

خواتین کی مضبوطی، ترقی کی ضمانت



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**SUSTAINABLE DEVELOPMENT
THROUGH FINANCIAL
INCLUSION**



**TAKING MEASURES FOR
SOCIAL AND ECONOMIC
UPLIFT OF THE
MARGINALIZED WITH
FOCUS ON WOMEN, TO
ENHANCE THEIR ECONOMIC
PROSPERITY AND SELF-
RELIANCE THROUGH
FINANCIAL INCLUSION AND
CAPACITY BUILDING**



DSP Introduction

The roots of the Damen Support Programme lie in a non-profit organization (NGO) – Development Action for Mobilization and Emancipation (DAMEN) – set up in 1992, under the Societies Registration Act, XXI of 1860. DAMEN started its operations with the aim of working for alternative development at the 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 the 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 the Damen Support Programme (DSP). This step was 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 Non-Banking Microfinance Company, registered under section 42 of the Companies Act 2017, 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 from marginalized communities through 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 microcredit, vocational training, and capacity building of communities.
- To concentrate on activities for the integrated self-reliance and long-term development of the communities through various programs of poverty alleviation.
- To enhance women's development cause 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;

- i. Micro-Credit
- ii. Health and Life Insurance services for its borrowers
- iii. Training, Capacity Building, and Skill Development of Community Action Groups
- iv. Research, Networking, and Linkages

New CEO Holds Charge

During the reporting period, Mr. Musharraf Mahmood Khan held the charge of CEO-DSP. Mr. Musharraf Mahmood Khan is a successful business graduate from IUB and a Certified Public Accountant. He received a certification in Microfinance from “Boulder Institute of Microfinance Turin” (Italy). He holds several other certifications from national and international institutions including JAIBP from IBP and Certificate of Leadership from Frankfurt School of Business. His expertise are Finance, Micro Finance Banking, Budgeting, Digital Banking, Business, Coaching, Transformation & Project Management. His career span is spread over 18 years of enriched experience in MFIs and MFBs. He was a member of the core team that transformed MFI into MFB, one of the largest transformations of its kind in history. He remained associated with National Rural Support Programme at the regional level and NRSP Microfinance Bank in different senior roles.

Success Stories

Razia Hanif from Okara

Razia bibi resides in Chak 11/GD, with her family. Since her marriage, her husband is running a stall in Lahore, where he sells sugarcane juice in summer and carrot juice in winter. Initially, the earning of her husband was quite enough to fulfill the needs of her family but with the growing ages of her children and increasing trends of inflation, it became very difficult. On the other hand, Razia always desired to provide good education to her children and it was not possible in the sole earning of her husband. At that time Razia took the most important decision of sharing the burden of her husband by stitching ladies' garments as well as fancy quilts, crochet items, and embroidered bed sheets, on order for people in the neighborhood. She soon found that she was making a respectable living out of it. She has been doing this business for 20 years but two years before, she decided to expand it. For this purpose, she applied for a loan of Rs.45, 000 from DSP. With the money, she received she bought a stock of quilts and did fancy work on it. It gave her a profit greater than before. From her second and third loan amount, she increased the stock of crochet and embroidered items. Razia's business is now well flourished as instead of waiting for an order, now she keeps a ready stock of quilts and crochet items that she sells for double profit. Razia is the mother of four daughters and to



save for their weddings, she puts money in the form of a committee so that she has enough when the time for their weddings comes. She has also purchased a calf from her savings. Razia realizes the value of education and she tried her level best to educate her children. Two of her daughters have finished their studies till the metric level while others are still studying.

Razia is the main decision-maker in the family as her husband spends most of his time in Lahore. "I used to take care of the children when they were young. My husband lived in Lahore and used to come to us for a meeting after every 15 days. For this reason, my children got a rare opportunity to interact with their father and they always preferred my decisions". says Razia.

Two of Razia's daughters are supporting her in business after getting these skills from her while she has also provided these skills to two other females of her community who are using it to share their familial burden.

Noor Bakhi from Okara

Noor Bakhi resides in Chak 18/1R with her family. Since her marriage, her husband was doing labor in a sweets shop. Despite very hard work by her husband, they always lived from hand to mouth and could never save a single penny for the weddings of her daughters. Noor always remained worried about it but could do nothing for it because of her illiteracy and lack of earning skills. As time was going on, the grade of her worries was rising. In that time of desperation, one of her well-wishers suggested her to start a business of livestock which fascinated her but lack of capital didn't let her do this.

