

خواتین کی مضبوطی، ترقی کی ضمانت



QUARTERLY REPORT

September 2023





Prepared By

Ms. Aisha Almass

Asst. Manager Research & Documentation

Verified By

Mr. Awais Masud

GM Product Development



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.

Values

- Teamwork
- Empowered Staff
- Balanced Decision
- External Involvement & Partnership
- Innovation and New Approaches
- Improved Services



TABLE

Of Contents



About Damen Support Programme



Success Stories



Operations



Capacity Building



Networking & Linkages



Constraints & Challenges

ABOUT DAMEN SUPPORT PROGRAMME

The Damen Support Programme (DSP) has its origins in the non-profit organization (NGO) Development Action for Mobilization and Emancipation (DAMEN), established in 1992 under the Societies Registration Act, XXI of 1860. Comprising social scientists, professionals, and philanthropists experienced in local and international NGO work, DAMEN aimed to foster grassroots development in Pakistan. Initially focusing on women and children's roles and development in local communities, DAMEN introduced programs like Home School Education, Industrial Home for Women, and Entrepreneurship Development. In response to community needs, DAMEN launched a microcredit program in 1996, facilitating economic activities among women. In 2014, DAMEN transformed its Micro Finance Program into DSP, a Non-Banking Microfinance Company registered under section 42 of the Companies Act 2017, with the Securities and Exchange Commission of Pakistan (SECP). DSP's core focus is the social and economic upliftment of marginalized communities, particularly women, achieved through microcredit, vocational training, and capacity building. Its strategy includes micro-credit services, health and life insurance, community group training, and research for holistic development.

Success Stories



From Imaginings to Abundance

Umm-e-Habiba, the wife of a government employee, yearned for a more comfortable life. When her husband denied her permission to work outside the home, she took a bold step and opened a home-based beauty salon. Her salon started attracting clients, but she faced limitations in her village location. Umm-e-Habiba and her husband decided to relocate to Nankana City to pursue her ambitions.

In 2017, she came to know about Damen Support Programme's (DSP) microcredit services and obtained her first loan. This allowed her to expand her salon, resulting in increased profits. Umm-e-Habiba was so impressed by DSP's support that she secured four more loans, wisely investing them in her business. Her salon now generates substantial income, covering her daughter's education and household expenses. Using her savings, Umm-e-Habiba constructed a three-marla cemented and marbled home in the city and established a well-equipped salon, fully furnished with the latest accessories. Her journey from a modest village setup to a thriving city business showcases the transformative power of DSP's microcredit program.

Um-e-Habiba's success story not only improved her own life but also empowered ten other women in her community by sharing her skills. Her journey serves as a shining example of how determination, coupled with the support of organizations like DSP, can lead to a life of comfort, luxury, and empowerment.



Sana Bibi, a mother of three daughters, aspired to provide a brighter future for her family, but her husband's income as a motorcycle mechanic was insufficient. Undeterred, she tapped into her stitching skills to earn extra income.

However, she realized that more was needed to achieve her dreams. Access to microfinance services by Damen Support Programme turned the starting point of her journey toward fortunate living.

With DSP's support, Sana purchased a Juki sewing machine, a strategic move that significantly increased her production and profits. Her entrepreneurial spirit flourished as she expanded into stitching readymade kids' garments, leading to a surge in demand. This success prompted her to invest in more machines and employ local labor.

DSP played a pivotal role throughout Sana's journey, offering crucial support and guidance. She availed of eight loans from DSP, allowing her to acquire multiple machines and establish a small stitching unit at her home. Her success didn't stop at personal achievements; she created job opportunities for ten women in her community who joined her in her business.

Today, Sana is a symbol of perseverance and determination. Her thriving business enables her to provide quality education for her children and purchase a home. She diversified her income streams by sending her husband abroad for better job prospects.

Sana Bibi's journey from a struggling mother to a successful entrepreneur highlights the transformative power of microcredit and the unwavering support provided by DSP. Her story is an inspiration, proving that with determination and the right support, dreams can be turned into reality.

Stitching Dreams into Reality



Ruqqayyia's life took an unexpected twist when, shortly after her marriage, she discovered her husband's first marriage, plunging her into a world of shock and despair. Nonetheless, her responsibilities as a mother compelled her to overcome these challenges. To support her child without burdening her parents, Ruqqayyia initially pursued a teaching career, but health issues forced her to abandon it. Undaunted, she invested in a peeco and an overlock machine, although limited orders restricted her income.

Drawing inspiration from her family's involvement in the cloth trade, Ruqqayyia ventured into the business, seeking their guidance and expertise. With their help, she attracted a substantial customer base, but the challenge of expanding her cloth inventory loomed, hindered by financial constraints. DSP's microcredit services provided her with a lifeline. Her first loan allowed her to boost her cloth stock, leading to increased profits. She continued to leverage DSP's support with four more loans, expanding her inventory and purchasing two Juki machines, enabling both purchasing and stitching services at one location.

Despite her lack of tailoring expertise, she hired three skilled workers to meet growing demand. Today, she owns a thriving shop in Nankana's bustling market, supporting her son, mother, and nephew following her father's passing. Ruqqayyia attributes her success to DSP, stating, "DSP played the major role in making me a successful entrepreneur." Her journey stands as a testament to the transformative power of microcredit and determination, not only empowering her financially but also contributing to the empowerment of others in her community.

