



KASHF
FOUNDATION
Annual Report
2016-2017

Annual Report 2016-2017



A COMPANY SET UP UNDER SECTION 42
OF THE COMPANIES ORDINANCE 1984



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ABOUT KASHF FOUNDATION

Kashf Foundation was established in 1996 as the first specialized microfinance institution in Pakistan catering to the needs of women micro-entrepreneurs through a suite of sustainable financial and non-financial products and services. Kashf's products and interventions are designed and developed with the intention to provide pro-poor and client centric services to women micro-entrepreneurs, while keeping in view the special challenges and hurdles that women face in low-income communities. The organization has a wide network of 260 branches across 50 districts with total staff strength of 2,603. It has an active clientele of 299,966 clients and over 50% of its loans are directly invested in women led businesses. The gross outstanding portfolio currently stands at PKR 7.2 billion and Kashf has cumulatively catered to 2.9 million health insurance and 6.4 million life insurance policy holders under its insurance program.

Kashf is an organization committed to developing an enabling environment for women entrepreneurs. Kashf invests in building the capacity of its clients to better use the capital that they access, creating social awareness on gender related issues and improving the vocational skills of women and girls. Under its social advocacy component, Kashf has trained 1.5 million low-income women on financial education since 2010. Moreover, 26,710 women have graduated from the Business Incubation Labs program after receiving training on business development, marketing and product design. To help create awareness on the rights of women and the importance of female entrepreneurship, Kashf has undertaken gender justice trainings with 175,293 individuals (males, females and youth) in the communities and conducted 1,100 community based street theatre performances with 115,000 participants on relevant themes regarding gender norms, women's rights and gender equality.

As an organization committed to the promotion of women's rights and gender justice, Kashf has been innovative in leveraging mainstream media to raise awareness on critical social issues. Kashf has created and produced two drama serials for television, namely Rehail and Udaari, on child marriage, domestic violence, girls' education and child sexual abuse. Kashf's productions not only highlight the reasons for women's disempowerment, but also give a message of hope to the audience.



Financial services for all in a poverty
free and gender equitable society

Vision



Mission

Serving all with dignity by providing quality and cost effective microfinance services to low income households that alleviate poverty and enable women to become active agents of social and economic change, through building alliances, promoting linkages and developing entrepreneurship.

Core Values

Commitment to Excellence

Kashf Foundation ensures the highest level of quality in all outputs with the aim of being 'market leaders'

Service

Kashf Foundation ensures customer satisfaction through a respectful and professional attitude with the aim of 'delighting the customer'

Integrity

Kashf Foundation ensures that all interactions with clients and staff are based on honesty and mutual dignity with the aim of espousing 'integrity across the board'

Responsibility

Kashf Foundation believes in meeting all promises as per commitments hence 'we do what we say and say what we do'

Innovation

Kashf Foundation believes in learning, adapting and growing, thereby 'responding positively to change'

Respect

Kashf Foundation believes in dignity at the workplace which includes mutual respect and care for each other thereby inculcating 'do unto others what you would like others to do unto you'

Reciprocity

Kashf Foundation believes in team work and ascribes to the motto 'all for one and one for all'

Action-Oriented

Kashf Foundation aims towards a problem solving approach in all actions thereby 'being part of the solution and not the problem'

Meritocracy

Kashf Foundation ensures equal opportunities and a fair and transparent appraisal mechanism with access to adequate redressal channels thereby 'processing feedback positively'

Sustainability

Kashf Foundation believes in the long-term sustainability of both the organization and clients thereby 'promoting self-sufficiency through continuous improvements in processes, products and services'.



Corporate Information

Board of Directors

Mr. Mueen Afzal, **Chairman**
Dr. Attiya Inayatullah, **Director**
Mr. Syed Asim Zafar, **Director**
Mr. Tajammal Hussein, **Director**
Mr. Hassan Iqbal, **Director**
Mr. Riaz Hussain Khokar, **Director**
Ms. Rabia Khan, **Director**
Mr. Muhammad Ali ud Din Ansari, **Director**
Ms. Fatima Asad-Said, **Director**

Board Committees

Dr. Attiya Inayatullah – **Chair**
Mr. Asim Zafar – **Member**
Mr. Ali ud Din Ansari – **Member**

Board Audit Committee

Mr. Tajammul Hussein – **Chair**
Mr. Syed Hasan Iqbal – **Member**
Ms. Fatima Asid-Said – **Member**

Human Resources Committee

Ms. Rabia Khan – **Chair**
Ms. Fatima Asad – **Consultant**

Board Investment Committee

Mr. Tajammul Hussein – **Chair**
Mr. Syed Hasan Iqbal – **Member**
Ms. Fatima Asid-Said – **Member**

Registered Head Office

1 C, Shahrah Nazrea-e-Pakistan,
Lahore-Pakistan.
Tel: +(92-42) 111-981-981
Fax: +(92-42) 35847816
Web: www.kashf.org

Board Human Resources Committee

Ms. Rabia Khan – **Chair**
Mr. Ali ud Din Ansari – **Member**
Ms. Fatima Asad-Said – **Member**

Chief Financial Officer

Mr. Shahzad Iqbal

Company Secretary

Ms. Saira Soofi

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants
2nd Floor, Servis House,
2 Main Gulberg, Jail Road
Lahore
Tel: +92 42 35790901-6

Legal Advisors

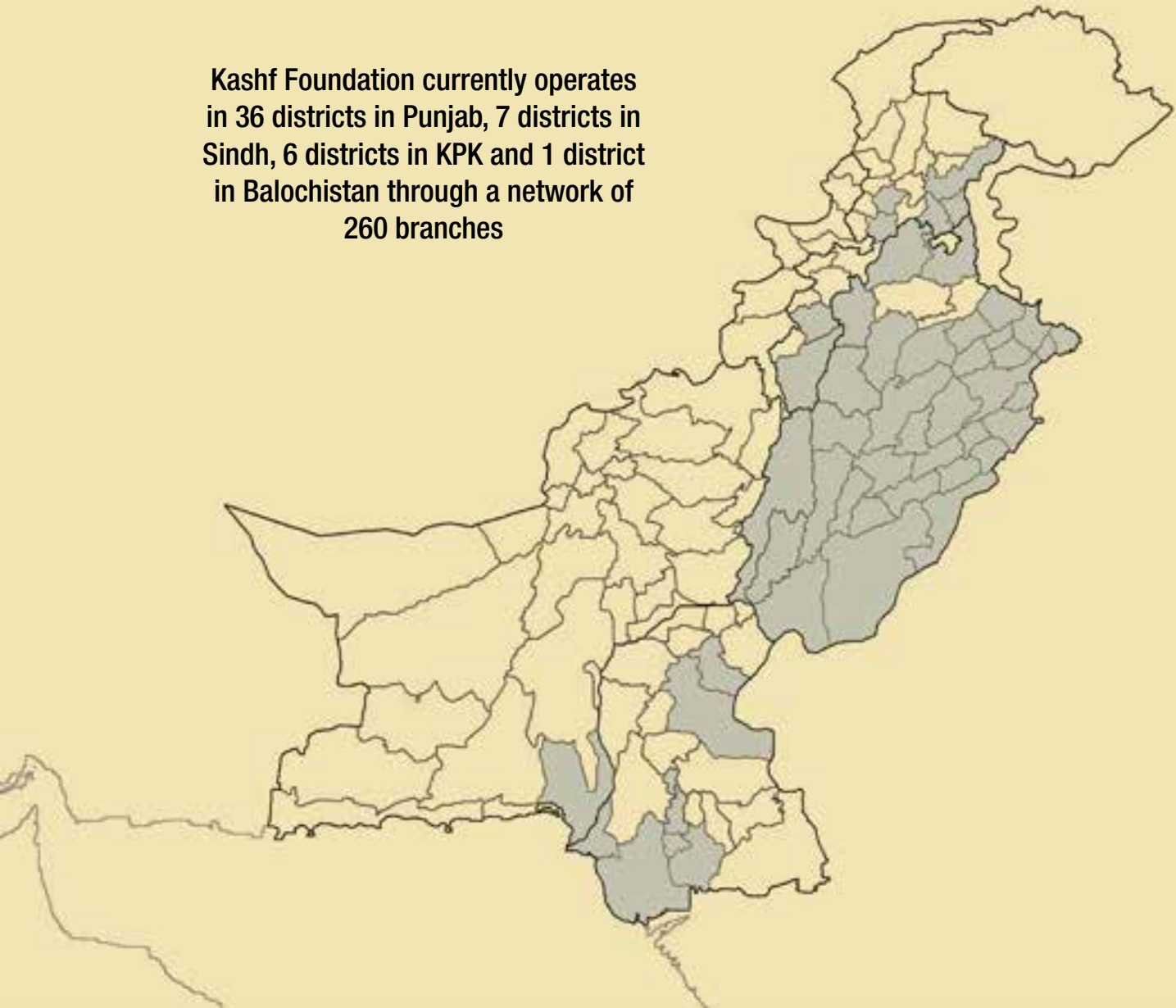
Mandviwalla and Zafar 7/B-1, Aziz Avenue, Canal
Bank Gulberg V, Lahore Tel: +92 42 35715479
Web: www.mandviwallaandzafar.com

Tax Advisors

Khawaja Associates
260-C, Tech Society, Canal Road, Lahore
Tel: 0300-8446230

Geographical Outreach

Kashf Foundation currently operates in 36 districts in Punjab, 7 districts in Sindh, 6 districts in KPK and 1 district in Balochistan through a network of 260 branches





Board of Directors

Mueen Afzal – Chairman

Mr. Mueen Afzal graduated with honours from the Punjab University before acquiring his M.A in Philosophy, Political Science and Economics from Oxford University in 1963. A highly respected member of the Civil Service of Pakistan since 1964, he has served in key positions: as Secretary Finance in the Government of Pakistan (1996-1998), and also in the provinces of Punjab (1984-1986) and Balochistan (1981-1984). He also served as Secretary Health from 1995 to 1996 and in the post of Secretary General, Finance and Economic Affairs, Federal Government from 1999 to 2002. He was awarded the Hilal-i-Imtiaz in 2002 in recognition of his distinguished public services.



“Having been associated with Kashf for the last 5 years, I have seen the organization grow and I feel proud about the strong commitment the organization has had regarding the provision of client-focused services to low-income women entrepreneurs and the regular innovations it undertakes to remain committed to its mission.”



Dr. Attiya Inayatullah – Director

Profession: President, International Planned Parenthood Federation (IPPF) and the Chairperson, Family Planning Association of Pakistan

Dr Inayatullah is acknowledged in the fields of international relations, human rights, women's empowerment, population and Social development at both the global level and in Pakistan. She has served as Federal Minister for Women's Development, Population Planning and Social Welfare three times. As the longest serving woman parliamentarian she has a record of initiating women and child related legislation. She has also served as the as Chairperson/President of International Planned Parenthood Federation for a decade.

“Kashf has been the ray of light for thousands of low-income women and their households and has replaced their fear with confidence and hope which stands as the single most powerful step towards success and empowerment.”

Mr. Syed Asim Zafar – Director

Profession: Financial Management

Mr. Zafar served as the Chairman of South Asian Federation of Exchanges (SAFE), Chairman of the Lahore Stock Exchange and as a member of the board of Directors of the Lahore Stock Exchange (LSE), Zafar Securities, National Commodity Exchange and World Call Multi Media. Mr Zafar has been pivotal in professionalizing and improving the performance of the LSE in his three terms as its Chair. Mr Zafar holds a degree in Nuclear Engineering from Purdue University, USA and an MBA from Virtual University Pakistan.



“Kashf's responsible financing complemented by the suite of non-financial services it provides, distinguishes it from others in the microfinance sector and makes it the leader in providing client-centric products and services to low-income women.”

Board of Directors

Mr. Tajammal Hussain - Director

Profession: Chartered Accountant

Mr Hussain is a Chartered Accountant with extensive experience and in depth knowledge of business processes in a wide range of sectors including information technology, manufacturing, financial services, education and charities. Mr Hussain is a partner of his own Accounting firm, Fakhruddin Yousafali and Company since 1991. He is a graduate of Cambridge University, London School of Economics and trained to be a Chartered Accountant with Arther Andersen & Co., London.



“The reason Kashf has managed to come so far in 2 decades is its across the board transparency and the multiple checks and balances it has put in place to ensure compliance and proper implementation.”



“The phenomenal recognition Kashf Foundation and its clients have acquired across the globe is a source of pride for us. The N-Peace award won by the Kashf client Rizwana Baji from Haripur is an endorsement of the successful client-centered empowerment programs run by Kashf to promote women’s entrepreneurship.”

Mr. Syed Hassan Iqbal - Director

Profession: Member of Lahore Stock Exchange

Mr. Hassan Iqbal has a Bachelor Degree of Chemical Engineering from Punjab University Lahore. He has worked with the ZELIN (PVT) Limited as an Assistant Manager Sales and has worked with the Mian Ghulam Mohiuddin (Individual Member, Lahore Stock Exchange) as a Managing Partner. Currently he is working in MGM Securities as a Nominee Director.



