inclusion & capacity building.

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## Client Stories

### Abbas Bibi

Abbas Bibi's husband died after 5 years of her marriage. Despite advances in standard of living of the population; still widows have to live miserable lives. They are not only isolated from social life but have to face many financial or economic challenges. Such a life was ahead of Abbas as she was the only child of her parents and no other blood relation was there to support her in her hard time. Abbas didn't want to financially over burden her old parents so she decided to start some work. Initially she started off with rice and corns browning on Bhatti (Urdu name for furnace / kiln). After that she heard about Damen Support Program's small loans for women running some kind of business. When she applied for loan, DSP allocated a loan of Rs. 35000 after completion of its all existing policies and procedures.

With the amount of loan, Abbas firstly bought wood and some peerays. She sold those in the market and earned some satisfactory profit. This thing encouraged her to establish some reasonable business so that she can earn her livelihood in a respectable way. After successful completion of her first loan she then applied for another

loan. Finally she set up a tandoor and bought clay pottery to sell, with the second loan she got from DSP. This time massive change in her income was observed. Now she is not even relying on her parents, but supporting them as well. Furthermore, she is sending her children to school and have become financially strong enough to expand her monetary status.

"DSP has enabled me to bear the burden of my children myself. Now I am not only sending them to schools but have also purchased a 5 marlas plot and it became possible only because of the financial support by DSP" says Abbas.

Alongside other business Abbas now also has a tandoor in the city and she sells rotis (Urdu name for bread) in summer season. She was not educated to do some job after the demise of her husband instead she chose to be an entrepreneur and proved that her decision, to go out and work something out for her family, was not wrong but made her self-reliant. Now she is more than satisfied with her life as she does not have to beg in front of anybody.



## Ayesha Arshad Ali

Ayesha lives in Sharqpur with her husband and four children. She was married with her cousin Arshad Ali almost 15 year before. At the time of their marriage he was settled in Japan and had a car show room there. Ayesha was so happy and satisfied after marriage that all her relatives thought her enviable for having such a luxurious life. But this fortune could not sustain for a long period. After four year of her marriage her husband had to go through the court trial for purchasing a stolen car. The punishment for this crime was five year jail but her husband utilized his finances to get escape from this punishment. His efforts to save himself from punishment remained successful but Japan Government seized all his property and deported him in Pakistan. On the other hand all his property in Lahore was sold by his siblings. Now they had no resources but Ayesha didn't leave the courage and also encouraged her husband to start a diesel engine and generator shop in partnership with his friend. Unfortunately it also resulted in loss.

Now they had no money to provide even two times food to their four children and they often had to sleep without food. Both husband and wife were much worried about the situation and started thinking about the way to earn for providing better health and education facilities to their children. After great deliberation both of them decided to restart the business of selling shami as her husband did the same business before going to Japan. Here lack of money resisted their way but the problem was

overpowered by financial assistance of DSP. Both husband and wife started their efforts, Ayesha prepares kababs at home while her husband sells it in the market. Joint efforts of both resulted in handsome profit and they shifted their business from a small stall to a shop in the market.

Ayesha had a breath of relief after her children started getting proper food but still she was worried about their education. She herself was well educated and wanted to send her children in better schools. She needed more money and for the purpose she started cooking breakfast items while Bar-B-Q was also included in their menu later on. Addition of these items enabled them to earn a handsome amount. Ayesha and her husband also started supplying these items for different events. At this time collective income of both husband and wife is more than Rs.50,000. They are sending their children in well reputed school of locality while she herself is also teaching in the same school.

We had no ray of hope after having loss in business of generators and diesel engine but we didn't leave the courage. We both not only saved each other from drowning in the ocean of disparity and disappointment but also encouraged each other to continue our efforts for the better future of our children. It is the result of those efforts that our children are getting good education and we are spending a respectable life. It is also true that all these things were unattainable without the financial assistance by DSP.