Building a Legacy of Empowerment



Bridging Beliefs and Business: Rehana's Flourishing Journey with DSP's Sharia Facility

"In the heart of Bagyard Maar, where financial worries cast shadows over my dreams, I stood determined to weave a better life for my five children. Amid the suggestions of conventional loans, my family and I clung to our Islamic values, seeking a path that resonated with our beliefs. The availability of Sharia-compliant microfinance services at Kot Radha Kishan made it possible for me to participate in the economic process within religious norms.

As I reached out to them, explaining my aspirations, I was met with understanding hearts and supportive hands. They asked about the cost of the dairy animal I aimed to own, a humble creature that held the promise of prosperity. With the combined strength of my savings and DSP's assistance, that dream became a reality – I finally held the reins of a dairy animal, a stepping stone towards self-sufficiency.

What truly sets my journey apart is DSP's unwavering role in my success. With each passing day, my dairy business flourished, and I dared to dream even bigger. The subsequent access to Murabaha facility was not just a matter of financial inclusion but a lifeline that allowed me to expand, earn more, and offer my children the life they deserved. Today, as I reflect upon my journey from hardship to prosperity, I see DSP's Sharia facility not just as a financial ally, but as a partner in realizing my aspirations while honoring my faith."

From a Shady Place to a Thriving Shop

Ahmad Hassan, a barber by profession, always aspired to have his own proper shop, but limited resources held him back. In 2021, he learned about the Enterprise Loans provided by DSP, which proved to be the turning point in his life. With his first loan, he paid for the security of a shop and purchased essential accessories, significantly increasing his earnings. Two more loans further expanded his business.

Today, Ahmad not only sustains his own life but also supports his joint family. Despite not having children of his own, as the eldest son, he shoulders the maximum expenses of his parents and siblings. This remarkable transformation from a humble beginning to a successful business owner became possible through DSP's microcredit support, for which Ahmad Hassan is immensely thankful. His journey serves as a testament to the power of determination, opportunity, and microcredit in empowering individuals to achieve their dreams and support their loved ones.





Kamran Bhatti, A Beneficiary of Gold Finance Product

"I stand before you as a demonstration of the transformative impact of DSP's unwavering support. Running a karyana shop was my dream, but the road to expansion seemed blocked as traditional avenues denied me the much-needed loan. Then, DSP stepped in, recognizing my dedication and potential. Through their gold finance product, I was granted a loan of 90,000 against my belongings – a pivotal turning point for my business. With this investment, my shop experienced a renaissance, flourishing and thriving beyond my expectations. DSP's trust in me empowered my dream, and today, I stand as a living example of the opportunities their support can unleash."

Awais, A Beneficiary of PMYB&ALS

"The Damen Support Programme (DSP) has played a pivotal role in shaping my journey to success. Previously, I worked as a helper in a garment factory, and after getting married, managing the household became a challenging task. I had always harbored a dream of establishing my own business, but financial constraints held me back. Despite considering bank loans, the stringent documentation requirements proved to be a hurdle I couldn't overcome. It was when I learned about DSP's Interest-Free Loans, offered under PMYB&ALS, that I decided to seize the opportunity, especially after hearing positive experiences from female members of my family who had benefited from DSP's services. After completing the necessary documentation, I received a generous three lakh rupee loan from DSP. This lifeline allowed me to launch my own grocery store, significantly increasing my income and bringing newfound happiness to my home. Currently, my primary focus is on expanding my business, and I'm investing a substantial portion of my earnings towards this goal. With faith and determination, I am confident that my business will flourish, and for that, I will forever be grateful to DSP."



Operations

OPERATIONAL EFFICIENCY

The Damen Support Programme (DSP) is a dedicated initiative aimed at empowering women by providing them with essential resources and unwavering support to enhance their well-being, self-confidence, and self-esteem. The program seeks to increase women's involvement in decision-making, strengthen their bargaining power, and enhance their control over their lives. At its core, DSP focuses on supporting women in low-income communities and micro-entrepreneurs, particularly in Punjab, who often face challenges accessing formal financial resources, thereby hindering their business growth and economic prospects. DSP operates across multiple districts, offering financial support and resources to open doors of opportunity for women, allowing them to pursue entrepreneurship, foster business growth, and improve their economic well-being. Additionally, the program provides comprehensive training and assistance to equip women with the skills needed to succeed in business, ultimately playing a pivotal role in advancing gender equality and empowering women in Pakistan by facilitating access to resources and support for economic independence and improved well-being.

