



Annual Report 2010-12

**Promoting Gender Justice Through  
Women's Economic Participation**







## About Kashf Foundation and the Business of Changing Lives

Over the past decade and a half Kashf Foundation has been providing microfinance services to bottom-of-pyramid households, with an unwavering commitment to create and offer pro-poor and pro-women products and services to facilitate low-income households, especially women to become independent economic agents of change. This report offers readers a chance to see how Kashf Foundation runs its operations whilst remaining committed to transforming the lives of its clients through a suite of innovative products and services especially designed to provide access to marginalized households. Kashf is dedicated to providing sustainable solutions to its clients, promoting gender equity and influencing mindsets.

### Our Vision

Financial services for all.

### Our Mission

Alleviate poverty by providing quality and cost effective microfinance services to low income households, especially women, in order to enhance their economic role and decision-making capacity.





# Promoting Gender Justice through Women's Economic Participation



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Dear Friends of Kashf



As I complete my tenure as the Chairman of the Board of Kashf Foundation I would like to leave a few thoughts for the future evolution of Kashf. Throughout my association with Kashf Foundation, I have been a very proud proponent of the work done by this highly professional and capable institution. The zeal, experience and commitment to provide high quality and affordable products and services to the underprivileged segment of the society has been commendable. We met with success and suffered set-backs but we learnt from our mistakes and took corrective actions, leaving a strong message for all of us about not becoming complacent about our achievements but always remaining vigilant and aware of internal and external factors that can affect us.

The changing dynamics of Pakistan's social and political landscape necessitate a proactive and dynamic approach to meet customer needs. Kashf innovatively meets existing challenges via the provision of high quality and pro-poor products and services especially designed to meet the requirements of low-income households in these times of economic recession and inflation. Kashf Foundation, through your support, has maintained its position as the forerunner of best practice in the microfinance sector in Pakistan. With a talented human resource pool, including some of the best managers in the sector, and physical presence in over 27 districts Kashf has maintained its leadership position in several aspects of the business. Moreover, Kashf Foundation has the highest levels of transparency, accountability and due diligence. But the imperatives of leadership require that continuous improvement in efficiency and productivity of our human resources should remain our main preoccupation.

Kashf Foundation has created history time and again, and over the past two years Kashf has mitigated many challenges faced by the sector through a focus on training and development of its clients along with the provision of microcredit. This has not only helped Kashf's clients become sustainable but has also provided many lessons for best practice to others in the sector. This investment in skill up-gradation and nurturing attitudinal change in clients requires much further thinking and effort on the part of the institution. Although my tenure as Chairman has ended, my association with Kashf Foundation will continue and I will remain a strong supporter of their work. I wish all the best to the new Chairman Mr Mueen Afzal and also thank the management team for their support and hardwork.

Best Regards,

Dr Ishrat Hussain  
Chairman Board of Directors



## Managing Director's Message

Dear Friends of Kashf

In the past couple of years, many questions have been raised about the relevance of microfinance; microfinance has been critiqued for the fast growth rates in the industry which are purported to have compromised its social promise. Others have argued that over-indebtedness resulting from weak due diligence by microfinance providers has further exacerbated the living conditions of thousands of poor households across the world. The burning issues confronting microfinance providers across the world today are managing impact with growth while ensuring client protection. This becomes even more of a challenge when seen in the light of gender mainstreaming, that is, the integration of gender perspectives in all programmes, products and policies. At Kashf, we remain committed to including specific measures for the advancement of women, in order to create a level playing field for both men and women – where we hope to foster partnerships between men and women at the household level, as highlighted by Rubina Baji and her husband in Rahim Yar Khan, who work together to run multiple businesses that is a poppadum making concern combined with a garbage collection and sorting business. Our focus on relevance is achieved through our strategy of transforming the lives of our clients and their families with the help of appropriate products, policies and services.



Growth and outreach albeit important is not considered the only yardstick for success. Kashf has made significant investments in developing a system where clients are trained and developed along with being provided access to microcredit, in order to sustain and deepen the impact of its services. Here I would like to share the story of Kashf client Rabeea from Faisalabad. Working as a seamstress she took orders from other women in her community for which she earned a piecemeal rate for every shirt she produced. After attending our financial education trainings, Rabeea decided to enhance the scope of her work. Today, she earns a much higher income not just for herself but also pays the 5 women she employs more fairly. She says that she has learnt to make her clients happy, market her products properly, and manage her budget and expenses so efficiently that her profit has doubled in just a few months. Having systems for client protection and ensuring the protection of client rights is another key factor to ensure the relevance of our products and services. Kashf Foundation not only implements the Consumer Protection Code through constant focus, reiteration and monitoring but also gives clients accessible channels for communicating and reporting directly to the management, thus sustaining the dignity of clients at all levels. Clients know that their rights will be protected at Kashf and all dealings with them will be fair and transparent of any kind of information. This has been further institutionalized by the establishment of a Women's Entrepreneurship Council, which comprises of 32 Kashf clients from all its field locations to advise the management of better ways for gender mainstreaming.

The question thus is not only about the relevance of microfinance but about whether the sector can adapt itself to address the challenges faced by the sector today. We believe Kashf has successfully demonstrated this kind of adaptation, and has shown that the promise of microfinance is still realizable by exhibiting sustainability in the lives and businesses of the clients.

Best Regards,

Roshaneh Zafar  
Managing Director



Dr Ishrat Hussain-Chairman  
Mr Tajammal Hussain-Director  
Dr Attiya Inayatullah-Director  
Mr Syed Hassan Iqbal-Director  
Mr Mahmood Khan-Director  
Ms Rabia Khan-Director  
Ms Sadia Khan-Director  
Mr Ahmed Bilal Mahboob -Director  
Ms Mahbina Waheed-Director  
Mr Asim Zafar-Director



# Promoting Gender Justice: Why Kashf Works With Women



“Microfinance is easy. Changing People’s mindset is what is hard”. Dr. Muhammad Yunas

Global research shows that women earn only ten per cent of the world’s income, yet work two-thirds of the world’s working hours. This means that women are paid less for the same jobs when compared with men and that women are concentrated in the low-paying sectors. These inequalities are further exacerbated by the fact that women are disproportionately impacted in times of economic downturn. Kashf Foundation’s economic empowerment agenda revolves around practically addressing these challenges through proper product design and implementation to ensure that the benefits of Kashf’s economic interventions cascade to both women and men.

Kashf Foundation is supporting low-income households, especially women, engaged in the home-based and self-employed sector by providing pro-poor, pro-women and easy to access customizable solutions to address their capital needs. Kashf Foundation has not only been successful in mainstreaming women into the economy through the provision of credit and savings mechanisms, which would be inaccessible to women otherwise due to a dearth in physical and reputational collateral; but also through recognizing the socio-cultural constraints women face and helping them integrate into the economy while managing their reproductive and social priorities.

The Foundation optimizes its product line on an ongoing basis to align all products and services with women’s financial preferences- and needs by undertaking the following:

## Promoting Women's Agency

Designing pro women strategies that reflect the concept of agency and remove the need for physical collateral.

## Giving Women More Than Just Loans

Adopting a micro-plus approach, which links financial services with business development services, financial education provision, gender trainings, and value chain creation.

## Making Women Participate

Introducing graduated lending schemes that are participatory, and also cater to conflicting demands on women’s time.

## Making Women Bankable

Promoting and providing affordable and accessible savings services where women lack access to banks/financial services

The stories that follow illustrate the transformational role that Kashf Foundation has had on the lives of its clients.





### The Fruit of Success

“A dozen for hundred, a dozen for hundred”, shouts a street vendor in the over-crowded Baldia market in Karachi. Scores of men, women, and little children wearing similar Sindhi caps throng around the fruit vendors, buying oranges, apples, and furiously negotiating prices with stall owners. Amongst the crowd, a woman energetically packs oranges in plastic bags, working her way through a long line of customers. She looks happy, while continuously chatting with them, giving concessions to those she knows well, and quickly selling all the oranges she has brought to the market that day.

If anyone had seen Nazish a few years ago, they would not have recognized her as the woman packing oranges at the fruit stall. Even though Nazish had grown up in Karachi, she had not really set foot into such a market till she turned twenty four. Tragedy had struck her household- her father passed away from a heart attack. The incident left her family in despair, and her mother, a seamstress who had been working hard for decades to make ends meet, finally put her sewing machine to rest, claiming she had neither the willpower, nor the strength, to work.