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## Safia Iqbal

I became a victim of cousin marriage as my parents married me with my cousin only because he was the son of my uncle. They didn't even bother about his uncaring and irresponsible behavior and took it as temporary and momentary reaction. Soon after my marriage I had to depend on my in-laws as my husband never tried to provide basic necessities to me. I never wanted to depend upon my in-laws and expressed my feelings to my husband many times but it didn't affect him. My worries were increased with the increase in number of children as my in-laws were also unable to bear the expenses of large family. After the birth of my second daughter I decided to take the burden of my family on my shoulders as I had no courage to see my children dying of hunger. After assessing my capabilities I realized that my skills of adda work can help me to earn money, I decided to utilize these skills.

In those days a person of my community was involved in the business of making fancy shoe uppers and he used to give this work to some other females at their homes. On my request he also gave me some work and by the month end he gave Rs.3000 to me, wages of whole month. I was very happy on having my first earning in my hands. For sometimes I worked for that person but later on, after realizing that he is not paying suitable amount

for work, I thought about starting my own business. Shortage of money was the greatest hindrance in starting my own business. It was the time when I heard from someone about financial services provided by DSP and decided to utilize these services to start my business.

In 2005 I got a loan of amount Rs.18,000 from DSP and started a business of embroidery on dupattas and shirts. I also continued my previous business because I didn't want to lose my source of earning before having an alternate and proper earning set up. It multiplied my income. I took seven loans from DSP to expand my business. Now my business is well established as I bring raw material from Rang Mahal and Muhajar Abad in Lahore and then sale final product in Rang Mahal Bazar. With the increase in my business I have involved three other females on daily wages in my business.

At this time I am providing basic health and education facilities to my four children. When I started my business I was not sure that I can do this but I had an aim to provide basic necessities to my children and not to depend upon others. It energized me to work hard and finally by the grace of Allah and financial assistance of DSP I succeeded in achieving my aim.



## Salma Salamat

Salma's husband Salamat was a vendor and used to sell cosmetics on his motorbike in different streets of Manga. He was a hardworking person and made every possible effort to provide basic facilities to his children. Some year back he had to go through hernioplasty which deteriorated his health. He became too weak to continue his previous business while there was no saving at home to provide even two times meal to their children. Salma was much worried about the situation as she had no courage to see her children crying for food. She wanted to do something for providing food to her children but didn't know what to do as she was neither skilled nor educated to do any job. Despite she didn't leave courage and asked her neighbor, who was expert in embroidery on adda, to teach her these skills. After getting these skills she started earning by embroidering dresses of her community females. Through this work she earned nearly Rs.3000 monthly but it was not sufficient to fulfil the basic needs of her family. She started thinking about the ways to increase her income and for the purpose she prepared some sample designs and send her husband for marketing of these designs in the bazar.. Perfection of her work and communication skills of her husband helped her in getting more orders from shopkeepers. Now Salma needed more money to fulfill the market demand and for the purpose she contacted Damen Support Programme

(DSP). DSP after completing its policies and procedures allocated her first loan of Rs. 20,000. With the loan amount she purchased raw material and completed those orders.

Timely delivery and perfection of her work helped them in getting good repute in the market. Salma got a number of orders resulting in an increase in her business. Recently Salma purchases cloth from Kasur and raw material from Shah Alam Market while final product is sold in Faisalabad. With the expansion in her business she has also involved 8 females of her community with her in this business on daily wages.

Salma is now very happy because she is providing not only better health facilities to her children but all of them are also getting education. She has purchased some household items including a refrigerator, television, computer and motorcycle along with a five marlas plot in Loharan Wala Khoh.

"I've come to believe that every woman has some ability and best way to succeed is to discover that ability and then find a way to effectively use that ability. I discovered my ability and used it successfully to change my financial condition while DSP provided me financial support whenever I needed" says Salma.