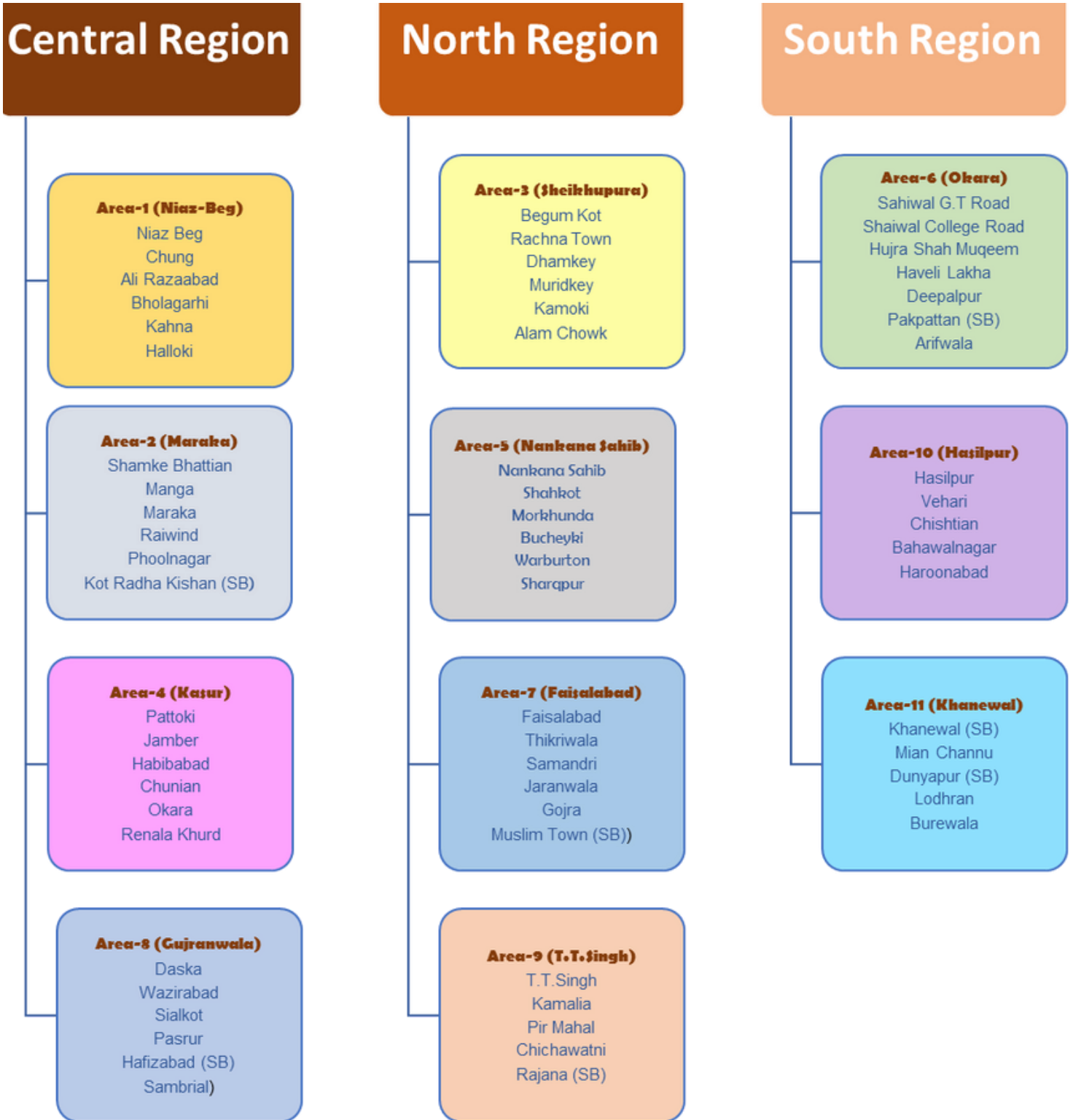
OUTREACH

DSP's impressive network comprises 64 operational branches strategically spread across 17 districts of Punjab, making our presence felt throughout the region. With a steadfast commitment to reaching the underserved, over 80% of our valued clients reside in rural areas, reflecting the true essence of our mission. This extensive outreach allows us to bring our financial services closer to the people, empowering individuals in remote communities and fostering economic growth at the grassroots level. DSP's dedicated efforts to serve the rural population exemplify our unwavering dedication to financial inclusion, as we continue to bridge gaps, uplift communities, and create opportunities for a brighter and more prosperous Punjab.

District-Wise Appearance of DSP



Region-Wise Segregation of Branches



DYNAMIC PORTFOLIOS

During the reporting quarter, DSP continued to prioritize the stability of our valued borrowers by maintaining a strategic focus on portfolio consolidation and repayment collection. As a result, there was a temporary decline in our active client base and gross loan portfolios, mirroring the approach we adopted in the previous quarter. This reduction is attributed to our commitment to safeguarding the financial well-being of our clients amidst ongoing economic challenges. However, just as in the previous quarter, we remain resilient and adaptable in the face of changing market conditions.