It was the time when Noor Bibi came to know about the microcredit services provided by DSP. She talked about the opportunity with her husband and after getting his consent she visited the DSP Branch in Okara, where a DSP representative briefed her about policies and procedures for taking a loan. After getting briefed she applied for a loan and it was approved. Noor Bibi already had some goats which she sold and after combining the income received through the sale of these animals with her advance purchased a dairy animal. It enabled her to earn nearly Rs.12,000 per month. Earning, obtained through this business, encouraged her business sense and she started looking for more opportunities for earning.

At that time, she found an opportunity of starting a stall of different snacks (samosas, pakoras, jalebi, etc.) which nephew of her



husband kept for sale after the death of his father. To avail, the opportunity Noor got another advance from DSP. As her husband had the experience of working in a sweets shop, so she included him in her business. With the collective efforts of both husband and wife, soon their business started to grow. Recently, Noor is earning more than Rs.40,000 per month from her business.

Noor seems now very satisfied as she has not only flourished her business but also wedded her two daughters. "Weddings of my daughters, in our limited resources, were almost an impossible thing but financial assistance of DSP made this impossible, possible to me," says Noor Bakhi.

Asima Shareef from Haveli Lakha

Asima, a married mother of two children lives in Mohallah Mall Mandi, Haveli Lakha. Asima was an ambitious wife to financially support her husband Shareef, who was a salesman of locally made maroonda (a local sweet) and nimko. There was no stable source of income therefore often the family remained in debt. While working as a salesman Shareef also learned the skills of making maroonda to start his own business but resources were not available for purchasing the machine, required for it. Asima tried to save some money for the purpose but despite all her efforts, she could not succeed.

Around then, she caught wind of microloans given by DSP from one of her relatives, likewise a customer of DSP. To get the advantage of these services she visited the DSP Branch in Haveli Lakha where DSP staff informed her about policies and procedures for taking the advance. After getting briefed she applied for an advance and it was approved. From the credit sum together with her saving, she acquired the machine of maroonda making. Both husband and wife started the business at home while her husband supplied it in the market. It raised their income from Rs.10,000 to Rs.20,000. From the second advance, she increased the stock of raw material and enhanced her business by increasing productivity.

The increasing trend of her business motivated the business skills of Asima and she asked her husband to purchase a machine, used in making nimko. Again, financial support was



provided by the DSP. It further multiplied her income.

It was the beginning of her journey towards a successful entrepreneur. Till this time, Asima has taken total four loans from DSP and is earning more than Rs.40,000 per month. She is not only earning by herself but has also provided earning opportunities to two other females of the community. While attributing her success to DSP Asima says, "I could never think about starting my own business, if DSP support was not there".

Farzana Shaheen from Deepalpur

Farzana, the wife of Qadir Baksh, resides in Chorasta Mian Khan with her husband and 5 children. Her husband used to weave bed sheets on-demand from the community, while raw material was provided by the clients themselves. Despite all his efforts, his family was spending a very difficult life. The maximum portion of Farzana's time and energy was used in thinking about how to get a better life for her family, but she could never find a solution. While the growing ages of her daughters were continuously alarming her. Her worries were not resolved even after Farzana's support in her husband's business. After being grown up, the eldest daughter of Farzana also joined them in their business. Still, it was not sufficient to reduce Farzana's worries because the money obtained in return was not reasonable.

One day while analyzing the opportunities to increase their income Farzana came up with an idea of using their own raw material and making constructive use of their time in the offseason of their product. But financial resources were not available for the purpose. Amid that extreme occasions, she became familiar with Damen Support Program through her relative, who herself was a client of DSP. Seeing the circumstance of her family, Farzana decided to avail of the opportunity and visited DSP Branch in Depalpur for getting an advance. From the advance amount, she purchased a stock of raw material and started making their own khais and bedsheets which her husband sold in the market. With the investment of the



first loan of DSP in her business Farzana's income was increased from Rs.12,000 per month to Rs.25,000 per month.

From her second advance, Farzana managed to purchase a dairy animal which enabled her to make Rs.10,000 more. Recently Farzana is DSP's client of the 3rd loan cycle and her collective income from both businesses is approximately Rs.35,000 per month. With the financial support of DSP Farzana has not only increased her family income but also created earning opportunities for five other females of her community who help them in their business. Although Farzana's worries are not finished yet these are reduced because she has saved enough for the marriage of her elder daughter while her business is also flourishing day by day.



