

خواتین کی مضبوطی، ترقی کی ضمانت

Quarterly Activity Report

Oct– Dec 2017

By

Human & Institutional



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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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DAMEN Support Program (DSP) -Introduction

The roots of Damen Support Programme lie in a non-profit NGO – Development Action for Mobilization and Emancipation (DAMEN) – set up in 1992, under Societies Registration Act, XXI of 1860. DAMEN started its operations with aim of working for alternative development at grass-root level in Pakistan. It was an alliance of social scientists, philanthropists and professionals from various fields having significant experience of working with NGOs locally and internationally.

DAMEN initially started by focusing on the role and development of women & children in local communities; the programs being run were:

- Home School Education Program
- Industrial Home for Women
- Entrepreneurship Development Program

By continuously assessing the need of community DAMEN initiated the micro credit program in 1996, to help women foster economic activities in their communities.

In 2014 DAMEN transformed its Micro Finance Program into a separate legal entity by the name of Damen Support Programme (DSP). This step has been taken to concentrate on DAMEN's economic sector initiatives, increase focus on financial inclusion, improve transparency, and strengthen access to commercial funds, donors and investors. . DSP is a finance company, registered under section 42 of the Companies Ordinance 1984 with the Securities and Exchange Commission of Pakistan (SECP).

DSP concentrates on the social and economic uplift of communities, with an exclusive focus on the empowerment of women of marginalized communities with the following objectives;

- To take measures for social and economic uplift and empowerment of marginalized communities, especially in rural areas and urban slums, to enable them to enhance their capacity for income generation to eradicate the real and most tangible problems for their sustainable development by initiating /implementing programs including micro credit, vocational training and capacity building of communities.
- To concentrate on activities for integrated self-reliant and long-term development of the communities through various programs of poverty alleviation.



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- To enhance the cause of women development by initiating programs for income generation and awareness of their legal and basic rights.
- To train and support human resources for devising, Implementing and overseeing development projects and programs.

DSP adopts a four-pronged strategy to achieve its overall objectives;

1. Micro-Credit
2. Health and Life Insurance services
3. Training, Capacity Building and Skill Development of Community Action Groups
4. Research, Networking and Linkages



Clients' Stories

Luck is bestowed on those who work hard

Luck is bestowed on those who work hard to earn it. Mehmooda's story in this context fits perfectly who is a resident of a village called Barkhudar. With 4 young children and the death of her husband life had not been benign. Poverty had hit her hard as it became a matter of survival. In order to survive for herself and to feed her children she started to work in an agricultural land from dawn to dusk. Whatever wage she got at the end of the day was not less than a blessing.

Despite all these odds, Mehmooda was a woman with a great ambition and valor. She had two basic goals in sight for which she was willing to walk an extra mile. First, to ensure education of her children and second, to own a business. To meet her first goal she

admitted her children to a school and worked twice as hard as before. Side by side she opened a small tuck shop within the walls of her home. Now, not only she used to work at the agricultural land but whatever time she had, she used to run her tuck shop. In time, her tuck shop became well known and therefore, she needed more supplies to meet the increasing demand. Due to lack of capital it was hard to expand her business. Hence, she decided to pull out a credit. This is where DSP played a crucial role, it acted as a bridge between her business and her consumers. After thorough appraisal she was approved a loan for the first cycle. Perhaps she had a knack for business due to which she dramatically increased her tuck shop business. This expansion of business allowed her to quit her



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job. It also played a consequential role with increased income than before.

However, this was not going to stop her to take that extra mile. She had yet to achieve her goals fully. What she did next was absolutely remarkable. She changed her strategy and followed the barter system. In exchange for wheat and rice, she used to exchange the products required by the respective consumer. In addition to this she started purchasing Munji (raw rice) and selling rice obtained from it at her own house. The increased income helped her to go this far. Of course, the rice she sold were for a great price which further contributed to her income. She had the urge to expand this business as well for which she returned to DSP for another credit. Through her second credit she bought flour grinding machine. With the expansion of her second business as well, her income doubled. Now, she was earning PKR 50,000 compared

to when she barely earned PKR 5,000.