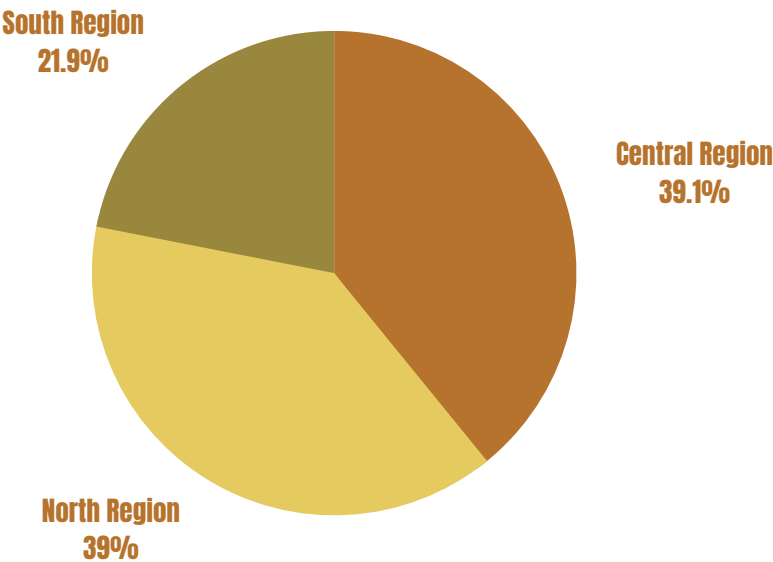
AREA-WISE SEGREGATION OF ACTIVE CLIENTS

As per the data extracted from DSP's Loan Tracking System (LTS), the distribution of active clients in different areas is as follows: Area-1 maintains a client base of 10,000, Area-2 comprises 10,677 clients, Area-3 serves 9,878 clients, Area-4 has 11,739 clients, Area-5 accommodates 11,107 clients, Area-6 supports 10,368 clients, Area-7 encompasses 11,096 clients, Area-8 caters to 8,636 clients, Area-9 assists 8,785 clients, Area-10 has 5,707 clients, and Area-11 provides services to 6,921 clients. These figures offer a comprehensive snapshot of the distribution of our active clients across different areas, underscoring the extensive reach and the positive impact of DSP's services.



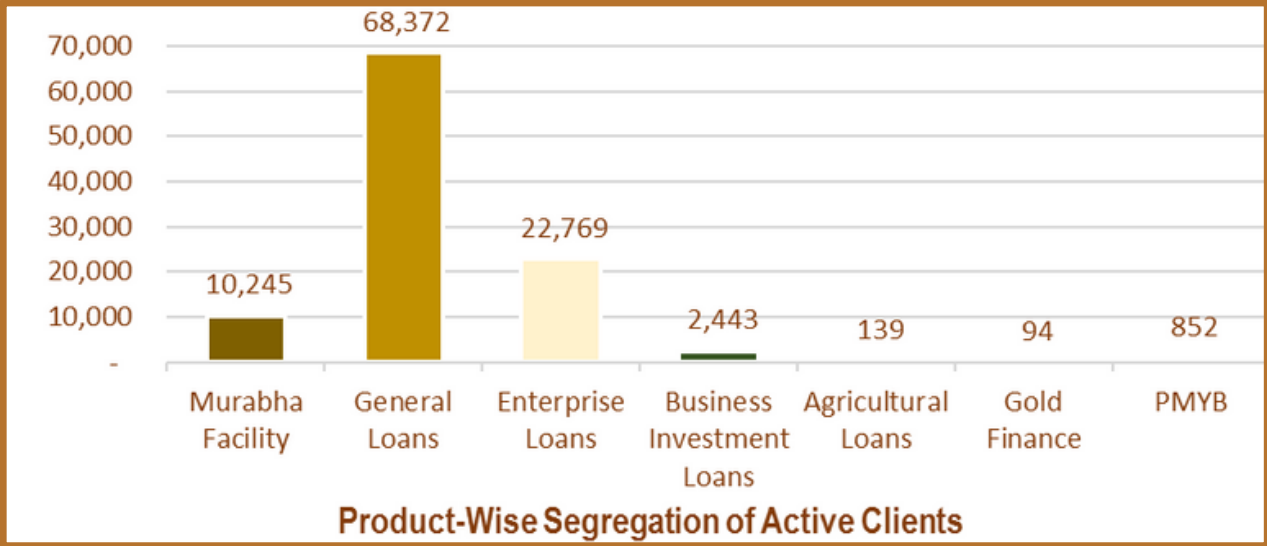
REGION-WISE SEGREGATION OF ACTIVE CLIENTS

The largest portion of DSP's client base was attributed to the Central Region, comprising a total of 41,052 clients. The North Region retained its position as the second-largest, with 40,866 clients closely following. In addition, the South Region contributed 22,996 clients to the overall count of active clients at DSP.