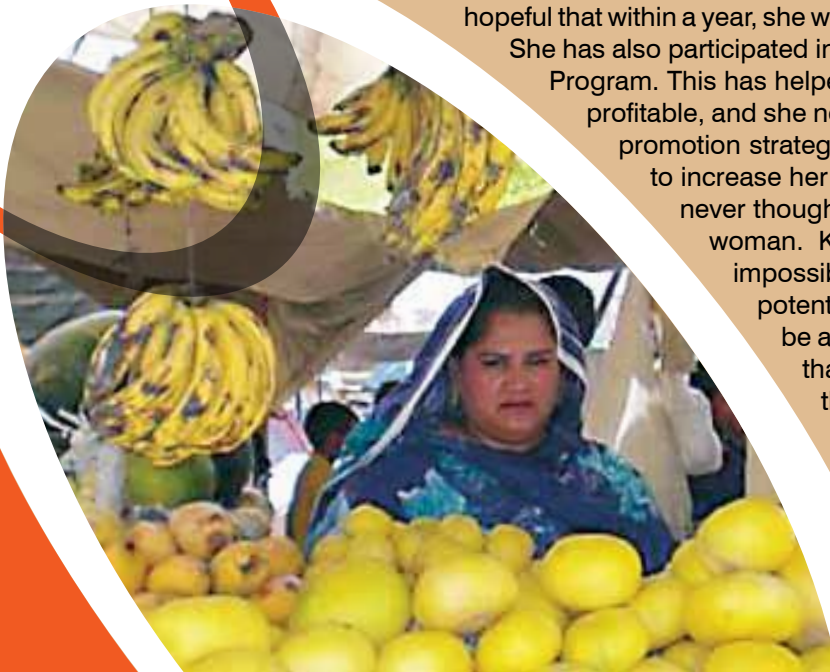
Nazish tried to help out by continuing in her mother’s footsteps, but realized she did not have the talent for stitching. “I was hopeless at it. The only thing I was good at was convincing people to get their clothes stitched from me, but once I realized I couldn’t do it, I knew I couldn’t let my powers of persuasion go to waste. I had to start something of my own, even though at that point I didn’t have the resources to do so.”

Nazish had heard of Kashf Foundation through her sister-in-law who had taken a loan from Kashf Foundation a few years back. After her father’s death, a well-wishing cousin had suggested that they should put up a fruit stall together. Seizing the opportunity, Nazish applied for a loan from Kashf Foundation - once she had received the loan, Nazish began buying fruit from the Sunday Market, to sell at the stall. It was while she started purchasing fruit for the stall that she realized she had a talent for bargaining, for interacting with people, and for convincing them to sell to her at the price she wanted. The following day she convinced her cousin to let her run the fruit stall alone. She sold the entire cart within two hours, a feat her cousin accomplished after a full day of labor.

“I would have men tease me in the beginning, stated Nazish, “asking me to go home and do what other women did. I told them I wasn’t married, that my brother had no skill to match my own, and that nobody had the right to tell me what to do or not to do. These men are now my customers, and if I am not there, they do not buy fruit that day”.

Her association with Kashf Foundation continues till this day, and Nazish is hopeful that within a year, she will be able to buy a fruit shop of her own.

She has also participated in Kashf Foundation’s Financial Literacy Program. This has helped her run her business better, make it profitable, and she now employs the various marketing and promotion strategies she has learnt during the program to increase her sales, and make a loyal client base. “I never thought I could be good at being a business woman. Kashf has taught me that nothing is impossible and that one must believe in ones potential”, states Nazish. “I want my story to be a lesson to my family, and to my friends, that everyone is capable of changing their own life and that once they do, the fruit of success is the sweetest of all”.





### The Shop to Freedom

Rehana hands a little boy a box of sweets, when he nervously asks her how much he has to pay, Rehana tells him to quickly run home and share the sweets with his younger sister. Rehana smiles; she clearly remembers when she opened her convenience store four years earlier. She only had a few items stocked on her store shelves, and she would count every single penny she made. Giving an entire box of sweets for free seemed impossible to do at that time.

Rehana was eighteen when she got married. She was happy that day. She couldn't remember the last time she felt so independent. She would finally begin a life which was not regulated by her over-bearing father. Lahore was not what Rehana had expected though. It was noisy, and the neighborhood women would make fun of her clothes and the way she spoke. Her husband, a commercial truck driver, seldom came home, and whatever money he made, would be spent on his friends and late nights of gambling and drinking.

When Rehana couldn't pay the electricity bill the following month, she knew that it was time to muster the courage to take charge of her own life. With some money she had saved up from her wedding, Rehana rented a tiny shop in her local market. As she stood there a week later, her shelves empty but for a few boxes of soap and some bags of lentils, one of her customers told her about Kashf Foundation's loan program.

Rehana used her first loan to stock up her store, and happily spent her first few months increasing her sales, and making friends with her frequent customers. She slowly began paying off her bills, one by one.

When Rehana's father discovered she was operating a convenience store in a busy market place, that too all by herself, he immediately sent word to her husband to put her in place. A woman's place was in the house he stated, not amongst men behind the counter of a corner shop. Rehana recalls that day, much to her own surprise she had mustered the courage to stand up to both her father and her husband and fight for her right to earn a decent living. She told them that she had taken control of her life with the help of Kashf Foundation, and that Kashf's Business Development Officers had more faith in her than her own family, and that her family could not coerce her to give up her hard work and move back into a home where there wasn't even enough money to pay the bills. Her father stopped talking to her that day, but Rehana remained steadfast in her resolve to take charge of her life.

Four years from that day, Rehana's relationship with Kashf continues, and her father has finally realized that Rehana's place is behind her convenience store counter. She continues to pay all her bills on time, her husband, though still hardly home, has learnt to respect her, and let her make her own decisions. After asking her how her life has changed after she partnered with Kashf all those years ago, she replies, "Kashf taught me the most valuable lesson; you have to fight to change your life, and, being a Pakistani woman, the struggle is harder. Kashf believes in that inherent power which a woman possesses. I am certainly a woman who controls her own life, runs her own household, and makes her own decisions."





### The Bird that Flew

Multan's sweltering summer heat had left the usually bustling alley ways of the inner city empty and silent. A middle aged woman stands proudly in her small house, holding her own daughter's newly born baby girl. "A daughter is Allah's greatest blessing", she says. Ayesha's house is quaint, but beautifully adorned walls and her own radiant smile are enough to put anyone at ease. Ayesha's story begins twenty odd years ago when she moved with her husband to Multan. Soon after getting married, Ayesha gave birth to a beautiful little boy, but her happiness was short-lived. The baby contracted typhoid after his 1st birthday, and due to lack of treatment and funds, succumbed to his illness within a few months. The cost incurred on their son's treatment left Ayesha penniless, and in an attempt to take her mind off her grief and to try and make ends meet, Ayesha began helping her husband with his ornaments business. Her husband, Talib, worked in a local factory and used tree bark and wheat sticks to make decoration pieces. She began experimenting with different materials, and one day, made a beautiful bird on a shard of glass. Her husband, astounded at his wife's hidden potential and talent, spoke to a friend of his who told him about Kashf Foundation and the work they do with home-based women entrepreneurs.

Ayesha's first loan from Kashf Foundation was used to buy raw material for her paintings. She recalls her first visit to the marketplace. "I was so scared. I had never interacted with men before. I didn't even know what to say. By my third visit, I knew everyone, and had even started haggling on prices. I built a confidence which I never had before."

Ayesha soon began to sell her ornaments in the local bazaar, and hired girls from her neighborhood to help her with her increasing workload. With the money she gives them, the girls have promised to save up for college. Ayesha only studied till grade 5 herself; her father forbade her from going to school and told her a woman's place was in her home, taking care of her family. "I have managed to take care of my family though", Ayesha says. I provide for them financially, I put food on the table, and I have managed to buy the house we live in now. I couldn't have been so brave, or even had this confidence in myself if Kashf hadn't empowered me financially and helped me along the way."

Ayesha has rented out a small shop in her local market, and 6 years after taking her initial loan from Kashf, she has inspired many other women in her community to take charge of their lives and change it, without relying on anybody else. Her neighbor, Saadia, who opened a parlor in her home after taking a loan from Kashf Foundation, earns enough to send all four of her children to school.

Ayesha claims, "There are many stories of courage and hard-work. Women like Saadia and myself, can break away from the vicious cycle of poverty only through hard work and continuous effort. We need to be the change which we wish to see in our lives." Ayesha's little bird paintings can be seen hung up on the walls of nearly all the houses in her community. They look hopeful, ready to fly off to chase their dreams, much like Ayesha and Saadia.



