



**QUARTERLY ACTIVITY REPORT**  
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## Vision & Mission

### **Vision**

Sustainable development through financial inclusion

### **Mission**

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



## **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 the 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 for community DAMEN initiated the microcredit 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 the integrated self-reliant and long-term development of the communities through various programs of poverty alleviation.
- 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' Success Stories

### Asia Arif from Morkhunda

A few years before, Asia and her family had to leave their native city due to a dispute with influential of the area. After getting settled in Karianwala, the greatest issue for Asia and her husband was how to earn and provide food to their children as their business had also been lost after their migration. It was a very tough time as it was not easy for them to provide food and other necessities to a huge family comprising of 6 children. To overcome the situation Asia's husband started labor but it could not fulfill their requirements and they often had to skip their meal.

Asia used to spend most of her vitality in thinking about how to provide basic necessities and a better life to her family but she could never find a solution. Instead of getting depressed over the situation, Asia gathered all her courage and managed to purchase a few children eatables to sale at home. Although the earning obtained was too meager yet it played the role of a straw for a drowning person and provided her a direction to move on. Asia kept increasing her stock of selling items gradually and constantly.

Around then, she caught wind of microloans given by DSP from one of her community females, likewise a customer of DSP. To get the advantage of these services she visited DSP Branch in Morkhunda where DSP staff informed her about policies and procedures for taking the advance. After getting briefed she applied for advance and it was approved. From the credit sum, she increased her stock of karyana items and converted a room, having opening in the street, into a proper shop.

It provided comforts to her by multiplying her income. The benefit obtained through her very own business expanded her enthusiasm as well as urged her to additionally grow it. For the reason, she took another credit from DSP and expanded her stock. Now Asia has not only a proper karyana set up but is also providing a variety of daily usable items including chana chat, pakoras, Samosas, vegetables, and fruits. Presently her monthly income has risen from Rs.15,00 to Rs.30,000 monthly and she is sending her youngsters in schools for study alongside bearing other expenses of the home.

While paying her appreciation to DSP Asiya says, "Life had become too narrow to survive for me, after migration but DSP loan broadened it by creating earning opportunities for me through its microcredit services".



### Safia Bibi from Morkhunda

Safia, a mother of six, dwells in Mohallah Toriwala Morkhunda with her family. Her husband, being a laborer, had not a permanent job. Due to off and on availability of work Safia was finding it very difficult to manage the home properly. She was much worried over the situation and her worries were always multiplied after thinking about the future of her children. She always wanted to provide a better and comfortable life to her children and it was not possible in the sole earning of her husband.

Despite having no education and professional skill Safia decided to stand by her husband. She learned the skills of stitching fancy quilts from a neighbor of her and utilized it for earning by doing this work on contractual basis. Earning obtained through this job provided a little relief to her but still, it was inadequate. Very soon Safia realized that female is not giving her reasonable wages for her work and she can earn a more reasonable amount if she starts her own business. She thought about starting her own business and her brother in law strengthened it by offering her to start this business in partnership with him. Safia eagerly wanted to accept his offer but financial capital was not accessible for the partnership.

One day, during a conversation with one of her friends, she came to know about the microcredit

services provided by DSP. It enlightened the diminishing hopes of Safia and she talked about the opportunity with her husband. Subsequent to getting his consent she visited DSP Branch in Morkhunda, where DSP representative briefed her about policies and procedures of taking a loan. After getting briefed she applied for a loan and it was approved. In the wake of getting her first advance of Rs.45,000, she bought a stock of velvet and other raw materials from Faisalabad and started her own business in partnership with her relative. It resulted in increasing her income from Rs.5000 to Rs.10,000 per month.

Encouraged by this increase Safia further wanted to expand her business and for the purpose, she utilized two more loans from DSP. Presently, Safia is financially empowered not only to send her children in good schools of the community but also to share the maximum expenses of her home. Besides she is also making some saving for the better future of her children. Safia has now ended partnership with her relative and is independently running this business. Safia gives DSP credit for her success, "Without the financial support of DSP, I have never been able to fulfill my responsibilities towards my family. DSP's assistance has helped me in providing a better and secure life to my children and getting more respect in the community" says Safia.