During this course she was able to do a third business with 3 buffalos. For its expansion she took another credit from DSP and bought a cow. The animals are used for agricultural purpose on a land that she had bought on lease. One of her son is responsible for maintaining it. With an increase in her income over the period of time, her 2 children were able to do their matriculation while her daughter was able to study till middle school. When her daughter reached of age, she was married into a respectable family. Along this, her years of hard work allowed her to save in such a manner that she was able to buy 2 plots in Nankana.

Today, Mehmooda Bibi is satisfied by her life and what success she was able to achieve. Her children are educated, she became something from nothing, her



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daughter is married and she owns property. In her opinion, DSP played a pivotal role in ensuring her success. Had it not been for the credit and the business in which

she was able to invest, who knows what fate might have in store for her. Now, not only she has a hefty income but is also able to save quiet a chunk of it.

Reforming her destiny through hard work

Thomas Jefferson (Former US President) once said, "I'm a great

believer in luck, and I find the harder I work the more I have of



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it." Mehmooda a resident of Bucheki found this luck through her sheer determination to succeed. She is a mother to 4 children, while her husband works in a mobile repairing shop and shoots movies at weddings. However, their combined contribution did not contribute towards their financial stability. This made her walk an extra mile and she started to learn of how to run a parlor from Faisalabad. It turned out that she was not really good at it but despite that she kept on pushing.

In Bucheki she joined a government vocational training programme on beautician skills and got herself a diploma. With this little success she opened up a parlor at her home at an extremely small scale. Though she earned a bit of an extra income from it, she did not have resources to expand her business. Upon an inquiry from her neighbours, she heard that they often take small scale loans to fulfill their credit needs. Mehmooda too wanted to

fulfill her credit needs for which upon her inspection she found about Damen Support Programme. Motivated by her aspirations for financial stability she formed a group with her neighbours and came knocking at DSP's door. With the approval of her loan she started to expand her business by buying valuable accessories necessary to run a parlor. In time, with the increase in her resources she eventually was able to witness an increase in her income as well. Her determination to succeed paved the way forward as she started to give more time to her work. In time, when her current liabilities all came to an end she decided to take another credit.

Her right mindset and an unshakable motivation to better her circumstances allowed her to walk an extra mile. This time by taking a second credit, she bought a small shop in main Bucheki's Bazaar (Market) where she did her parlor set up. She already became a



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well-known in her area which helped increase her clientele even more. She was now known to most of the people.

As of now, her parlor is running smoothly and she has witnessed a substantial increase in her income. She now earns approximately PKR 35,000/- . With this much increase in her income, it allowed her to invest in the education of her children. All of her children are attending school which shows a sense of gratification which Mehmooda has shown. The fruits of her labour have allowed her to open a small training center within her shop. Not only is she the main source of the shop but is now a mentor to 10 women who wish to walk on the same path as

her. The change in her circumstances has given her confidence. Due to this confidence she now plans to extend her business by designing bridal dresses. This will allow her to work on a grand scale ultimately boosting her existing income.

The success story of Mehmooda is unlike we've seen before. She showed compassion and a will to change her life. All she required was to take the very first step. DSP is proud as an institution that it helped her take that step which led to a change in her economic and social circumstances. DSP is also proud of the fact that in doing so, it accomplished its goal of self-sustainability and empowerment of the women.



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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 District Lahore, Kasur, Sheikhupura, Nankana Sahib, Okara and Faisalabad.

Outreach

Lahore	Sheikhupur	Kasur	Nankana	Okara
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Area I	Area II	Area III	Area IV	Area V	Area VI
Niaz Baig	Halooki	Begum Kot	Phool Nagar	Nankana Sahib	Okara
Chung	Shamke Bhattian	Sharqpur	Chunian	Shahkot	Hujra Shah Muqeem
Kahna	Manga	Rachna Town	Pattoki	MorKhunda	Depalpur
Ali Raza Abad	Raiwind	Muridkey	Habibabad	Warburton	Haveli Lakha
Bhola Garhi	Maraka	Dhamkey	Jamber	Bucheyki	Renala Khurd

30 branches of DSP are functional in Lahore, Sheikhupura, Kasur, Nankana, Okara and Faisalabad Districts. Detail of these branches is given below.



