

خواتین کی مضبوطی، ترقی کی ضمانت



QUARTERLY ACTIVITY REPORT

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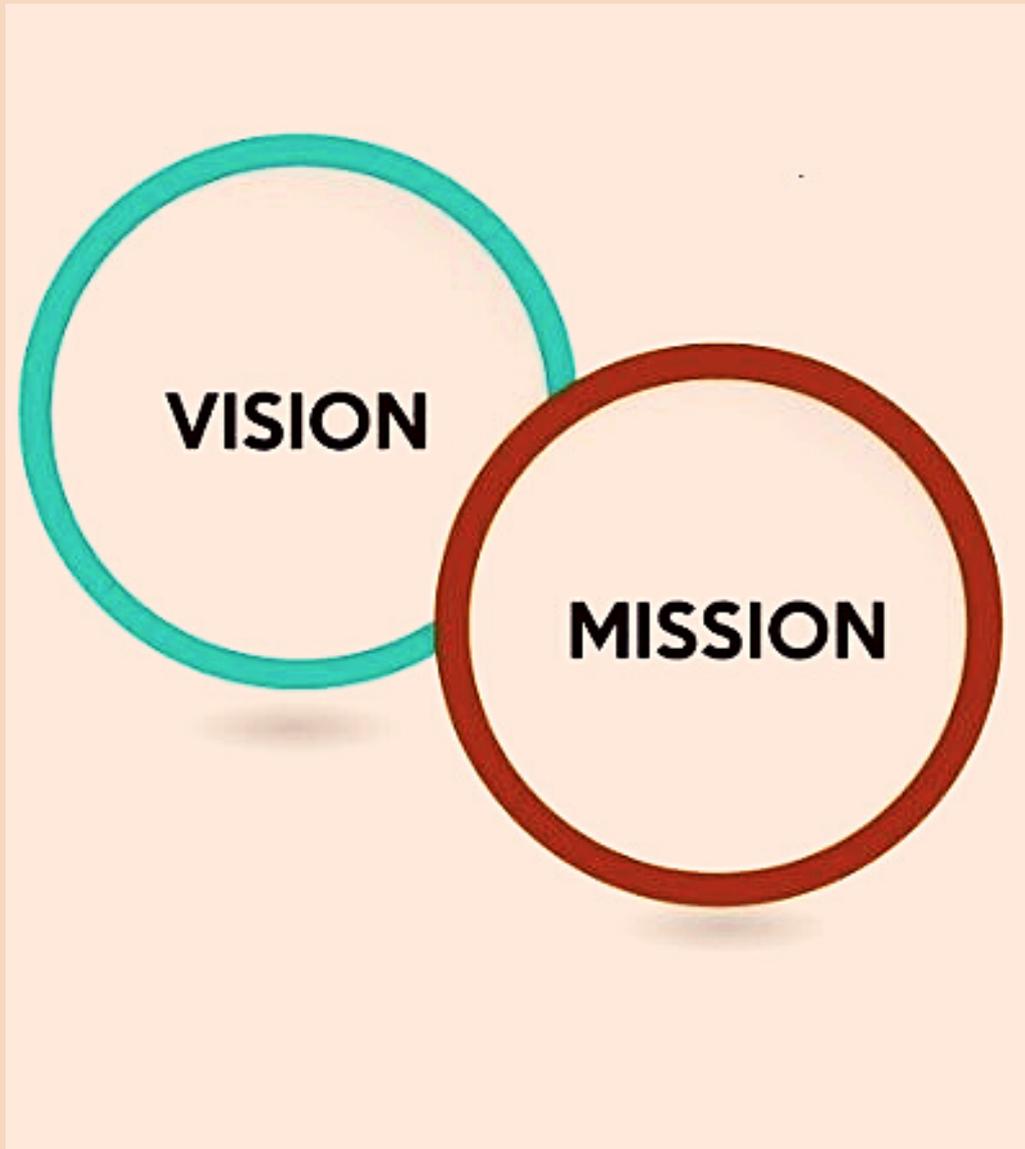
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Sustainable development
through financial inclusion.