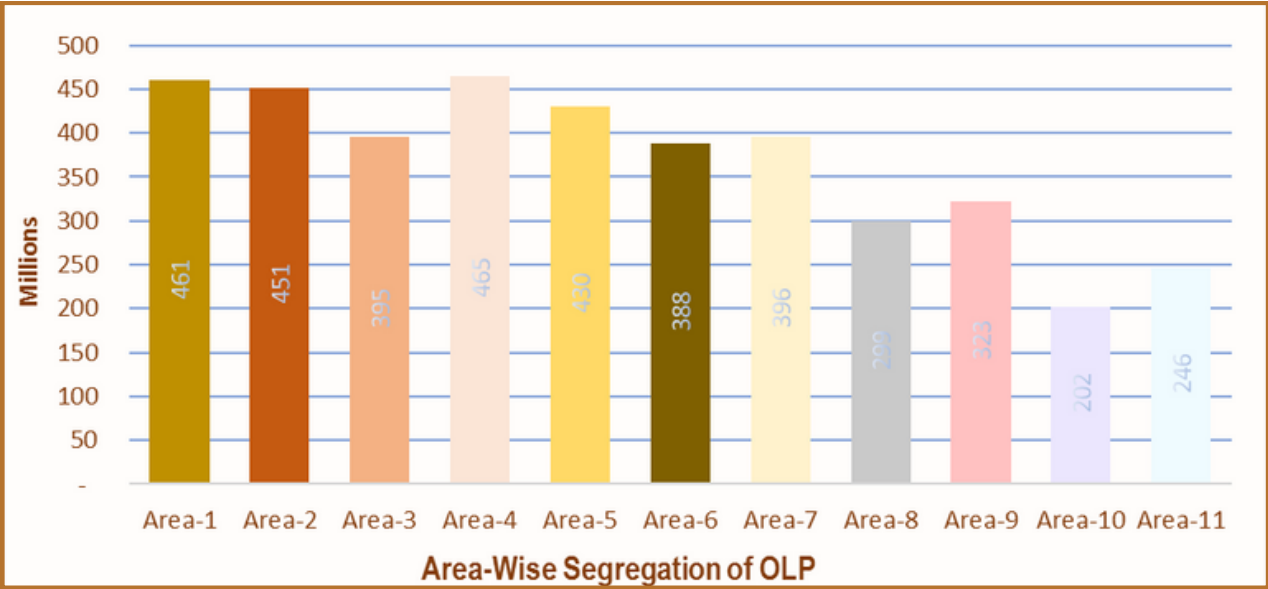
PRODUCT-WISE SEGREGATION OF ACTIVE CLIENTS

Out of our active client portfolio, the majority, accounting for 90.2 percent, benefitted from our conventional loan products, while 9.8 percent opted for our Sharia-compliant products. Within the conventional client portfolio of DSP, the breakdown consisted of 68,372 General Loans, 22,769 Enterprise Loans, 2,443 Business Investment Loans, 139 Agricultural Loans, 94 "Gold Finance" loans, and 846 Prime Minister's Youth Business Loans. Similarly, within the Sharia Microfinance segment, a total of 10,245 clients utilized the Murabaha Financing Facility.



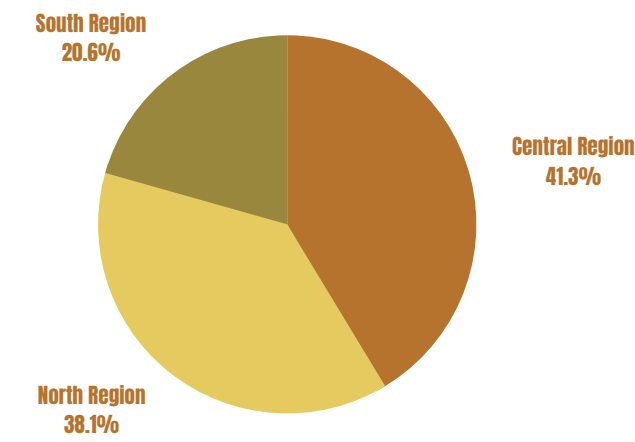
AREA-WISE SEGREGATION OF OLP

The Outstanding Loan Portfolio (OLP) at DSP experienced a 6.5 percent decline in comparison to the previous quarter. When analyzing the OLP by area, it reveals the following figures: Area-1 had an OLP of 461,079,859, Area-2 recorded 451,309,148, Area-3 held 395,138,517, Area-4 accounted for 465,357,752, Area-5 displayed 430,118,856, Area-6 showed 387,875,863, Area-7 had 395,833,133, Area-8 exhibited 299,222,188, Area-9 had 322,686,398, Area-10 reported an OLP of 202,206,512, and Area-11 presented an OLP of 246,330,828.