## Operational Enactments

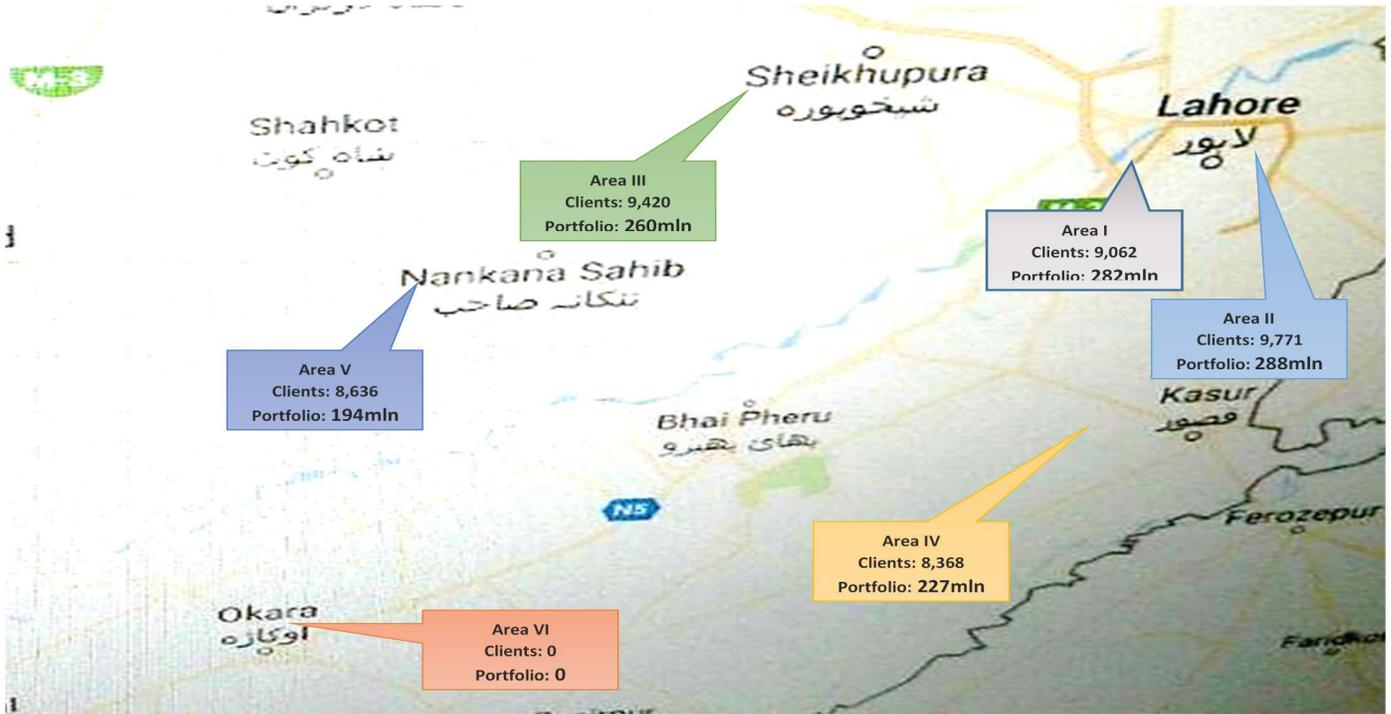
Development Support Programme (DSP) empowers women by increasing their well beings, access to resources, self-confidence, self-esteem and respect, participation in decision-making and bargaining power, and increased control over benefits and their own life. Main focus of DSP is to empower women through the expansion and sustainability of their enterprises. For the purpose DSP provides its financial support to low income female clients and micro entrepreneurs having no access to formal financial resources. Recently DSP is providing its financial services in 370 union councils and 1257 villages of District Lahore, Kasur, Sheikhpura, Nankana Sahib and Okara while Faisalabad is also partially benefitted from these services.