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

Success Stories

Razia Niamat from Jamber

Razia's husband, Niamat, was a kiln worker and it was very difficult for her to provide basic facilities to a huge family comprising of 8 members. After making a full-day struggle and utilizing all his energies Niamat could hardly provide two times' meal to his children. While Razia always desired a comfortable life for her family. For the accomplishment of her desire, she decided to stand by her husband. For this purpose, she learned the skills of chikh making from one of her community females and started said business on daily wages. It enabled her to make some earning, despite being meager it enabled her to bear some expanses of her family.

Razia wanted to earn more by establishing her set-up of chikh making however monetary capital was not accessible for this purpose. One day, during a conversation with one of her community females, she came to know about the microcredit services provided by DSP. Razia talked about the opportunity with her husband and after getting his consent she visited the DSP Branch in Jamber, where a 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 2008, after getting her first advance of Rs.10,000, she purchased some raw material and took a start for her own business to enhance her income. Looking upon the profit obtained from the business Razia's husband also joined her after leaving kiln work. Until 2014 Razia did use a total of three loans from DSP and every time enhanced her business from it.

With the joint efforts of both of them and the financial assistance of DSP, her business became well flourished and sustainable to the extent that she didn't need more loans from DSP. But in 2019, the sudden death of Razia's husband pushed her into crisis and once again she needed some money to bring her business back to its lost status. At that time, she again contacted DSP for monetary assistance. "After the death of my husband, when I needed money the first thought which came into my mind was DSP while DSP also didn't break my trust on it" Razia describes her trust in DSP.

Razia's business is again well flourished and her sons have also joined her business. From the saving obtained from the business, Razia has not only wedded her four children but also constructed three cemented rooms for them. She has purchased a 1.5 canals plot from her savings and is planning to extend her business by increasing the stock of raw material in near future.



Anwar Bibi from Chunian

Anwar Bibi lives in Bukan Ki with her husband and 4 children. Her husband was a farmer but eight years before, his severe ailment led him to leave this job. It was a very tough time for the whole family which diminished all colours of life for them. The situation was much worrying but Anwar knew that just worrying is not the solution to her problems. She had to do something for the survival of her family.

After thinking about all options, she came up with the idea of starting a karyana store. For this purpose, she collected all her savings and purchased some children's eatables to sell. From the acquiring got through the business she attempted to deal with her home. Still, she needed more for her family and it was only possible by increasing the stock at the shop but financial resources were not available for the purpose.

Around then a well-wisher of Anwar informed her about microcredit services provided by DSP and encouraged her to utilize these facilities. Following her recommendations, Anwar visited the DSP branch in Chunian and applied for advance. DSP endorsed her first advance after complete evaluation and documentation. From the loan amount, she increased the karyana stock at her shop. Until now Anwar has used a total of seven loans from DSP and every time used it to expand her business. She has converted a room of her home, having an opening in the street, into a proper shop. It gave an exceptional rise to her income.

With dedication and anticipation, Anwar proceeded with her business and before long, the business began thriving. She not only observed an increase in her monthly income but was also able to afford her family's meals and other necessities. In parallel to said business Anwar also started the business of livestock from her saving which further enhanced her income.

"That was a very difficult time when I was not able to provide two times meal to my children. DSP support empowered me not only to bear the educational and other expenses of my family but also has enabled me to purchase a 5 marlas plot" describes Anwar.



Shameem Baqir from Chunian

Shameem lives in Chak-1 (Chunian) with her significant other and six youngsters. Her significant other was a watchman and his income was not adequate to fulfill the requirements of the whole family. Shameem often thought about enhancing her family income by setting up an independent business yet financial resources were not available for it. As her children grew up their household finances became less adequate, but Shameem was adhered to comply with the desire to give a better life to her kids. For the wellbeing of her children, Shameem decided to take the reins of her home into her hands.

Around then, she caught wind of microloans given by DSP from one of her relatives who was also a customer of DSP. To get the advantage of these services she visited the DSP Branch in Habibabad where DSP staff informed her about policies and procedures for taking the advance. After returning home she convinced her husband to give her permission to start tailoring while staying at home. Instead of having objections, he questioned that how is it possible without a sewing machine? It encouraged her to discuss with him the micro-credit services provided by DSP and with the mutual understanding of both husband and wife, she applied for a loan that was approved. From the credit sum, she purchased a machine and crude material to start her own business of tailoring.