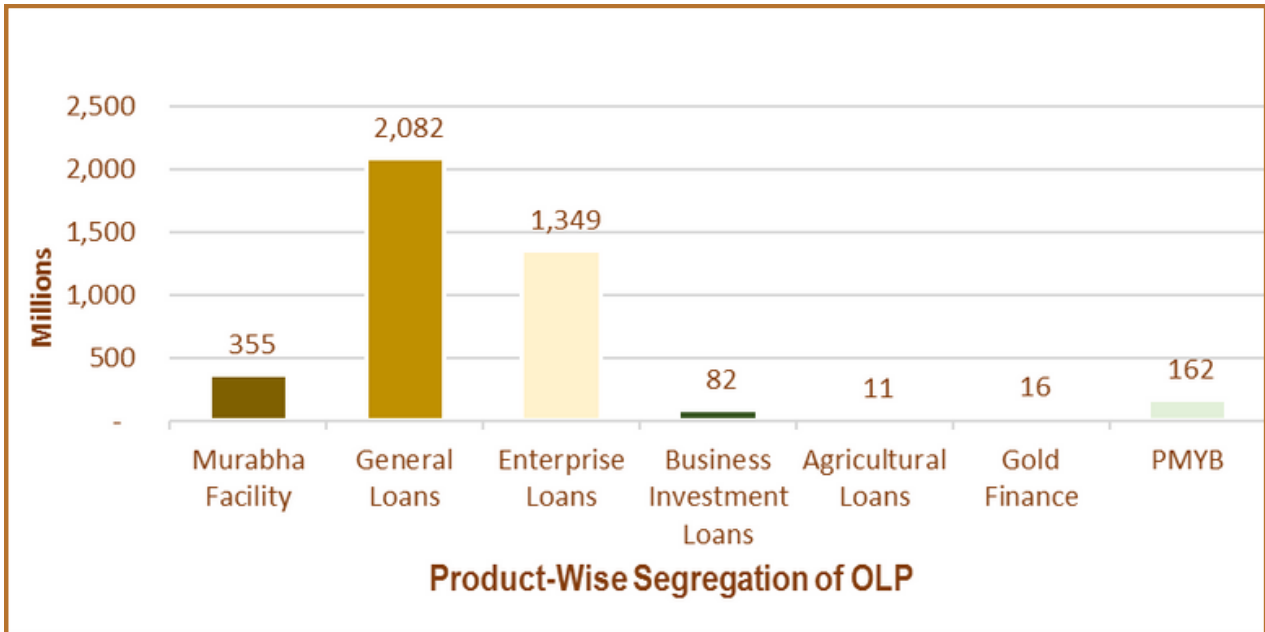
REGION-WISE SEGREGATION OF OLP

A breakdown of the outstanding loan portfolio by region highlights that the Central Region leads with an OLP of 1,676,968,947, making it the region with the highest OLP. The North Region closely follows with a substantial OLP of 1,543,776,904, while the South Region also displays a significant OLP of 836,413,203.



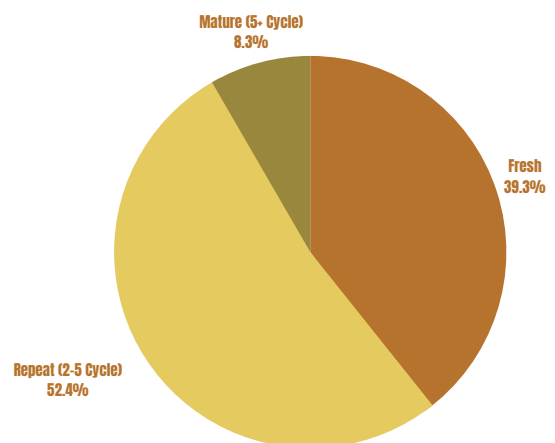
PRODUCT-WISE SEGREGATION OF OLP

The outstanding loan portfolio (OLP) of DSP is primarily composed of conventional microfinance products, accounting for a substantial 87.2%. Sharia-compliant products constitute 8.8% of the portfolio, while the remaining 4% is allocated to Prime Minister's Youth Business (PMYB) loans. This distribution underscores the prevalence of conventional microfinance products within the OLP, as well as the notable inclusion of Sharia-Compliant options and the dedicated allocation for PMYB loans.



LOAN-CYCLE WISE CATEGORIZATION OF LOANS

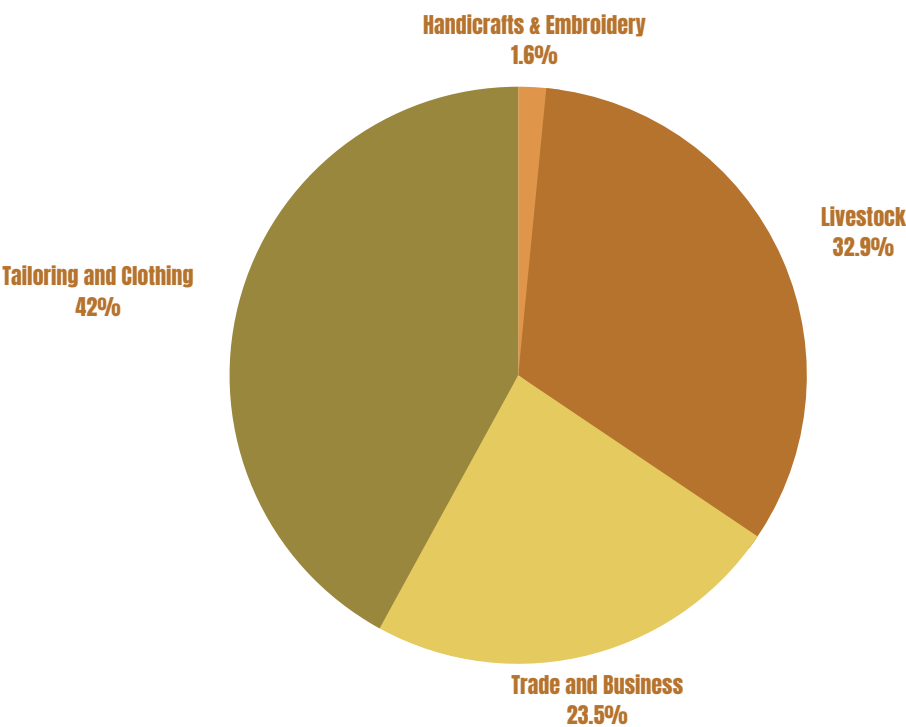
DSP recognizes the utmost significance of repeat clients and places unwavering emphasis on this imperative aspect. This resolute strategy adopted by DSP stands as a pillar of strength, enabling them to attain unassailable financial sustainability, curtail credit risk to its bare minimum, catalyze a profound social impact, foster unwavering trust and steadfast relationship-building, while simultaneously creating fertile ground for lucrative cross-selling opportunities. The steadfast engagement of repeat clients remains the driving force behind DSP's relentless pursuit of the dual goals of comprehensive financial inclusion and resolute poverty reduction.