Operational Strategies

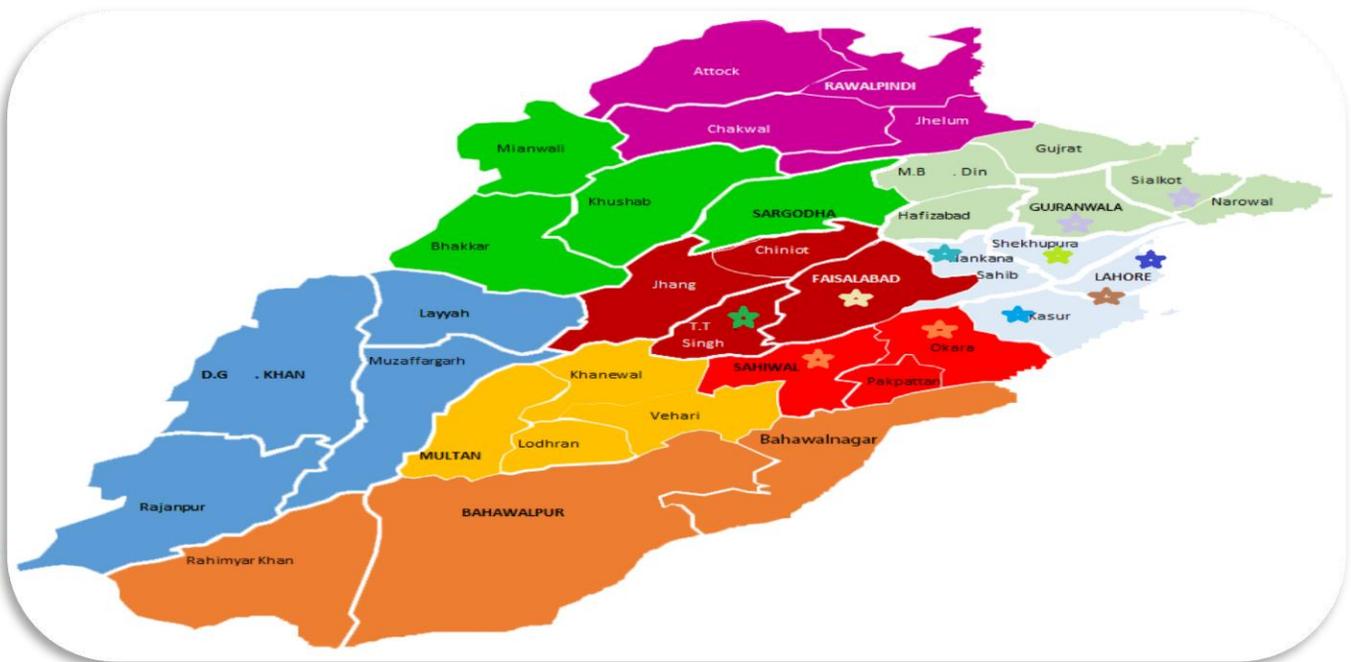
The impact of the COVID-19 crisis is already causing a deterioration in the risk profile of MFIs loan portfolios before actual defaults occur. MFIs require to react swiftly to minimize the financial impact of the current situation. Operations Department at DSP has adopted some measures and increased its activities to overcome the situation.

- For timely completion of their tasks (both disbursements and recoveries) in an organized way, daily work planning has been promoted from Loan Officers to Regional Managers level. All field staff, LOs, FMs, AMs, and RMs, has been trained to work on daily plans. These plans and formats were provided by Head Office.
- To monitor whether the field staff is following the daily due plans, extensive field visits were conducted by GM. Operations and Managers Operations and Monitoring.
- Daily Reporting Mechanism was introduced to share the progress of every branch with the Head Office.
- Exclusive recovery follow-ups of stuck clients were conducted by all field staff, from LO to RM, every Saturday.
- Financial Trainings were conducted, allowing field managers to deal with financial matters more efficiently and appropriately.

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 this 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.

Geographical Outreach of DSP



Outreach

Until the end of the reporting period, a total of 49 branches of conventional microfinance were working in Lahore-I, Lahore-II, Sheikhpura, Kasur, Nankana, Okara, Faisalabad, Gujranwala, Sahiwal, Toba Tek Singh, and Sialkot, while 5 Sharia Branches were operational in Kot Radha Kishan (Area-II), Pakpattan (Area-VI), Muslim Town (Area VII), Hafizabad (Area-VIII), and Rajana (Area-IX),