Outstanding Loan Portfolio (OLP) and Active Clients

Active clients of Area I raised from 10,614 to 11,644, Area II from 11,751 to 12,384, Area III from 10,506 to 11,263 Area IV from 10,919, to 12,108, Area V from 11,792 to 12,759 and Area VI from 7,559 to 8,798. Total



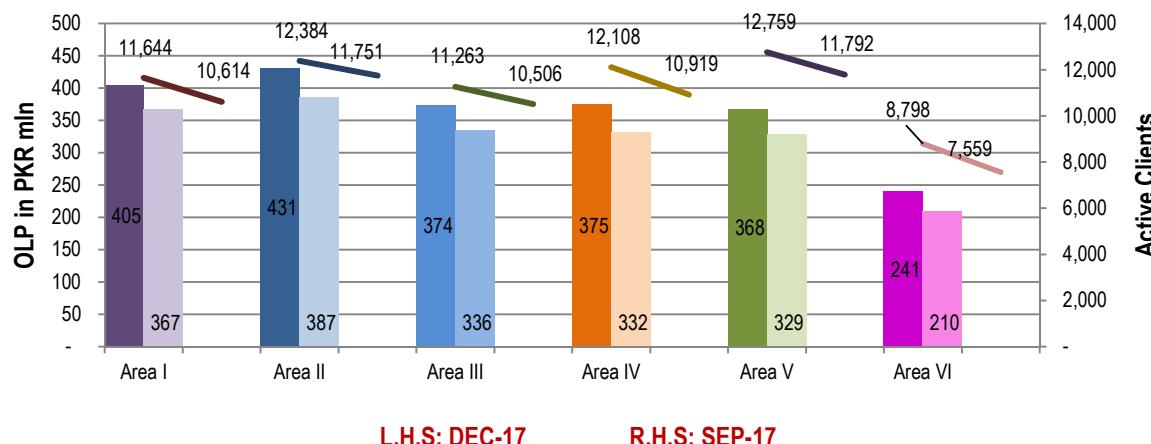
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number of active clients was increased from 63,141 to 68,956. Similarly OLP of Area I increased from Rs.367,926,207 to Rs.405,835,901, Area II from Rs.387,810,755, to 431,135,353 Area III from Rs.336,255,962 to Rs.374,930,073, Area IV from Rs.332,646,497 to Rs.375,203,225, Area V from Rs.329,013,279 to 368,212,275 and Area VI from Rs. 210,637,862 to 241,534,047. Total OLP was increased from Rs.1,964,290,562 to Rs.2,196,850,874.

Area-wise Outstanding Loan Portfolio & Active Client



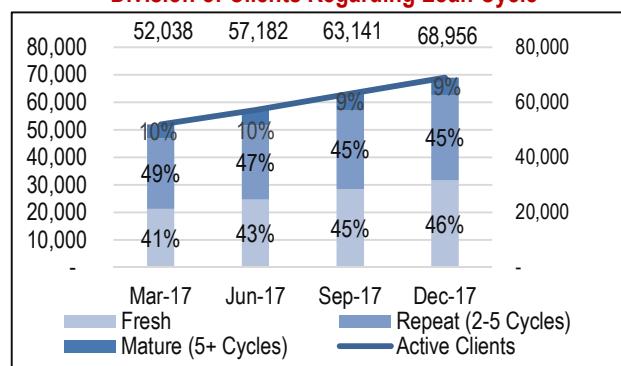
Division of Clients Regarding Loan Cycle

DSP always focused 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 obvious as number of repeat clients remained always greater than fresh clients during the last four quarter. During the reporting period total 18,709 loans were disbursed and 10,072 out of total disbursed loans were repeat while other 8,637 loans were new.

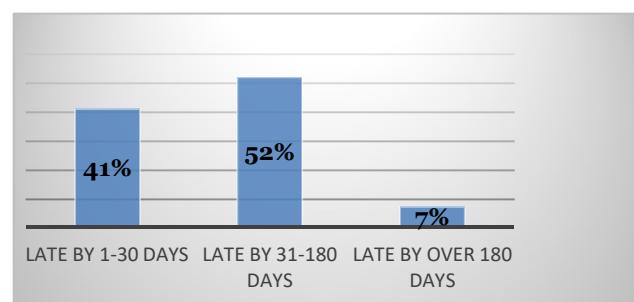
Portfolio at Risk Ratio

PAR > 30 days is 0.21% during the reporting period while it was 0.15%, 0.09% and 0.15% by the end of September, June and March

