خواتین کی مضبوطی، ترقی کی ضمانت

Quarterly Activity Report

July-September 2018

By

Human & Institutional Development (HID) Section

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QUARTERLY ACTIVITY REPORT

JUL – SEP 2018

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Vision & Mission

Vision

Sustainable development through financial inclusion

Mission

Taking measures for the 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 aim of working for alternative development at grass-root level in Pakistan. It was an alliance of social scientists, philanthropists, and professionals from various fields having significant experience of working with NGOs locally and internationally.
DAMEN initially started by focusing on the role and development of women & children in local communities; the programs being run were:

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

By continuously assessing the need of community DAMEN initiated the 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 microcredit, vocational training, and capacity building of communities.
- To concentrate on activities for integrated self-reliant and long-term development of the communities through various programs of poverty alleviation.
- 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

Salma Bibi

Salma Bibi, a mother of two, lives in Dandyan together with her brothers' families. Nearly twelve years before her husband left her for the sake of a second marriage then her brothers took the responsibility of taking care of her and her youngsters. Salma didn't wish to be a burden on her brothers, as they additionally had their own families to support, however she had no source of earning. A female of her community was doing the business of making fancy tassons utilized in ladies' clothes. On Salma 's request, she gave her some work to do at home and in return gave her a little wage. though the wages given were terribly tiny nonetheless it enabled her to condense some burden of her brothers. With the passage of time, Salma realized that she can earn more by beginning her own business. After having this thought she purchased some raw material from her saving and prepared some sample designs. To promote her designs, she visited different markets in Lahore. Owing to the perfection of her work, her designs not only obtained appreciation but also succeeded in raising the demand for her product. Due to lack of finances, Salma wasn't ready to fulfill all demands thus she took restricted orders, however, she did not want to lose other clients too.

One day a feminine of her community told her that an organization with the name DSP is giving loans to the females on a running business. She moreover suggested her to avail these services for beginning her own business. Acting upon her recommendation she visited DSP branch in Rachna Town and applied for a loan. it had been approved after completing policies and procedures. After getting the loan she purchased some raw material to expand her business. With the increase in the material, she had been ready to fulfill a lot of demands. For timely completion of orders, Salma involved other females of her community in said business.

Now Salma has great confidence on her face as she says, "After separation from my husband my brothers were bearing the expenditures of my family, however, I perpetually felt shamefaced for giving the share of their youngsters to mine. I tried my level best to eliminate this dependence, however, could just reduce it. Utilization of DSP loan not solely helped me to increase my business however additionally terminated my dependence on my brothers. currently, I am very confident that I am independently bearing the whole expenses of my family" Salma further says," "Fifteen females are already working with me whereas I would like to empower more females of my community by involving them in my business. For the purpose, I would focus on expanding my business after increasing my stock of raw material".

Haneefan Bibi

Haneefan Jehangir resides in Nain Sukh, Dhamkey along with her husband and six kids. Her husband works in a shopper creating plant and his sole financial gain wasn't fulfilling the total desires of their family. While day by day increasing expenditures of her family, because of one after the other births of their kids, was making it harder than before. Haneefan's desire to support her husband seemed difficult to be accomplished in the absence of education and any earning skills. Before her wedding, Haneefan was doing the business of packing board game dice and tokens (Ludo Dana and gotian) in boxes on daily wages.

She considered beginning same business again and contacted the plant management to get a contract of packing this stuff. As she already had done work for the plant so they easily gave her contract and she started packing material. A person from plant management offered her more commission if she bears the expenses of printing on boxes by herself. The offer was quite fascinating for her however she had no cash for it.

One day during a chit chat with one among her community members she came to know about loan facilities provided by DSP. She decided to avail these facilities and for the purpose visited DSP Branch in Dhamkey, where DSP workers briefed her about the policies and procedures for obtaining a loan. After getting briefed she applied for the loan that was approved. In May 2011, she got the first loan of quantity Rs.15,000 from DSP and got printing on some boxes from Urdu Bazar, Lahore.

It raised her earning from Rs.3000 to Rs.5,000 monthly. Increase in earning stimulated her to invest more in said business and for the purpose, she took more loans from DSP. At this time, she is DSP's client of seventh loan cycle and she used each loan to extend her stock of printed token boxes.

After increasing stock of printed boxes, she involved other females of her community in this business. Increase in production, because of the involvement of other females, multiplied her financial gain. Recently ten females of her community are working with her whereas she herself is earning over Rs.30,000 monthly.