The profit obtained from this business provoked her thoughts of a businesswoman and she decided to start another business in parallel to the previous one. A female of her community was doing the business of putting stones in the jewelry. Shameem learned these skills from her and also started this business. Finances required for purchasing raw material were again provided by DSP. The untiring endeavors of Shameem brought about an expansion of up to Rs.30,000 monthly in her income.

"Financial help by Damen Support Program has altered my life by making me a businesswoman. When my husband asked me that how is it possible to start tailoring without a sewing machine? there was great uncertainty on his face but after getting assistance from DSP he became not only satisfied but also helped me in smoothly running my business" tells Shameem. Recently Shameem is not only earning herself but also hired 10 other females on daily wages. With the gradual expansion in her business, she has also constructed a home, prevailing over 4 marlas of land, from her saving.



Ghazala Maqsood from Klark Abad

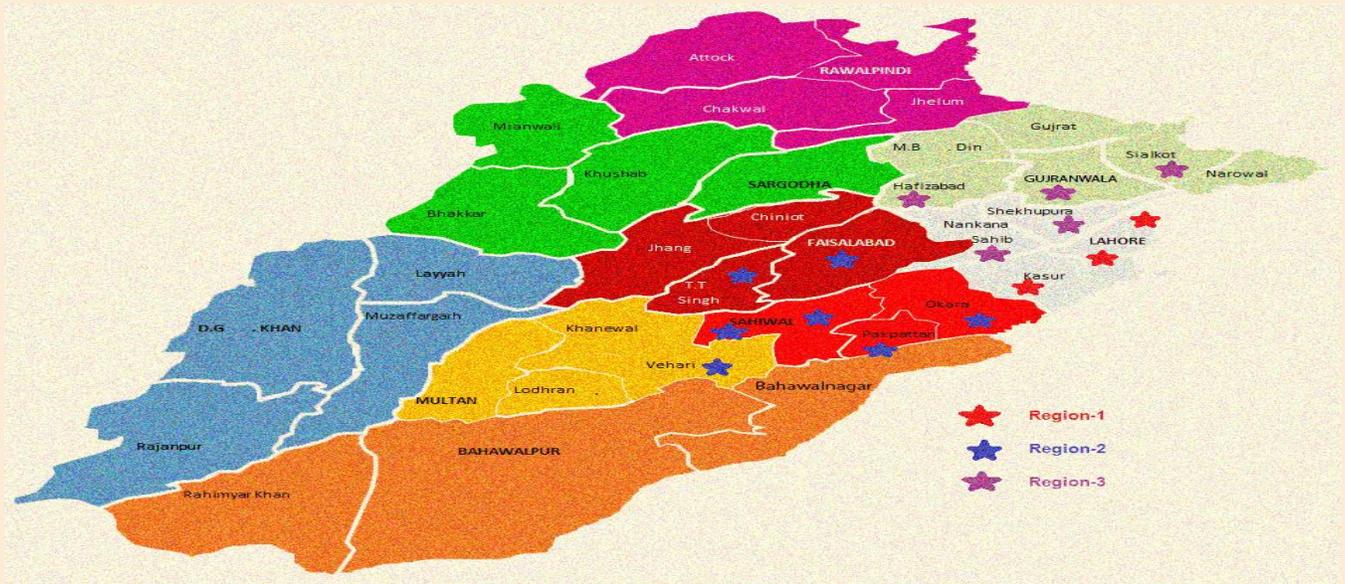
A few years back Ghazala and her family settled from Karachi to Lahore. Her husband had his own business of China Chappals in Karachi while in Lahore he started a karyana store. Having no experience of karyana work led him towards a big loss. In this difficult time, Ghazala and her family were left with no savings and they often had to stay without a meal. Ghazala had a nursing diploma and was doing a job in a private hospital before her marriage. She had to leave the job to better look after her children. But Ghazala wanted to support her husband and for this purpose, she started the business of selling china chappals while staying at home. She took a loan from DSP and purchased some stock of china chappals from Shah Alam Market. The profit obtained through the sale encouraged her to take another loan to expand her business. It multiplied her earning. Later on, her husband also joined her business after finishing his karyana store.