BUSINESS-WISE CATEGORIZATION OF LOANS

DSP provides its services to a diverse range of clients spanning various sectors, including tailoring and clothing, livestock, trade and business, as well as handicrafts and embroidery. Through customized financial solutions, DSP plays a pivotal role in bolstering its clients' business pursuits and enhancing their livelihoods. This concerted effort contributes significantly to the overall economic advancement of the communities it serves.

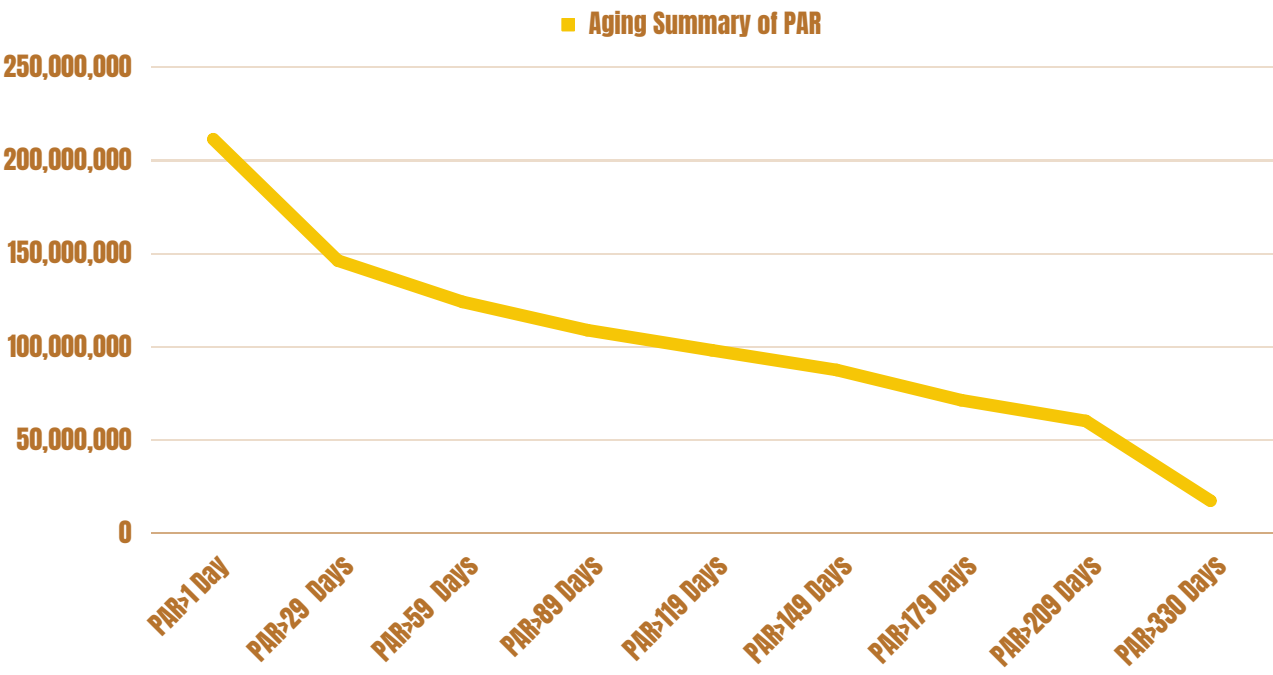
The largest segment of DSP's client base, making up a substantial 42% of the total portfolio, operates within the tailoring and clothing industry. Following closely, the livestock sector accounts for 33% of the clientele, underscoring its significance within DSP's diverse customer base. Trade and business sector clients hold a noteworthy 23% share, emphasizing the wide array of enterprises supported by DSP. Lastly, handicrafts and embroidery form a smaller segment, representing a commendable 2% of the overall client base, and they too benefit from DSP's tailored financial services.



At the end of the reporting period, DSP maintained an average loan size of 76,782, with the average loan balance standing at 38,671.

PORTFOLIO AT RISK RATIO

By the end of the reporting period PAR > 29 days remained 3.6%.



GRIEVANCES REDRESSED

Situated at our Head Office, the Grievance Redressal Cell operates with an unwavering commitment to promptly and efficiently resolve all client grievances. In the reporting quarter, our Grievance Redressal Cell diligently addressed a total of 96 complaints received from clients across our widespread operations. Impressively, 88 of these complaints were successfully resolved, resulting in the complete satisfaction of our clients with the outcomes achieved. Nevertheless, there remain 8 unresolved complaints, which include health and death claims, and these are still in the process of resolution at the end of the insurance company.

PMYB&ALS CHEQUE DISTRIBUTION CEREMONY GOVERNOR HOUSE LAHORE

The CEO, GM-Operations, and Manager Product Development from DSP participated in the PMYB&ALS Cheque Distribution Ceremony held at the Governor House in Lahore. The ceremony was also attended by 30 applicants of Prime Minister's Youth Business & Agriculture Loan Scheme, whom Damen Support Programme declared eligible for interest free loan. Notably, Mr. Hafiz Abubakar Umair and Mr. Abdullah, both beneficiaries, were accorded the privilege of receiving their cheques directly from the Prime Minister on the stage.