Haneefan Bibi has become the helping hand of her family, she is supporting her husband by sharing not only the daily home expenses but also the academic burden of her kids. Her husband's earning is completely saved for creating assets, she has purchased a three marlas piece of land and is going to construct a building over it in near future. Haneefan is very grateful to DSP for creating happiness and sustainability in her life. She says, "I have no words to thanks DSP because today what I am, is only because of financial assistance provided by DSP and I have no hesitation in acknowledging said truth". Haneefan earned a good repute in the society and her continuous struggle has actuated several females within the community to boost their living standard from susceptible to sustainable conditions

Operational Enactments

Development Support Programme (DSP) empowers women by increasing their well beings, access to resources, self-confidence, self-esteem and respect, participation in decision-making and bargaining power, and increased control over benefits and their own life. 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 3484 villages of 1176 union councils located in Lahore, Kasur, Sheikhupura, Nankana Sahib, Okara, Faisalabad, Gujranwala, Sahiwal, Toba Tek Singh, and Sialkot districts.

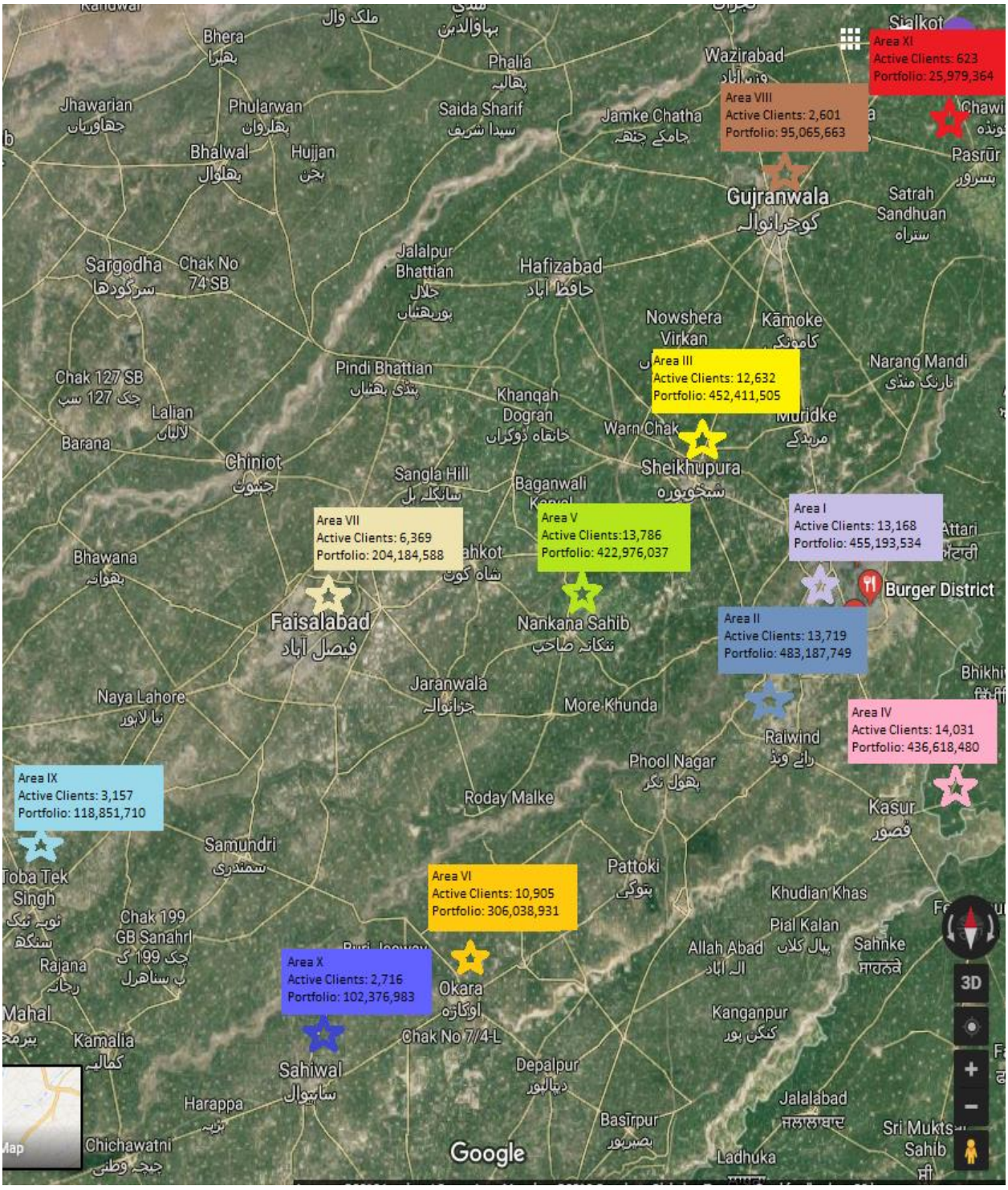
Outreach

Recently total 49 branches, other than Islamic branch, of DSP are working in 11 areas Lahore-I, Lahore-II, Sheikhupura, Kasur, Nankana, Okara, Faisalabad, Gujranwala, Sahiwal, Toba Tek Singh, and Sialkot. Detail of these areas along with branches is given in the table below.