### Siddiqa Bibi from Morkhunda

A couple of years back, unexpected death of Siddiqa's significant other, left her alongside her six youngsters in a miserable and helpless condition. They had no alternate earning source, initially few relatives of her provided some financial help to them yet it began diminishing with the passage of time. Having no earning in hand it turned out to be exceptionally hard to her, to provide even two times meal to her children. Despite utilizing all her energies Siddiqa could not stabilize the worsening condition of her home.

Siddiqa invested a large portion of her energy in pondering the approaches to create some earning source for her family. After assessing all viewpoints, she concocted an idea of selling three calves, her husband had left behind. Not long after in the wake of having said though she sold them all to purchase a dairy animal. Now she was able to make some earning by selling milk. In the meantime, one of her sons also started a job in a factory to share her burden but still, resources were not sufficient. Despite, Siddiqa managed to save some money to

purchase another dairy animal. Around then a well-wisher of Siddiqa informed her about microcredit services provided by DSP and furthermore encouraged her to utilize these facilities. Following her recommendations, she visited DSP branch in Morkhunda and applied for advance. DSP endorsed her first advance after total evaluation and documentation. From the loan amount combined with her saving, she purchased another dairy animal.

Purchase of one more animal opened the doors for money to come in and enabled Siddiqa to deal with her home appropriately. After finishing the first loan cycle, she took another advance and bought another cow. Recently she is DSP's client of fourth loan cycle and each time she utilized the advance to grow her business of livestock. Presently she owns 4 cows and 4 calves and is earning more than Rs.25,000 per month.

"A few years back, after the demise of my significant other, life had been done to us yet DSP's credit gave us a hope to live and survive in that tough situation. My family and I are happy now and it is only because of DSP."



## **Salma Bibi from Chung**

After divorce, when Salma came back to her parents' home, she felt her life very difficult and charmless. Her father and siblings tried to bring charm in her life and also got success in it. Constant efforts of them helped her in coming out of stress and back to life. When Salma came into her senses. She decided not to become a burden over her father who already had a huge burden of other unmarried daughters. For the purpose, she decided to utilize her skills of beautification. She purchased some accessories required for beautification and started dealing clients at home. Initially, she could not find more clients but with the passage of time her clientele was increased and her clients played a major role in it by telling others about the perfection of her work.

Now Salma was able to make some earning which she started utilizing at home. It built her confidence and she thought about shifting her business in the market, but lack of finances created hurdles in it. Around then, she caught wind of microloans given by DSP from one of her clients, likewise a customer of DSP. To get the advantage of these services she visited DSP Branch in Chung where DSP staff informed her about policies and procedures for taking the advance. After getting briefed she applied for an

advance of Rs.25,000 and it was approved. From the credit sum, she increased her accessories to entertain more clients. It increased her earning from Rs.3,000 to Rs.6,000 per month. Getting encouraged by this she took another loan after completion of the previous loan cycle and shifted her business in the market. It further augmented her earning, from Rs.6000 to Rs.10,000, by improving the clientele.

Salma utilized a total of 5 loans of DSP and every time used it to enhance her business by increasing beauty accessories in her saloon. Recently she is earning nearly Rs.40,000 per month from her saloon. Now Salma is more confident and financially empowered to bear the educational expenses of her younger brother and sister. She has not only collected dowry items for her own and her sister but has also purchased a 3 marlas plot for herself.

“Without the financial support of DSP, I have never been so confident and financially empowered to bear the educational and other expenses of my siblings and for this, I am very grateful to DSP,” says Salma. Salma has also imparted her skills to 35 females of her community and also conducts beautification trainings on the platform of DSP.





## Operational Enactments

Damen 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. The 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 Lahore, Kasur, Sheikhpura, Nankana Sahib, Okara, Faisalabad, Gujranwala, Hafizabad, Sahiwal, Pakpattan, Toba Tek Singh, and Sialkot districts.