Mr. Riaz Hussain Khokhar - Director

Mr. Riaz Hussain Khokhar is a distinguished former diplomat who has served Pakistan in many capacities. He has served as Pakistan’s Foreign Secretary from June 2002 to February 2005. Mr. Khokhar has also had the distinction of serving as Pakistan’s Ambassador in key countries: Bangladesh, (1986-1989); India (1992-1997), United States (1997-1999) and China (1999-2002). Mr. Khokhar has been recognized at multiple forums for his dedication and leadership. Currently, he is a consultant and does voluntary social work .

“Kashf’s Vocational Skills Program is a commendable initiative to equip young girls with the skill set to start their own enterprises, employ other women from the community and make themselves and their communities financially sustainable.”

Board of Directors

Ms. Rabia Khan - Director

Profession: Gender Specialist

Ms. Khan is a lawyer by profession and also holds a Masters Degree in Policy and Management from the Carnegie Mellon University, USA. She has worked in the field of gender and development for many years with the Canadian International Development Agency (CIDA) and has also worked with the International Union for the Conservation of Nature (IUCN) on sustainable development. Currently, Ms. Khan works as a freelance consultant and is based in Karachi.



“What makes me proud about being on the board of Kashf Foundation is the gender inclusiveness I see deeply rooted in the organization; be it in their product development, their social advocacy programs, their organizational culture or their human resource policies.”



Mr. Muhammad Aliuddin Ansari - Director

Ali started his career as an Investment Manager at Bank of America in London, and then worked as CEO Pakistan and later as COO Emerging Europe for Credit Lyonnais Securities Asia (CLSA). Following this he was CEO AKD Securities and launched Online Trading, Venture Capital and Private Equity in Pakistan. In 2006 he partnered with an Oil & Gas company to form Dewan Drilling which he led as its CEO. He was appointed the President & CEO of Engro Corporation in 2012 and was concurrently Chairman of all its subsidiaries where he was responsible for stewarding Pakistan's first LNG terminal and Thar coal project. He is the sponsor of X-Co Partners and Executive Chairman of its subsidiary X-Petroleum and serves as a director on the boards of Kashf Foundation, Pakistan Refinery and is a member of the Advisory boards of Acumen Fund Pakistan and the Aman Centre for Entrepreneurship Development at IBA.

“The contribution Kashf Foundation is making at the grass root level is beyond the scope of others in the sector. The penetration Kashf has had in the communities and the impact its programs are making on the lives of millions of low-income people in the country is what keeps my hopes alive about the well-being of this nation.”

Ms. Fatima Asad-Said – Director

Profession: Human Resource Specialist

Ms. Asad is an integral member of the top leadership at Abacus Consulting, a leading international professional services firm. Her portfolio includes leading the Human Capital Solutions business and internally the Corporate HR and PMO functions. She is, also, CEO of AbacusELS (a subsidiary of AC) offering HR outsourcing solutions, and responsible for strategically managing the alliance partnership with Mercer, a leading global HR consulting firm. She has over twenty years of change management, organizational structuring and human capital development experience through strategic formulation and project management roles. An MBA from LUMS, she started her career with Coopers & Lybrand International and then moved to PricewaterhouseCoopers. She also is a board member of various organizations such as LUMS, Kashf Foundation and Kaarvan Crafts and serves as advisor to various boards, international associations, and entrepreneurial ventures like i2i (Invest to Innovate), PHCF and SHRM Pakistan. She is also currently the President for the SDSB Luminites Association 2015-17.



“The 50% female staff ratio at the organizational level and less than 8% female employee turnover at Kashf is an outstanding achievement made possible due to Kashf's gender inclusive HR policies, the accommodating work environment and the motivational culture which keeps every female passionate to come to work every day.”

Chairman's Message

Dear Friends and Supporters of Kashf,



For more than two decades, Kashf has been at the cutting edge to push the envelope outwards for women micro-entrepreneurs in Pakistan. This is no easy task as female entrepreneurs face immense challenges and hurdles in running their businesses. These manifest in many ways, whether it is lack of support amongst the families or the general negativity at the community level. I am reminded of the story of a young female entrepreneur, Umme Laila of Shorkot who along with her brother started a garment business to support her family. Umme Laila always had a dream to study and become a public servant, but that dream was shattered after the untimely death of her father. As the eldest amongst her siblings the task to provide for her family fell on her young shoulders. However, she was undeterred and decided to put her entrepreneurial skills to test by enrolling in Kashf's training program and accessing a loan to establish her business. Her father's family opposed her decision, but her brother and mother supported her and today she employs 10 other young girls at her small production unit. As Umme Laila so poignantly put it, "The choice was to starve or to become a business woman. Thanks to Kashf I chose the latter." There are millions of Umme Lailas who need our support. I am extremely grateful to Kashf's supporters, staff and clients for the role they have played in enabling Kashf to become the voice of impoverished women across the country.

Reflecting on the major organizational highlights and achievements of Kashf Foundation, I am happy to share that Kashf closed this year with a client base of 299,966 and has disbursed PKR 12.3 billion in loans across its network of 260 branches. Not only that Kashf has opened 73 new branches this year and is now present in 50 districts across 4 provinces. Furthermore, Kashf has been maintaining a gender balance of 50% within its human resources of 2,603 at the organizational level. On sustainability indices Kashf's operational self-sustainability ratio was 129%, financial self-sustainability ratio was 124% and Portfolio at Risk over 30 days was 0.29%. Kashf was also proud to obtain its second Smart Campaign Certification, while it has also successfully completed a social performance assessment within this year, both of which are testament to its commitment to responsibly serving its clients. Our credit rating continues to be the best of class in the cohort group at BBB+.

Kashf has managed to train over 1.5 million individuals through its capacity building interventions. 1,567 such women to date have obtained training in various skills like Domestic Tailoring, Embellishment & Beautician work through its Vocational Skills Training Centers. We are also proud at the success of the Udaari campaign, which went on to win many awards for its sensitive rendition of a very sad social reality, that is, the incidence of child sexual abuse.

I would like to extend Kashf's gratitude to all the supporters, donors and friends of Kashf without whose support Kashf's outcomes and performance would not have been possible; I would especially like to thank the Government of Canada, the Pakistan Poverty Alleviation Fund, Punjab Skills Development Fund, OMV and the Coca-Cola Company along with all the commercial banks for providing Kashf access to on-lending funds. We are also grateful to Triodos, Incofin, Symbiotics and Tripple Jump for extending their support to Kashf Foundation during this financial year.

Sincerely,

Mueen Afzal
Chairman Board of Directors, Kashf Foundation

Managing Director's Message

Dear Friends of Kashf,

Kashf's 22 years journey is a reflection of the promise to support women-led micro-enterprises through demand-driven quality products and services - it's a story of millions of women who were provided a platform to financially improve themselves, their families and communities. The impact Kashf's programs have had on the lives of low-income women visibly demonstrates the efficacy of Kashf's financial services model to economically empower women entrepreneurs. A recent independent impact assessment conducted of the programme has shown that with repeated access to loans combined with financial education training, Kashf clients were able to increase their monthly business income by 33%, while over 85% of clients shared that their decision-making authority had increased substantially as well¹.



I take pride in the fact that Kashf has been working relentlessly with its action oriented approach to introduce and integrate innovations into its system to develop more customized solutions for its clients. To tap the substantial unmet demand for financial services for the rural poor, Kashf Foundation is piloting a women centric rural finance product, which will assist female livestock managers to enhance their productivity. This year Kashf has also initiated its credit scoring pilot to develop a powerful tool for analyzing business and credit risk, while investing substantially in digitizing the client on-boarding process by introducing a tablet application in the field.

Kashf has always profoundly believed in investing the capacity and livelihoods of women, because it is the first step towards economic transformation and is a primary pillar of sustainable change. Keeping this view, Kashf's unique and innovative education finance project for low cost private schools has gained widespread recognition and was awarded the European Microfinance Award 2016. This year alone Kashf has been able to reach out to over 312,900 school children through its school finance program. Moreover, keeping its commitment to investing in girls, Kashf has also initiated literacy centers in Sindh with support from the Sindh Education Fund (SEF), while it is continuing to work on market led strategies to improve women's livelihoods through its vocational training centers.

Kashf has continued to address the inherent biases, the gender stereo-types and the misrepresentation of women on popular media by developing successful media campaigns, including television productions and radio programs. Kashf's effective television series, Rehail & Udaari, were lauded for their accurate articulation of gender issues and their solution oriented approach to such an extent that Rehail has now being adapted as a radio campaign to access downstream listeners. Kashf is now currently coming up with another exciting and impactful media venture, titled Aakhri Station, touching the plight of the rural female worker, the impact of HIV and drug addiction on women, depression and the mental health of women, the state of internally displaced families etc. This genre will allow audiences to question current attitudes and practices and will create a space to generate dialogue around these sensitive issues.

I would like to especially thank our supporters, donors and friends who have always believed in us. It would not have been possible for us to give a voice to so many women from marginalized communities without their support. I would like to thank the Pakistan Poverty Alleviation Fund, OMV, The Coca Cola Company, Acumen Fund and KIVA, our financial supporters including Askari Bank Limited, United Bank Limited, JS Bank, Silk Bank, MCB Bank, Bank Alfalah, Triodos, Incofin, Symbiotics and Triple Jump for supporting us throughout this year.

Sincerely,

Roshaneh Zafar
Founder & Managing Director
Kashf Foundation

¹ Third Party FLBDSW Impact Assessment 2017



Globally, 2 billion people unbanked

in the world exist who do not even have a basic bank account



Over 20 million unbanked adults in Pakistan



17 Million Girls are out of school in Pakistan



13.3 million women in the Pakistani workforce

employed in agriculture, service sectors and small and medium enterprises face financial exclusion



Educated Mothers

are more than twice as likely to send their children to school



Empowered women invest two times more into their household

KASHF FOUNDATION - THE VOICE OF WOMEN IN PAKISTAN



Over 20 million households in Pakistan still face challenges in accessing finance to invest in their enterprises. These households are unbanked due to their low financial status, limited asset base and perceived risk of default. The existing micro-finance providers only cater to 17% of this underserved segment of low income households, with outreach in terms of active clients standing at 5.2 million as of June 2017². There are still around 13.3 million women in the Pakistani workforce, primarily employed in agriculture, service sectors and small and medium enterprises, who continue to face exclusion from the formal financial sector. These women require adequate and appropriate amount of funding which is not just flexible but also convenient and does not create opportunities for over indebtedness.

Kashf Foundation has developed innovative and appropriate products, which have been tailored to the needs and capacities of poor micro women entrepreneurs. Kashf's lending methodology is premised on a collateral free model coupled with exclusion of unnecessary documentations and non-discriminatory credit evaluation systems, which breaks the barriers of entry these women face in accessing finance, while ensuring quick and easy access to funds. As a result, 70% of Kashf clients come back to renew their relationship with the institution. The reason for this significant amount of repeat clients is largely due to the customized facilities provided to clients along with ensuring that the clients are served with the highest standards of customer care. The overall approach is to treat each client as a valuable asset of the organization, hence not only is all information kept highly confidential, but continuous advice is provided to enable women to grow their businesses. The trust that its customers show in the institution and their satisfaction with the organization and its services, keeps Kashf motivated to continuously innovate and to explore new opportunities for financially excluded low-income women.

² PMN Microwatch Issue 44: Quarter 2 (Apr-June 2017)

Social Performance Dashboard

Kashf Foundation Social Performance Outcomes

Kashf's Smart Certification
re-assessment has been completed by
Micro Finza Rating Agency in April 2017.