Detail of Areas along with Branches

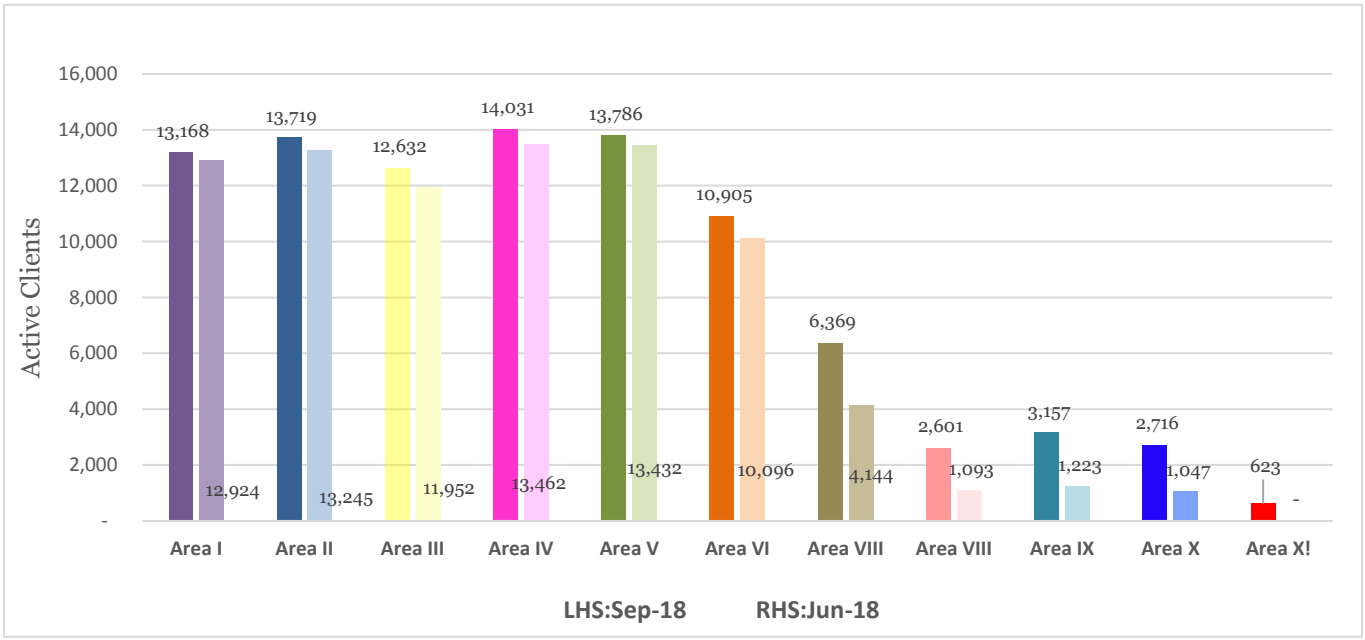
Lahore		Sheikhupura	Kasur	Nankana	Okara	Faisalabad	Gujranwala	T.T. Singh	Sahiwal	Sialkot
Area I	Area II	Area III	Area IV	Area V	Area VI	Area VII	Area VIII	Area IX	Area X	Area XI
Niaz Baig	Halloki	Begum Kot	Phool Nagar	Nankana Sahib	Okara	Faisalabad	Gujranwala	T.T Singh	Sahiwal-I	Daska
Chung	Shamke Bhattian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