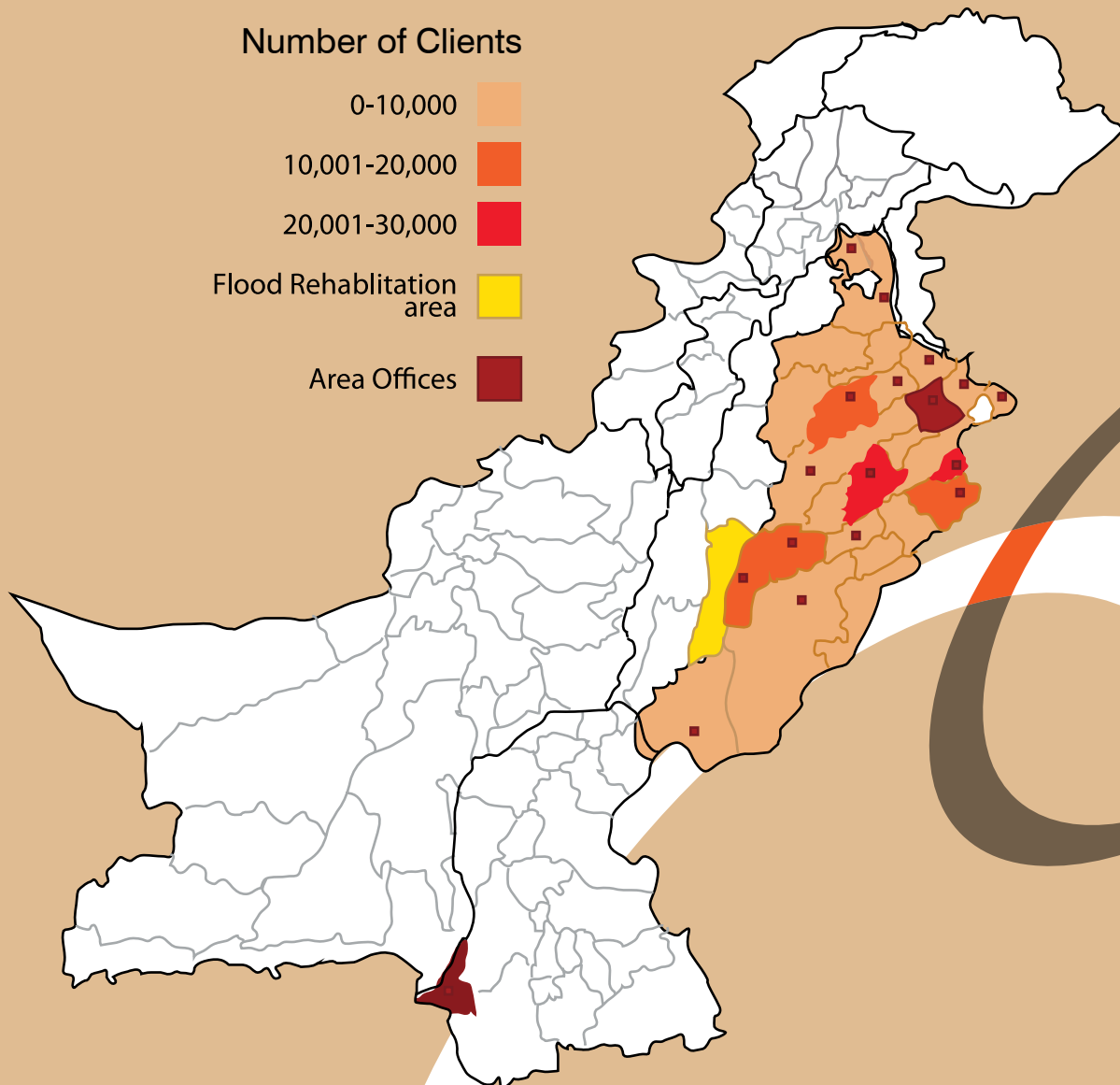


## The Kashf Network



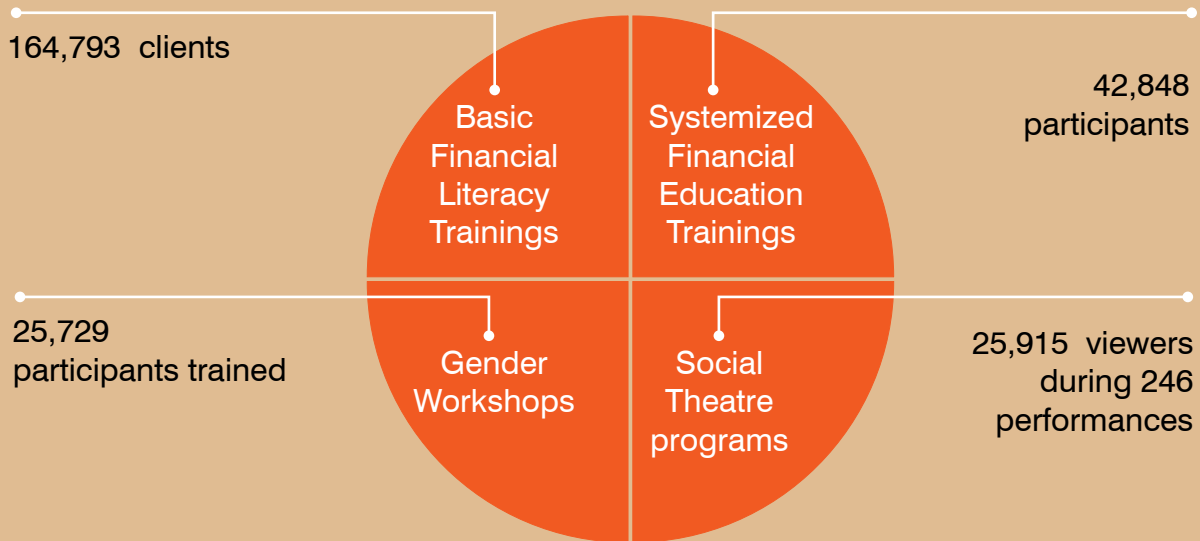
Kashf Foundation is working in 27 districts in Pakistan through a network of 157 branches.

KF Network Structure	2011-12	2009-10
Districts	27	25
Regional offices	5	5
Area offices	32	32
Branches	157	151





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit



Kashf's experience with gender based microfinance has highlighted the need to compliment the provision of credit with ancillary services. It is only through this multi pronged approach that a holistic impact can be made on the lives of female borrowers and their households. Kashf has thus moved beyond credit as its primary product offering to an enterprise development model which enables low-income households, especially women, to reduce their economic vulnerability by building up better economic safety nets through earning higher incomes from their businesses, mobilizing their savings, and gainfully employing economic and social inputs to generate sustainable outcomes.



This intervention is being implemented via Kashf's Gender Empowerment and Social Advocacy (GESA) department through a funding partnership with the Canadian International Development Agency (CIDA). The programme aims to tackle the issue of female economic empowerment on three complimentary levels. Firstly, it focuses on changing the environment which women entrepreneurs in Pakistan face and aims at eradicating major societal barriers which impede women's inclusion in Pakistan's mainstream financial sector. This is done via gender trainings provided to three main target groups; males, females, and youth living within communities where our clients operate. These trainings, which have been attended by 25, 729 participants to date, aim at providing participants with the necessary knowledge and tools to integrate gender equity into their lives, and subsequently promote and foster an environment in which Kashf female clients are valued for their economic contribution within their households, are given the space to make their own economic decisions, and are afforded enhanced decision-making capacity with regards to not only their own lives, but that of their families. The second aspect of this intervention focuses on imparting the relevant knowledge and skills that can enable women to build their financial capacity.

Financial education trainings are at the core of this component, and are delivered in two stages. The first stage involves delivering Basic Financial Literacy (BFL) trainings to all clients prior to obtaining a loan from Kashf. These trainings are provided as part of the lending process to educate clients on the basics of borrowing, debt management, savings, and principles of financial management, client rights, and key details of their financial partnership with Kashf.



## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit



Once clients graduate from the BFL component of the program, they can progress to the second stage, i.e. the Advanced Systemized Financial Education (SFE) trainings. This component, comprising of modular coursework, covers savings, budgeting, financial transactions and debt management, and spans over three days.

The final aspect of the microfinance-plus approach places emphasis on enhancing business skills for female entrepreneurs, and helps clients build linkages through Business Incubation Labs (BIL). This is done via the provision of business development services, through a specially designed modular approach, which takes into account the various cultural and social constraints women face. Business Incubation Labs are helping clients strengthen their businesses on three complimentary levels. Business Management Trainings provide in-house trainings to clients on various business management themes. Business networking support helps clients develop linkages with vendors and other suppliers in their local marketplaces, and Kashf's collaboration with other institutes such as community groups, NPO's and trade institutes, helps clients to become further adept at running their businesses and making them into sustainable ventures. Through these Business Incubations Labs, Kashf has enabled 89 female entrepreneurs to graduate their businesses from small home-based initiatives into small enterprises.

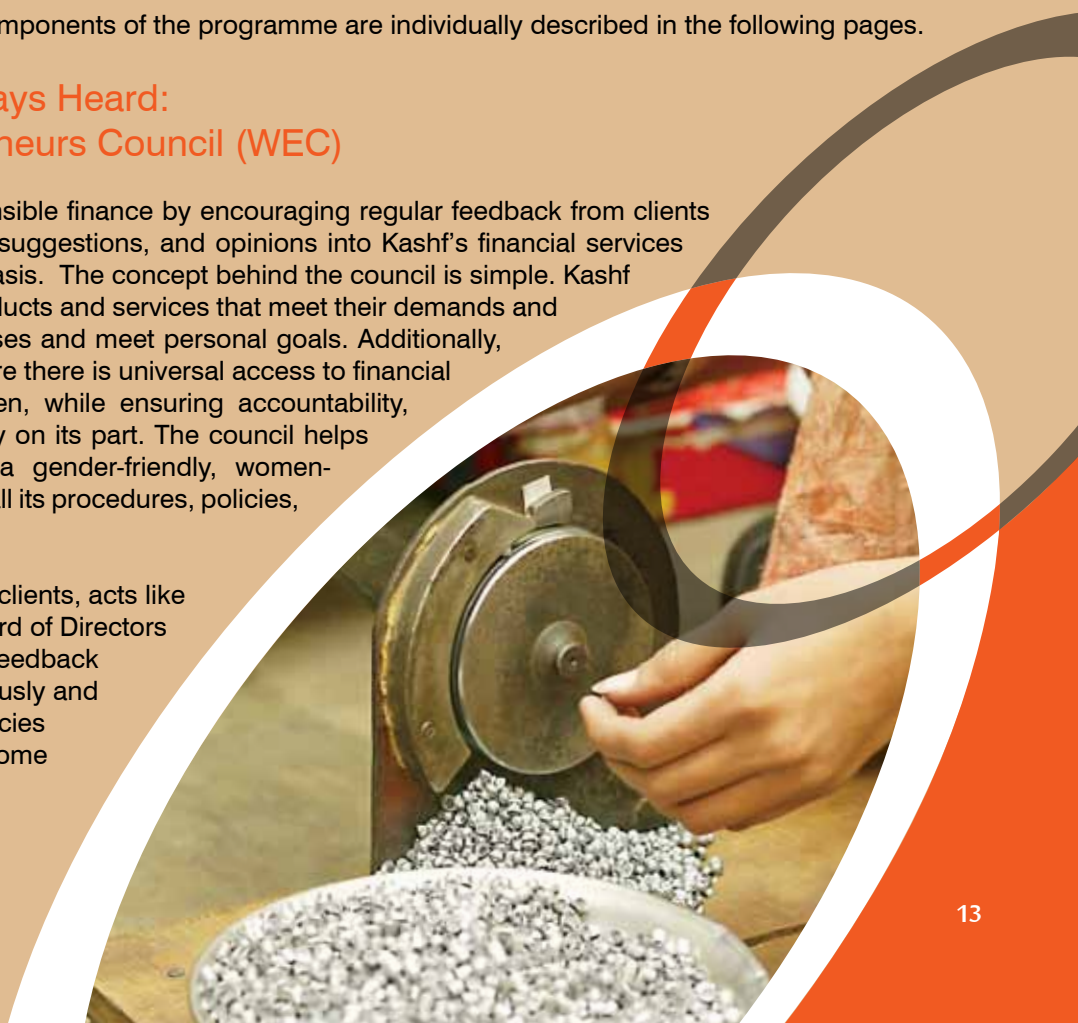
Kashf's mission to economically empower women also aims at shifting the perception of women from meek, invisible workers to powerful economic agents. One instrument of realizing this mission is providing women a platform that provides them the space to be heard. A women's Entrepreneur Council, comprising of Kashf clients, meets every quarter with the executive body to advise the Kashf management team on ways to make Kashf's loan program more client-centric, and helps Kashf keep clients at the core of their operations by providing innovative products and services which are tailor-made to suit clients changing needs.