Capacity Building

CAPACITY BUILDING

As a microfinance institution, DSP recognizes the importance of capacity building and the role it plays in achieving its mission of empowering women through financial inclusion. DSP recognizes training as a key tool for capacity building, as it enables its staff to acquire new skills, knowledge, and competencies that can improve the effectiveness of its operations. DSP provides a range of training programs to its staff, including training on financial management, risk management, customer service, field operations, and technology adoption. These trainings are designed to enhance the staff's skills and knowledge, which in turn, enhances the quality of services DSP provides to its clients. Through these training programs, DSP ensures that its staff has the necessary skills and resources to adapt to changing market conditions and emerging trends in the microfinance sector. Overall, DSP's use of trainings as a tool for capacity building is essential in achieving its goals of promoting financial inclusion and reducing poverty in Pakistan.

EMPLOYEE ORIENTATION SESSIONS

The Human Resource Department at DSP organized two thorough orientation sessions to equip newly hired employees from all three regions with the essential knowledge and skills needed for effective job performance. These orientations were designed to acquaint the new staff members with their respective roles, responsibilities, and the organizational culture. The ultimate objective was to ensure the delivery of high-quality services to clients and uphold DSP's reputation as a provider of exceptional financial services. In total, 44 participants attended these informative orientation sessions.



"EMPOWERING MARGINALIZED COMMUNITIES THROUGH SKILL TRAININGS"

Our Vocational Trainings are designed to uplift marginalized communities, with a particular focus on rural areas and urban slums. By providing essential skills and knowledge, we enable individuals to generate income and address pressing challenges in their journey towards sustainable development. What sets our programs apart is that they are completely free, ensuring accessibility for all.

Women's empowerment is at the core of our mission. We understand the transformative role women play in their families and communities. Hence, our initiatives emphasize women's empowerment, equipping them with the skills necessary to achieve financial independence.

At Damen Support Programme, we don't just offer opportunities; we also provide a supportive environment for our beneficiaries to flourish. By providing microcredit services, we are illuminating a path toward a brighter, more self-reliant future for women in our community.

During the reporting period, HR department of DSP conducted two training workshops focusing on "Enhancing Beauty and Stitching Skills" for approximately 50 remarkable women hailing from lower-income and marginalized communities in the Hujra Shah Muqem and Muridke areas.



خواتین کی مضبوطی، ترقی کی ضمانت

Networking & linkages

NETWORKING & LINKAGES

Networking and linkages play a crucial role in DSP's mission of social and economic uplift of the marginalized, with a focus on women, to enhance their economic prosperity & self-reliance through financial inclusion & and capacity building. By networking with other microfinance organizations, DSP gains valuable insights into best practices in the sector, which can be adapted and implemented to improve its own service delivery. Additionally, DSP collaborates with other stakeholders to provide supplementary services that complement its microfinance offerings, such as training and development programs. DSP also leverages linkages with financial institutions to access additional funding and resources, which are utilized to expand its outreach and impact. Overall, networking and linkages are fundamental to enhancing DSP's effectiveness as an MFI and realizing its objectives of promoting financial inclusion and poverty reduction in Pakistan.

- Mr. Ali Said, VP of Portfolio Management, and Mr. Tufail Ahmad, AVP of Portfolio, representing PMIC, conducted a regular monitoring visit to both the DSP Head Office and four of its Field Offices.
- The CEO and CFO of DSP traveled to ACLA Islamabad for a meeting with Mr. Amjad Ali Arbab, a Board Advisor at DSP. The primary aim of this meeting was to explore ways to enhance the efficiency of DSP's reporting structure.
- A delegation comprising Mr. Alex Jeffery, Mr. Bunheng Nissay, and Mr. Jano Espejo from Incofin Investment Belgium, paid a visit to DSP's Head Office to assess and discuss various investment opportunities.



CONSTRAINTS & CHALLENGES

- Unfavorable change in repayment behavior of borrowers (deviation from commitment to repay installment up to due date).
- Focus on loan quality through an independent appraisal team.
- Sustaining a benchmark of 2,400 active clients per branch with an existing strategy.
- Exerting control over cash embezzlement at the field staff level.
- Ensuring timely replacement of field staff.

IDENTIFIED GAPS

- Inadequate client training, particularly on loan repayment policies and procedures.
- Ineffective appraisals, necessitating a stronger focus on loan quality.
- The underlying cause of delinquency: altered client repayment behavior, often awaiting staff follow-up for installment payment.
- Delays in staff replacement.
- Consistent challenges with cash retention and timely recovery posting by Bank Branchless Agents (BB Agents), leading to payment delays.

VALUABLE INSIGHTS

- Group formation with a minimum of 5 members is essential to strengthen group cohesion and expedite disbursements.
- Enhanced customer engagement and comprehensive client training can transform recovery patterns and reduce delinquency.
- Ongoing staff training in ethical conduct, professionalism, and legal consequences of cash misappropriation is an urgent necessity.



26-C, NAWAB TOWN RAIWIND ROAD, LAHORE

PHONE: 042-35310571-2

FAX: 042-35310473

URL: WWW.DAMENSP.COM

E-MAIL: INFO@DAMENSP.COM