Areas View at Map



Active Clients

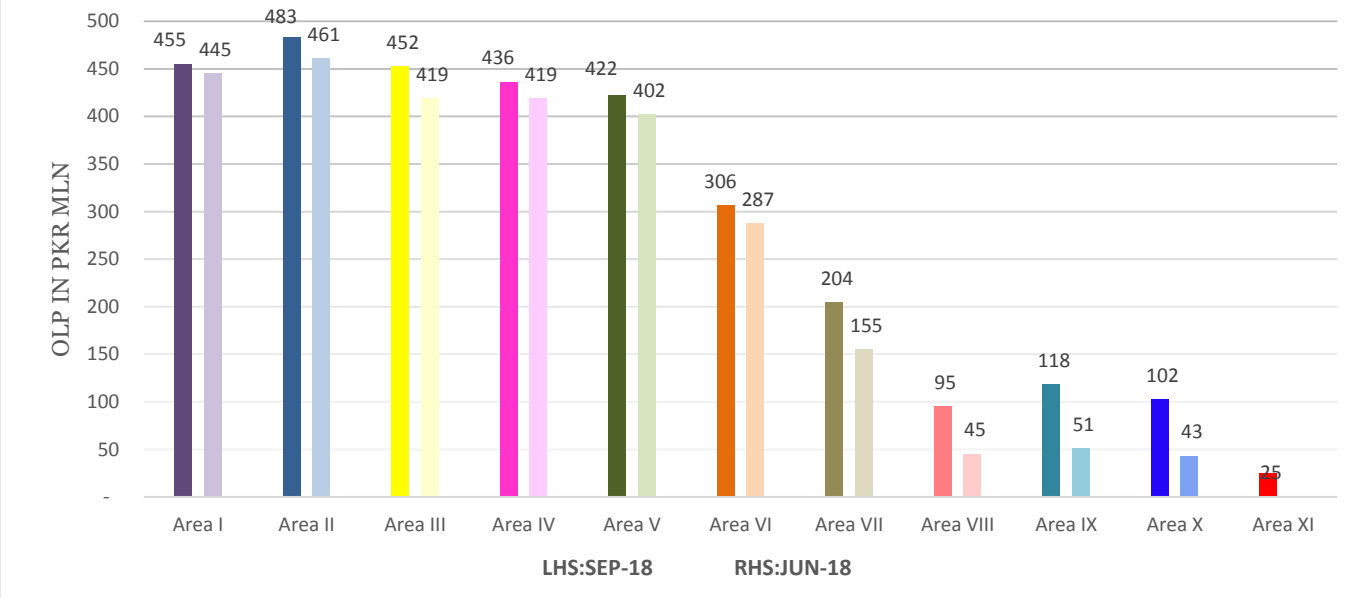
DSP clients' base reflects 13.4% increase as total number of active clients reached up to 93,707 with the addition of 11,089 more clients in DSP clients' base. Area I shows an increase from 12,924 to 13,168, Area II from 13,245 to 13,719, Area III from 11,952 to 12,632, Area IV 13,462 to 14,031, Area V from 13,432 to 13,786, Area VI from 10,096 to 10,905, Area VII from 4,144 to 6,369, Area VIII, from 1,093 to 2,601, Area IX from 1,223 to 3,157, Area X from 1,047 to 2,716 while Area XI added 623 totally new clients in DSP clients' base.



Outstanding Loan Portfolio (OLP)

Similarly, total Outstanding Loan Portfolio (OLP) of DSP increased from Rs.2,731,102,972 to Rs.3,102,884,544 with Rs.455,193,534 OLP of Area I, Rs.483.187,749 of Area II, 452,411,505 of Area III, Rs. 436,618,480 of Area IV, Rs.422,976,037 of Area V, 306,038,931 of Area VI, 204,184,588 of Area VII, Rs.95,065,663 of Area VIII, Rs.118,851,710 of Area IX, Rs.102,376,983 of Area X and Rs.25,979,364 OLP of Area XI.