Division of Clients Regarding Loan Cycle



Aging Summary of Portfolio at Risk





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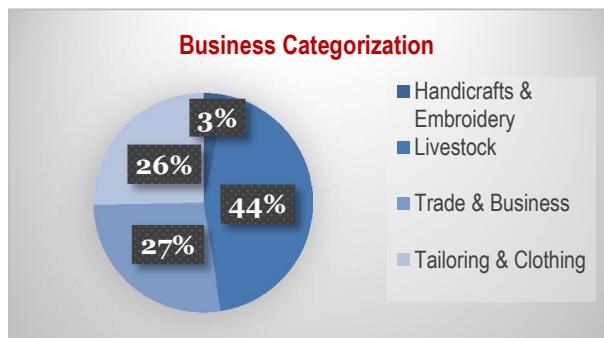
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respectively. Graph given shows the detail of aging summary of PAR by the end of December-17.

Business Categorization

By the end of December-17 Maximum 8,269 (44%) clients got loans for their business of livestock, 5091 (27%) for trade & business, 4,736 (26%) for tailoring & clothing and only 613 (3%) used it for the purpose of handicrafts & embroidery.



Average Loan Size & Balance

Average loan size of DSP increased from 52,845 (by the end of September) to 55,975 (by the end of December) as well as average loan balance was improved from 31,110 (by the end of September) to 31,859 (by the end of reporting period).

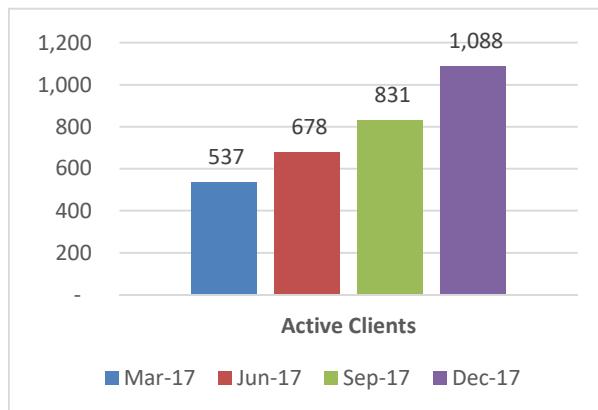
Average Loan Size and Loan Balance



Islamic Microfinance

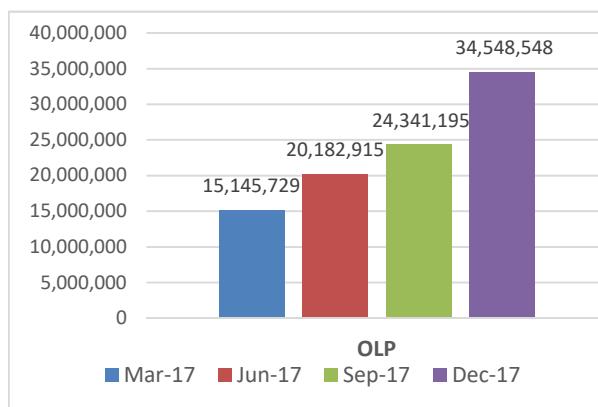
Islamic Microfinance Branch in Kot Radha Kishan is following the Islamic Banking System. By the end of reporting period number of active clients of this branch remained 1,088.

Graph shows gradual increase in clients of Islamic Microfinance



OLP of Islamic Microfinance was raised from Rs.24,341,195 to Rs.34,548,548.

Graph shows gradual increase in OLP of Islamic Microfinance



Average loan size was increased from 47,681 to 52,476 while average loan balance increased from 29,291 to 31,754.



Agricultural Loans

DSP had introduced Agricultural loans for farmers in Area-IV, V and VI to finance farming activities like purchasing of seeds, fertilizers and livestock. During the reporting period number of Agricultural loans is increased from 279 to 323 (Area-IV has disbursed total 22 loans, Area-VI 293 loans and Area-V 8 loans) while total amount disbursed in this category is Rs.12,170,000.

Implementation of Operational

Changes

During the reporting period, Operations at DSP made some significant changes with respect to its operational strategy. These changes are highlighted as follows:

- An increase in General Loan range was observed. Compared to PKR 75,000/- limit, now the limit is PKR 150,000/-. However, any loan size above PKR 100,000/- is a long term loan as per DSP's policy. The repayment tenure for such loans is 18 months.