Key Outcomes of Social Audit conducted by JCR VIS
January 2017



89%

Define and Monitor
Social Goals



95%

Treat Client's
Responsibility



95%

Design Products that
Meet Client's Needs



98%

Commitment to
Social Goals



97%

Treat Staff
Responsibility



100%

Balance Social and
Financial Performance

Kashf Foundation Social Performance Dashboard June 2017

Programme Scale

Active Clients	299,966
Unique number of Individuals Insured (Health & Life)	1,275,844



PORTFOLIO SEGMENTATION

Number of Loans Utilized in Business Purposes	271,993
Number of Loans Utilized in Consumption Purposes	25,731
Number of Loans Utilized in School Infrastructure Development	986



GENDER FOCUSED PROGRAMMING

Loans utilized by Women Headed Business	50%
Portfolio (in PKR) Utilized by Women Headed Business	56%
Health Insurance Claims from Women / Girls	69%
Women School Owners	65%
Female Student Ratio in Schools Supported	51%



PORTFOLIO PENETRATION

14.5%	Loans to Households with a Poverty Score of less than 15
23%	Loans to Households with a Poverty Score of 16-30
32.5%	Loans to Households with a Poverty Score of 31-40
30%	Loans to Households with a Poverty Score over 40
21%	Clients in Less Developed Areas



GENDER DIVERSITY AT THE WORKPLACE

33%	Board Gender Ratio
50%	Employee Gender Ratio
48%	Percentage of Employees reporting to a Femal Boss



RESPONSIBLE FINANCE

95%	Business Loans Used for Productive Purpose
94%	Clients Aware of Kashf's Policies
0.47%	CPC Violations Reported



CUSTOMER SATISFACTION

87%	Net Promoter Score
89%	Customers Satisfied with Products & Services
95%	Customers Satisfied with Services & Delivery Channels
98%	Customers Satisfied with Customer Care
85%	Customers Satisfied with Pricing





BEST PRACTICES FOR WOMEN OWNED ENTERPRISE FINANCING

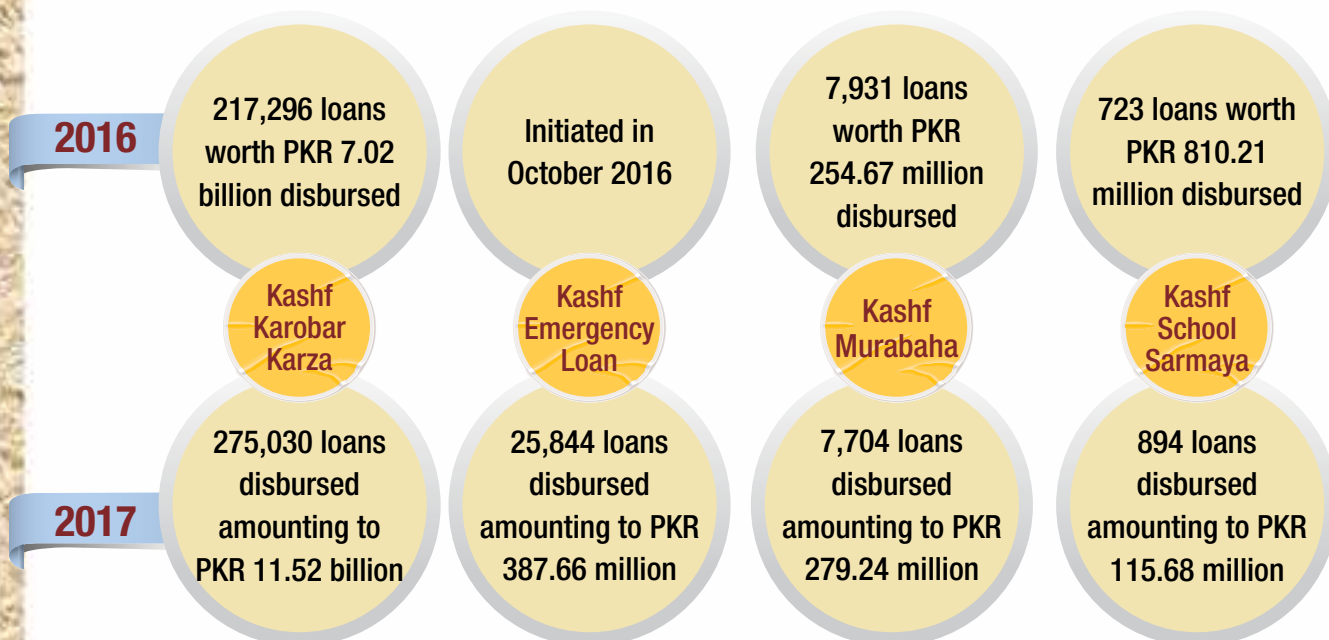
Customized Pro-Poor Products & Services

Operational Overview

	June 2017	June 2016	Percentage change
Active Clients	299,966	214,981	39.5%
Loans Disbursed	309,472	225,950	37.0%
Cumulative Loans Disbursed	3.26 million	2.95 million	10.5%
Amount Disbursed	PKR 12.30 billion	PKR 8.08 billion	52.2%
Cumulative Amount Disbursed	PKR 64.21 billion	PKR 51.91 billion	23.7%
Outstanding Portfolio	PKR 7.23 billion	PKR 4.56 billion	58.6%
Number of branches	260	187	39.0%
Average Disbursement Size	39,606	36,323	9.0%

Kashf Foundation has been consistently catering to the needs of its clients and modifying its products to better meet their demands. As a result, this year the client portfolio has grown by 39% over the previous year, while cumulative disbursement increased to PKR 64.21 billion. The organization closed its financial year with an active clientele of 299,966, while it was able to disburse the highest number and amount of loans i.e. 309,472 loans worth PKR 12.3 billion in any given year. This is around 19% of the cumulative amount disbursed to date. Overall, the amount is 52% higher than the previous year's loan disbursement amount. The outstanding portfolio for the year reached PKR 7.23 billion as compared to PKR 4.56 billion in the previous year, thus further instilling a commitment to the cause of women's financial inclusion in the country. There has been a 9% increase in the average disbursement size from PKR 36,323 in June 2016 to PKR 39,606 in June 2017, to keep up with the growing needs of clients, which is reflective of current trends in the market where the average disbursement size in the sector is around Rs 43,000. At the same time, Kashf has been able to increase its branch network by over 40%, and has been able to add 73 new branches over the last 12 months.

Current Product Offerings



Kashf's specifically designed pro-poor women centric products and services have been enhancing the growth prospects of low-income women entrepreneurs in the country and reducing their business risks. The Kashf Karobar Karza (KKK), which is the organization's primary lending product, has continued to show a steady increase in uptake over the year. It has grown by 27% this year with a total of PKR 11.52 billion disbursed or 93% of overall disbursement during the year. The Kashf Emergency loan (KEL), though a new loan product, has become increasingly popular and done remarkably well this year. KEL managed to disburse 25,844 loans, worth PKR 387.66 million over this period.

Kashf's dedication towards creating differentiated product lines to address the needs of the clients in different markets has been quite evident through its Shariah compliant portfolio or the Kashf Murabaha (KM) product. Offered in Khyber Pakhtoonkhawa, 7,704 KM loans were disbursed this year, as compared to 7,931 last year, which has been a slight decline in terms of numbers. The Kashf School Sarmaya (KSS), another unique and innovative product, has directly benefited 312,900 children this year by providing access to finance to 894 schools, while the KSS portfolio has increased by 24% in the current year.

In support of the Prime Minister's Interest Free Loans Scheme, Kashf has implemented the Interest Free Loan product in the district of Jhang. A total of 2,307 loans were disbursed under this scheme worth PKR 46.14 million, while this product continues to have an excellent portfolio quality.

"At the time of the sudden death of my husband, I was left with the sole responsibility of providing for my children. Kashf's Interest Free Loan of PKR 20,000 was a blessing for me in those trying times. I started my cloth selling business with the loan amount and slowly expanded my business which helped me improve my family's standard of living. All three of my children now go to school and are doing exceptionally well in their studies. The strength and resilience that women possess remains unparalleled to men. Hence women should never consider themselves any less than men," exclaimed Raheela as she beamed with pride.

Modifications in Existing Products

Client feedback	Subsequent Policy Change	Impact
Customer Satisfaction Research revealed around 28% of respondents dissatisfied with the 22% service charge ³ .	Kashf thereby reduced its pricing from 22% to 20% this year in order to meet the satisfaction and retention of its clients.	This policy has been receiving positive feedback from the field and is expected to further increase sustainability for client run businesses.
Customer Satisfaction Research showed that 6% of clients felt that the loan amount was not sufficient to meet the financial needs of their enterprises and 17% suggested an increase in the loan size ³ . Additionally, this feedback had also been widely received from the field teams of the Operations, Compliance and Social Advocacy departments.	Kashf revised and increased its loan amount this year. The basic loan amount for KKK now ranges from PKR 40,000 to 100,000.	The revised loan amount will adequately cater to the needs of enterprise owners as their businesses grow and will ensure the viability of their ventures over the long run. Furthermore, this policy will prevent over-indebtedness or multiple borrowing, which can pose a risk to the client and the institution.

New Products & Services

The year saw several new initiatives undertaken in the microfinance sector, however Kashf has been far ahead of its competitors with respect to designing and testing new products and services. Keeping in view the needs of women the institution looked into developing a women centric rural finance product along with experimenting with an easily accessible nano-loan.



17% of current loans disbursed belong to the livestock sector; increasing the need for a customized rural product

Increasing demand for an easily accessible loan product to be utilized for any purpose



Overall, Pakistan is the world's 5th largest producer of milk and approximately 8 million rural households are involved in this sector. Furthermore, women are the primary managers of home based livestock businesses. Keeping this in view, a comprehensive research was conducted in Punjab and Sindh to understand rural livelihoods of women and design an appropriate livestock product to meet the needs of female rural managers. The rural finance product for women is premised on building the associative strength of female livestock managers, providing non-financial services that improve the quality and productivity of livestock and supporting marketing linkages through a value chain approach.

This year Kashf also rolled out the Kashf Emergency Loan (KEL) across the entire network to meet the urgent needs of its clients who require small loan amounts for any purpose. It is an easily accessible loan of PKR 15,000, intended to tap an underserved segment of financial products in the sector and also to create microfinance readiness.



RURAL FINANCE PRODUCT – RESEARCH FINDINGS (PUNJAB AND SINDH)

76% of women in Punjab and 67% in Sindh involved in the dairy business

High need and demand for a rural livestock product for female producers in the livestock sector, majorly to purchase more livestock and expand their enterprises

Limited access to finance and difficulty in accessing affordable veterinary services in the livestock sector

Lack of awareness on proper nutritional needs of animals

Increased incidences of animal diseases, with limited knowledge amongst women regarding preventive and curative measures

1/3rd of women not allowed to make key household or business decisions, despite being primary caretakers of animals

Male members placed restrictions on the mobility of women to interact with market actors, including veterinarians, milk collectors, feed sellers and livestock buyers.

Limited or no financial service providers operating in the rural communities. Women do not even have bank accounts to their name to access any available financial services.

Rural women requested training on disease prevention, quality/quantity of feed, improved practices to increase milk production, cattle fattening and better marketing techniques.

KASHF EDUCATION FINANCE PROGRAMME

Kashf Education Finance Culmulative Outcomes



Over 1722 Low-Cost Private Schools Served



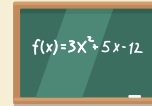
Over 3,253 school owners trained in better school management



Over 8,531 Teachers Trained in Better teaching practices



Over 600,000 Students Impacted through intervention



Over 170,111 Students Impacted through Financial Education Trainings



Impact on Enrollments



71% of schools saw an increase in enrollments



Average increase in enrollments was 28 students per school

Impact on Learning Environment

7% increase in schools where lesson plans are used



4% increase in schools using time-table use in classes



23% increase in schools with library corners



8% increase in schools that display students work in class

Impact on School Environment

8% increase in schools with first aid boxes available



13% increase in schools with visible mission & vision



15% increase in schools with emergency exits



6% more schools have an opinion box

These numbers represent outcomes from schools that have completed their loan cycle with Kashf



A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE 1984

Kashf's Education Finance Program (KEFP) is a customizable solution for a broad range of low cost private schools, which holistically looks at the quality and supply side gaps in the education sector. It is the only product in Pakistan which twins access to finance with capacity building trainings for teachers and school owners. The innovative intervention has covered a total of 1,722 schools to date. This year a total of 894 low cost private schools were provided financing which was coupled with teacher training given to 5,111 teachers and school management trainings provided to 1,880 school owners and administrators. There has been a marked increase in all program level indicators over the previous year, where 723 schools were provided loans, 2,643 teachers and 1,016 school owners were trained. Cumulatively the program has impacted over 600,000 students, while 8,531 teachers and 3,253 owners have been trained.

KEFP has a clear focus on promoting girls' education through its gender centric trainings and its ongoing dialogue with school owners to enhance girls' enrollment. This combined with the fact that 71% of loans are provided to women owned schools has resulted in a 67% increase in female enrollment in Kashf supported schools. Additionally, Kashf's latest training techniques have improved the learning environment of the schools, leading to 23% of the schools building library corners and around 15% teachers developing more effective lesson plans and making their classrooms more child-friendly.

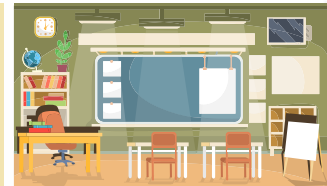
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Assessment of school's outcomes through Kashf's Quality Management Framework reveals an increase in 68% of profits for around 77% of schools which has led to improved infrastructure, resource materials, healthcare facilities, teaching quality and school management. 34% of the loans have been utilized for infrastructural improvements, 33% for furniture, 12% for stationery and resource material provision and around 8% for acquiring computer systems for students and school administration.