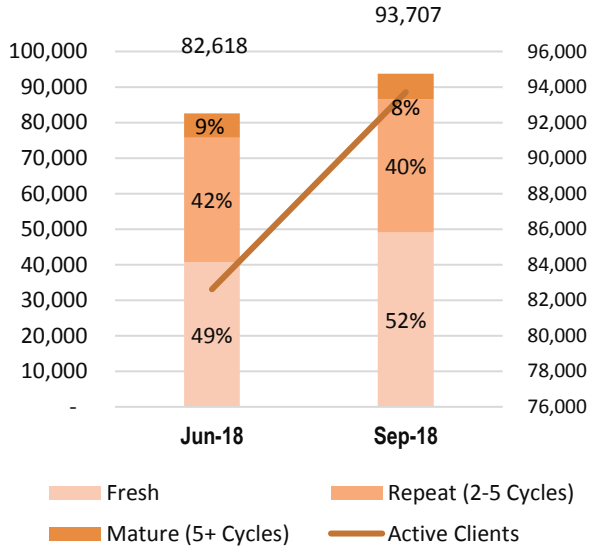
Area-wise Outstanding Loan Portfolio



Division of Clients Regarding Loan Cycle

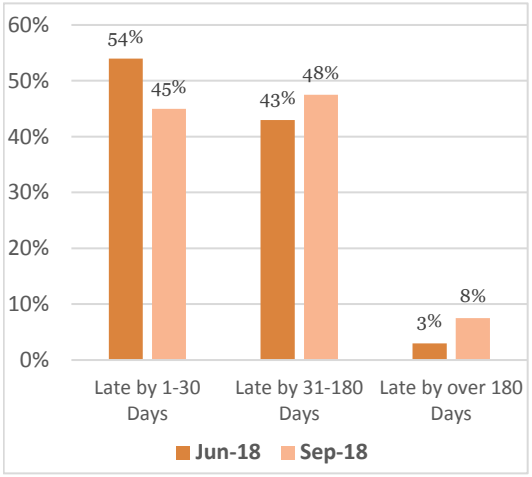
DSP aims to establish long-term relations with its clients. This is evident as despite the establishment of five new areas long-term relations have been established with 48% clients out of which 8% account for a 5 year + relationship.

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



Portfolio at Risk Ratio

PAR > 30 days increased from 0.37% (by the end of June-18) to 0.71% (by the end of September-18). Graph given shows a comparison of aging summary of PAR during the last two quarters. It represents a decrease in the PAR from 1-30 days while an increase was observed in PAR>30 and PAR>180 days.

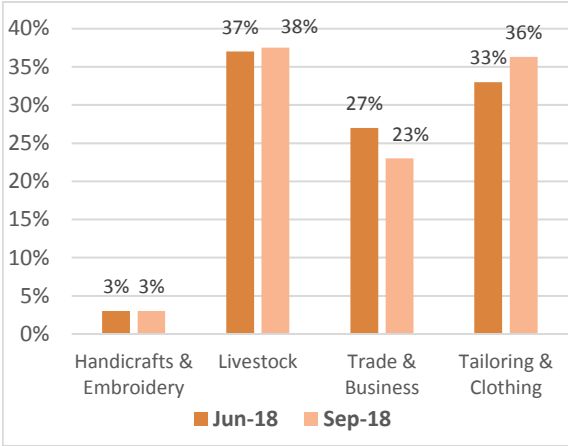


Comparison Aging Summary of Portfolio at Risk

Business Categorization

Majority of DSPs clients are associated with trade & business. This ranges from buying and selling of milk to owing micro-level departmental stores.

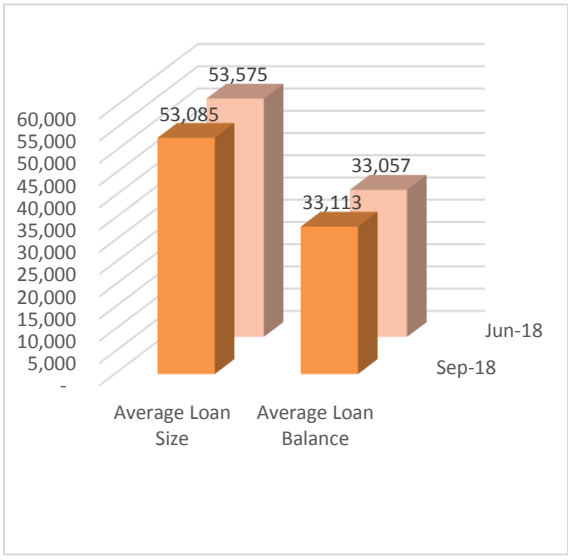
By the end of Sep-18, 38% of clients were linked with livestock, 36% with tailoring and clothing, 23% with trade & business and only 3% were related to handicrafts and embroidery. Total 1% increase was observed in Livestock clients and 3% in tailoring & clothing clients while the trend of trade & business clients decreased by 4% and percentage of handicrafts and embroidery clients remained same as in previous quarter.



Business Categorization of Loans

Average Loan Size & Balance

Average loan size of DSP decreased from 53,575 (by the end of Jun-18) to 53,085 (by the end of Sep-18). The reason can be the inclusion of more new clients in Area VIII, IX, X, and XI, resulting in a decrease in repeated clients. On the other hand, average loan balance was improved from 33,057 (by the end of Jun-18) to 33,113 (by the end of reporting period).