### Outreach

25 branches are already functional in Lahore, Sheikhpura, Kasur and Okara districts while 2 new branches have been established in District Okara (Area VI) during this quarter (Detail of branches is given below). Area VI has not disbursed any client instead they focused on the proper mobilization of the community in this quarter.

Lahore		Sheikhpura	Kasur	Nankana	Okara
Area I	Area II	Area III	Area IV	Area V	Area VI
Niaz Baig	Maraka	Begum Kot	Phool Nagar	Nankana Sahib	Okara
Chung	Halloki	Sharqpur	Jamber	Shahkot	Renala Khurd
Bhola Gari	Shamke Bhattian	Dhamke	Chunian	Bucheki	
Shahpur	Manga	Rachna Town	Pattoki	More Khunda	
Ali Razabad	Raiwind	Muridke	Habibabad	War Burton	

## Outreach Map

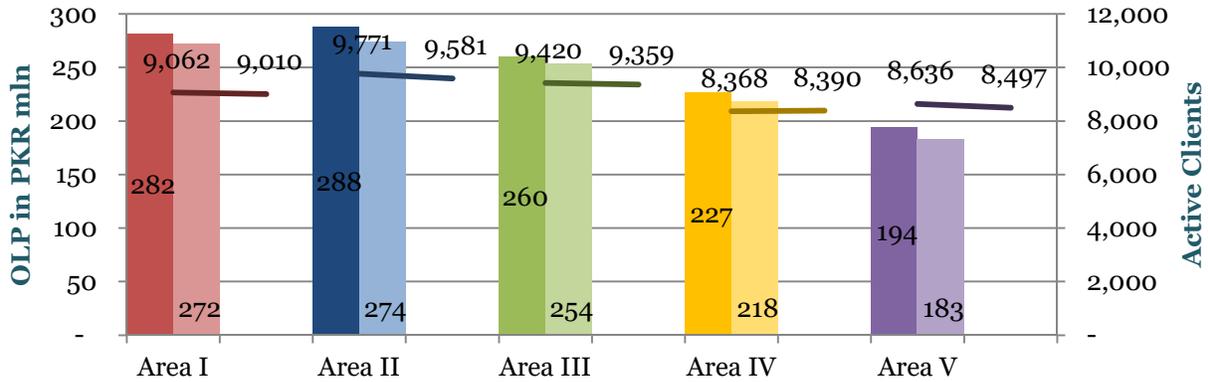


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## Outstanding Loan Portfolio and Active Clients

During this quarter number of active clients was increased from 44,837 to 45,257. Area 2 had the maximum (9,771) active clients followed by area 3 (9,420), area 1 (9,062), area 5 (8,636) and area 4 (8,368) respectively. Simultaneously total OLP raised from 1,203,829,475 to 1,253,691,647 with the maximum (Rs.288,825,399) OLP of area 2 followed by (Rs.282,646,492) of area 1, (Rs.260,497,468) of area 3, (Rs.227,439,237) of area 4 and (Rs.194,283,051) of area 5 respectively.

Figure 1: Area-wise Outstanding Loan Portfolio & Active Client



L.H.S: Jun-16

R.H.S: Mar-16

## Division of Clients Regarding Loan Cycle

DSP focuses on establishing strong and long term relationship with its clients as it is a major contributing factor in the net growth rate of a microfinance institution. The strength of this relationship is evident as 64% clients were repeated by the end of March and June 2016, 61% by the end of December 2015 and 60% by the end of September 2015.

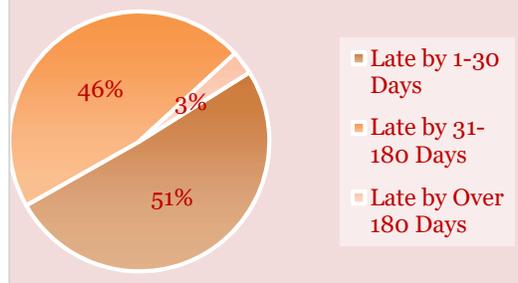
Figure 2: Division of Clients Regarding Loan Cycle



## Portfolio at Risk Ratio

PAR > 30 days was 0.61% during the reporting period while it was 0.59% by the end of March 2016. Figure below represents the aging summary of PAR during reporting period.