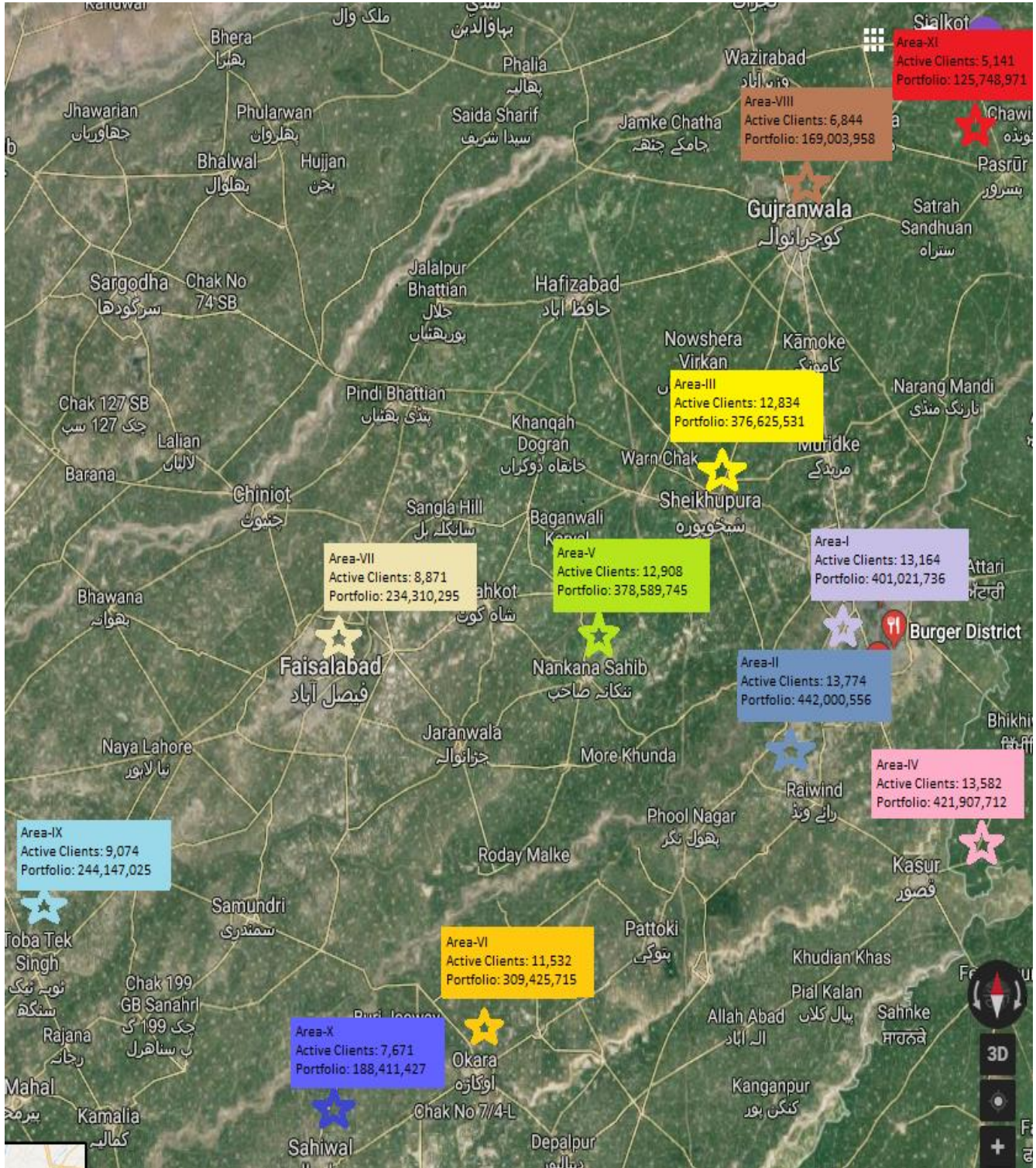
### Outreach

By the end of the reporting period total 50 branches of conventional microfinance are working in 11 areas Lahore-I, Lahore-II, Sheikhpura, Kasur, Nankana, Okara, Faisalabad, Gujranwala, Sahiwal, Toba Tek Singh and Sialkot, as well as 6 branches of Islamic microfinance are operational in Rajana (Area-IX), Pakpattan (Area-X), Hafizabad (Area-VIII), Narowal (Area-XI) and Muslim Town (Area VII). Detail of conventional branches is given in the table below.

#### Detail of Conventional Areas with Respective Branches

Lahore		Sheikhpura	Kasur	Nankana	Okara	Faisalabad	Gujranwala	T.T. Singh	Sahiwal	Sialkot
Area I	Area II	Area III	Area IV	Area V	Area VI	Area VII	Area VIII	Area IX	Area X	Area XI
Niaz Baig	Halloki	Begum Kot	Phool Nagar	Nankana Sahib	Okara	Faisalabad	Gujranwala	T.T Singh	Sahiwal-I	Daska
Chung	Shamke Bhattian	Sharqpur	Chunian	Shahkot	Hujra Shah Muqem	Thikriwala	Kamokey	Kamalia	Sahiwal-II	Sialkot
Kahna	Manga	Rachna Town	Pattoki	Mor Khunda	Depalpur	Jaranwala	Wazirabad	Gojra	Chicha Watni	Sambrial
Ali Raza Abad	Raiwind	Muridkey	Habib Abad	War-burton	Haveli Lakha	Samandri	Alam Chowk	Pir-Mahal	Arifwala	Pasrur
Bhola Garhi	Maraka	Dhamkey	Jamber	Bucheyki	Renala Khurd	-	-	-	-	-