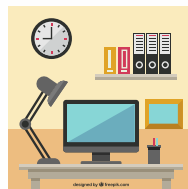


68% increase in profits for 77% schools

33% of loans utilized for buying new furniture



12% of loans used on stationery and resource materials



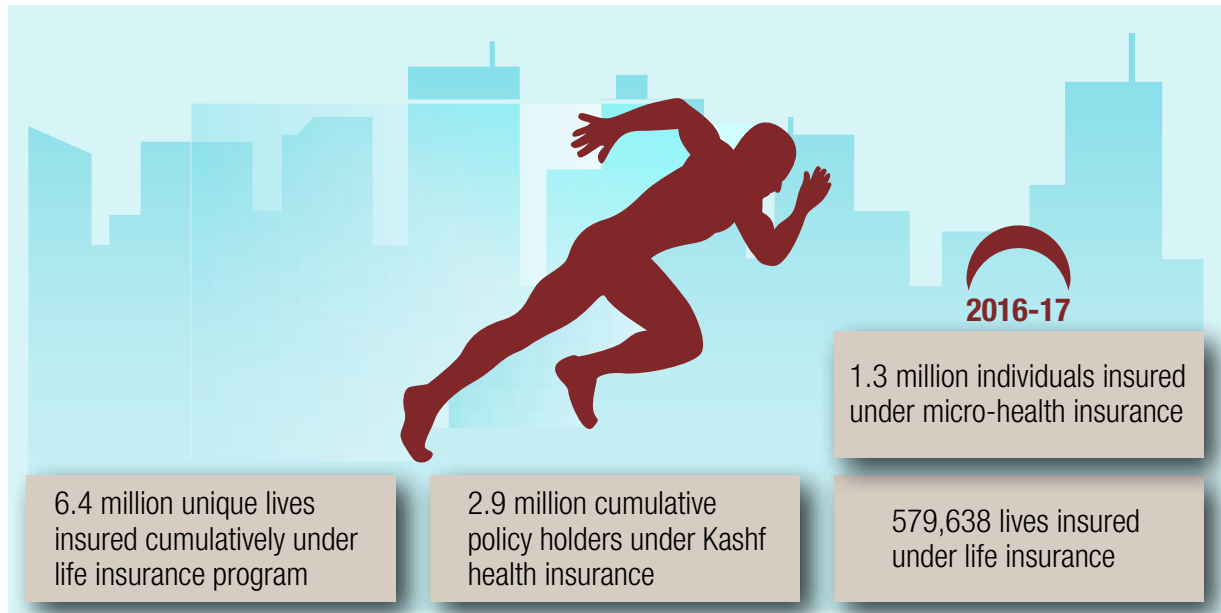
33% of loans utilized for buying new furniture

Kashf has been a strong advocate of creating awareness on child sexual abuse. It has been leveraging on the impact of media campaigns involving drama serials and radio campaigns to address critical social issues regarding child abuse, child marriages, girls' education and socio-economic empowerment of women. Its second television production, Udaari, showcased domestic issues faced by women and was a trail blazing success. The series focused on the issue of child sexual abuse but also explored other themes like marginalization and disempowerment of women and girls. Impact Assessment has reported change in perception of 58% of respondents regarding child sexual abuse. Udaari has been able to transform the mindset of people regarding working women with 47% of respondents favoring the financial independence of women.

Improving the quality of education together

"With the financial assistance provided by Kashf, I have been able to buy new furniture for all the students in my school. It makes me content to see that every child now has a separate desk and chair and is enjoying the classroom session more with the interactive teaching styles we have adopted after the Kashf trainings," claims Principal Sofia Kulsoom of Ali Angles Science School in Chakwal.

KASHF LIFE & HEALTH INSURANCE FACILITY



How Kashf Microhealth Insurance Benefits the Client



Decreases the chances of debt by reducing the cost of healthcare



Provides a safety net to the client to deal with emergencies

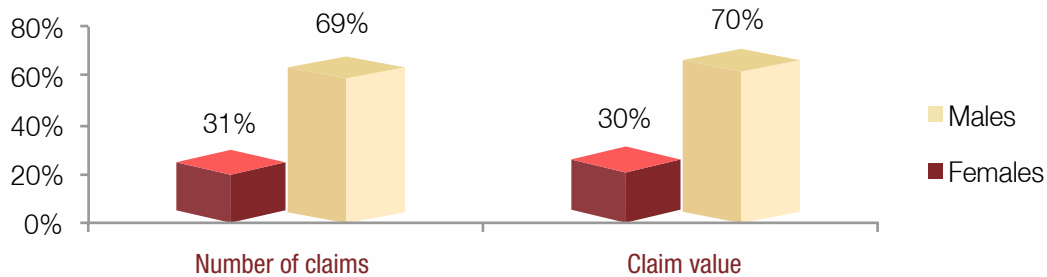


Better health facility for the client and her family through a panel of reputed hospitals

The global agenda for financial inclusion stresses upon microfinance synergies with the health sector. Any health related catastrophe can push low income households below the poverty line. Kashf realizes that for microfinance to achieve its objective of providing financial security to the poor, it is crucial for practitioners to address the issue of health related contingencies. Kashf has been a leader in the sector by building effective social security nets through its life insurance and micro-health insurance products. This year Kashf has insured 10% more individuals under its life insurance policy and 78% more under the health insurance facility. 579,638 individuals under its life insurance program and 1.3 million under its unique pro-women family health insurance were covered this year. The health care initiative provides coverage to the entire family with hospitalization costs for up to PKR 30,000 per family member and a wide range of panel hospitals to address the health needs of clients and their families.

An analysis of the health insurance claims has shown that 69% of the claims were from females. The chart below shows that out of the total 15,098 claims received during the year, 10,360 were received from females amounting to a total of around PKR 177 million. This year the average claim amount was PKR 15,920 and PKR 17,179 for males and females respectively. The overall results of the health insurance highlight the fact that females are more likely to avail health services if such costs do not require dipping into scarce family resources. Access to health insurance therefore has a very significant gender impact in terms of addressing women's health concerns directly.

Gender wise split of health insurance claims



Further details of the claims according to demographic groups can be seen below:

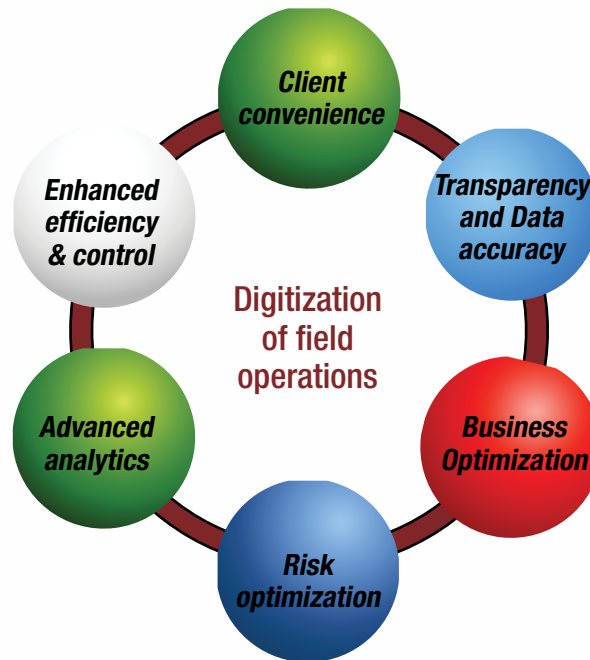
Demographic Group	Number of claims	Percentage
Females on Plan A (those requiring maternal health cover)	6,203	41%
Females on Plan B (those not requiring maternal health cover)	2,112	14%
Males (Spouses <65 years)	2,548	17%
Sons	2,190	15%
Daughters	2,045	14%
Total Claims	15,098	100%
Average Disbursement Size (PKR)	36,323	9.0%

Free health camps are an essential component of the Kashf micro-health insurance program. These camps target clients and their families in order to provide them awareness on health-care and various diseases and illnesses. Kashf also creates awareness on hygiene and better health practices related to disease prevention through these camps. During the last year, 107 health camps were arranged across the network, which provided free health services to 10,768 people in total.



“When the doctor diagnosed me with Typhoid and Malaria and I had to undergo treatment for a month, Kashf ‘s health insurance provided me the ease of not having to worry about the expenses and comfortably get my treatment done. The facility at the panel hospital was quite satisfactory and they dealt us with utmost respect. Had it not been for this insurance we would have had to sell some of our assets to cover my health expenses,” asserts client Pathani Mai from Layyah.

THE ERA OF OPERATIONAL DIGITIZATION

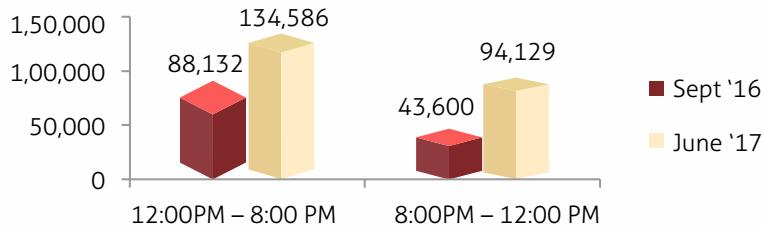


Digitizing the on-boarding of client data has been a primary focus for the institution in the current year. This is important both from a client convenience and an institutional efficiency perspective. Branchless banking dominated by service providers namely EasyPaisa, JazzCash and UBL Omni have provided Kashf an improved mechanism to increase outreach, reduce load on conventional branch networks and hence reduce operating costs. However the next step forward was to look at ways to improve the client onboarding process. As a result Kashf has pilot tested a tablet application in 3 branches, which was completed successfully in March 2017 and the tablet application was rolled out to the entire Lahore region.

Alternative delivery Channels (ADCs) for client convenience

The value of branchless banking transactions for Kashf observed a phenomenal increase of 36% from around PKR 6.27 billion in 2015-16 to around PKR 8.55 billion in 2016-17. The number of transactions also grew from 1.87 million in 2015-16 to 2.10 million this year. Generally, clients like the convenience provided by making payments at agents both in terms of proximity and flexibility. Analysis reveals the period of 12:00 PM to 8:00 PM is the most popular time for clients to make repayments at the ADC centers as 53% of the payments were made during this period. This is usually the time segment when women are relatively free from their daily household chores.

ADC Transaction Frequency



Institutional Financial Performance

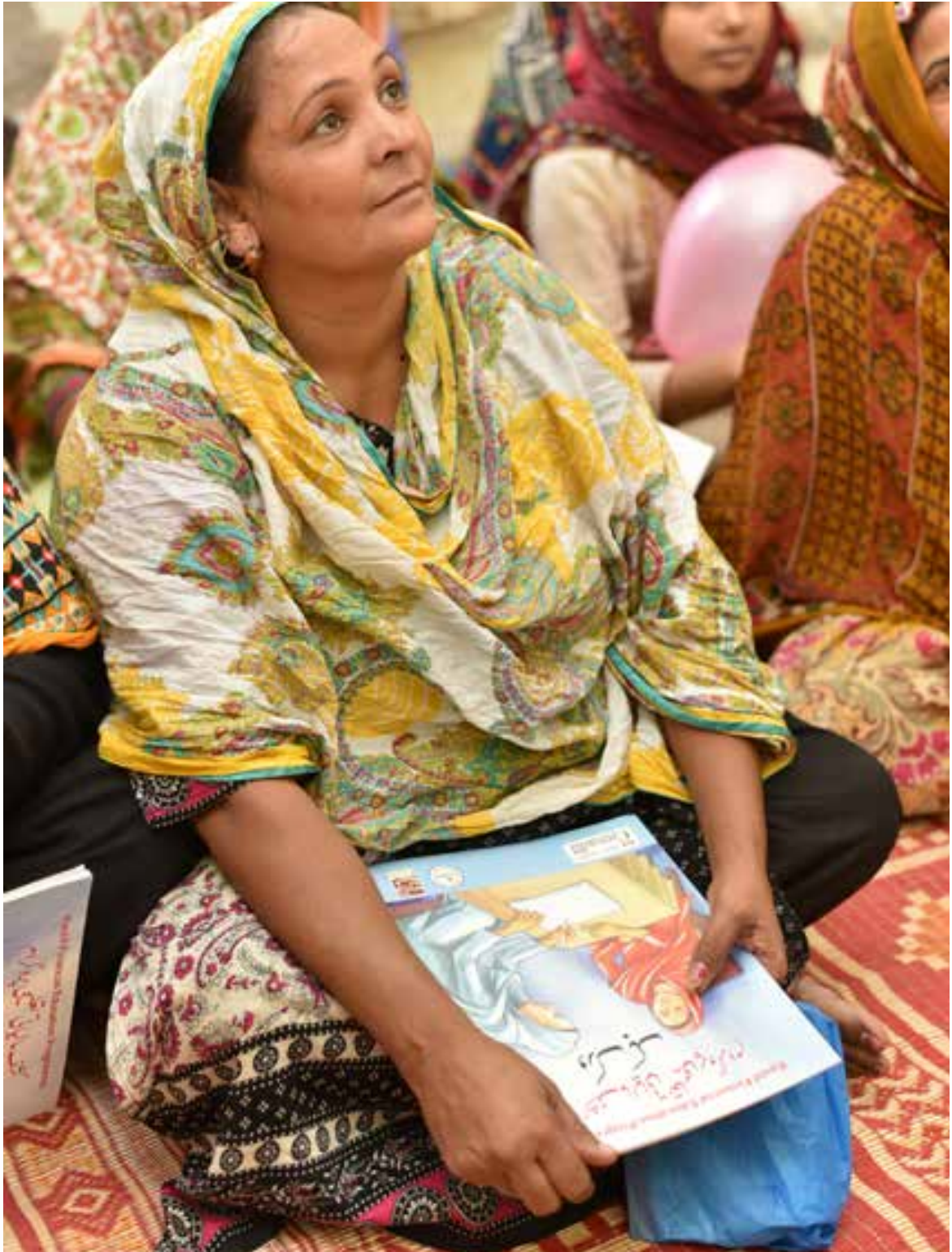
Financial Ratios	June 2017	June 2016
Operational Self Sufficiency	129%	153%
Financial Self Sufficiency	124%	148%
Adjusted Return on Assets	6%	10%
Adjusted Return on Equity	35%	75%
Debt-Equity Ratio	80:20	78:22

Overall, the institution has shown healthy and positive financial trends over the past year. Operational and financial self-sufficiency have been maintained below 130% this year, which is lower than the previous year. However, it must be noted that service charges on the loans were reduced in the current year in order to pass the benefits of efficiency directly on to the clients. At the same time, the institution has maintained a healthy debt to equity ratio, while also effectively raising funds from various sources, including international funders.