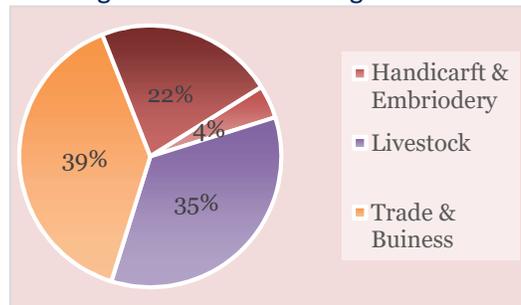
Figure 3: Aging of Portfolio at Risk after Write-Off



## Business Categorization

By the end of June 2016 maximum 39% clients were involved in trade and business, 35% in livestock, 22% in tailoring and clothing and only 4% were engaged in handicraft & embroidery.

Figure 4: Business Categorization



## Average Loan Size & Balance

Average loan size was 49,744 and average loan balance was 27,702 by the end of June 2016.

## Islamic Microfinance

DSP has also started a new branch in Kot Radha Kishan to follow the Islamic Banking System. This branch has disbursed 85 new loans making the total number of active clients 89. Average loan size of this branch is 36,461 while average loan balance is 34,345.



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## Summary of Credit Activity -- Program Level -- [After Write-Off]

Period: 01/Apr/2016 to 30/Jun/2016

IndNum	Indicator	Area1	Area2	Area3	Area4	Area5	PL_Total
<b>100</b>	<b>OUTREACH (Numbers)</b>						
101	A. Active Clients (Opening)	8,985	9,570	9,341	8,316	8,496	44,708
102	Groups Formed	421	454	425	450	512	2,262
103	B. Loans Disbursed New	592	593	791	857	1,317	4,150
104	Loans Disbursed Repeat	1,342	1,465	1,355	1,243	805	6,210
105	Loans Disbursed Total	1,934	2,058	2,146	2,100	2,122	10,360
106	Loans Closed	1,845	1,849	2,058	2,069	1,961	9,782
107	Loans Written-Off						
108	Loans Closed - Write Off	9	7	4	21		41
109	Installments Received	26,663	27,897	27,912	24,642	25,120	132,234
115	C. Active Clients (Closing)	9,062	9,771	9,420	8,368	8,636	45,257
<b>200</b>	<b>FINANCIAL (PKR)</b>						
201	D. OLP (Opening)	272,027,995	274,856,143	254,860,750	217,980,353	183,592,840	1,203,318,081
202	Amount Disbursed Rs.	104,510,000	109,445,000	107,390,000	104,360,000	89,640,000	515,345,000
203	Loan Processing Fee (LPF)	3,135,300	3,283,350	3,221,700	3,130,800	2,689,200	15,460,350
204	Early Close Fee (ECF)	81,000	46,200	36,900	24,900	7,200	196,200
205	Amount Recovered	117,222,487	119,828,149	123,714,525	113,924,830	94,682,348	569,372,339
206	Principle Recovered	93,929,871	95,486,243	101,754,474	94,924,731	78,949,789	465,045,108
207	Service Charges Recovered	23,292,616	24,341,906	21,960,051	19,000,099	15,732,559	104,327,231
208	Amount Written Off						
209	Principal Recovered - Write Off	38,368	13,488	4,459	23,615		79,930
210	S.C Recovered - Write Off	17,224	5,909	1,404	9,132		33,669
215	E. OLP (Closing)	282,646,492	288,825,399	260,497,468	227,439,237	194,283,051	1,253,691,647
<b>300</b>	<b>PERFORMANCE</b>						
301	PAR > 30 Days (No. of Loans)	275	361	159	200	252	1,247
302	PAR > 30 Days (Amount)	2,777,975	1,323,588	1,225,071	352,330	1,980,207	7,659,171
303	PAR > 30 Days (%)	0.98	0.45	0.47	0.15	1.01	0.61
306	Average GLP *	277,337,244	281,840,771	257,679,109	222,709,795	188,937,946	1,228,504,864
307	Financial Revenue from GLP	26,427,916	27,625,256	25,181,751	22,130,899	18,421,759	119,787,581
308	Yield on GLP (%)	9.52	9.80	9.77	9.93	9.75	9.75
309	Average Loan Size	54,038	53,180	50,042	49,695	42,243	49,744
310	Average Loan Balance	31,190	29,559	27,654	27,180	22,497	27,702
311	Retention Rate (%) **	94.27	95.91	92.38	90.32	86.15	91.95