## Areas View at Map





## Operational Changes

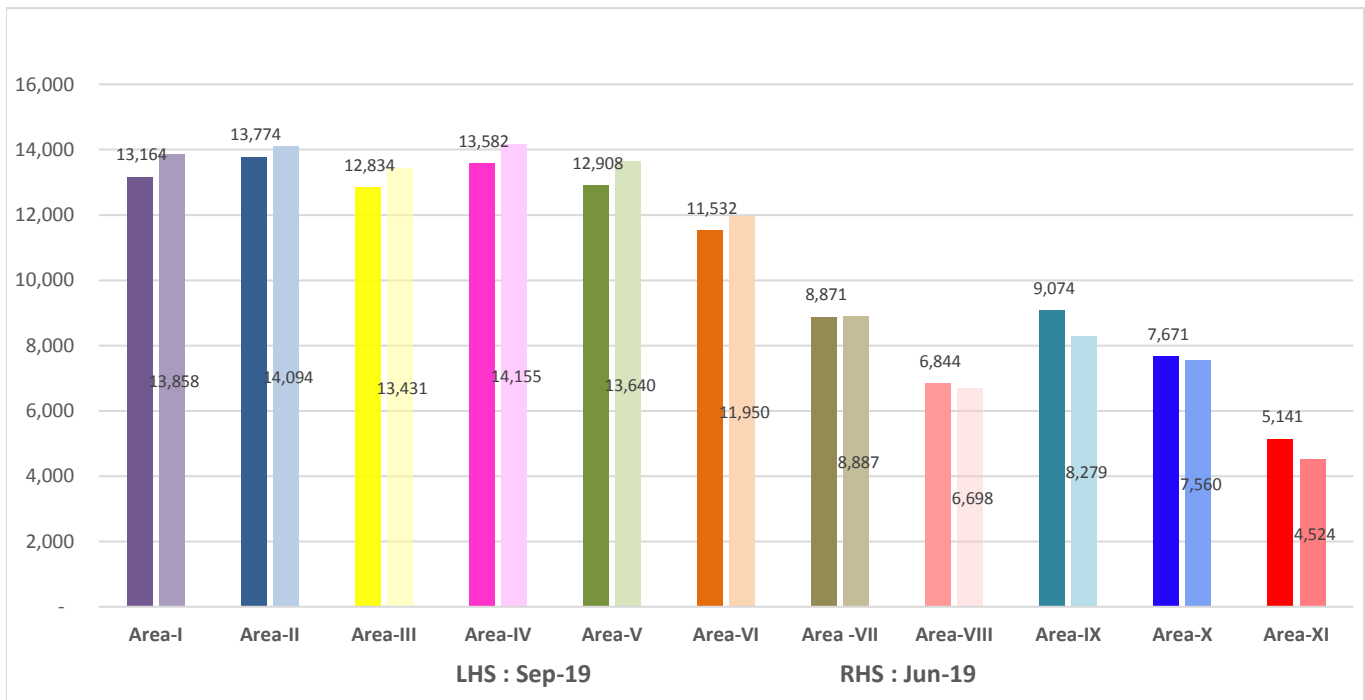
To benefit the maximum quantity of socially and economically disadvantaged segments of society DSP is planning to expand its microfinance activities by establishing a new region, Region-III, in parallel to the two preexisting regions. The new region will comprise of 7 new enterprise as well as 3 Islamic Microfinance Branches, whole Area-III and three preexisting Sharia Branches including Kot Radha Kishan, Narowal and Hafizabad.

Before opening new branches, it was necessary to identify the maximum potential areas. For the purpose, DSP conducted a survey through the interns of the University of Central Punjab. These interns collected data from the community by getting their responses on questionnaires designed by the Operations Department. An analysis of these responses favored opening 3 Sharia Branches in Kasur, Shalimar Link Road, and Allah Abad, while 5 Enterprise branches would be opened in different areas of Region-I, having maximum mature clients of conventional branches of DSP.