More details on the various components of the programme are individually described in the following pages.

### Kashf Clients are Always Heard: The Women Entrepreneurs Council (WEC)

Kashf aims to promote responsible finance by encouraging regular feedback from clients and embedding these views, suggestions, and opinions into Kashf's financial services programme on an on-going basis. The concept behind the council is simple. Kashf believes in serving clients products and services that meet their demands and help them grow their businesses and meet personal goals. Additionally, Kashf envisions a society where there is universal access to financial services, especially for women, while ensuring accountability, fair practice, and transparency on its part. The council helps ensure that Kashf remains a gender-friendly, women-focused entity with respect to all its procedures, policies, products and services.

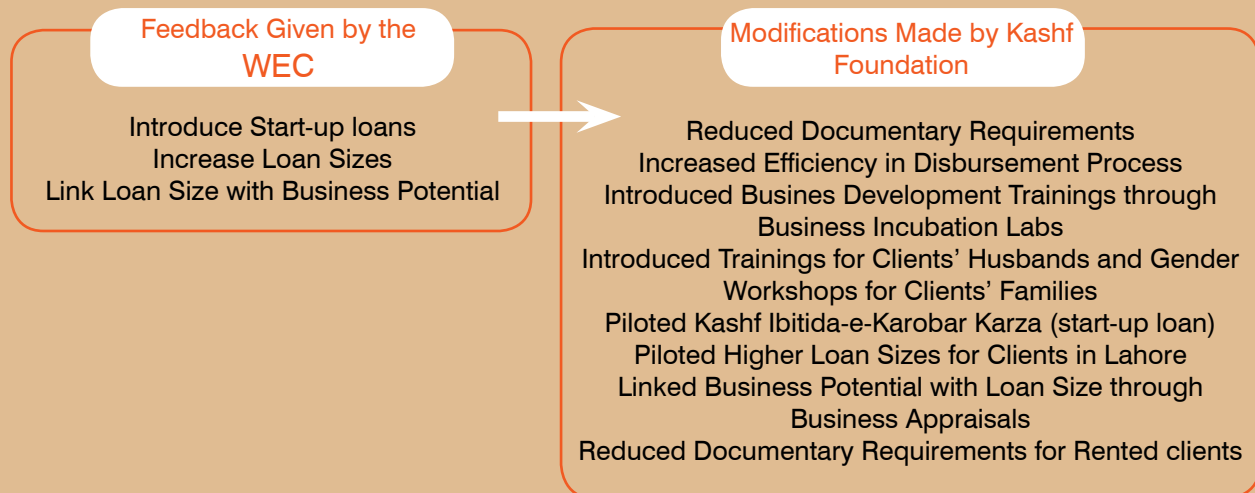
The council, comprising of 28 clients, acts like an advisory council to the Board of Directors and the Management team. Feedback from clients is taken very seriously and translated into changes to policies thereby enabling Kashf to become a demand driven microfinance institution whose financial empowerment programme focuses on helping clients become entrepreneurs with





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit

businesses which are sustainable and scalable, promote their economic empowerment and mainstream the role women can play within the economy and society. Three WEC quarterly meetings have been held successfully since the creation of the council last year. Complementing these meetings, all WEC members, with the support of Kashf Gender Trainers, conduct regular Area Level meetings in their respective areas to get feedback from other clients on Kashf services, loans, policies, products and services. Some of the suggestions and feedback given by the WEC that have been successfully imbedded into Kashf's policies and procedures are shown below:



### Meet our esteemed WEC Members

#### Parveen Baji

Parveen Baji, resident of Ladhywala, is a women who truly exemplifies strength and courage. Last year, as an outcome of her success and her refined business acumen, Parveen Baji was selected as a member of the Women Entrepreneur Council. Being part of this council she feels responsible for mentoring other Kashf clients about turning their businesses into profitable ventures. She is working voluntarily towards the improvement of the social and financial status of low-income women in her community. Parveen Baji is committed to educating not only existing clients but other females of the community about the overall benefits of acquiring Kashf's financial service.

#### Sajida Baji

A few years ago, Sajida Baji took a small loan from Kashf Foundation, and bought livestock with the amount she had received. Her exceptional business skills led to her selection in the Women Entrepreneur Council, where she has played an active role in advocating gender rights for Kashf female clients and is currently working towards addressing gender related issues in her community. She has also been mentoring other women on business management skills, which she has learned during her financial literacy training sessions with Kashf. Being part of the WEC Sajida Baji says that her commitment rests in building a sense of financial responsibility among clients by educating them on the principles of proper loan utilization and timely installment payments.



## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit



### Kashf Helps Women Build Their Financial Capacity: The Importance of Financial Literacy Trainings

Kashf is committed to raising consumer awareness of their rights and responsibilities by continuously helping them strengthen their financial capability.

Low levels of financial literacy result in unproductive financial decisions, for example households end up spending their money in suboptimal ways, borrowing too much, saving too little, and missing opportunities for investing. By communicating the relevant knowledge, skills, and attitudes associated with sound money management, financial education can offer low-income households the means to use their scarce financial resources more effectively and to choose the financial services and products that best suit their needs.

Kashf Foundation's Financial Literacy trainings, delivered by Business Development Officers (BDOs), aim to educate women on the basics of borrowing, debt management, savings, client rights, and details of the financial agreement that they are undertaking with Kashf. These trainings are provided prior to loan disbursement and all new clients who have applied for a loan from Kashf Foundation are eligible to receive this training. In the first year of the project implementation 164,793 clients received BFL trainings.

Once clients graduate from the BFL program, they become eligible for The Advanced Systemized Financial Education Training (SFE). SFE Trainings are being delivered by 32 specialized Area Trainers covering all of Kashf's business areas. This training spans over three days and covers modules of financial management, debt management, savings and budgeting. To date 42,848 clients have been trained in Systemized Financial Education.

#### How to balance my household budget!

"I never knew that it could be so easy to make a budget. I had never done this before because I did not realize the importance of saving for my business in order to enhance revenues and profits. I now know how to control my expenditures and this has helped me manage my household, my business, and my life better."

Samina Baji from Karachi





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit

Kashf Foundation's Impact Assessment Study for the BFL and SFE trainings illustrates that participants of the trainings reported a positive change in their decision making. They felt that the loan and training have not only made their point of view more acceptable within the household, but have also encouraged increased consultation by household members. Around 30% participants reported that their decisions have become very effective. They are able to apply the techniques taught during the trainings with positive results.

Around 96% of the respondents mentioned that they made their business plans after taking the loan and training. Nearly 87% of the respondents also made their business budgets after taking loans and more than 91% of the respondents were using their incomes to invest back in businesses. More than 65% were also saving from their incomes while nearly 33% were spending on household expenditure from their business incomes.

Thus, feedback received from participants shows that these female entrepreneurs have developed an improved understanding of financial issues and that these women now exercise more control over their income, something which becomes easier to do with their newly acquired ability to create and implement household level budgets. Participants also claimed that after attending the trainings they had a more equalized voice within the household due to the knowledge and tools they acquired during the training and workshop sessions. Additionally, their enhanced business acumen helped them to re-invest their profits in ways that they believe will have long-term consequences for their businesses and ultimately the lives of their households.

### Kashf Facilitates Women-led Businesses: Business Incubation Labs

Kashf realizes that women entrepreneurs in Pakistan face significantly greater challenges in running their businesses. The lack of access to education, financial resources, proper reproductive healthcare, and apprenticeship opportunities, all make them more vulnerable than their male counterparts. The purpose of the Business Incubation Labs is to determine the specific challenges faced by women entrepreneurs and to develop systems and mechanisms that can address these constraints.