Until now Ghazala has used a total of 9 loans from DSP and every time used it for the enhancement of her business. Along with increasing the stock of chappals she has also increased the stock of ladies' and children's readymade garments and jewelry. Now Ghazala seems very satisfied with her life as both husband and wife earn a handsome amount from their business. Ghazala's daughters are studying in good schools while she has also purchased some home appliances including a washing machine, refrigerator, television, and a loader rikshaw, and for all these reasons she is very obliged to DSP. "All my success is the result of the financial support provided by DSP. After getting a loss in my husband's business we had no money to invest in and also there was no one to lend us a single penny. At that time, it was only DSP who trusted me by giving credit of Rs.10,000 and every time increased it gradually" says Ghazala.

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, Shekhupura, Nankana Sahib, Okara, Faisalabad, Gujranwala, Hafizabad, Sahiwal, Pakpattan, Toba Tek Singh, and Sialkot, districts. Two more branches have been established in Burewala and Vehari Tehsils of Vehari District. The mobilization process in this area has been started which would be followed by disbursement in the coming quarter.

Geographical Existence of DSP



Outreach

Till the end of the reporting period, a total of 49 branches of conventional microfinance were working in 9 areas i.e Lahore-I (Area-1), Lahore-II (Area-2), Shekhupura (Area-3), Kasur (Area-4), Nankana (Area-5), Okara, Sahiwal, & Pakpattan (Area-6), Faisalabad (Area-7), Gujranwala, Sialkot & Hafizabad (Area-8) and Toba Tek Singh (Area-9), while 5 Sharia

Branches were operational in Kot Radha Kishan (Area-2), Pakpattan (Area-6), Muslim Town (Area-7), Hafizabad (Area-8), and Rajana (Area-9). Other than these two newly established branches will start disbursement in the next quarter after completing the initial mobilization process.

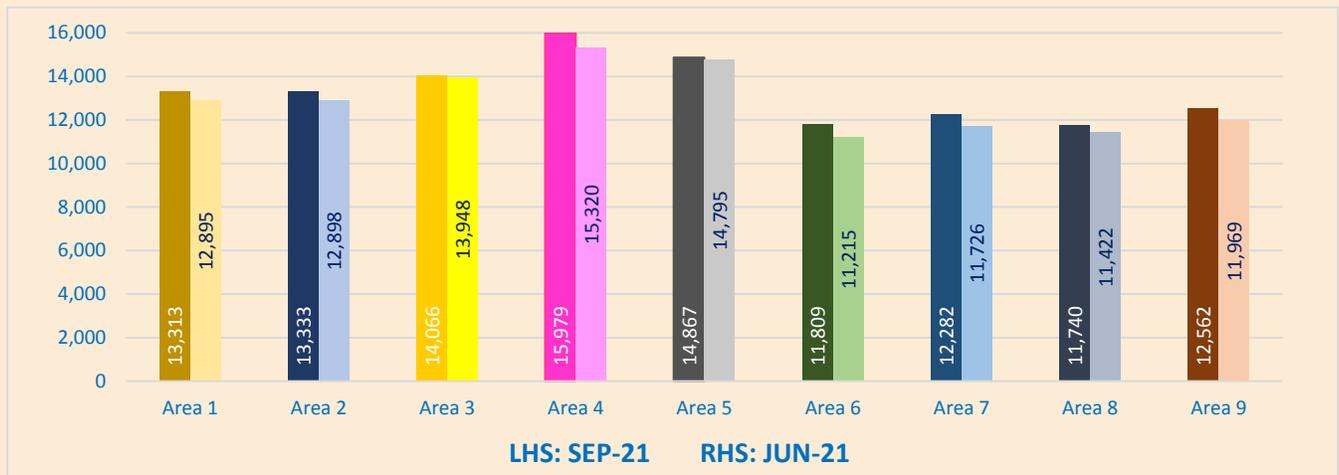
Region-Wise Distribution of Branches



Active Clients

During the reporting period, the total number of active clients was increased from 116,188 to 119,951 with 13,313 clients in Area-1, 13,333 in Area-2, 14,066 in Area-3, 15,979 in Area-4, 14,867 in Area-5, 11,809 in Area-6, 12,282 in Area-7, 11,740 in Area-8, and 12,562 clients in Area-9.