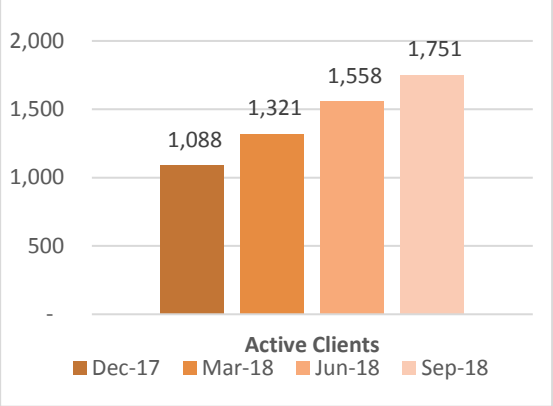
Average Loan Size and Loan Balance

Seasonal Loans

By the end of the reporting period number of active clients of Seasonal Loans was reduced to 171 with a total Rs.7,540,000 OLP while average loan balance of seasonal loans remained 44,094.

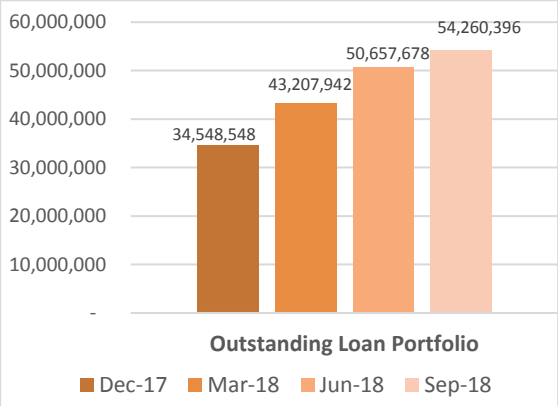
Islamic Microfinance

The total number of active clients of Islamic branch remained 1,751 by the end of the reporting period.



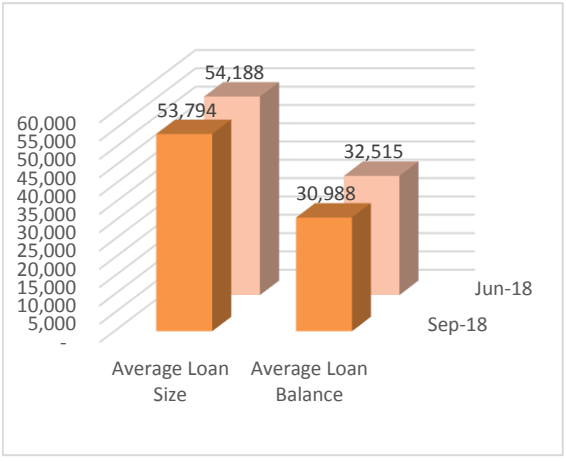
The graph shows a gradual increase in clients of Islamic Microfinance

OLP of Islamic Microfinance Branch remained RS.54,260,396.



The graph shows a gradual increase in OLP of Islamic Microfinance

Average loan size was decreased from 54,188 (by the end of Jun-18) to 53,794 (by the end of the reporting period) while average loan balance was decreased from 32,515 to 30,988.



Average Loan Size and Loan Balance of Islamic Microfinance

Complaint Cell

Complaint Cell of DSP addresses the grievances of clients timely and effectively. During the reporting period this cell received total 158 complaints, out of it 113 were resolved while other 45 unresolved are health claims dependent on the insurance company.

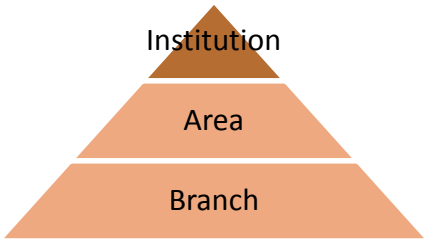
Implementation of Operational Changes

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

- ✓ Policy changes in the Operation's manual were also observed. A revision of stuck policy and opportunity cost for different loan slabs ranging from PKR 35,000 to PKR 200,000 was added.
- ✓ With the permission of higher management, the Operations department at the Head office level is strengthened by the induction of two Managers Operations & Monitoring for Regions 1 & 2 respectively.
- ✓ Compared to the last quarter (April to June) of the year 2017-2018, DSP now has 93,707 active clients compared to 82,618 active clients in the previous quarter. An increase of 11,089 clients or a 13.42% increase compared to the 12% increase for the quarter April – June 2018 was observed.
- ✓ Similarly, an increase in OLP of PKR 371,781,572 occurred between the previous (Apr-Jun) and the current quarter (Jul – Sep). This amounts to an increase of 13.61% on a quarterly basis.
- ✓ During this quarter DSP also achieved its disbursement targets in an efficient manner.
- ✓ After crossing the threshold of 10,500 clients, one branch each was added in Area 1, Area 2, Area 3, Area 4 and Area 5.
- ✓ As of this quarter, DSP has a total of 49 branches with 1 Islamic Branch, making a total of 50 branches in 10 districts of Punjab.
- ✓ With respect to the collection of marketing data, a question pertaining to how the client came to know about DSP was added in the Loan Application Form (LAF).
- ✓ A declaration by the client has also been added to the Loan Application Form whereby they disclose their outstanding loan amount with other Financial Service Providers.
- ✓ The Exclusion List of Activities was also added to the Loan Application Form detailing the list of activities for which DSP does not provide the loan.