#### BIL Achievements

Business Management, Business Innovation,  
Marketing and Networking Trainings

89 clients trained

Vendor Linkages Developed for Clients

37 linkages developed





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit

Developing sustainable competitive advantage



Research done by the Gender Empowerment and Social Advocacy department at Kashf showed that stand-alone business development programs were less effective than those embedded within microfinance services. For business development services to reach low-income women, the services and their delivery must consider the household and family responsibilities that small time business women have and be tailored to respond to them. Kashf Foundation has, in its experience with low-income households, seen that the best model for this is through a physical business incubation centre where female micro-entrepreneurs can come for trainings, consultations, and advisory services.

"I realized the importance of Marketing as an essential component of successful business in addition to capital. I used to think that money is the only requirement for running a successful business but after the training, I realized that it is more important to build customers first."

Parveen Baji from Gujranwala

Prior to the program's pilot, a comprehensive research study was conducted in three target areas of the pilot: Lahore, Multan and Gujranwala. The purpose of the research was to determine the gaps in capacity and entrepreneurial challenges that prevented Kashf's women entrepreneurs from successfully running and growing their businesses. Based on the research, it was determined that there are 4 essential aspects that affect the integrity and growth potential of a woman-run microenterprise:

- Entrepreneurial Capacity** → A woman entrepreneur's business acumen, financial management capacity, negotiation/communication skills and ability to manage the business alongside household duties
- Assets** → Business equipment, infrastructure, labor and other fixed or perishable assets available to entrepreneur
- Social barriers** → Various patriarchal and gender-related constraints that prevent women entrepreneurs from effectively penetrating markets and creating a customer-base
- Access to finance/capital** → Startup capital and a stable stream of funds necessary for sustaining the business





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit

In general, the research found that the majority of Kashf women entrepreneurs had significant entrepreneurial potential and understood the basics of running a successful business. However, most had difficulty putting this expertise into practice. Within their households, men were generally considered to be the dominant bread earners, and while an ostensibly large number of male household members claimed to be supportive of women running a business from home, travelling to marketplaces and interacting with men was generally frowned upon. Business assets were generally insufficient, and even though most women claimed that greater startup capital would enable them to grow their businesses, they had virtually no formal mechanisms for savings, capital accumulation or asset building. Access to formal sources of capital was also limited as the most common types of businesses were informal and home-based businesses. Additionally, due to a small, usually fixed client-base (usually confined to relatives, neighbors and a few middlemen), sales and incomes were low. While most entrepreneurs claimed they were willing to expand their clientele, virtually no respondent claimed to have a business expansion plan.

Based on these findings, the Business Incubation Labs place emphasis on training women entrepreneurs on practical business management skills that look at basic financial tracking, business planning, marketing, business networking and effective communication techniques. The BIL model delivers training content which is contextually relevant, and includes new business practices which are being adopted globally within the micro-finance market and provides two types of business support to BIL participants, generic business management trainings and cluster specific support to business owners within the same locality and the same business sector. BIL business support focuses on the pre-dominant business cluster specific to that area of operation. This allows greater focus and synergy building within local entrepreneurs. During this year, 3 labs have opened up in Multan, Gujranwala, and Lahore.





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit



The business incubation program is premised on the following pillars:

### Kashf Foundation's Business Incubation Labs

#### Business Management Trainings

The program provides in-house trainings on various business management themes

#### Networking Support

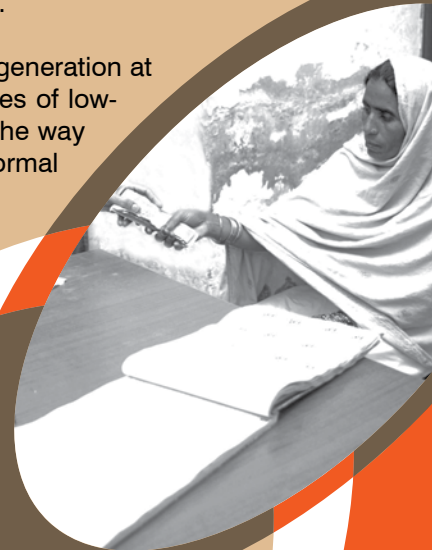
Business networking support is provided by linking participants to vendors and other suppliers in their local marketplaces

#### Institutional Collaboration

The program explores and create collaborations with various trade institutes, community groups and other NPOs to enable participants to become further adept at their business

Results have indicated that the average asset growth of clients who have enrolled in Kashf's Business Incubation Labs has been 2% whereas the average income for clients has grown by a staggering 14%. Sales for clients have grown by an average 34%, with an astounding 56% increase seen in Gujranwala, a 22% increase seen in Lahore, and a 23% increase seen in Multan. On an average, clients have increased their networks with vendors and suppliers by 14%. These results illustrate that Kashf's Business Incubation Labs are helping clients graduate their businesses from self-employment ventures to small enterprises.

The graduation of businesses to small/medium enterprises will lead to employment generation at the community level and will thus have a ripple effect on the livelihoods and incomes of low-income households within the community. In the longer term, this project will pave the way for women entrepreneurs to access more formalized institutions, e.g. SME centers, formal banks, and local chambers of commerce.





## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit

### Kashf Helps Create Awareness on Women's Rights: Gender Trainings and Theater Programs

While educating women on social advocacy issues and creating awareness about gender issues and roles is very important, in a majority of cases women do not have the voice and space required to take corrective steps. Moreover, since the major decision makers in most households in Pakistan are males, opportunities for females can be enhanced if the mindsets of males are changed. Thus, recognition and tacit approval by males is a necessary pre-requisite for gender related social advocacy. For Kashf Foundation, gender empowerment is not a female specific phenomenon and thus can only be fully achieved when there is integration and ownership over the concept by both males and females. Thus, the gender trainings that Kashf Foundation is undertaking are aimed at not just Kashf clients but also their husbands and adolescent boys from the community.

Gender trainings help participants realize the differences between sex and gender, help identify gender roles and gender disparities, and highlight gender stereotypes, while providing a forum for participants to question existing conceptions. The basic role of these trainings is to help participants understand what gender equality is and help participants change mindsets about gender norms and mores. The trainings (as well as the community theater) encourage participants to reflect on existing practices that inhibit women's access to basic rights, including education, health and economic participation.

During one post-training assessment, most participants claimed that they were now willing to educate all their children, especially girls. Some even went on to make promises on how they would enroll their children into schools as soon as they reopen, something they had not considered previously due to financial circumstances of the household. They further noted that women's education was indeed necessary for the economic welfare of the household.

One of the recipients of the training who was a school owner, believed that girls' education was unnecessary prior to participating in the gender training. However, after the training, he now believed that education was "more important for girls than boys". Another attendant of gender trainings from Phool Nager Branch, Taj Bibi, also promised to enroll her children into schools, claiming that she had made a mistake by letting them stay at home all these years. Muhammad Sadiq from Kasur shared that after attending the gender training sessions, he has not only started supporting his wife in doing household chores but also takes her opinions into account while making any decisions.



### Outcomes of Kashf's Micro-Plus Approach: Progressing towards Gender Equality

The Kashf model of providing more than just financial services to low income households aims at making business ventures run by female entrepreneurs more sustainable and scalable. This entails better working capital management, programmed savings, effective financial negotiations, and proper budgeting.

Impact Assessment Studies conducted by the Gender Empowerment and Social Advocacy department show a majority of the respondents (86.3%) mentioned that they are reinvesting their incomes in their businesses and a staggering 96.5% of the respondents saw their household incomes growing after taking the loan.



## Kashf's Micro-Plus Approach: Giving Women More Than Micro-credit



This intervention not only enables women themselves to become economically self-sustainable, but fosters an enabling environment for them, helping Kashf increase the social returns of financial inclusion. The Gender empowerment program is working towards creating awareness about gender discrimination and helps participants change their mindsets about gender norms in relation to women's participation in the households and economy. This approach has not only helped our clients run their own businesses better, but has re-iterated the importance of financial independence, and emphasized its instrumental role as a mechanism with which our clients can become active agents of change and contributors towards not only their own socio-economic progress, but that of others.

### Kashf Believes in Responsible Finance: Delivering High-Quality Products and Services to Facilitate Women's Economic Participation

Kashf Foundation acts as a change agent within the communities it serves by facilitating women's economic participation through undertaking "responsible finance". Merely increasing financial access to underserved households is not enough; Kashf clients should be able to count on products and practices that are transparent, fair and take reasonable care to avoid causing harm to clients such as over-indebtedness.

Kashf Foundation's program not only provides financial access to low income households, but aims to ensure that this intervention actually helps in empowering women by making them the beneficiary of the loans and all other services. Financial service provision is augmented by the microfinance plus approach, which provides gender sensitization trainings to clients and their families, along with financial literacy trainings so women can make better use of their financial resources.

The final result which Kashf hopes to achieve in the end is positively influencing women's economic status and the following pages showcase and describe some of the key products and features of Kashf Foundation's economic empowerment programme, and illustrates how these products and services help Kashf to achieve its responsible finance agenda, while facilitating women's economic participation and helping to create a more gender equitable society where women are given access to "finance that makes a difference."





## Kashf's Pro-Poor & Pro-Women Financial Products

### Kashf Continues to Grow: Promoting Entrepreneurship and Creating Jobs with Kashf Karobar Karza

The Kashf Karobar Karza aims to increase the economic impact and sustainability of the entrepreneurs business, thus creating a direct correlation with the social and economic well-being of households, and women entrepreneurs in particular.