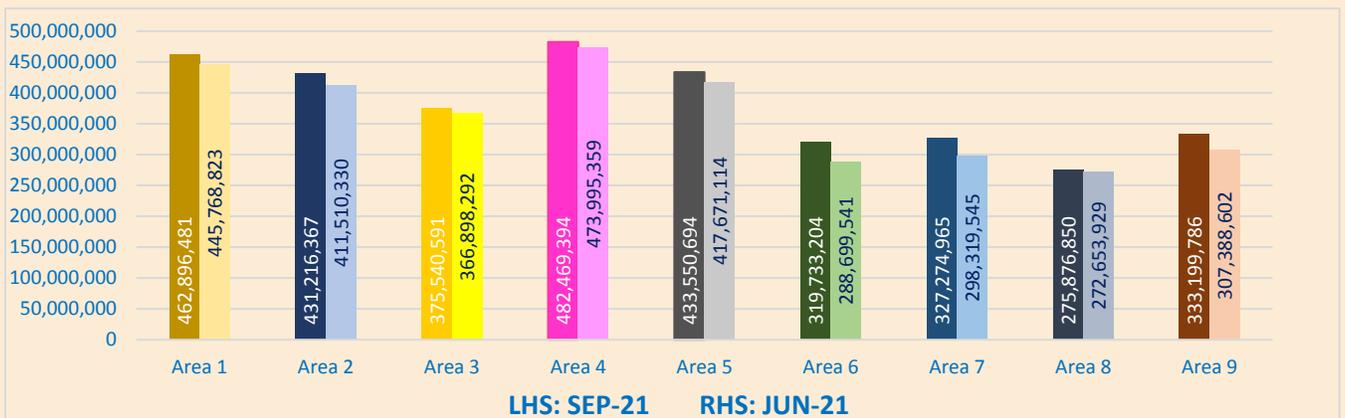
Area-Wise Segregation of Active Clients



Outstanding Loan Portfolio (OLP)

Outstanding Loan Portfolio of DSP was increased from Rs.3,282,905,535 to Rs.3441,757,768 with 462,896,481 OLP of Area-1, Rs. 431,216,367 of Area-2, Rs.375,540,591 of Area-3, Rs.482,469,394 of Area-4, Rs.433,550,694 of Area-5, Rs.319,733,204 of Area-6, Rs.327,274,965 of Area-7, Rs.275,876,850 of Area-8, and Rs.333,199,786 OLP of Area-9.

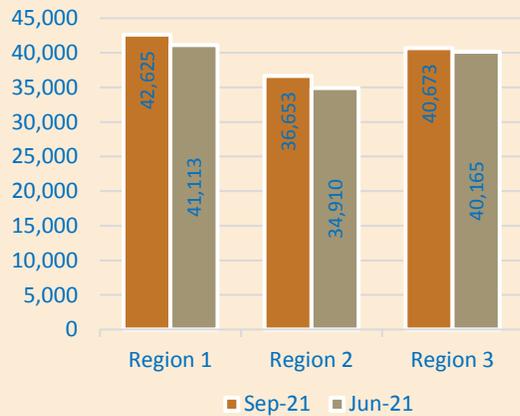
Area-Wise Segregation of OLP



Region-Wise Segregation of Active Clients

Total number of active clients was increased from 41,113 to 42,625 in region 1, from 34,910 to 36,653 in region 2, and from 40,165 to 40,673 in region 3.

Region-Wise Segregation of Active Clients



Region-Wise Segregation of OLP

OLP was increased from 1,331,274,512 to 1,376,582,242 in region 1, from 894,407,688 to 980,207,955 in region 2 and from 1,057,223,335 to 1,084,968,135 in region 3.

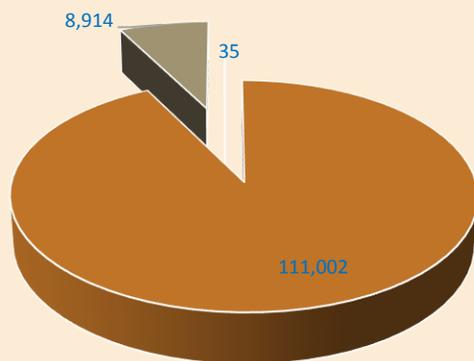
Region-Wise Segregation of OLP



Product-Wise Segregation of Active Clients

A majority (92.5%) of DSP's clients is getting the benefit of general loans, followed by (7.4%) sharia loans and (.029%) seasonal loans.