Portfolio at Risk > 30 days	June 2017	June 2016
Overall Portfolio at Risk > 30 days	0.29%	0.38%
Kashf Karobar Karza	0.27%	0.36%
Kashf Murabaha	0.87%	0.79%
Kashf School Sarmaya	0.60%	0.34%
Kashf Easy Loan	0.02%	0.00%

Kashf's overall PAR over 30 days stood at 0.29% at the end of the year compared to 0.38% in June 2016. The table above shows that there has been an improvement in the overall, as well as the product level portfolio at risk. This can be credited to improved screening and targeting of loans, streamlined incentive policies and improvement in overall PAR management capacities of the organization, along with the maintenance of effective risk thresholds at all levels.

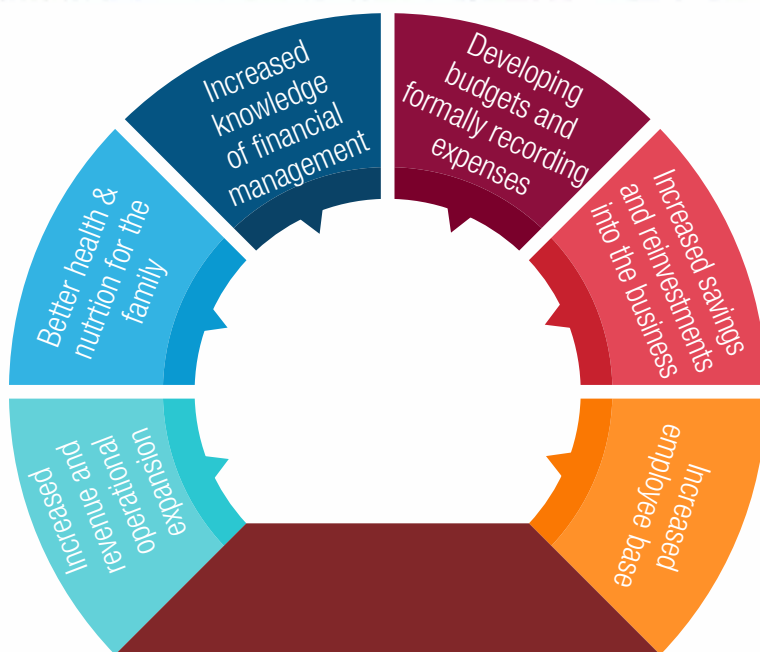
BUILDING THE CAPACITY OF CLIENTS FOR INCREASED SUSTAINABILITY





The philosophy behind Kashf's microfinance services is to not only develop the capacities and capabilities of women micro-entrepreneurs but to also increase their socio-economic well-being. Kashf's holistic approach is aimed at empowering women and equipping them with the required skill set to help them overcome both financial and non-financial challenges. Through its capacity building interventions which were funded by the Government of Canada, the institution has been able to cumulatively train over 1.5 million women in financial education, graduate 26,710 women entrepreneurs through its business development program, and raise awareness on gender issues among 175,293 individuals through its Gender Trainings initiative.



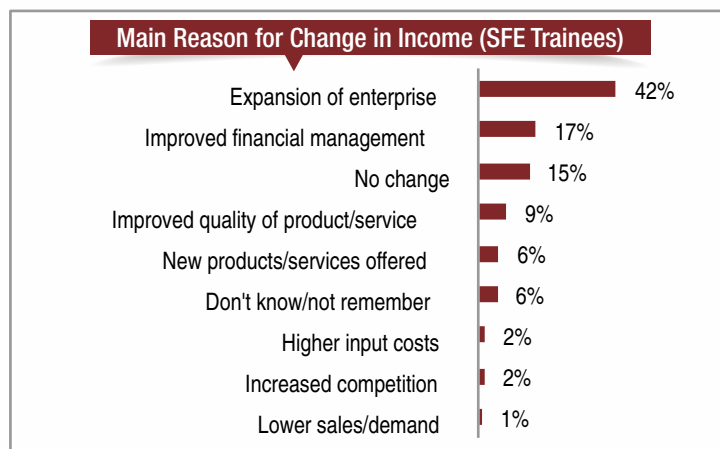
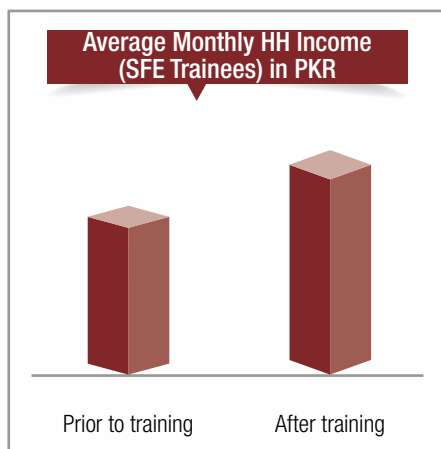


Financial Education Program

Kashf's financial education program has been equipping small scale women entrepreneurs with the knowledge to better manage their finances by providing them trainings on savings, debt management, budgeting and financial transactions. To date Kashf has managed to train 1.5 million women on improved financial practices under its financial literacy program.

Third party evaluation of the program⁴ revealed the following:

- 33% increase in average household income reported by women entrepreneurs after attending financial education training.
- The main reasons reported for this increase included the expansion of enterprises (42% of businesses), improved financial management (17% of businesses) and improved quality of products and services (9% of businesses).
- 78% of trainees developed the capacity to separate their household and business expenditures which allowed them to keep a better lookout for the profitability and the performance of their ventures.
- Though the trainees had been saving in the past, better savings mechanisms learnt through the training enabled around 63% of them to increase the amount they saved every month.





POWER OF FINANCIAL MANAGEMENT

Shabana Ashfaq had put her talent to good use and set up a small stitching unit at her house in Surjani Town, Karachi, to meet the struggling ends of her household. The financial trainings provided by Kashf, along with its loan facility, helped improve her business and financial management and enabled her to better monitor her revenue and expenses. Shabana was able to re-inject 80% of her profits into her business and within months she observed an increased demand of around 20-25 suits per week. She is a pillar of strength for women and is an exemplary figure for women in her community.



“I’m amazed at how basic concepts of savings and budgeting can boost business incomes tremendously. The power to be the change is in the hands of a financially independent woman and she herself is the driver to positively impact her family,” states Shabana ecstatically.

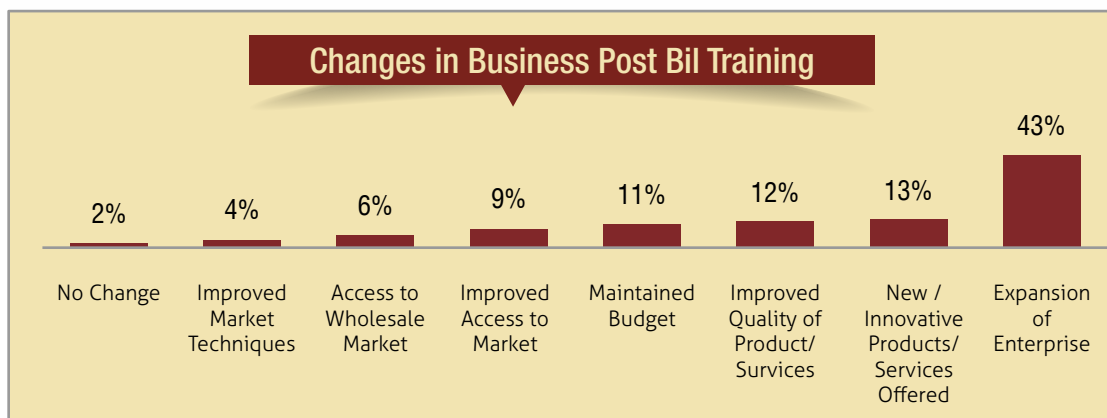
Business Incubation Labs Program



Kashf's Business Incubation Lab training program has been categorically focusing on developing business identities for women entrepreneurs, designing marketing tools and techniques along with building their business networks for a well-equipped business value chain. The program also rigorously focuses on improving the negotiation and communication skills of the women so that they are in a better position to engage with vendors. The BIL program has successfully graduated 26,710 trainees to date.

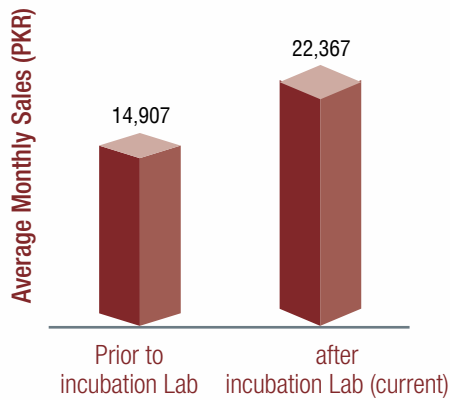
Third party evaluation showcased the following results:

- 43% of women expanded their enterprises after graduating from the BIL program.
- 13% women entrepreneurs reported offering new and innovative products and services in their businesses after gaining knowledge through the BIL sessions.
- 12% of the graduates also mentioned an improvement in the quality of their products/services.
- Around 50% increase in average monthly sales was observed for 66% of businesses.
- An overall increase in gross profits of around 30% was also observed after the training.
- The marketing and networking component of the program managed to engage 3,545 female entrepreneurs in successfully developing market linkages to reach markets in the value chain.

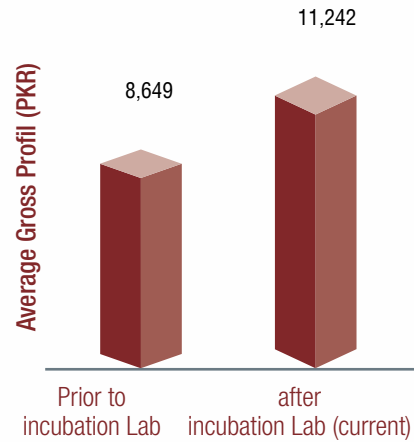


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Change in Sales After BIL Training



Change in Gross Profit After BIL Training



NOT GIVING UP

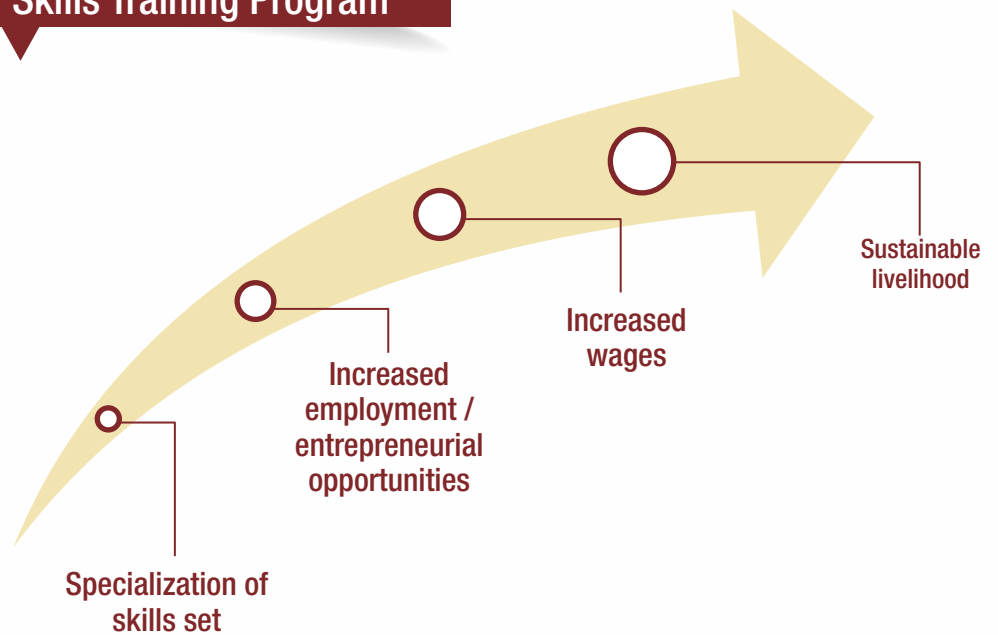
Residing in the patriarchal town of Haripur in Khyber Pakhtoonkhwa, Farzana was a victim of child marriage and subject to the suppression of her dreams and aspirations at an early age. After being divorced by her husband, Farzana acquired financial assistance from Kashf to set up an embellishment business at her house in order to support her children. The biggest challenge she faced was lack of market linkages in the area which limited the sale of her products. Through Kashf's Business Incubation Lab, she took part in various community level exhibitions and displayed her products from where she built connections with multiple vendors. Her business flourished to the extent that she now receives 10-12 orders per week and manages to make monthly profits of around PKR 40,000. She has also become a master trainer in a local vocational school and has even given employment to 15 girls from her community, making their lives sustainable as well.