#### Kashf Helps Create Jobs for Women

"Initially, I was hesitant about taking a loan, but once I met with Kashf staff and they walked me through the entire process, I was convinced that I could benefit greatly by investing more in my tailoring and stitching business. Kashf's business development officers did not only help me through the entire process, but they helped me realize how much I was spending, where I needed to cut back, and how I could increase my profits. I have now brought a second sewing machine and my business has expanded. I have so much work that I have hired another girl to help me with me with it."

Sughra Baji from Tench Bhatta, Rawalpindi.

The Kashf Karobar Karza, a productive loan targeting women entrepreneurs and their families, aims to provide clients with a customized capital plan which ensures that their specific business needs are met. An in-depth analysis of the clients Income and expenditures is carried out via a business appraisal at the client's place of business. This process helps determine the optimal loan amount and repayment plan for clients and helps them gain a better understanding of their business costs and revenues, household expenditures and budgets, and provides them the financial knowledge and tools with which to improve their business outcomes, along with managing cashflows.

Access to future loans is contingent on the proper utilization of the loan to ensure that the loan is invested in the client's ongoing business in order to have a long term impact on the ability of the client and her family to generate increased income. Kashf Foundation believes in fostering and creating a sense of responsibility and accountability along with enhancing the decision-making capacity and the financial management skills of clients.

#### Kashf Extends and Re-builds Trust: The Kashf Aitebar Karza

Clients claim that this product not only helps them to re-build their businesses, but gives them the opportunity to begin contributing once again towards their household expenditures by facilitating them in their time of need and thereby offsetting the effects of Pakistan's current economic downturn on their earning capacity.





## Kashf's Pro-Poor & Pro-Women Financial Products



### Saving Face with Kashf

“When my beadwork business failed, I thought my husband would never trust me again. I had taken some money from him for running my business, and when all the money I made from my business was spent in paying bills and buying groceries, I had nothing left to re-invest in my business. This meant I couldn't pay my installments back to Kashf. Sakina Apa (the Business Development Officer who visits our community) came to me one day and told me about Kashf's new KAK product. After availing this loan, I have not only managed to get my business back on its feet, but have been making more profits than before. Whatever my husband saves, he now gives to me to use for my business. I am now running the household, and making all the decisions for my family and my business”.

Sana Baji from Khanewal branch

The economic eco-system in Pakistan has continued to worsen in the past 5 years – unemployment is rampant while inflation in the prices of basic commodities has been on the rise. As economic volatility tends to effect bottom-of-pyramid households more adversely, Kashf clients have been heavily impacted. Continuing inflation has had a regressive impact; the increase in food prices has eroded their purchasing power and ability to spend on essential items including food, healthcare, and children's education. Keeping this challenging economic situation in mind, Kashf Foundation is offering its clients with a more robust and client friendly loan called the KAK. The KAK provides a renewed credit line for clients that are facing difficulties in running their businesses due to adverse exogenous and endogenous shocks. Some of the new features of the KAK include (1) an extension in the tenure to two years, (2) smaller monthly installments, and (3) more flexibility in cash flow management.

The outcomes of this have been that low-income households, especially women, now have an opportunity to rectify their credit record by rebuilding their businesses. Kashf clients have responded positively to these changes, and claim that this flexibility, along with other business advisory services which all Kashf clients are eligible to receive, allows them to re-think their own business strategies and gives them much-needed space.

### Kashf Supports New Beginnings: Kashf-Ibtida-e-Karobar Karza

Through this product and the business support services provided by Kashf's staff, the Foundation has successfully helped provide female entrepreneurs and their families with the tools, skills, and start-up capital required to initiate their ventures.

### Sparkling business talent with Kashf

“When I told my family I wanted to start making shoes from home, they laughed at me, stating that I had no prior knowledge about running my own business, and neither did I have the money to do so. When I visited my nearest Kashf branch, I had no idea that my dream would be realized within a few weeks. Once I received business capital from Kashf, I thought that I would have to do everything on my own, but Kashf's staff accompanied me every step of the way. They told me how to plan my expenses, how to map my costs and how to undertake effective product pricing. Abid Bhai, my Business Development Officer, took me to my local market and introduced me to various shopkeepers where I could sell the shoes I made. After one month, I have already sold thirty pairs of shoes, and made enough money to double my raw material for next month.”

Amina Baji from Raiwand branch.





## Kashf's Pro-Poor & Pro-Women Financial Products

As is the case in a multitude of other countries, potential entrepreneurs in low-income communities, especially women, have limited sources to fund their entrepreneurial ventures. These women are predominantly involved in handicrafts, stitching/tailoring and embroidery sectors, and although the startup capital required for these businesses is comparatively lower, women entrepreneurs still face various hurdles in acquiring the start-up capital to set up such home-based ventures.

Kashf Foundation carried out detailed and in-depth surveys in four of its branches in Lahore to identify home based businesses that require micro loans as a start-up investment ranging from PKR 10,000- PKR 25,000. Field focus groups were carried out which identified that out of each of the four branches and their communities studied, that at least 15%-30% clients are excluded from being considered because they demanded a startup loan. Based on these findings, Kashf Foundation has broadened the scope of its lending program by not only providing capital lines to women entrepreneurs with existing businesses, but now aims to facilitate women's economic participation by supporting business start-ups via its newly piloted product, Kashf-Ibtidi-e-Karobar Karza.

In other words, Kashf is now entering the space of an "angel" investor. In order to ensure the effectiveness of the loan decision, a detailed feasibility report is prepared by Kashf's Business Development Officers which is aimed at facilitating clients by helping them budget and plan, manage their costs, and market their products effectively, along with determining returns from their venture.

Results of the pilot phase illustrate that Kashf clients have benefited greatly from this product. Prior to availing this product, most clients had no access to markets where they could buy their raw materials from or sell their products to. Many clients also felt that shop-keepers were hostile to providing products and services to female clients. Kashf Foundation's Business Development Officers (BDO's) assist their female clients through every step of the business cycle, from helping them decide which product to produce, to discovering markets where they can buy cheap materials from, to creating linkages with buyers in the market.

### Kashf Helps Women to Save: Kashf Kamal Committee

Kashf Kamal Committee helps clients deal with the day-to-day shocks/turbulences in their lives and build a better life for themselves and their families. It also helps them become more self-reliant and less dependent on others for help in order to maintain a life of dignity, equality, and respect.



Total Number of Kashf Kamal Committee Accounts through 5 bank kiosks 3,734

2010-2011



Number increased to 5,001

2011-2012



## Kashf's Pro-Poor & Pro-Women Financial Products



### Investing in the future with Kashf

“My husband never let me save money for my daughter’s education. Whatever money I saved and hid in the house, he would find and spend on meaningless items which we did not even require. I heard about Kashf’s Kamal Committee while I was buying groceries from the store around the corner. I was scared when I went to visit the branch, and I thought what would happen if my husband found out. The Savings officers assured me that nobody would find out that I was saving money, and encouraged me to open an account. Two years later, I have managed to save up enough money to send my daughter to college.”

Sabeeha Baji from Lahore

Low-income households have a very high vulnerability to endogenous and exogenous shocks which impacts their overall ability to maintain and improve their standard of living. Preparing for the future through safety nets such as saving for consumption smoothening and building coping mechanisms to deal with the shocks are an important component of ensuring sustainability. Kashf Foundation aims to provide this service for its clients in collaboration with the Kashf Microfinance Bank via a specially designed pro-women and pro-poor product called the Kashf Kamaal Committee.

Creating a platform where women can place their savings in a secure location, with easy access to the money whilst maintaining the privacy, can help them build better lives for themselves. Savings can be used for business expansion and development of the household.

The Savings product has helped Kashf realize its mission of not only economically empowering women, but has also helped give clients opportunities to further their own interests and fulfill their personal goals. The money which clients save is their own, and acts as a much-needed buffer which protects them not only against unexpected expenditures, but acts as a pool of resources which they can use without approval from other household members.

Unlike the informal committee system, Kashf Kamal Committee can be kept confidential, it is secure and will not be lost if the committee fails to meet its obligations and is accessible since it can be withdrawn during times of need.





## Kashf Aims to Create a Level Playing Field: Realizing the Importance of Education

The objectives of this project vis-à-vis society are to inculcate the importance of sustained mainstream education within the low-income households living in these areas. A significant number of extremely poor individuals with low education levels remain at the bottom of the income distribution, largely untouched by economic development.

Providing credit lines to schools which cater to low income communities

Introducing teacher trainings which enhance educational quality

Introducing new technologies

Aiming to Provide More Than Just Quality Education

Monitoring teaching quality

Kashf Foundation focuses on building the capacity of women and their families to become financially self-sufficient. However, the Kashf programme isn't merely an economic transformation of women from low income families, but also aims to positively impact their decision-making capacity and thereby have an empowering impact on their households.

The Foundation feels that education plays a key role in impacting gender dynamics and adds enormous value to its mission by decreasing gender inequality and creating a level playing field for clients. Despite the universal understanding that education is vital, education systems around the world are characterized by persistent inequalities in terms of gender, class, and socio-economic status. (ASER Policy Brief, M. Aslam, 2011). The gender gap in private school enrollment in Punjab is as high as fifteen percent, and as high as thirty percent in Sindh. (Ibid)

Kashf has thus decided to launch a scholarship program to help families send their girls to school. The scholarship programme will be through a direct fee payment to the schools where children are enrolled. Furthermore, the scholarship fund will cover one year's school fee and renewal of the scholarship will depend on the attendance record and the annual results of the child.

The Foundation does not wish to stop at just providing scholarships to young women who wish to study, but wants to take the concept further by opening a separate division which will deal with the provision of financial assistance to small and medium-sized privately owned educational institutes which cater to low-income communities.