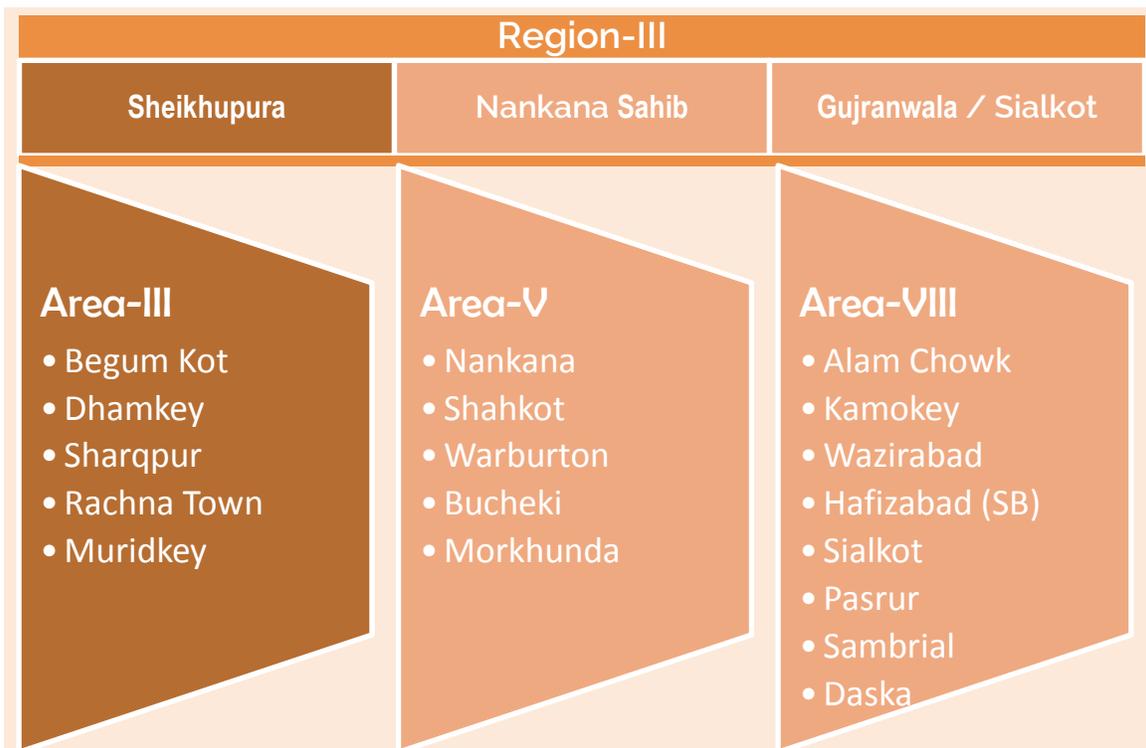
Lahore Region-I

Region-I		
Lahore	Lahore	Kasur
Area-I <ul style="list-style-type: none"> • Niaz-Baig • Chung • Kahna Nau • Ali Raza Abad • Bholi Garhi 	Area-II <ul style="list-style-type: none"> • Shamki Bhattiyan • Halloki • Raiwind • Manga Mandi • Maraka • KRK (SB) 	Area-IV <ul style="list-style-type: none"> • Phoolnagar • Habibabad • Pattoki • Jamber • Chunian • Renala Khurd • Okara

Faisalabad Region-II

Region-II		
Okara / Sahiwal	Faisalabad	Toba Tek Singh
Area-VI <ul style="list-style-type: none"> • Deepalpur • Hujra Shah Muqem • Haveli Lakha • Sahiwal-I • Sahiwal-II • Chichawatni • Arifwala • Pakpattan (SB) 	Area-VII <ul style="list-style-type: none"> • Faisalabad • Thikriwala • Samandri • Jaranwala • Muslim Town (SB) 	Area-IX <ul style="list-style-type: none"> • T.T.Singh • Gojra • Pirmahal • Kamalia • Rajana (SB)