Risk Profile

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



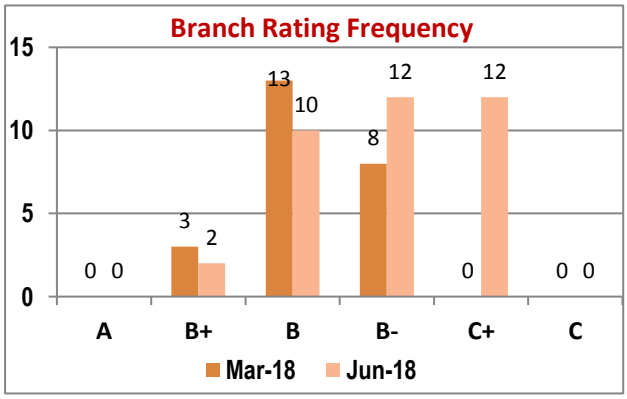
The model is a three-tiered model that uses a graduation approach to establish the exposure of the institution using grass-root level data. Each tier is made up of various sections to ensure a wholesome quantification of risk. The scale used to quantify and explain the kind of exposure to risk is shown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

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

Branch Level Overview

A total of 6 branches were upgraded and major reasons were (i) *limited improvement in appraisal quality*, (ii) *improved provisioning coverage* and (iii) *adequate audit & compliance indicators*.

A total of 8 branches were downgraded. The main reason for these downgrades was *weak compliance* with the company's policies and procedures and *deteriorating portfolio quality*. Meanwhile, 10 branches maintained their previous level of rating. 12 branches of three new areas including Gujranwala, Sahiwal and Toba Tek Singh were rated C+.

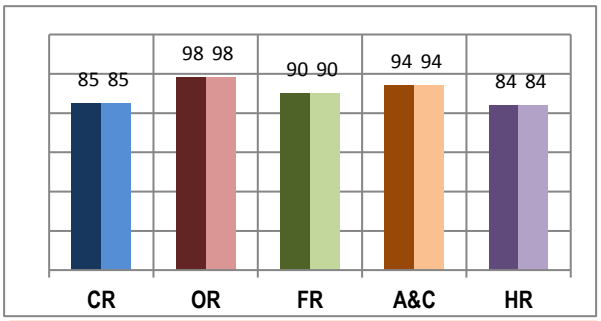


Maintained	Upgrades	Downgrades
10	6	8

Best Performing Branch

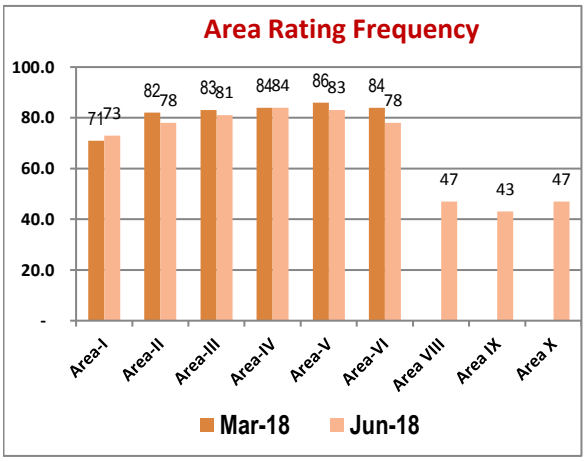
Shahkot remained the best performing branch, maintained its previous level of rating, by the end of June – 2018. The branch was operating on strong operational, financial and compliance indicators during said period.

Best Performing Branch
Shahkot (86-B+)



Area Level Overview

Area Risk Rating Model is divided into three main sections; (i) Operations, (ii) Industry Analysis, and (iii) Human Resource. The score of the operation section is a function of the Branch Risk Rating Model. The industry analysis section is based on (a) market share, (b) potential market, and (c) prevalent macroeconomic risks. The HR section is based on, (i) capacity, (ii) quality & experience, and (iii) other HR risks that include references and rotations. three new areas including Gujranwala, Sahiwal and Toba Tek Singh were also rated during said quarter.