This product will not only provide these educational institutions with credit lines, but will focus on introducing management training programs in these schools, promoting new technologies, and introducing innovative ideas and methods for the development of education. Specialized curriculum development and teacher trainings will also be at the core of this product.

Additionally, Kashf encourages all schools that opt into this program to have a balanced gender ratio, and aims to improve the level and quality of education for Pakistani school-going girls belonging to low-income households. By providing financial solutions to educational institutes, and by helping students receive high-quality, low-cost access to education, Kashf will impact lives through sustainable, gender-friendly, and customized high-quality education products.



## Gender Equity at the Kashf Workplace

### Climbing the Ladder of Success with Kashf

“When I joined Kashf ten years back, I was a Business Development Officer. I knew nothing about the sector, or even about managing a portfolio of clients. The organization taught me many things, not just regarding Micro-finance, but helped me develop all the soft skills and leadership skills I possess today. Kashf and I grew together, and after ten years, I have gone from managing a few clients to managing thousands of them. Kashf has taught me the values of fairness, empowerment, and honesty...values I try to instill in my team.”

Noreen Shoukat, Area Manager Gujranwala 1

### Growing with Kashf

#### The Importance of Training and Staff Development at Kashf

1,000 people joined the Kashf family this year!

48% of Kashf employees are women

24 employees were sent abroad on exposure visits

Kashf ensures that all its staff is on the same page- 10,778 refresher trainings undertaken

Upholding Customers rights is key-3,264 consumer protection trainings undertaken

1,000 employees were given orientation trainings this year

Kashf has always believed in creating an organizational environment that enables all employees to reach their full potential and to be fairly rewarded for their work, without discrimination on any basis and has always believed in the principles of equality, equal opportunity, and fairness. Kashf not only aims to enhance productivity at the workplace, but wish's to humanize work, enhance the quality of working life, and provide mechanisms whereby employees are mentored and their skills significantly strengthened.

Policies at Kashf have been aimed at enhancing women's rights in terms of employment and pay by promoting equality by means of positive action in favor of women; and promoting female employment and skill enhancement through initiatives in training, HR policies which aim to break glass ceilings for women at the workplace, and through the reconciliation of work and family life. Kashf, while proving that women form an essential part of its workforce, ensures that the needs and opinions of male staff are also heard.





## Gender Equity at the Kashf Workplace

### Kashf Believes in Making Dreams Come True

This past year, out of the twenty seven promotions which took place, seventeen employees were female members. Kashf female employees are always given the leverage, space, and personal freedom to grow, manage projects independently, and lead teams, a culture which has helped the Foundation realize its mission of women empowerment, not just for its clients, but for everyone who works at Kashf!

Kashf's Gender Champion Program is one such initiative that the HR department has launched, in collaboration with its field staff. 32 gender champions across Kashf's entire network act as facilitators for Kashf's female as well as male staff, handling any gender-related grievance in the field, whether that be transfer-related issues, discrimination at the workplace, or maternity-related issues, to name a few. These gender champions help Kashf to create open channels of communication between the organization and its staff, and to ensure that Head Office staff are no longer the only people solely responsible for maintaining a gender friendly work space. Kashf's gender champion teams support and monitor implementation of Kashf's HR policies, and ensure that a clear vision of gender equality practices are embedded throughout Kashf's network of over 150 branches.

Kashf's "think woman" approach is key to getting employees to start thinking and talking about gender and gender-related issues at the workplace. Exposure visits such as the recent visit of Kashf Staff to Mithi in Interior Sindh highlighted the importance of thinking about women and reaching out to remote areas within Pakistan to create possibilities for women empowerment.





## Kashf's Client-Centric Approach



### Kashf Clients are Always at the Forefront: The Importance of a Client-Centric Approach

Kashf Foundation has a robust client centric approach which has been embedded into various business processes. As mentioned earlier, a key feature of the client centric approach is the Women Entrepreneurs Council which provides quarterly feedback to Kashf Management and Board of Directors on the different activities of the Foundation. Complementing this is the Kashf Consumer Protection Code which received global commendation in April 2012 by the Smart Campaign for its strong commitment to consumer protection principles. Kashf's Consumer Protection Code protects the rights of Kashf clients by carefully delineating the code of conduct and nature of relationship that a Kashf staff member can have with a client, thereby protecting the interests of low-income consumers.

Advocating with clients about their rights is just the first step, Kashf ensures that multiple easy to use channels exist via which Kashf clients can effectively communicate their concerns, queries, fears, expectations and complaints. Specialized resources have been allocated to deal with complaints and issues faced by clients while interacting/dealing with Kashf staff. Numerous clients, on an on-going basis, share their feedback through the client complaint cell, complaint/feedback boxes placed in every branch, and personal visits to Kashf's offices. Through these channels, the compliance department provides complete autonomy to its female clients to get their feedback and ensure that their issues are heard and resolved.

Additionally, the field teams of the Compliance department also monitor client interaction and have adopted gender sensitive strategies for protecting and promoting client's rights. Any cases reported to them in their field visits regarding disrespect towards clients by staff or any form of inappropriate behavior are dealt with swiftly - ensuring the highest degree of accountability and punishment in cases where client rights are violated, whilst maintaining the dignity of the client.

Another initiative taken to communicate with clients is the direct text message facility for clients that own mobile phones. This enables Kashf to provide clients complete and robust information regarding the products and services being availed from Kashf and about any new product offerings. Moreover, Kashf Foundation is also mapping information of not just demographic data for clients but also detailed information regarding their business activity, business needs and household status. This will help Kashf further optimize its strategies and products and services to suit client needs and demands.





## Kashf Flood Rehabilitation Drive

### Kashf Believes in Doing More: The Flood Rehabilitation Drive

Kashf Foundation believes in contributing positively to the lives of low-income communities and this belief is not just restricted to communities where Kashf Foundation has branch operations. In 2010 and 2011, Pakistan suffered from the worst flooding experienced in the region since Pakistan's creation. In this time of national emergency, Kashf Foundation decided to contribute to the relief and rehabilitation efforts. A three pronged strategy was employed- relief, reconstruction and rehabilitation.

#### Relief Phase

Provided food relief to 14,950 families  
In KPK, Sindh and Punjab

#### Reconstruction Phase

Built 512 permanent houses, with an attached latrine,  
for flood devastated households

#### Rehabilitation Phase

Disbursed 312 loans for low-income women to  
rebuild their lives through economic enterprise





## Supporters



The Foundation would like to thank the following organizations for their continuing generosity and commitment:

**The Pakistan Poverty Alleviation Fund (PPAF)** represents an innovative model of public private partnership. Sponsored by the Government of Pakistan and funded by the World Bank and other leading donors the PPAF provides financial and non-financial support to civil society organizations on a long-term basis.



**The Canadian International Development Agency (CIDA)** was formed in 1968 by the Canadian government. CIDA administers foreign aid programs in developing countries, and operates in partnership with other Canadian organizations in the public and private sectors as well as other international organizations. Its mandate is to “support sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable, and prosperous after world.



**The State Bank of Pakistan- Financial Inclusion Program (FIP)** aims to ensure access to finance for all segments of the population, particularly poor and marginalized groups and micro, small enterprises through a continuum of sound financial institutions guided by appropriate systems, standards and prudential regulations that together offer innovative financial products and services at a reasonable cost, while focusing on the ultimate goal of poverty reduction.



**CocaCola Foundation and CocaCola Beverages Pakistan Ltd. (CCBL)** is a local business on a global scale. As their business has expanded over the years, so has their community support grown to create and support projects most relevant to local communities around the globe. They are committed to investing their time, expertise and resources to help develop and maintain vibrant, sustainable and local communities.



**Ernst and Young's (ENY Bahrain)** business strategy is founded on engagement with people, clients and communities to help them achieve their potential. As a company that embraces corporate responsibility, they think carefully about how to invest in society today to make sure there will be a business context where both ENY and society can thrive tomorrow and long into the future.



**The Stuart Family Foundation**, located in Lake Forest, Illinois, was founded by Robert D. Stuart, Jr., former chairman and CEO of the Quaker Oats Company and U.S. Ambassador to Norway. The foundation's program includes support for international development. In the area of Microfinance, the foundation has funded the provision of basic financial services to the poor - particularly to women - in areas of the globe facing special economic challenges.

Stuart Family Foundation

**Sosense** offers social investors/donors, who would like to empower innovative and sustainable solutions to social and environmental issues the chance to engage, contribute and collaborate with outstanding social enterprises. The main objective of the organization is to increase social impact and the sustainability of solutions by empowering high caliber social entrepreneurs to realize their ideas and scale their operations.





## Supporters

**United States Agency for International Development (USAID)** is an independent federal government agency that receives overall foreign policy guidance from the Secretary of State. They advance U.S. foreign policy objectives by supporting equitable long-term economic growth, agriculture and trade; global health; and, democracy, conflict prevention and humanitarian assistance in developing nations.



**Grameen Foundation (USA)** helps the world's poorest, especially women, improve their lives and escape poverty by providing them with access to small loans, essential information, and viable business opportunities.



**Skoll Foundation's** mission is to drive large scale change by investing in, connecting and celebrating social entrepreneurs and the innovators who help them solve the world's most pressing problems. Social entrepreneurs are society's change agents, creators of innovations that disrupt the status quo and transform our world for the better. By identifying the people and programs already bringing positive change around the world, we empower them to extend their reach, deepen their impact and fundamentally improve society.