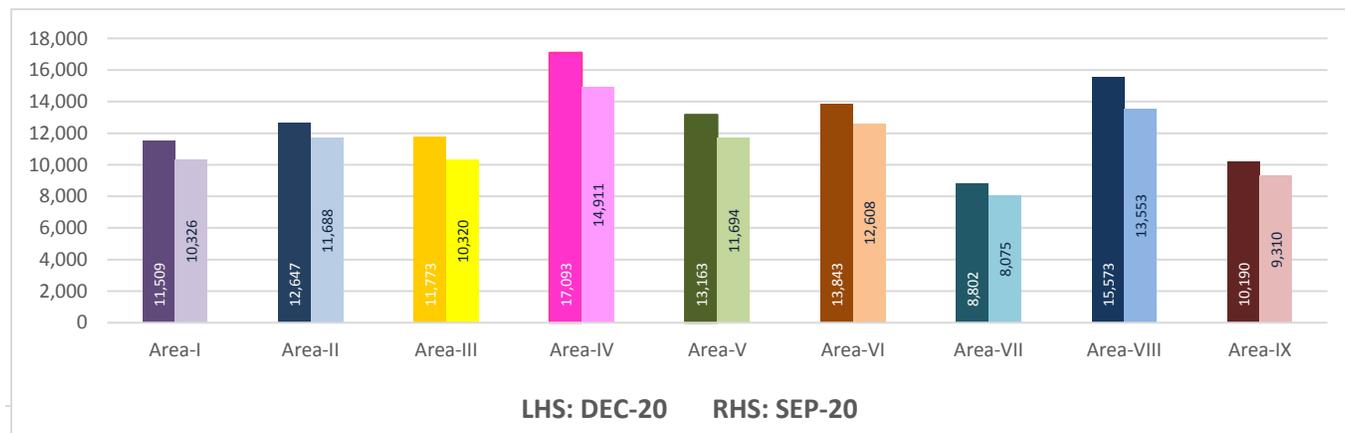
Sheikhupura Region-III



Active Clients

During the reporting period, to some extent, DSP remained successful in overcoming the situation created due to the spread of COVID-19 as the total number of its active clients was increased from 102,485 to 114,593. The total number of active clients was increased from 10,326 to 11,509 in Area-I, from 11,688 to 12,647 in Area-II, from 10,320 to 11,773 in Area-III, from 14,911 to 17,093 in Area-IV, from 11,694 to 13,163 in Area-V, from 12,608 to 13,843 in Area-VI, from 8,075 to 8,802 in Area-VII, from 13,553 to 15,573 in Area-VIII and from 9,310 to 10,190 in Area-IX.

Area-Wise Segregation of Active Clients

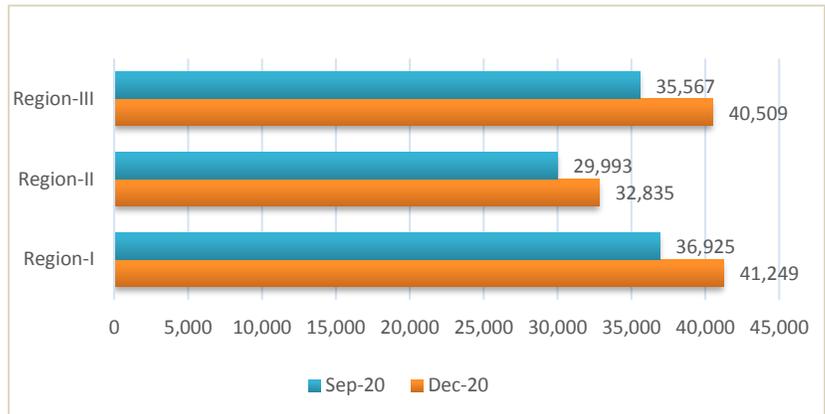


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Region-Wise Active Clients

The clientele of all the three regions portrays a growing trend during the reporting period. Region-I shows an increase of 11.7% in its clientele by raising the total number of its active clients from 36,925 to 41,249. Region-II displays a 9.5% increase by moving its clientele from 29,993 to 32,835 as well as Region-III represents 13.9% raise in its clientele by growing it from 35,567 to 40,509.

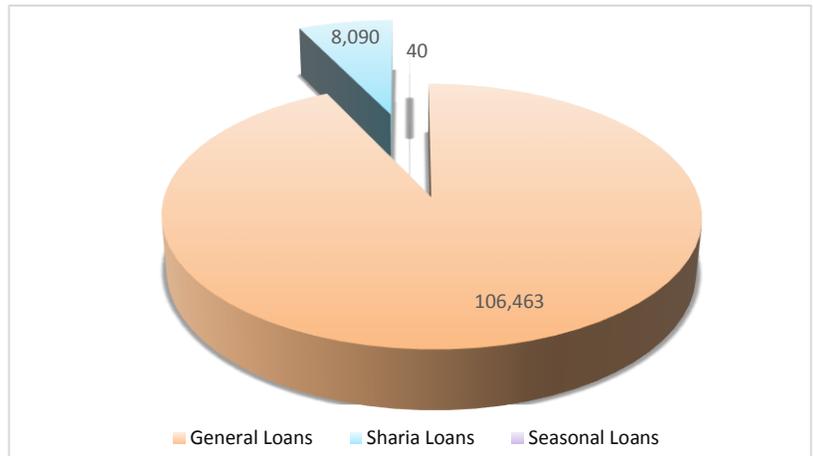
Region-Wise Segregation of Active Clients



Product Wise Active Clients

Product-wise analysis of active clients reflects that majority of DSP clients is getting the benefit of general loans followed by sharia loans and seasonal loan respectively. The main reason behind the greater interest for general loans is that it was the initial and only product of DSP and the other two products were introduced later. Similarly, greater loan size can also be a reason behind it.