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## Launching of Urdu Version of DSP's Website

To facilitate DSP clients, DSP launched Urdu version of its website on internet during the reporting period. This new Urdu version of DSP website would contain the same contents of the English version converted into simple Urdu language with similar layout and design. This step has been taken in view of providing online information to those internet users who are generally less-educated in web-surfing or less-familiar with English language. Now, they would also be able to enjoy the same facility and could access the online available information regarding DSP activities, products, policies etc. through a simple click.

## Preparation and Airing of Cable Ads

Communication and Marketing Department of DSP prepared two cable ads of one and one & a half minute duration, consisting of testimonials of DSP's successful clients, for motivation and mobilization of other clients. These ads were then aired in Area II and III.



## Developing Capacity

Damen Support Programme focuses on building the capacity of its staff and community for the better growth of the organization and achieve the goal of long term and sustainable development. Capacity is basically 'the ability of individuals, institutions, and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner' and building the capacity of all staff and community members is an essential part of all development organizations. DSP like many other organizations uses trainings as a major tool for capacity building. DSP has a firm belief that financial assistance is worthless without capacity building. Same belief enforces DSP to increase the capacity of its staff and community members for effectively managing diverse programs and achieving better results. For the purpose it conducts a number of training workshops for its staff and communities.

## External Staff Trainings

- Ms. Sarfraz Taj Din (Assistant Manager Accounts), Ms. Hira Khalid (Assistant Manager Finance), Ms. Rubina Kausar (Area Coordinator Area VI), Mr. Mehmood Akhtar (Area Coordinator Area II), Mr. Kashif Ali (Area Coordinator Area III), Mr. Kaleem Ullah (Area Coordinator Area V), attended 2-Day Training on “Financial Management” organized by “Seven Skills” from 16th – 17th April, at Islamabad.
- Ms. Gulzareen Khan (Senior Risk Officer), Mr. Kashif Naeem (Area Risk Officer Area IV) received 3-Day Training on “Disaster Risk Reduction & Management” organized by Seven Skills from 19th – 21st April, at Islamabad.
- Mr. Awais Masud (Manager Marketing & Communication) and Mr. Syed Khurram Bukhari (Deputy Manager Admin) attended 3-Day Training on Communication, Coordination & Leadership Skills by Seven Skills from 26<sup>th</sup> - 28th April, at Islamabad.
- Ms. Riffat Shaheen (Senior Training Officer), Ms. Khadija Fareed (Deputy Manager Finance), Mr. Abul Hassan (Assistant Manager Field Operations), Mr. Khurram Subhani (Deputy Manager Internal Audit), Mr. Zohaib Younas (Area Manager Area II) attended 2-Day Training on “Islamic Microfinance” organized by Attijarah Center of Islamic Economics from 18th – 19th May, at Fletties Hotel Lahore.
- Ms. Aisha Almass (Research & Documentation Officer) received 3-Day Training on “Applied Research Methods” organized by Research Analytics International Islamabad from 18th – 20th May, at Islamabad.
- Ms. Riffat Shaheen (Senior Training Officer), Mr. Abul Hassan (Assistant Manager Field Operations), Mr. Moazzam Malik (Area Risk Officer Area III) participated in a training on “Managing Delinquency Risk effectively” organized by Finman on 26th May, at Fletties Hotel Lahore.
- Mr. Sajid Ali (CIB Officer), Mr. Rizwan Siddique (Area Coordinator Area I), Mr. Mehmood Akhtar (Area Coordinator Area II), Mr. Kashif Ali (Area Coordinator Area III), Mr. Qasim Qazi (Area Coordinator Area IV), Mr. Kaleem Ullah (Area Coordinator Area V), Ms. Rubina Kausar (Area