**The Tides Foundation** actively promotes change toward a healthy society, one which is founded on principles of social justice, broadly shared economic opportunity, a robust democratic process, and sustainable environmental practices. Tides believes healthy societies rely fundamentally on respect for human rights, the vitality of communities, and a celebration of diversity.



**Women's World Banking** is the only microfinance network with an explicit focus on women. The mission of the Women's World Banking global network is to expand the economic assets, participation and power of low-income women and their households by helping them access financial services, knowledge and markets.



**Shakespeare's Globe** Founded by the pioneering American actor and director Sam Wanamaker, Shakespeare's Globe is a unique international resource dedicated to the exploration of Shakespeare's work and the playhouse for which he wrote, through the connected means of performance and education. Together, the Globe Theatre, Globe Exhibition & Tour and Globe Education seek to further the experience and international understanding of Shakespeare in performance.





# Financial Statement



## Balance Sheet

As at 30 June 2012

	Note	2012 Rupees	2011 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets	5	263,320,578	265,503,974
Intangible assets	6	449,802	789,561
Assets subject to finance lease	7	2,173,330	9,707,931
Long term investments	8	33,560,121	152,948,103
Long term loans - considered good	9	273,793,672	250,140,111
Long term deposits		-	1,477,840
		573,297,503	680,567,520
<b>Current assets</b>			
Micro-credit loan portfolio	10	2,273,687,125	1,435,020,447
Short term investments	11	243,425,127	100,400,689
Advances, deposits, prepayments and other receivables	12	70,015,150	58,221,485
Cash and bank balances	13	674,045,626	711,919,033
		3,261,173,028	2,305,561,654
<b>Total Assets</b>		<b>3,834,470,531</b>	<b>2,986,129,174</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Donated funds		592,496,960	574,029,796
General funds		(783,300,603)	(823,267,727)
Grants related to fixed assets		24,110,023	29,197,959
Fair value reserve		3,425,127	2,400,689
		(163,268,493)	(217,639,283)
Surplus on revaluation of fixed assets		89,927,693	89,927,693
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	14	-	3,377,754
Borrowings from financial institutions and others	15	1,176,768,996	311,538,170
		1,176,768,996	314,915,924
<b>Current liabilities</b>			
Current maturity of non-current liabilities	16	2,302,588,737	2,513,932,024
Short term borrowings	17	268,359,288	133,034,134
Capacity building grants	18	49,473,013	53,147,979
Other grants un-utilized	19	347,203	9,849,615
Accrued markup	20	72,053,421	56,919,733
Creditors, accrued and other liabilities	21	38,220,673	32,041,355
		2,731,042,335	2,798,924,840
<b>Contingencies and commitments</b>	22		
<b>Total equity and liabilities</b>		<b>3,834,470,531</b>	<b>2,986,129,174</b>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director



## Statement of Income and Expenditure

For the year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
Service and other charges on micro-credit loan portfolio	23	819,286,214	508,082,864
Return on investments and bank deposits	24	61,580,648	153,306,393
Other operating income	25	34,781,640	35,568,389
		<b>915,648,502</b>	<b>696,957,646</b>
<b>Less:</b>			
Finance cost	26	(417,170,905)	(369,955,600)
		<b>498,477,597</b>	<b>327,002,046</b>
<b>Less: Operating expenses</b>			
General and administrative expenses	27	(489,768,401)	(481,945,680)
Seminar, workshop, research and staff training expenses		(17,488,532)	(6,877,654)
Reversal of loan loss provision		5,084,824	30,236,693
		<b>(502,172,109)</b>	<b>(458,586,641)</b>
Capacity building grants recognized as income - core business	18.1	32,449,268	87,966,565
		<b>28,754,756</b>	<b>(43,618,030)</b>
<b>Add: Non operating income</b>			
Capacity building grant - non core business	18.1	87,946,980	1,855,150
Other income	28	5,690,364	4,427,239
Other grants	19	22,706,358	68,387,030
		<b>116,343,702</b>	<b>74,669,419</b>
<b>Less: Non operating expenses</b>			
Capacity building grant - non core business	29	(87,946,980)	(1,855,150)
Other grants	19	(22,706,358)	(68,387,030)
		<b>(110,653,338)</b>	<b>70,242,180)</b>
<b>Surplus/(deficit) for the year</b>		<b>34,445,120</b>	<b>(39,190,791)</b>

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



# Financial Statement



## Statement of Comprehensive Income

For the year ended 30 June 2012

	2012 Rupees	2011 Rupees
<b>Surplus/(deficit) for the year</b>	<b>34,445,120</b>	<b>(39,190,791)</b>
Fair value gain on available-for-sale investments	1,024,438	655,160
<b>Total comprehensive income/ (loss) for the period</b>	<b>35,469,558</b>	<b>(38,535,631)</b>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director



## Cash Flow Statement

For the year ended 30 June 2012

### Cash flow from operating activities

#### Surplus/ (deficit) for the period

Adjustments for non cash items:

Depreciation on operating fixed assets

Depreciation on leased assets

Amortization on intangibles

Capacity building grants recognized as income

Donation for flood victim recognized as income

Profit on bank deposits

Accrued mark up recoverable on long term loans

Amortization of transaction costs of commercial borrowings

Finance cost

(Gain)/ loss on disposal of fixed assets

Exchange gain on capacity building grant

Provision against doubtful receivables

Loan loss provision

#### Surplus/ (deficit) before working capital changes

#### Effect on cash flow due to working capital changes

(Increase) in loan portfolio

(Increase) in advances, deposits, prepayments and other receivables

Increase in creditors, accrued and other liabilities

(Decrease) in borrowers' security deposits

#### Cash used in operations

Finance cost paid

#### Net cash used in operating activities

#### Cash flow from investing activities

Fixed capital expenditure

Intangible assets

Sale proceeds from disposal of fixed assets

Long term security deposits recovered

Return on investments and bank deposits

Long term investment

Short term investment

#### Net cash generated from/ (used in) investing activities

#### Cash flow from financing activities

Capacity building grants

Donation for flood victims

Lease rentals paid

Proceeds from borrowings

Transaction costs paid for borrowings

Repayments of borrowings

Net outflow from financing activities

#### Net decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

2012  
Rupees

2011  
Rupees

34,445,120 (39,190,791)

10,625,486 10,123,246

968,007 2,630,978

339,759 721,740

(120,396,248) (89,821,715)

(22,706,358) (68,387,030)

(61,580,648) (153,306,393)

(23,653,561) (28,477,647)

1,437,428 3,991,071

415,733,477 365,964,529

(759,484) 288,059

3,128,554 -

(249,594) 7,095,913

(5,084,824) (35,077,379)

197,801,994 15,745,372

232,247,114 (23,445,419)

(833,581,854) (146,806,934)

(19,957,118) (11,261,756)

6,353,674 5,667,688

(174,356) (6,051,457)

(847,359,654) (158,452,459)

(615,112,540) (181,897,878)

(400,599,789) (361,118,462)

(1,015,712,329) (543,016,340)

(6,521,534) (9,459,584)

- (18,620)

5,405,522 711,857

1,507,740 176,200

69,963,795 172,186,320

119,387,982 (96,843,686)

(142,000,000) (93,000,000)

47,743,505 (26,247,513)

132,493,960 131,276,995

13,203,946 78,236,645

(3,942,106) (5,281,702)

3,845,000,000 3,145,000,000

(3,706,602) (1,153,370)

(3,188,278,935) (3,363,780,493)

794,770,263 (15,701,925)

(173,198,561) (584,965,778)

578,884,899 1,163,850,677

405,686,338 578,884,899

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



# Financial Statement



## Statement of Changes in Funds For the year ended 30 June 2012

	Donated funds	General funds	Grants related to operating fixed assets	Fair value reserve	Total
	Rupees				
<b>Balance as at 30 June 2010 (as restated)</b>	<b>574,029,796</b>	<b>(791,361,667)</b>	<b>29,376,767</b>	<b>1,745,529</b>	<b>(186,209,575)</b>
Grants related to fixed assets utilized		7,284,731	(7,284,731)		-
Fair value gain on available-for-sale investment	-	-	-	655,160	655,160
Surplus for the year	-	(39,190,791)	-	-	(39,190,791)
	-	(39,190,791)	-	655,160	(38,535,631)
Micro credit loan portfolio recognized	-	-	-	-	-
Assets recognized during the period	-	-	7,105,923	-	7,105,923
<b>Balance as at 30 June 2011</b>	<b>574,029,796</b>	<b>(823,267,727)</b>	<b>29,197,959</b>	<b>2,400,689</b>	<b>(217,639,283)</b>
<b>Balance as at 01 July 2011</b>	<b>574,029,796</b>	<b>(823,267,727)</b>	<b>29,197,959</b>	<b>2,400,689</b>	<b>(217,639,283)</b>
Grants related to fixed assets utilized	-	5,522,004	(5,522,004)	-	-
Fair value gain on available-for-sale investment	-	-	-	1,024,438	1,024,438
Surplus for the year	-	34,445,120	-	-	34,445,120
	-	34,445,120	-	1,024,438	35,469,558
Micro credit loan portfolio recognized	18,467,164	-	-	-	18,467,164
Assets recognized during the period	-	-	434,068	-	434,068
<b>Balance as at 30 June 2012</b>	<b>592,496,960</b>	<b>(783,300,603)</b>	<b>24,110,023</b>	<b>3,425,127</b>	<b>(163,268,493)</b>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director









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