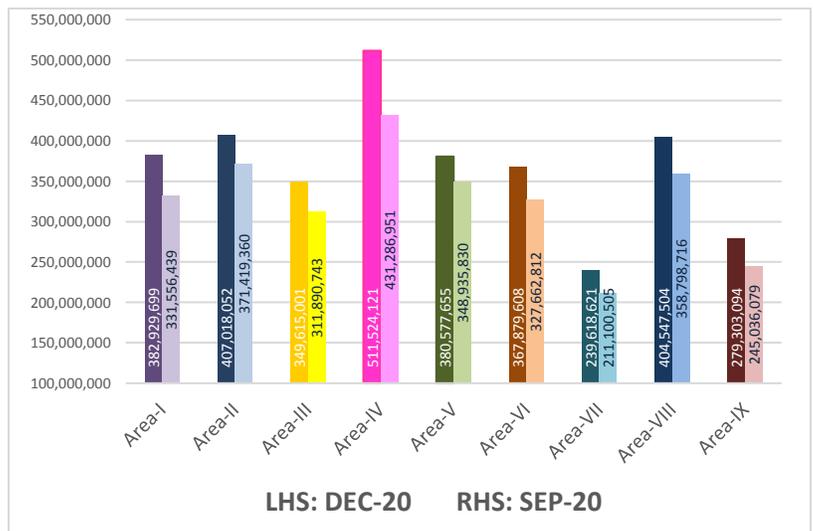
Product-Wise Segregation of Active Loans



Outstanding Loan Portfolio (OLP)

With the increase in clientele total OLP of DSP also increased from PKR.2,937,687,435. (by the end of the previous quarter) to PKR. 3,323,013,355 (by the end of the reporting period). Areas I, II, III, IV, V, VI, VII, VIII, and IX, respectively observed an increase of 15.5%, 9.6%, 12%, 18.6%, 9.1%, 12.3%, 13.5%, 12.8%, and 14%, in OLP.

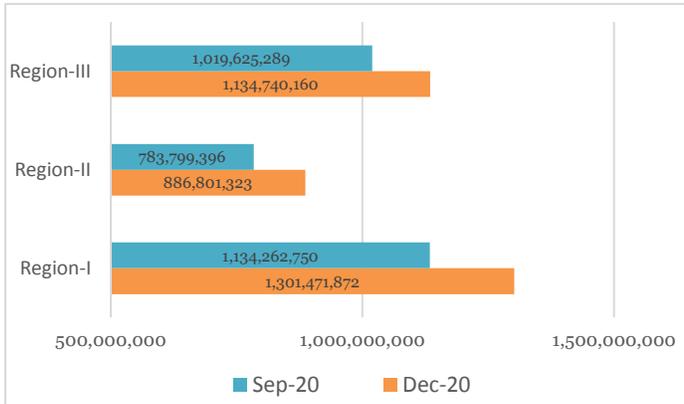
Area-Wise Segregation of OLP



Region-Wise Outstanding Loan Portfolio

OLP of all regions shows an increasing trend during this quarter. Regions-I, II, and III show an increase of 14.7%, 13%, and 11.3% respectively. Given here is the comparison of OLP during the last two quarters.

Region-Wise Segregation of OLP



Product Wise Outstanding Loan Portfolio

By the end of the reporting period, the OLP of General Loans was increased from PKR 2,749,347,674 to PKR 3,103,451,496 and of Sharia Loans from PKR 186,113,008 to PKR 217,737,777, while OLP of Seasonal Loans was decreased from PKR. 2,226,753 to PKR.1,824,082.