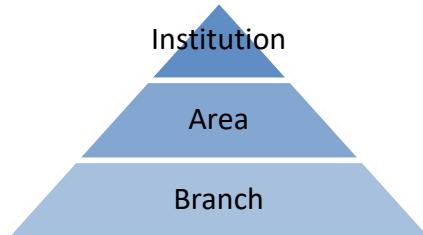
- During this quarter DSP also achieved its backlog and disbursement targets in an efficient manner.
- The envisioned Area VII – Faisalabad's staff hiring began during this quarter as well in order to meet the disbursement targets set for the month of January.
- According to the business plan, 6th Loan Officer was added to every field office.
- Increase in limit for seasonal loan was also observed. Previous limit of PKR 50,000/- has been increased to PKR 80,000/-.

Complaint Redressal

Complaint Cell of DSP addresses the grievances of clients timely and effectively. During the reporting period this cell received total 84 complaints, out of it 59 are resolved while other 25 unresolved are health claims dependent on insurance company.

Risk Profile

DSP has constructed its very own Risk Rating Model to gauge its own “risk vs reward” strategy.



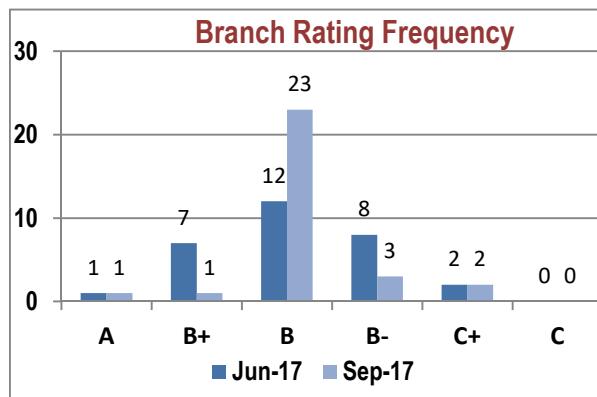
The model is a three tiered model that uses a graduation approach to establish the exposure of the institution using grass-root level data. Each tier is made up of various sections to ensure a wholesome quantification of risk. The scale used to quantify and explain the kind of exposure to risk is shown on the right.

Scale	Description
A+	Minimal Risk
A	
B+	Modest Risk
B	
B-	Significant Risk
C+	
C	
C-	Aggressive Risk
D	
E	

Branch Level Overview

A total of 16 branches were upgraded and major reasons were (i) *limited improvement in appraisal quality*, (ii) *improved provisioning coverage* and (iii) *adequate audit & compliance indicators*.

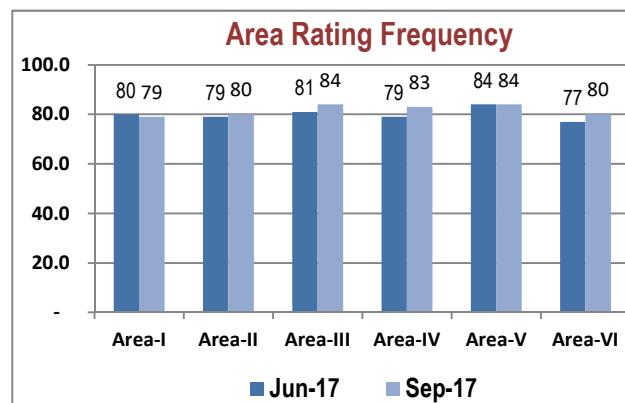
A total of 6 branches were downgraded. The main reason for these downgrades was *weak compliance to the company's policies and procedures and deteriorating portfolio quality*. Meanwhile 8 branches maintained their previous level of rating.