## Active Clients

By the end of the reporting period, the total number of active clients remained 115,395 with 13,164 clients of Area-I, 13,774 clients of Area-II, 12,834 clients of Area-III, 13,582 clients of Area-IV, 12,908 clients of Area-V, 11,532 clients of Area VI, 8,871 clients of Area-VII, 6,844 clients of Area-VIII, 9,074 clients of Area-IX, 7,671 clients of Area-X, and 5,141 clients of Area-XI.

### Area-Wise Active Clients

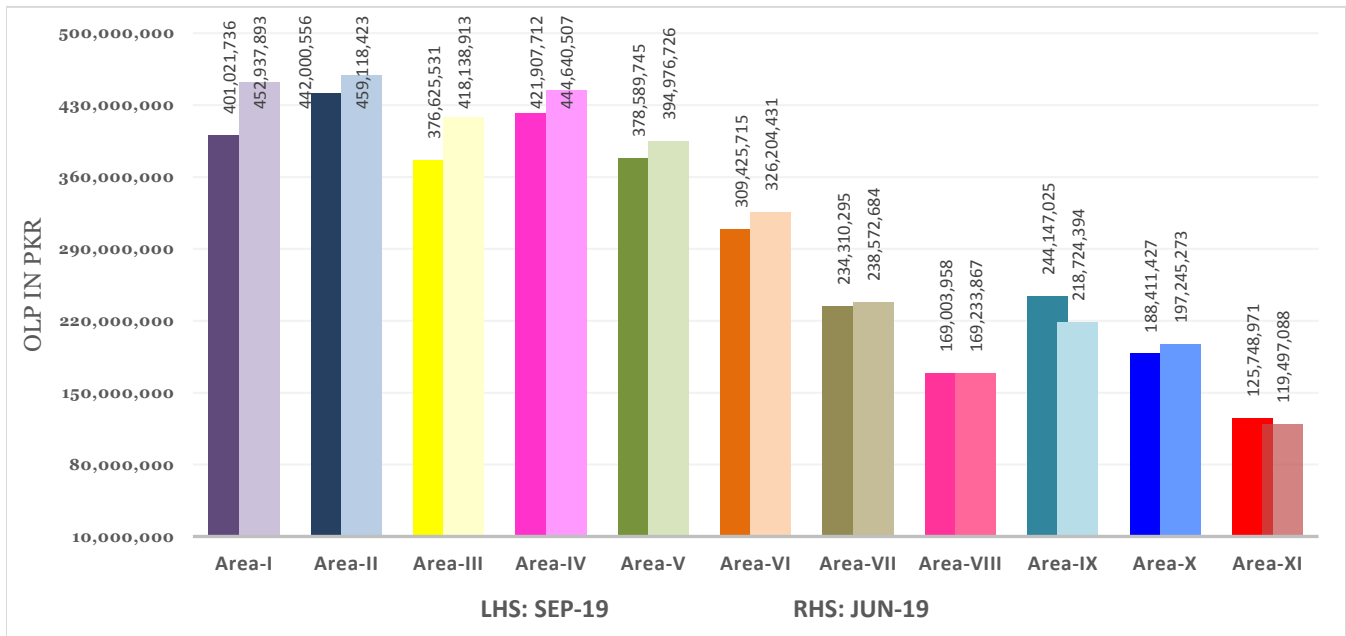




## Outstanding Loan Portfolio

Total outstanding loan portfolio (OLP) of DSP remained PKR 3,291,192,671 with Rs.401,021,736 OLP of Area-I, Rs.442,000,556 of Area-II, Rs.376,625,531 of Area-III, Rs.421,907,712 of Area-IV, Rs.378,589,745 of Area-V, Rs.309,425,715 of Area-VI, Rs.234,310,295 of Area-VII, Rs.169,003,958 of Area-VIII, Rs.244,147,025 of Area-IX, Rs.188,411,427 of Area-X, and Rs.125,748,971 OLP of Area-XI.