Product-Wise Segregation of OLP

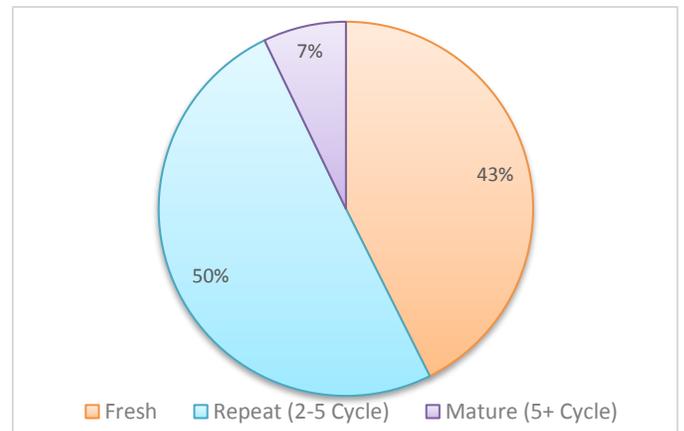


Division of Clients Regarding Loan Cycle

Client retention is critical for the long-term financial viability of microfinance institutions (MFIs), which provides financial services to low-income households. It reduces MFI's administrative costs, lowers risks, and increases institutional productivity.

DSP always focuses on building up a strong and long-term relationship with its clients and it is obvious by LTS data which shows that 57% of DSP clients are longstanding.

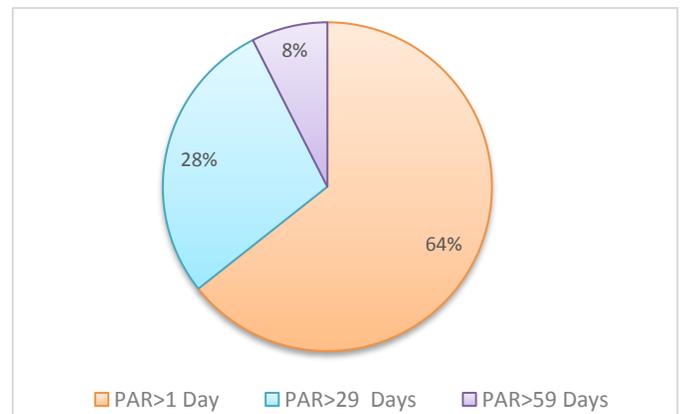
Segregation of Clients Regarding Loan Cycle



Portfolio at Risk Ratio

By the end of the reporting period value of PAR > 29 days (after deferment) remained 5.05.

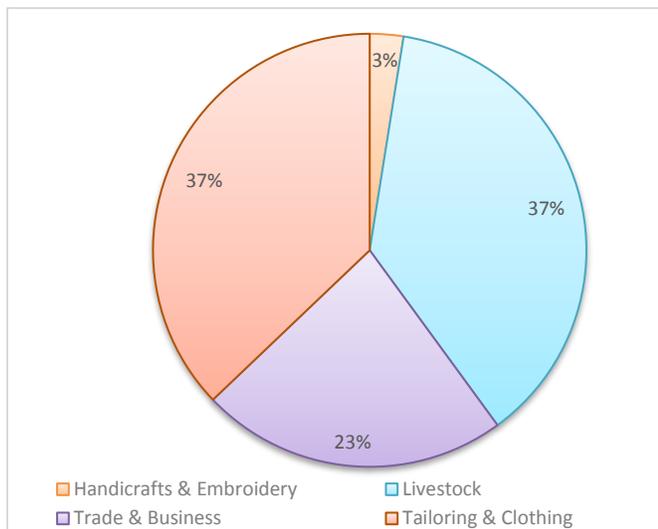
Aging Summary of PAR after Deferment



Business Categorization of Loans

The majority of DSP clients is related to Livestock followed by tailoring & clothing, trade & business, and handicrafts & embroidery respectively. By the end of the reporting period, 37% of DSP clients utilized their loans in the business of livestock while the same percentage utilized them to raise their business of tailoring & clothing. 23% did trade and business, and only 3% utilized it to enhance their business of handicrafts & embroidery.

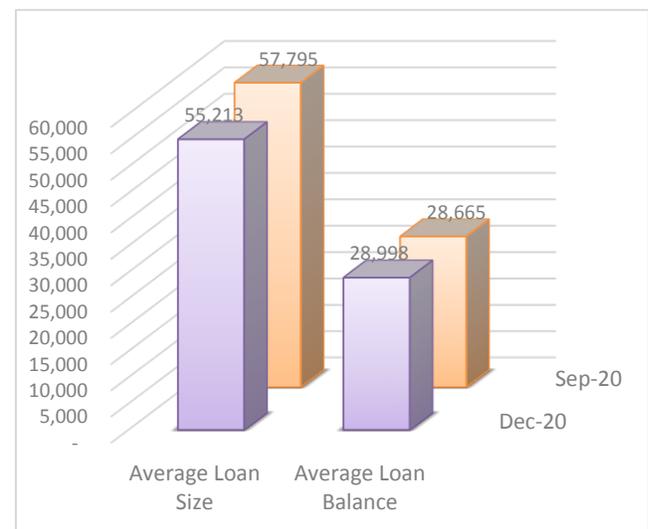
Business Categorization of Loans



Average Loan Size & Balance

The average loan size of DSP decreased from 57,795 (by the end of the previous quarter) to 55,213 (by the end of the reporting period) whereas, the average loan balance is increased from 28,665 (by the end of the previous quarter) to 28,998 (by the end of the reporting quarter). A comparison of average loan size and average loan balance, during the last two quarters, is shown here.