"Kashf Foundation has been the pillar of support during my trying times. It has provided me assistance during those times when even my family members had left me," says Farzana with contentment



Vocational Skills Training Program



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Kashf's vocational skills trainings initiative, started in 2014, has been equipping women micro-entrepreneurs with the industry level skills to help increase their employability to over 50%. The vocational training program is complemented with sessions on financial management, self-actualization and self-confidence to help expand the economic benefits of the trainings to the trainees. Since 2014, Kashf has graduated 1,567 women through its vocational training centers in the trades of tailoring, hand embellishment and embroidery, fashion designing and beauticians. This program has been funded by the Punjab Skills Development Fund, Coca-Cola Foundation and OMV.



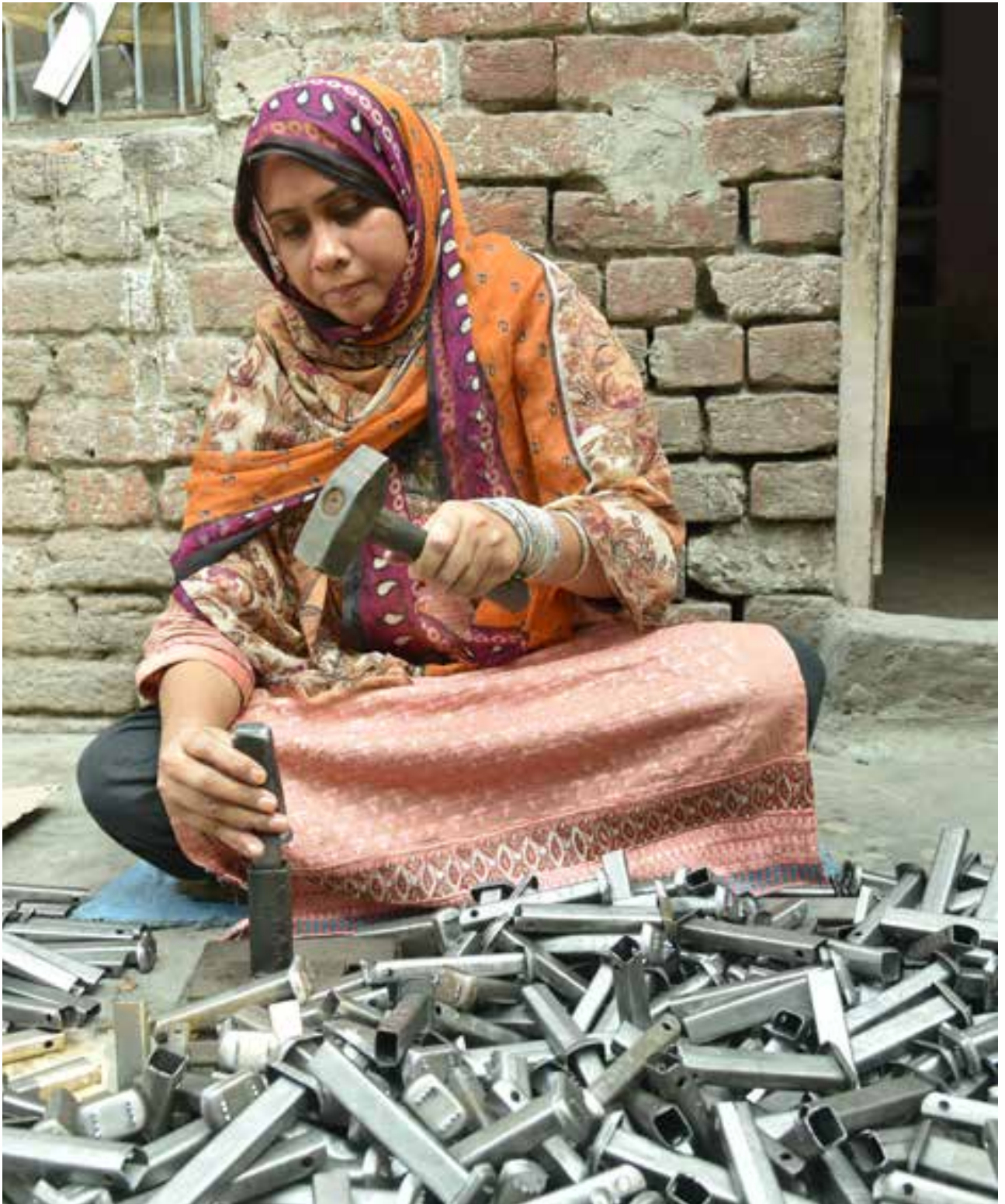
Dilshad Bibi, a successful graduate from Kashf's Vocational Skills Training Center in Khairpur, Sindh has been one of the most passionate learners at a Kashf vocational training school. She had been a beautician by profession but due to the pressure of her husband and in-laws who were of a patriarchal mindset, she had to close her salon at the time of her marriage and forego her passion. When Kashf was initiating its new batch of beautician trainings last year at its vocational skills center in Khairpur, Dilshad enrolled herself for a 3 months beautician course and later acquired a loan of PKR 30,000 from Kashf to set up her beauty salon at home. She is currently running her salon with a capacity to provide services to around 9-10 clients and manages to save around PKR 15,000 – 20,000 every month. Dilshad uses that amount to pay the school fee for her 4 children



PASSION & SUCCESS

“Had it not been for Kashf Foundation I would not have been able to achieve my dreams and would have still been living an ordinary life inside my house, like many other women in Khairpur. Kashf is that door of opportunity which transformed my life,” proclaims Dilshad excitedly

STRONG WOMEN STRONG COMMUNITIES



WOMEN CHAMPIONS OF CHANGE

Champions within the organization

At Kashf it is believed that change comes from within. It is for this reason that Kashf gives priority to empowering its clients. As the adage goes, an empowered and satisfied female client will lead to a satisfied and happy family, while empowered staff will lead to empowered clients. Given Kashf's focus on gender diversity, the institution builds women champions at all levels through various initiatives.



The challenging journey of 57 years old Shaheen Kausar, from Lahori gate area, began with Kashf Foundation when she was 40 years old. The men in her life, at first her father and later her husband, were extremely conservative and restricted women in their family within the four walls of the house. When she was 40, she heard about Kashf Foundation from women in her community and despite resistance from her husband, decided to join the organization as a Business Development Officer. Life continued to be hard on her as soon after her husband died. Distressed with her situation, Shaheen decided to give up her job. However all her colleagues at Kashf, including other BDOs, BMs and the Area Manager convinced her that she needed to be financially independent in order to secure her children's future. Her managers supported her extensively, provided her flexibility during her work hours and facilitated her throughout. Shaheen continued with her job and became financially equipped to the extent that her son has now completed his Chartered Accountancy and her daughter is pursuing her undergraduate degree. She is a role model to look up to as she overcame all constraints and challenges and remained undeterred despite all odds!



UNBOUNDED STRENGTH

“When I held my son's Chartered Accountancy certificate, tears shed down my face and all I could do was thank my Kashf colleagues. Had it not been for their support and motivation I would not have been able to achieve so much for my children,” states Shaheen as she reminisces her 16-years' journey with Kashf

Women Breaking Stereotypes

In a patriarchal society, gender roles are often strictly determined. It is not often that women dare to break away from prescribed norms; however, one of the roles Kashf staff has been playing in communities is to encourage women to explore their potential beyond the realm of the ordinary. Such is the example of Baji Asia who through Kashf's support has chartered a new path for herself.

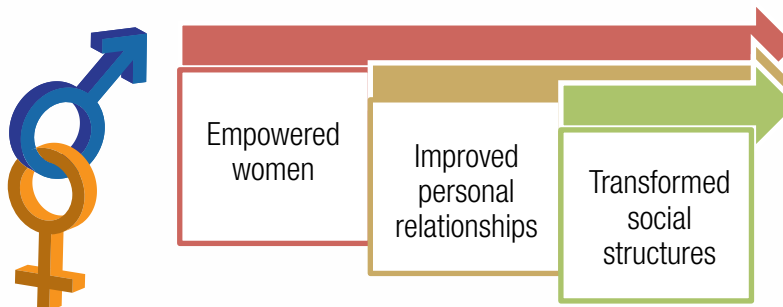
Baji Asia from Faisalabad is a real role model of the term “breaking gender stereotypes” because she entered into a male-dominant profession. After her husband’s death when she was 22 years old, Asia Baji was confronted with the hard reality of having to provide for her 3 children. Despite criticism from her relatives, Asia approached her cousin to teach her how to drive a van, who also assisted her in acquiring a driving license and purchasing a small vehicle to pick and drop children from school. Initially, Asia Baji had to face a lot of criticism but she remained resolute. Gradually she established a niche for herself when parents realized the value of a female driver to transport their daughters to school. She then approached Kashf in order to purchase a bigger vehicle, while the staff facilitated her after office hours to assist with the vehicle purchase and the requisite documentation. Asia now works two shifts daily, and manages to make a profit of around PKR 70,000-80,000 per month.



BREAKING BARRIERS

“The real meaning of life gets accomplished when you try to swim against the waves. I always wanted to do something which was challenging enough that it would shake everyone to the core and that’s exactly what I did by entering into a male dominant profession,” grins Baji Asia.

Male Advocates of Gender Equity



Empowering women requires much more than providing access to healthcare, education and financial resources. It requires changing perceptions of women’s roles in the family and society at large. Kashf’s research shows that true empowerment comes by addressing the needs of the individual woman, as well as the social structures and personal relationships that influence her life. To truly empower women and girls, the strategies and programs must address all three dimensions.

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It is for this reason that Kashf involves men in all its policies and programs. Without the support of men in the communities, it is not possible to empower women and transform societies. From the institutional management to the implementation of programs in the communities itself, participation of men is vital. While designing policies, conducting research or implementing the program in the field, Kashf ensures that it takes into account the views and perceptions of men so that a complete picture can be visualized and sustainable programs can be put in place. It also makes sure that its programs, be they financial services or the social advocacy components, involve the participation of male members of clients. This helps build the trust of the men in the institution and helps increase their understanding regarding the importance of female participation in the economy. Kashf also considers it integral to involve youth of the households into its training programs in order to change their mindsets at an age when their views and beliefs can be positively influenced. The Gender Trainings program is a key intervention to improve the understanding and importance of women's rights within households and communities.

Gender Trainings conducted with 11,982 males, 1,633 females & 9,282 youth participants this year

As a result of the gender trainings 85% men began supporting girl's education

As a result of the gender trainings 85% men began supporting girl's education

82% men started considering women as equal partners

77% men started allowing their women to work outside the home



WOMEN'S LANTERN IN PAKPATTAN

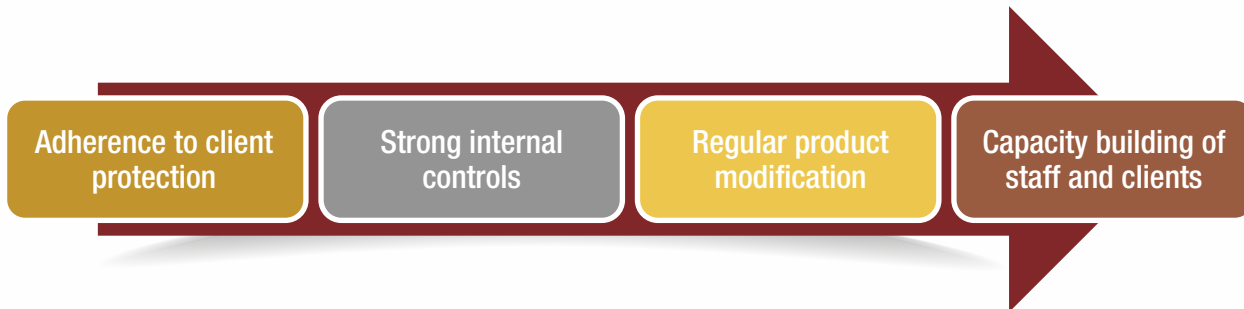
“Kashf's Gender Trainings made me realize that women were out performing in the world. It was from then on that I decided I would be the advocate of equal participation of women in all spheres of life because they are created equal in this world just like us,” expresses Ghulam Sarwar with pride

In a small village of Siddo Peepli in the area of Pakpattan men hold positions of power and control the lives of their women. Through various interventions, Kashf has been able to build male champions of change at the grass root level. Ghulam Sarwar, husband of Kashf's client Khalida Bibi became a part of Kashf's Gender Training program. During the training, the engaging debate regarding female education and employment through different activities and role plays made Ghulam Sarwar rethink about the way he was treating his women. Ghulam Sarwar shared that the gender training took place at a time when Kashf's drama serial “Udaari” was being aired. As the drama explored themes of child sexual abuse, women's economic empowerment and the importance of women supporting women, Ghulam Sarwar gained courage to break the silence and change the perceptions of his community. Within a few weeks, he had enrolled both of his daughters in a private school and advocated the same to his brother and other men in the community. He has now been conducting small advocacy sessions at his home, local tea stalls in the community where men usually get together for a chat and even at the homes of his relatives.