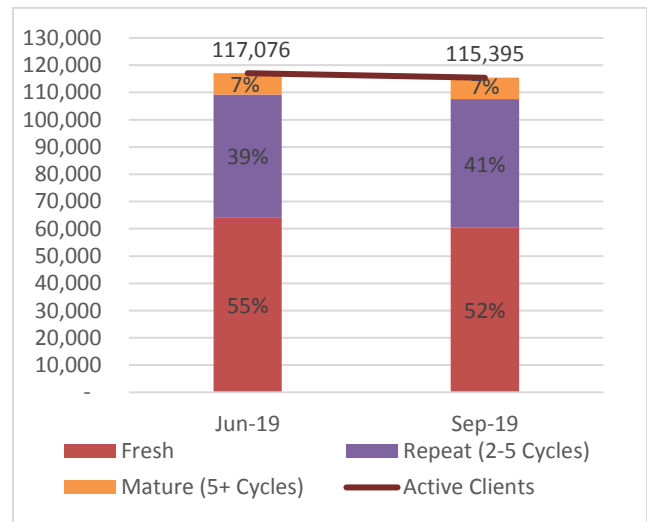
### Area-wise Outstanding Loan Portfolio



## Division of Clients Regarding Loan Cycle

DSP has a main focus on building up a strong and long-term relationship with its clients, it is obvious from the LTS figures. Figures show that despite establishing new branches 48% of its clients are longstanding out of which 7% represents a 5 year + relationship.

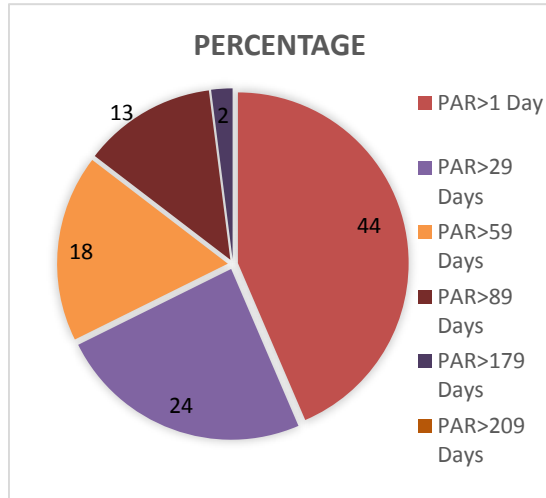
It is simply because DSP considers clients the heartbeat of microfinance; therefore, developing a healthy relationship with them is vital for its success. Through good and bad times, maintaining a healthy client relationship with all its clients helps DSP in gaining sustainability.



**Division of Clients Regarding Loan Cycles**

### Portfolio at Risk Ratio

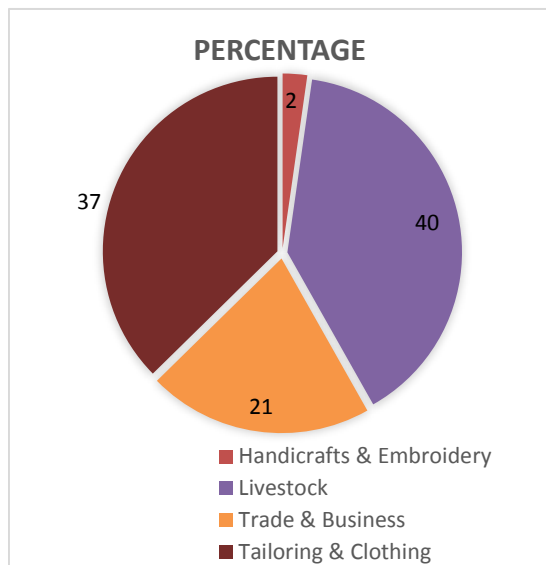
During the reporting period, PAR > 29 days remained 1.95.



### Aging Summary of Portfolio at Risk

### Business Classification

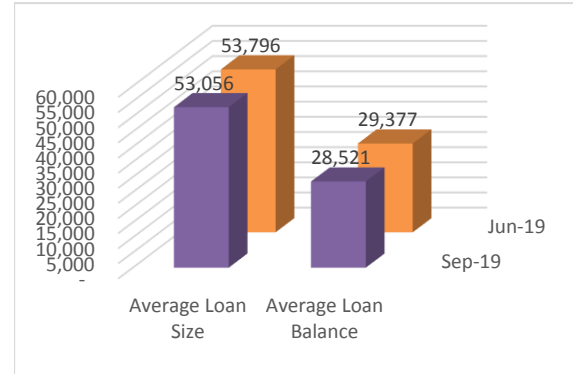
Majority of DSP clients is related to Livestock followed by tailoring & clothing, trade & business, and handicrafts & embroidery respectively.