Maintained	Upgrades	Downgrades
8	16	6

Area Level Overview

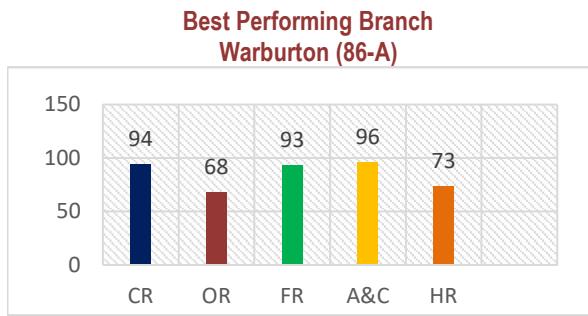
Area Risk Rating Model is divided into three main sections; (i) Operations, (ii) Industry Analysis, and (iii) Human Resource. The score of the operation section is a function of the Branch Risk Rating Model. The industry analysis section is based on (a) market share, (b) potential market, and (c) prevalent macro-economic risks. The HR section is based on, (i) capacity, (ii) quality & experience, and (iii) other HR risks that include references and rotations.



Maintained	Upgrades	Downgrades
1	4	1

Best Performing Branch

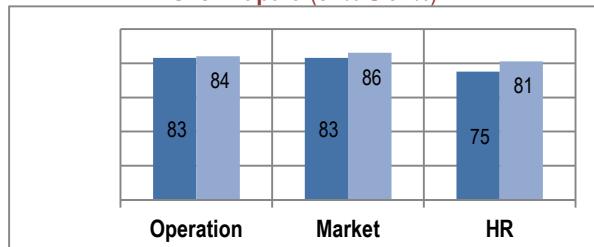
Warburton Branch was the best performing branch by the end September- 2017 because of operating on strong operational, financial and compliance indicators during said period.



Best Performing Area

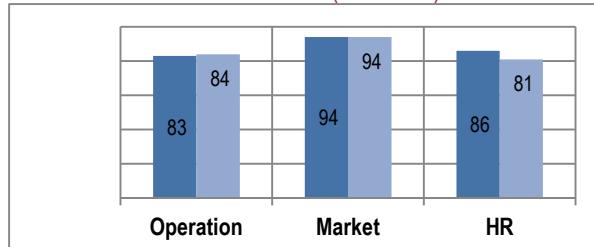
Area-III (Sheikhupura) and Area-V (Nankana) remained the best performing areas during the reporting period. Nankana maintained its previous level while Sheikhupura improved from 81 to 84.

Best Performing Area
Sheikhupura (84% ← 81%)



LHS: June 17 RHS: Sep17

Best Performing Area
Nankana Sahib (84%-84%)



LHS: June 17 RHS: Sep17

Note :

Risk profile of previous quarter is included in report because deadline of compilation of risk report is after quarterly report



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Developing Capacity

Capacity Development is defined as “the activities, approaches, strategies, and methodologies which help organizations, groups and individuals to improve their performance, generate development benefits and achieve their objectives”. DSP has a focus on strengthening technical expertise, through hiring or training staff or volunteers in program planning and design, best practices, and other similar technical areas.

Trainings are the tool used for enhancing the capabilities of staff. Targeted trainings towards staff are important to help them meet their key responsibilities. Building the skills of staff are important in helping them out in carrying their job specification, not only through preliminary trainings but on-going trainings as well. These trainings also help the employee in acquiring new skills to perform their duties effectively, in getting promotions within organization and in getting up-skilled to do some innovative things, which keep them fresh and motivated.

To keep the employees up with the new developments in their field, human and institutional department of DSP firstly identifies the gaps in their performance and then decides what type of training is needed and who needs it.

Staff Trainings

New Staff Orientations

During the reporting period HID Department gave orientations to Compliance Manager, 4 Field Managers, 41 Loan Officers, 42 Junior Professionals and 2 Account Officers. The orientations briefed the participants about DAMEN & transformation of Damen's microfinance program into DSP and DSP's policies and role in economic development. The orientations also focused on code of conduct, appraisal & social mobilization techniques, policies and procedures of microcredit and social sector programs.

Trainings on Operational & HR Policies, Procedures and Code of Conduct

A training on **Operational & HR Policies, Procedures and Code of Conduct** was organized for all newly hired staff of Area-VII Faisalabad District. The purpose of the training was to enable the staff to perform well in the field





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while complying the Operational and HR policies and procedures. The training enhanced the knowledge of staff about organizational policies regarding major & minor offences, code of conduct (including transparency, fair practice, dignified treatment, privacy & fair disclosure, governance & client satisfaction) and major policies for loan (including loan criteria, operational strategies, transfer policies of staff and early close loan policy).