Product-Wise Segregation of Active Clients

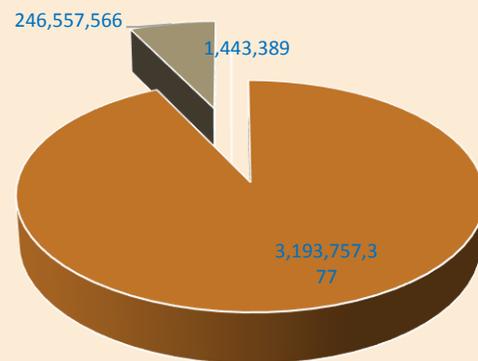


General Loans Sharia Loans Seasonal Loans

Product-Wise Segregation of OLP

Maximum (92.7%) of total OLP was disbursed under the category of General Loans, 7.1% under the category of Sharia Loans, and 0.04% of OLP was disbursed under the category of Seasonal Loans.

Product-Wise Segregation of Active Clients

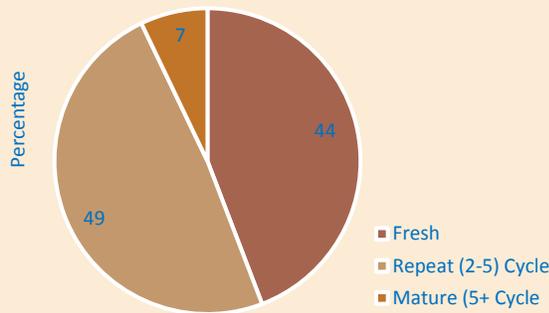


General Loans Sharia Loans Seasonal Loans

Division of Clients Regarding Loan Cycle

DSP aims to establish long term relations with its clients. This is evident as only 44% of its active clients account are new while long term relations have been established with 56% of our active client; out of which 7% account for a 5 year + relationship.

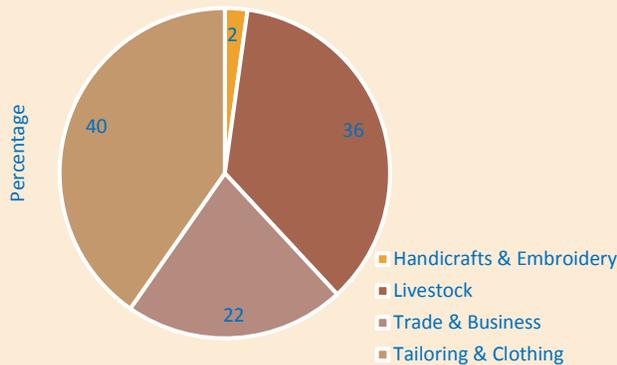
Segregation of Clients Regarding Loan Cycle



Business Categorization of Loans

The majority (40%) of DSP clients is related to tailoring & clothing, followed by livestock (36%), trade & business (22%), and handicrafts & embroidery (2%).

Business Categorization of Loans



Average Loan Size & Balance

The average loan size of DSP increased from 62,367 (by the end of the previous quarter) to 66,564 (by the end of the reporting quarter). Similarly, the average loan balance is increased from 28,255 (by the end of the previous quarter) to 28,693 (by the end of the reporting quarter).

Comparison of Average Loan size and Balance



Portfolio at Risk Ratio

By the end of the reporting period value of PAR > 29 days (after deferment) remained 10.48%.

Complaints Redressal

DSP has a strong focus on redressing the grievances of its clients. For this purpose, a Complaint Redressal Cell is effectively working in the Head Office as well as in Regional Offices. During the reporting period, this cell received a total of 151 complaints, out of which 130 were resolved while the other 21 unresolved are health and death claims dependent on the insurance company.



Miscellaneous

Implementation of NADRA's E-Verisys System

DSP has partnered up with the NADRA for secure biometric identity verification of potential borrowers. The NADRA's E-Verisys system will not only ensure secure and timely online identity checks for individuals, seeking financial services from DSP but will also go in a long way in checking cases of fraud and money laundering. It will also help to put a check on the growing wave of false information supply by DSP customers as well as fraudulent practices.