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Coordinator Area VI), attended a training “CIB Institutional Clinic” organized by Pakistan Microfinance Network (PMN) on 27th May, at Fletties Hotel Lahore.

- Mr. Jehanzaib (GM Operations) and Mr. Wajid Ali Khan (GM Finance & Admin) participated in 3-Day Training on Executive Development Program for MFB/MFIs organized by National Institute of Banking and Finance State Bank of Pakistan from 25th -27th May, 2016.

### Community Trainings

Damen Support Programme (DSP) also schedules a community training program for needy and unskilled females interested to share their familial burden. Through this program DSP provides trainings to those females so that they could be able to start their own business by utilizing these skills. During said quarter DSP organized six community trainings. Trainings are planned after the need assessment in particular areas.

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## Tailoring Course

DSP organized two training workshops on stitching from 21st April – 29th May in different areas of Rachna Town. These trainings enhanced stitching skills, including cutting, stitching and designing the dresses in different styles, of 40 participants.

## Beautification Course

Three training workshops on beautician skills were organized in the areas of Begum Kot, Rachna Town and Sharqpur from 18th April – 29th May, 21st April – 29th May and 25th April – 29th May respectively. These trainings enhanced beautician skills of 55 participants.

## Training on Handicrafts

A training workshop on handicrafts and decoration piece making was organized from 25<sup>th</sup> April - 29th May, at Nankana. Total 19 participants availed the opportunity of getting skilful training to improve their living standards.





## Research Network & Linkages

DSP uses research as a tool to identify the factors causing resistance in the development and to find out ways to improve its outreach and content of the developmental initiatives. Research is also utilized in analyzing the affectivity of organization's products introduced in the market and to discover the needs and believes of the people along with their reactions.

During said quarter DSP conducted a survey "Comparison of Islamic Microfinance (Akhuwat) Vs Conventional Microfinance (DSP).

### Networking & Linkages

Networking plays a vital role in the development of any organization. Microfinance organizations use networking as a way to gain new clients and make a sustainable development. This importance of networking enforces DSP to create new linkages and networking at the local and regional level for creating better relationship with other organizations and institutions.

- Ms. Naghma Rasheed CEO attended the Annual General Meeting of PMN's Board of Directors on 25th May, at Karachi.
- Mr. Pervaiz Hamid met with PMN members on 23rd May at DSP Office.



## Constraints & Challenges

- Implementation of new performance appraisal & management system at all levels and impact on the improvement of loan portfolio.
- Maintain the yield of GLP by not allowing field staff to take recoveries before due date
- Reduce the cost per loan
- Maintain the client base at a certain level of 1700 to 1800 clients per field office.
- Monitoring of loan utilization.

## Existing Gaps

- Weak social mobilization.
- Problem of delinquency due to non-compliance of policies and procedures in groups and center formation.

## Lessons Learnt

- Improved monitoring (from Head Office, Area/Field offices) can surefire the success of program.
- Strong mobilization for group and center formation can ensure the long term sustainability of microcredit program.
- Customary interaction with the borrowers can be assured better recovery rate and delinquency loans.