Trainings on Communication Skills

Our field staff are the persons who have to move in the field and have direct dealing with clients. They have an important role in increasing the image of our organization through better communication. To boost up the communication skills of our staff and to enable them to deal with all type of clients effectively DSP organized 6 trainings on Communication Skills.

Detail of the Trainings on Communication Skills

Sr.#	Date	Area	Nature of Participants	Number of Participants
1	5 th October, 2017	Lahore (Area-I)	Loan Officers	23
2	6 th October, 2017	Lahore (Area-II)	Loan Officers	23
3	6 th October, 2017	Sheikhupura (Area-III)	Loan Officers	23
4	2 nd November, 2017	Kasur (Area-IV)	Loan Officers	23
5	3 rd November, 2017	Okara (Area-VI)	Loan Officers	23
6	8 th December, 2017	Nankana (Area-V)	Loan Officers	23
Total				138

Training on Communication Skills and Delinquency Management

To enhance the communication skills of newly hired staff of Area VII and enable them to identify, measure and analyze the cause of delinquency, and how to control it a training on “**Communication Skills and Delinquency Management**” was organized on 28th November in Nankana Field Office. Total 8 participants were benefited from this training.

Trainings on Credit Appraisal Techniques & Cash Flow

2 Trainings on “**Credit Appraisal Techniques & Cash Flow**” were organized for Appraisal Officers to enhance their knowledge regarding microfinance, microcredit, appraisal & its techniques and how to develop these techniques to appraise the client, major types of credit appraisal and major channels in credit appraisal, difference between bank appraisal and MFI appraisal, key areas of credit appraisal, ensuring borrowers’ satisfaction and cash flow.

Detail of the Trainings on Credit Appraisal Techniques and Cash Flow

Date	Venue	Nature of	Number of
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			Participants	Participants
	3 rd October, 2017	Royal Hotel Lahore	Appraisal Officers	19
	27 th November, 2017	Nankana Field Office	Staff Area VII	12
	Total			31

Trainings on Social Mobilization

To develop skills of the newly hired staff of Area VII, about using different tools of social mobilization a “**Training on Social Mobilization**” was organized on 21st November at Shah Kot Field Office. Total 11 staff members participated in the meeting.

External Staff Trainings

- Ms. Riffat Shaheen (Senior Training Officer) received a training on “**Train the Trainer**” organized by Qasim Ali Shah Foundation from 9th – 18th October in Lahore.



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Community Trainings

Community Skill Development Program has been developed for the females who have some financial resources to start their business but lack of skills hinders their way. Skill Development Trainings are flexible and demand driven. Training Department of DSP observes the potential, what kind of training is required and how many females are interested in getting these skills, and then plans their trainings accordingly. These trainings are an effective tool to impart employable skills among marginalized females of marginalized communities to enable them to earn their livelihood. These trainings are totally free of cost and help a number of women to start their own business.

Training on Beautician Skills

A training on beautician skills was organized in Begumkot from 19th September – 14th November 2017. The training enhanced the beautification skills of 20 community females.



Research Networking & Linkages

Networking & Linkages

In this age of globalization no organization can imagine to survive alone without having links with others. Creation of networks and linkages are an essential component of any development program and provide synergies for the program to build upon from a point of advantage to a point of strength. Networking and



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Linkages basically means forming formal and informal partnerships and ties with other organizations in different areas of mutual interest and/or benefits. DSP like other microfinance organizations use networking as a way to gain new clients and make a sustainable development. For the purpose it creates new linkages and networking at the local and regional level for creating better relationship with other organizations and institutions.

- Mr. Parvez Hameed (COO) attended a meeting organized by Pakistan Microfinance Network (PMN) in Islamabad in November.
- Ms. Naghma Rashid (CEO) and COO attended the meeting by PMN on 5th December in Islamabad.
- Mr. Aamir Qadir (Senior Manager Operations) and Mr. Wajid Ali Khan(G.M Admin and Finance) participated in 7th Global Islamic Microfinance Forum in Istanbul (Turkey) on 24th – 25th November.
- Mr. Aamir Qadir (Senior Manager Operations) and Mr. Wajid Ali Khan(G.M Admin and Finance) attended a Post Event Workshop “Islamic Agricultural & Rural Finance” after 7th Global Islamic Microfinance Forum from 24th – 28th November in Istanbul (Turkey).



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.