### Business Categorization of Loans

### Average Loan Size & Balance

The average loan size and loan balance of DSP decreased respectively from 53,796 (by the end of the preceding quarter) to 53,056 (by the end of the reporting period) and 29,377 (by the end of the preceding quarter) to 28,521 (by the end of the reporting quarter).



### Average Loan Size and Loan Balance

### Seasonal Loans

The number of active clients of Seasonal Loans remained 108 with a total Rs.5,911,692 OLP, during the reporting period. No seasonal loan was disbursed during the reporting period.

### Islamic Microfinance

The total number of active clients of Shariah Branches increased from 3,416 to 4,906 while OLP was increased from RS.110,863,093 to RS.152,137,303.

### Complaint Cell

Complaint Cell of DSP addresses the grievances of clients timely and effectively. During the reporting period this cell received a total of 149 complaints, out of it 106 were resolved while other 43 unresolved are health claims dependent on the insurance company.

## Developing Capacities

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 is 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 the 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

An orientation was organized for 16 newly hired staff as well as Junior Professionals of Region-I. The orientation briefed the participants about





vision, mission, objectives, and goals of DSP and its organizational structure and hierarchy at Head Office, Region, and Field level. The orientations also focused on major operational and HR policies.

### Training on Credit Risk & Delinquency Management

A training on “**Credit Risk & Delinquency Management**” was organized for Appraisal Officers, Area Risk Officers, and Area Coordinators of Region-II. The main purpose of the training was to enable participants to assess and evaluate risks for DSP as well as enhance their skills on delinquency management. Total 26 staff members got benefit of this training.

### Trainings on Islamic Microfinance

DSP organized a training on “**Islamic Microfinance**” in collaboration with Attijarah, to enhance the knowledge and skills of Islamic Microfinance Branch Staff about Sharia Products offered by DSP. Total 18 staff members received said training.

### External Trainings

- Ms. Nagma Rashid (Chief Executive Officer), Mr. Parvez Hamid (Chief Operating Officer) and Mr. Muhammad Rizwan (Chief Financial Officer) attended 5-Day “Directors’ Training Programme” organized by Pakistan Microfinance Network (PMN) from 15th – 19th July, at Royal Palm Club, Lahore.

- 16 Account Officers from Region-I & II received a training on “Negotiable Instruments” organized by NIBAF on 16th July at State Bank of Pakistan Building, Lahore.
- Ms. Asia Khatoon (Senior Relationship Officer), Mr. Ilyas Ali Raza (FM Ali Raza Abad), and Mr. Muhammad Bilal (AO Shamki Bhattiyan) received a training on “Customer Service Excellence” organized by NIBAF on 4th September at State Bank of Pakistan Building, Lahore.
- Mr. Muhammad Rizwan (CFO), Mr. Asif Mahmood (Chief Internal Audit) and Mr. Wajid Ali Khan (GM Admin & Finance) received a 2-Day training on “2<sup>nd</sup> Annual International Financial Reporting Standards” organized by Corsol from 24<sup>th</sup> – 25<sup>th</sup> September at PC Hotel Karachi.

### Community Trainings

- A training on beautification skills was organized from 10<sup>th</sup> July to 15<sup>th</sup> September in Dhamkey field area. Total 20 females were benefitted from said training.



## Networking & Linkages

In this age of globalization, no organization can imagine surviving alone without having links with others. Creation of networks and linkages is an essential component of any development program and provides synergies for the program to build upon from a point of advantage to a point of strength. Networking and Linkages mean forming formal and informal partnerships and ties with other organizations in different areas of mutual interest and/or benefits. DSP like other microfinance organizations uses networking as a way to gain new clients and make sustainable development. For the purpose, it creates new linkages and networking at the local and regional level for creating a better relationship with other organizations and institutions.

- Mr. Parvez Hamid (COO) and Mr. Muhammad Rizwan (CFO) attended a meeting organized by Pakistan Microfinance Network (PMN) to share their “Report on Risk Assessment” at their Head Office in Islamabad on 27<sup>th</sup> August, 2019.





## Constraints & Challenges

- Implementation of new performance appraisal & management system at all levels and impact on the improvement of the loan portfolio.
- Maintain the yield of GLP by not allowing field staff to take recoveries before the due date
- Reduce the cost per loan
- Maintain the client base at a certain level of 2500 clients per field office.
- Monitoring of loan utilization.

## Existing Gaps

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

## Lessons Learnt

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