Maintained	Upgrades	Downgrades
1	1	4

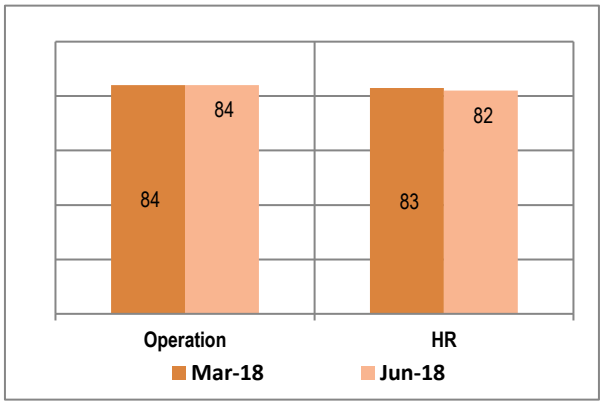
Best Performing Area

By the end of the June-2018, Area-IV (Kasur) remained the best performing area by maintain its previous level of rating. Average rating of the area remained 84%.

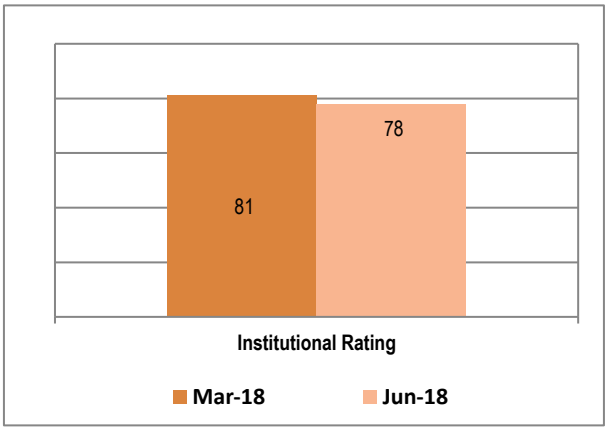
Best Performing Area
Kasur (84% to 86%)

Institution Level Overview

The Institution Risk Rating Model can also be divided into three main sections; (i) Operations, (ii) Investment Analysis, and (iii) Capitalization & Funding. The score of the operation section is a function of the Area Risk Rating Model. The investment analysis section is based on (a) placement of investments, and (b) yield on the investments. The Capitalization & Funding section is based on, (i) the dependency & cost of funding, (ii) liquidity levels, and (iii) capital adequacy of the institution. The overall risk rating of the institution has decreased from the rating score of 81 (at end Mar-18) to score 78 (at end Jun-18).



Institution Level Overview



Note:

The risk profile of the previous quarter is included in the report because the deadline for the compilation of risk report is after quarterly report.

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

Trainings on Organizational Policies, Procedures, and Code of Conduct

Six trainings on **"Organizational Policies, Procedures, and Code of Conduct"** were organized for the staff of Area-I, II, III, IV, VIII, and XI. The purpose of the training was to enable the staff to perform well in the field while complying the Operational and HR policies and procedures. The training enhanced the knowledge of staff about organizational policies regarding major & minor offences, code of conduct (including transparency, fair practice, dignified treatment, privacy & fair disclosure, governance & client satisfaction) and major policies for loan (including loan criteria, operational strategies, transfer policies of staff and early close loan policy).

Detail of the Trainings on Organizational Policies, Procedures, and Code of Conduct

Sr.#	Date	Area	Nature of Participants	Number of Participants
1	1st August, 2018	Area-I	FMs, LOs	23
2	2nd August, 2018	Area-II	FMs, LOs	27
3	3rd August, 2018	Area-XI	FMs, LOs, AOs, APRO	23
4	7th August, 2018	Area-VIII	FMs, LOs	28
5	5th September, 2018	Area-III	FMs, LOs	27
6	7th September, 2018	Area-IV	FMs, LOs	25
	Total			**153**

Trainings on Islamic Microfinance

DSP organized a training, in collaboration with Attijarah, to enhance the knowledge of Islamic Microfinance Branch Staff about Musharka and Murabaha on 5th September in Region-I. Total 5 staff members were benefited from the said training.

Constraints & Challenges

- Implementation of new performance appraisal & management system at all levels and impact on the improvement of a 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.
- A 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 be assured better recovery rate and delinquency loans.