22 YEARS OF BELIEF AND COMMITMENT



Strengthening the system to build sustainable communities



Continuous strategic choices are made at Kashf to sustain the institution's growth trajectory. In order to keep fulfilling its commitment towards building sustainable communities, Kashf has been modifying its suite of products, investing in performance management principles and developing its human resources. Kashf has been a strong proponent of responsible financing and has been focusing on ethical business practices for the past 22 years. It was the first MFI in Pakistan to develop a customer protection code (CPC). The CPC became an integral part of all staff training and client education programs. Kashf Foundation was also the first MFI in Pakistan to receive a Smart Certification and has also obtained a second certification within this year.

Over the years, Kashf has been strengthening its internal control system and overall risk management environment. The Internal Audit and Compliance departments have been ensuring that strong customer centric policies, procedures and communication channels are in place and all Kashf branches comply with the rules and policies to enable clients to voice their opinion and provide their suggestions. As the organization grew, the role and responsibilities of the field staff have been strengthened further. The aspects of risk management and quality assurance, along with customer protection have been added to their overall functions.

The Compliance department at Kashf has the responsibility to ensure that the institution remains true to its mission and provides clients the best possible services. It ensures that clients' recommendations are reflected in the overall policy implementation framework of the organization. The function's key role is to balance credit risk with overall client centricity and review the policy and procedural environment through which employees conduct operations and activities on a continuous basis. At the same time, it also oversees the implementation of all policies and procedures through periodic and regular audits, on spot rectification of issues, undertaking of regular risk assessments, producing regular reports and highlighting key trends, while providing recommendations to improve the policy compliance and risk management environment.

Strengthening Human Resources

	2017	2016
Head Count	2,603	2,210
Staff Retention	83%	83%
Gender Balance	50%	50%

47% Female Managers

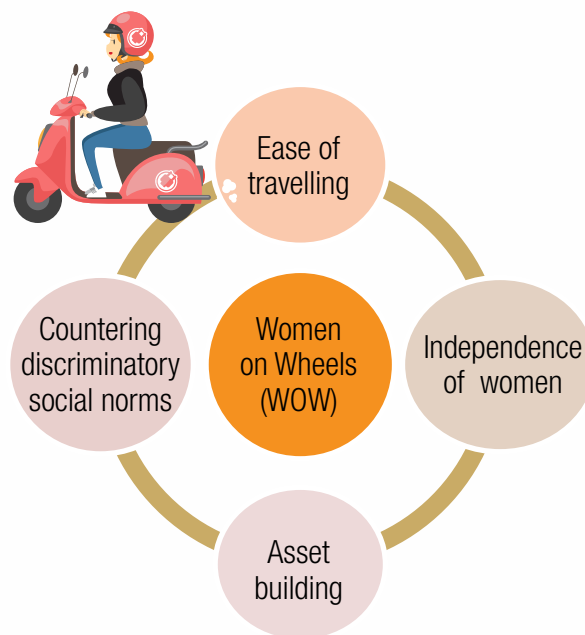
48% employees report
to a female manager

The Kashf human resources has grown by 19% over this year, with the staff head count increasing from 2,210 last year to 2,603 this year. Kashf offers a fair, equitable, and merit-based environment and maintains a 50% gender balance. In line with the employee friendly and gender focused HR policies and initiatives, the organizational retention rate has been maintained at 83% this year.

Kashf conscientiously focuses on providing equal opportunities to both men and women and integrating gender equality within its policies and practices. The institution ensures that all of its programs and activities are gender mainstreamed and so are the tools and training mechanisms. It has developed a professional and gender-sensitive management culture with an increasing representation of female managers in senior positions. Women comprise 47% of all management positions while 48% of employees report to a female manager. Kashf continues to invest in the capacity of its staff and over this year has undertaken 34 trainings in different areas covering 2,444 staff members.

Women on Wheels

One of its most popular and new initiatives for women employees has been the Women on Wheels (WOW) facility launched this year for all female employees. The initiative entitles employees to an interest free loan facility to purchase a scooty for travelling to and from work. With this initiative Kashf wants to counter the challenges women face regarding mobility. A recent study has shown that 63% women feel unsafe on public transport in Pakistan. Kashf has been conducting motivational sessions with families of staff members as well. The initial response received by the initiative has been quite encouraging with 15 employees availing scooty loans under the scheme.





“

BREAKING STEREOTYPES

“At first I was hesitant to ride a scooty but then I looked at the numerous women in the community who consider me their role model. I realized I would be a symbol of strength and courage for them. I now come to work every day on my scooty and have also convinced other colleagues to avail this facility and free themselves from the chains imposed on women by the society,” states Shahneeza, BDO from Dharampura

”

Kashf Day Care Facility

Kashf Day Care facilitates mothers to better manage their work-life balance

The facility aims to reduce attrition and increase employee retention



Day Care centers have been set up in 6 branches in Sahiwal, Sargodha, Kasur, Lahore, Mianwali and Karachi areas



Paternity Leave policy at Kashf enables male employees to take time off at the birth of a child to provide the deserved support to their spouses.

It is a 2 weeks leave with full pay which shows the organization's commitment to gender equity

50 employees this year availed the Paternity Leave and were able to take on an active role in child-care



FATHERHOOD BONDING

"The 2 weeks' time off I took at the birth of my daughter provided support to my wife and gave me the opportunity to witness the precious new moments in my daughter's life which I would have missed otherwise," says BDO Munir from Arfiwala as he recalls his paternity leave experience.

Deputy Regional Manager Noreen Shaukat has had a 16 years journey at Kashf. Noreen recalls that she has always reported to a male manager and never found the experience to be challenging. Her view is that Kashf significantly invests in creating a gender sensitive mindset within the organization, where rights of women are advocated and male employees are encouraged to become real promoters of women's empowerment. Noreen claims that her male managers have been her mentors throughout and have supported her tremendously during her maternity, her challenges in the field or during the occurrence of her various health issues. They have allowed her flexible working hours at times when she needed to maintain her work-life balance well. It has been owing to the support and direction of her male supervisors that Noreen has managed to grow professionally as well as personally.



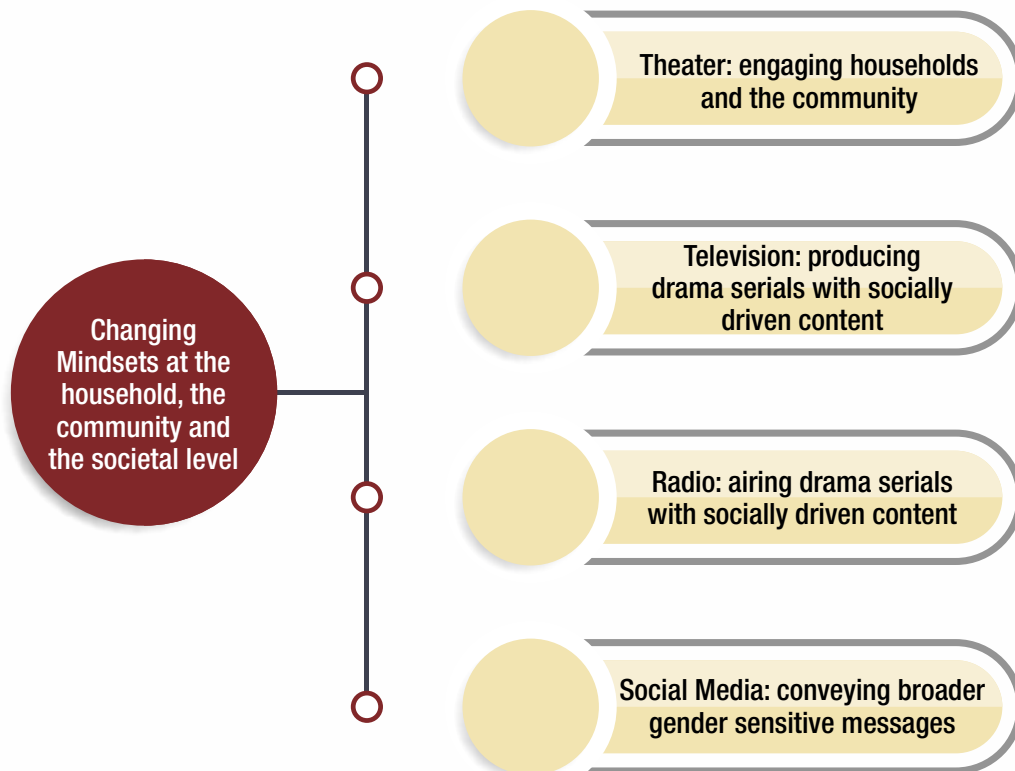
"Many people often enquired me about the difficulties of working with male colleagues but for me it has been an easy journey. At Kashf men and women work equally and there is no difference in reporting to a male or a female manager," recalls Noreen about her 16 years at Kashf Foundation

SUSTAINABILITY THROUGH THE MEDIA LENS



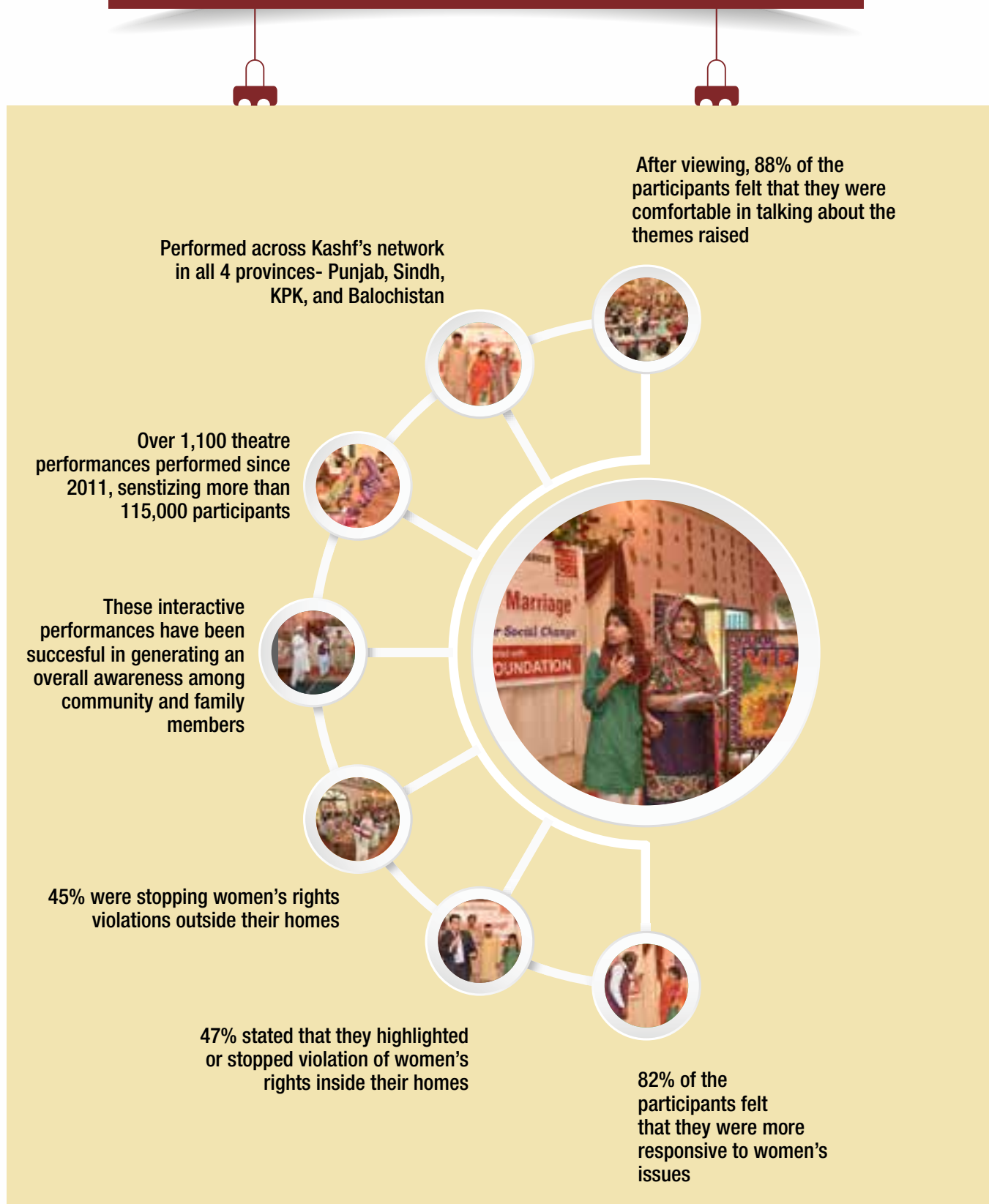
Theater for Development and Edu-tainment

Some of the major hurdles that women entrepreneurs face and which limit the growth of their businesses are related to socio-cultural norms that impact on their access to markets, access to resources within and outside the household and their overall mobility. Mostly, these hurdles are related to prevalent attitudes regarding the role of women in the household and in society. Media can be pivotal in terms of influencing and transforming mind-sets. Kashf has used a multi-pronged approach to innovatively address women's issues using tools like theater, television and radio in order to effectively drive social change.