Comparison of Average Loan size and Balance



Complaint Redressal

DSP is redressing the grievances of its clients through its Complaint Redressal Cell. This cell is effectively working in the Head Office as well as in Regional Offices. By the end of the reporting period, this cell received a total of 171 complaints, out of which 140 were settled while the other 31 unresolved are health and death claims dependent on the insurance company.

Capacity Enhancement

Capacity building emphasizes on escalating an organization's ability to do new things and improve what they currently do. Most simply, capacity building improves the organization's performance and enhances its ability to function and continue to stay relevant within a rapidly changing environment. 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 utilized for upgrading the capacities of staff. Targeted trainings towards staff are significant to assist them in meeting their key obligations. Building the skills of staff is significant in helping them out in carrying their job specifications, through fundamental as well as on-going trainings. These trainings likewise help the employees in gaining new aptitudes to perform their duties efficiently, 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, the Training Section of DSP initially identifies the gaps in their performance and then decides what type of training is needed and who needs it. During the reporting quarter, DSP shared four online sessions with its field staff.

Trainings on Organizational Policies, and Procedures / AML, CFT

To enable our staff, perform well in the field while complying with the operational and HR policies and procedures, and to brief them about how a terrorist can use MFIs / MFBs for the sake of money laundering and terrorist financing, 10 trainings on "Organizational Policies, and Procedures, / AML, CFT " were conducted for total 170 LOs, AOs, and FM's of all the three regions.

These trainings on the one hand enhanced the knowledge of staff about organizational policies regarding major & minor offenses, code of conduct (including transparency, fair practice, dignified treatment, privacy & fair disclosure, governance & client satisfaction), and major policies for the loan (including loan criteria, operational strategies, transfer policies of staff and early close loan policy), and on the other hand, also informed them about strategies to be adopted for mitigating the risk of money laundering and terrorist financing.

Reinforcement of Accounting Policies & Procedures

Three trainings on "Reinforcement of Accounting Policies & Procedures" were organized to enhance the skills of our accounts officers on a standardized process that is used to perform functions within the accounting department of DSP. Total 49 AOs and JPs received said training.

External Trainings

- GM Operations and Senior Manager Risk attended "Microfinance Enterprise Risk Management Certification Programme" organized by PMN from 26th - 28th October at Grand Palm Hotel Ferozepur Road, Lahore.
- Regional Managers, Region-II and Region-III, attended a web meeting on "Portfolio Restructuring" organized by Inspiring Development on 15th December.

Sr.#	Date	Venue	Nature of Participants	Number of Participants
1	1 st October	T.T.Singh FO	FMs, LOs	12
2	2 nd October	Rajhana FO	FMs, LOs	16
3	5 th October	Faisalabad RO	FMs, LOs	15
4	6 th October	Samandri FO	FMs, LOs	12
5	7 th October	Sahiwal College Road FO	FMs, LOs	16
6	8 th October	Pakpattan FO	FMs, LOs	7
7	9 th October	Hujra Shah Muqeem FO	FMs, LOs	14
8	4 th November	Dhamke RO	FMs, LOs	30
9	5 th November	Morkhunda FO	FMs, LOs	32
10	6 th November	Daska FO	FMs, LOs	16
	Total			170

Detail of Trainings on Organizational Policies and Procedures, AML,CFT

Sr.#	Date	Venue	Nature of Participants	Number of Participants
1	20 th October	Faisalabad RO	AOs	15
2	21 st October	Muridke FO	AOs	15
3	22 nd October	Area-II Office	AOs	19
	Total			49

Detail of Trainings on Reinforcement of Accounting Policies and Procedures





Networking & Linkages

In this age of globalization, no organization can imagine surviving alone without having links with others. The 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.

- ❖ A team from Symbiotics SA did a Zoom/Skype meeting with Damen Support Programme's Management Team on 14th -15th December.



Constraints & Challenges

- smooth continuation of the disbursements and recoveries due to the COVID-19 situation.
- Implementation of a 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 level of 2400 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 formation.

Lessons Learnt

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