Finance & Administration Updates

- Annual External Audit for 2020-21 completed and Audit Report issued.
- The liquidity crunch was removed by obtaining a loan from BlueOrchard.
- Provided new vehicles "SUZUKI WAGON R- Automatic" to all eligible Department Heads & Managers, according to vehicle replacement policy.
- Building hired and equipment provided to the newly opened Field offices of Vehari and Burewala.

Risk Profiling of Clients

To verify the clients' identity before disbursing loans and safeguard the institution from being used as a conduit in terrorism and proliferation financing, DSP has started the risk profiling of potential clients. For this purpose, a questionnaire has been deployed and incorporated in DSP's LTS. Field Managers and Loan Officers are responsible to fill the questionnaire during their appraisal while the appraisal officer verifies the accuracy of information provided in the form.

Staff Capacity Building

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.

Training on AML/CFT & Customer Risk Profiling

Damen Support Programme organized a total of four trainings on SECP Compliance with Special Focus on Anti-Money Laundering & Countering Finance of Terrorism (AML/CFT), and Customer Risk Profiling were organized at DSP's Head Office. A total of 64 staff members were benefited from these trainings.

Detail of Trainings on AML/CFT & Customer Profiling

Sr.#	Date	Organized for the Staff of	Nature of Participants	Number of Participants
1	9 th July	Region-1, 2, 3	Field Managers	18
2	2 nd August	Region-1, 2, 3	Field Managers	18
3	3 rd August	Region-1, 2, 3	Field Managers	17
	4 th August	Region-1, 2, 3	Regional and Area Managers	11
	Total			64

New Staff Orientations

The Human Resource Department gave orientations to all newly hired staff of Vehari and Burewala Branches. The orientations briefed the participants about DAMEN & the 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.

External Trainings

- Assistant Manager Compliance-Region-1, Assistant Manager Risk-Region-2, Deputy Manager Internal Audit-Region-1, received online training on "SECP AML/CFT Regulations" by The Institute of Bankers Pakistan (IBP) on 31st July.
- Chief Internal Audit attended 12 online classes on "Internal Audit Masterclass" organized by Southern Regional Committee (SRC).
- Assistant Manager Relationship received online training on "Customer Complaints Handling Skills" organized by IBP on 24th August.
- Chief Internal Audit attended online "SBP Guidelines on Internal Audit" organized by IBP on 29th September.





Research Networking & Linkages

Research

DAMEN Support Programme has always been responsive to changing market demands and has prioritized the needs of clients while formulating its operational policies. DSP utilizes research as a tool to analyze the day-by-day changing market trends.

Area Assessment Bahawalnagar

Before starting operations in District Bahawalnagar DSP conducted an Area Assessment Study of the said district to assess the Microfinance Opportunities; and socio-economic analysis of that particular area and services being provided to the people. The study was based on highlighting needs, assessing impact, and exploring sector/area-specific issues involving;

- Establishing and updating appropriate baseline data
- Designing and delivering quantitative analysis using primary, proprietary, and publicly available datasets
- Assessing the scope and strengths of specific sectors or themes
- Highlighting the impact of initiatives and developments
- Determining priorities and evidence of need with regard to specific issues relative to the needs of communities.

Area Assessment Study of District Bahawalnagar addressed issues such as access to financial services and the role of the enabling environment. Through the use of quantitative surveys and qualitative studies, the research examined if and how the financial innovations affect access and use of financial services by the poor and impact client and community. In this way, the research helped to reveal the value proposition of branches locations and products to offer the clients.



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 this purpose, it creates new linkages and networking at the local and regional levels for creating a better relationship with other organizations and institutions.

- CEO PMN Mr. Mohsin visited DSP Head Office to strengthen linkages with DSP and give a briefing about their fintech company "Munsluk".
- CEO-PMIC accompanied by his management team visited DSP Head Office to discuss with DSP management further prospects of the credit relationship.
- CEO DSP participated in the sector meeting, regarding Kamyab Pakistan Programme, with SECP organized by PMN at KASHF Head Office.



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 is due to non-compliance with policies and procedures in group 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.