Over the years, Kashf Foundation has been using the principles of "theater for development" to initiate a process of change within communities by developing short dramas on key social issues. Kashf's theatre performances are an essential platform for raising awareness and stimulating dialogue. Its interactive nature allows Kashf to effectively communicate with its beneficiaries, their families and communities at large. Kashf has performed more than 100 performances in the current year, sensitizing more than 11,000 participants on themes of child marriage, girls' education, harassment of women and women's empowerment. These performances have taken place in communities across Kashf's network.

Kashf's Theatre Performances Cumulative Outcomes



Annual Report 2016-2017

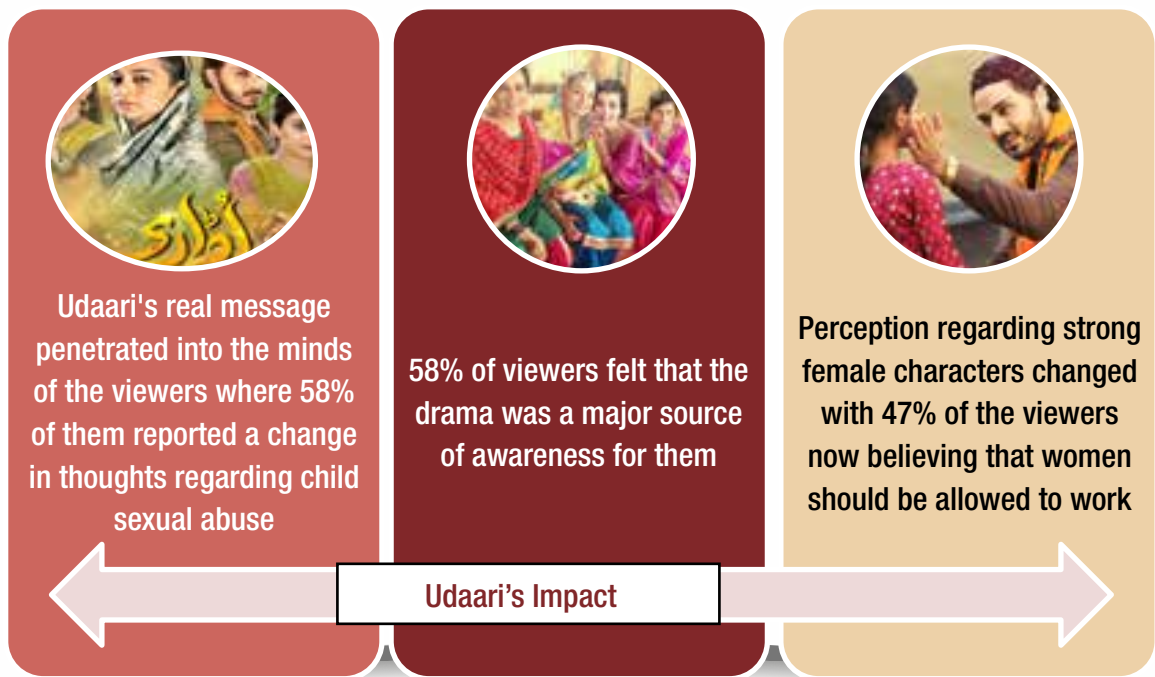


“After attending the theatre performance, I am more eager to educate my girls and not have them married off at an early age because it curtails their decision making power. Such a program is essential for awareness at the community level.”
Shamshad Begum, participant from Shujabad.

“This theater program was thoroughly enjoyable and I want Kashf to hold more of such performances in the future. It is not only a source of entertainment but has a meaningful lesson that we all can learn from.”
Sajda Bibi, participant from Jalalpur Pirwala



Being involved in the economic mainstreaming of low-income women, Kashf believes in a problem solving approach and has projected this action-oriented method through its media campaigns. Udaari, Kashf's second television production was a trail blazing success and has catalyzed other socially driven drama series. The series had child sexual abuse as its main theme while also exploring other themes like the marginalization and the disempowerment of women and girls. The series, as with all Kashf's media campaigns, conveyed a message of hope and positivity, providing sustainable solutions to empowerment.



Moreover, Udaari impacted a change in perception at the society level with more people realizing the importance of open communication on child sexual abuse between parents and children. Apart from a strong and positive impact on viewers, the drama was resoundingly well received on several award shows. It won 9 awards including 'Best Drama Serial' at the 5th HUM TV Awards, paving a new direction for the Pakistani television industry.



Work in Progress

For its new mini-series called 'Aakhri Station,' Kashf researchers went to the field, conducted interviews and wrote case studies to create themes of its new drama. Several creative workshops with writer Amina Mufti and Asghar Nadeem Syed took place. Each brain storming session included looking for loopholes in stories and syncing stories to create compelling content. The writer developed the screen play after thorough examination and several edits.

Owing to Rehail's social relevance, Kashf's first television production, it has developed a radio version script tackling the sensitive issue of child marriages. The radio program is expected to penetrate areas where this social ill persists the most.

"The play [Udaari] has come to an end but its powerful message will resonate with the audience for a long time, and hopefully alter public discourse in Pakistan around child abuse," stated Syed Abbas, a journalist from Youlin Magazine.

KASHF SUPPORTERS

Kashf would like to thank the following organizations for their continuing generosity and commitment to Kashf's mission and vision in this year.



Kashf Foundation
*(A Company Setup Under Section 42 of repealed
Companies Ordinance, 1984)*

Audited financial statements for the year ended
30 June 2017



KPMG Taseer Hadi & Co.

Chartered Accountants

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Kashf Foundation** (a Company setup under section 42 of Companies Ordinance, 1984) as at 30 June 2017 and the related statement of income and expenditure, statement of comprehensive surplus, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change in accounting policy as referred to in note 4.1 with which we concur;

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive surplus, cash flow statement and statement of changes in equity together with the notes forming part thereof conform I with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the surplus, its comprehensive surplus, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore
Date: 28 September 2017

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran I. Yousafi)

Balance Sheet

As at 30 June, 2017

	Note	2017 Rupees	2016 Rupees (Restated)	2015 Rupees (Restated)
ASSETS				
Non-current assets				
Property and equipment	5	593,209,581	565,740,929	399,759,305
Intangible assets	6	-	253,766	761,305
Investment property	7	70,001,500	-	-
Long term investments	8	523,333,333	195,000,000	840,000,000
Long term loans	9	121,998,640	261,239,935	216,196,348
Long term micro-credit loan portfolio	10	33,361,661	14,006,108	2,465,638
Long term deposits		1,363,160	463,360	5,270,200
		1,343,267,875	1,036,704,098	1,464,452,796
Current assets				
Micro-credit loan portfolio	11	6,967,351,449	4,363,624,672	4,359,360,053
Kashf Murabaha	12	157,660,644	139,097,188	117,976,522
Short term investments	13	239,309,351	432,275,052	343,730,919
Advances, deposits, prepayments and other receivables	14	234,320,186	132,469,610	166,377,904
Accrued service charges		87,284,899	70,728,681	70,561,263
Cash and bank balances	15	1,940,110,508	1,225,894,209	514,869,815
		9,626,037,037	6,364,089,412	5,572,876,476
		10,969,304,912	7,400,793,510	7,037,329,272
EQUITY AND LIABILITIES				
Equity				
Donated Funds	16	216,660,110	206,585,110	195,960,238
Reserves	17	1,732,954,546	1,154,827,972	409,165,291
Fair value reserve		5,972,428	5,602,475	5,397,586
		1,955,587,084	1,367,015,557	610,523,115
Surplus on revaluation of land and building	18	209,478,137	201,647,080	131,598,330
Non-current liabilities				
Long term financing - secured	19	4,587,682,917	1,965,127,183	2,998,790,396
Current liabilities				
Current portion of long term financing - secured	20	3,727,981,199	3,436,038,424	2,864,265,137
Short term borrowings	21	96,789,785	134,036,657	104,503,022
Deferred grants	22	59,822,585	34,937,589	57,990,000
Accrued markup	23	138,491,363	115,020,235	150,241,368
Trade and other payables	24	193,471,842	146,970,785	119,417,904
		4,216,556,774	3,867,003,690	3,296,417,431
Contingencies and commitments				
	25			
		10,969,304,912	7,400,793,510	7,037,329,272

The annexed notes 1 to 44 form an integral part of these financial statements.

Signature

Lahore

Signature

Chief Executive

Signature

Director

Statement of Income and Expenditure

For the year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees (Restated)
Service and other charges on micro-credit loan portfolio	26	2,322,646,402	1,904,471,196
Profit on Kashf Murabaha		59,033,855	53,004,116
Grant income	27	90,845,206	212,232,057
Return on deposits		125,598,057	128,606,906
		2,598,123,520	2,298,314,275
Direct cost - programme cost	28	955,401,843	651,066,502
Grant expenses	29	84,797,881	203,504,238
Finance cost	30	644,072,995	562,273,322
		(1,684,272,719)	(1,416,844,062)
		913,850,801	881,470,213
Management and administrative expenses	31	(248,191,036)	(190,064,973)
Other expenses	32	(140,400,465)	-
Other income	33	52,867,273	54,257,441
		(335,724,228)	(135,807,532)
Surplus for the year		578,126,573	745,662,681

The annexed notes 1 to 44 form an integral part of these financial statements.

10/11/17



Lahore

Chief Executive



Director

Kashf Foundation (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Comprehensive Surplus

For the year ended 30 June, 2017

	2017 Rupees	2016 Rupees (Restated)
Surplus for the year	578,126,573	745,662,681
<i>Items that may be reclassified subsequently to statement of income and expenditure</i>		
Fair value gain on available-for-sale investment	369,953	204,889
Total comprehensive surplus for the year	<u>578,496,526</u>	<u>745,867,570</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

10/11/17

Lahore



Chief Executive



Director

Statement of Changes in Equity

For the year ended 30 June, 2017

	Donated funds	Reserves		Fair value reserve	Total
		General reserve	Loan loss reserve		
		Rupees			
Balance as at 30 June 2015	195,960,238	418,792,733	-	5,397,586	620,150,557
Effect of restatement as referred in note 41	-	(9,627,442)	-	-	(9,627,442)
Balance as at 30 June 2015 (restated)	195,960,238	409,165,291	-	5,397,586	610,523,115
Total comprehensive surplus (restated)					
Surplus for the year (restated)	-	745,662,681	-	-	745,662,681
Other comprehensive surplus	-	-	-	204,889	204,889
	-	745,662,681	-	204,889	745,867,570
Micro-credit loan portfolio disbursed against grant	10,624,872	-	-	-	10,624,872
Transferred from general funds to loan loss reserve	-	(68,220,915)	68,220,915	-	-
Balance as at 30 June 2016 (restated)	206,585,110	1,086,607,057	68,220,915	5,602,475	1,367,015,557
Total comprehensive surplus					
Surplus for the year	-	578,126,573	-	-	578,126,573
Other comprehensive surplus	-	-	-	369,953	369,953
	-	578,126,573	-	369,953	578,496,526
Micro-credit loan portfolio disbursed against grant	10,075,000	-	-	-	10,075,000
Transferred from general funds to loan loss reserve	-	(111,190,946)	111,190,946	-	-
Balance as at 30 June 2017	216,660,110	1,553,542,685	179,411,861	5,972,428	1,955,587,083

The annexed notes 1 to 44 form an integral part of these financial statements.

10/11/15/16/17



Lahore

Chief Executive



Director

Cash Flow Statement

For the year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees (Restated)
Cash flow from operating activities			
Surplus for the year		578,126,573	745,662,681
Adjustments for non cash items:			
Depreciation		25,818,356	9,368,535
Amortization		253,766	507,539
Impairment on loan to associate		140,000,000	-
Interest on loan to associate		-	(45,043,587)
Liabilities written back		(22,562,996)	-
Lease markup		416,187	8,520,394
Return on investments and bank deposits		(125,598,057)	(128,606,906)
Amortization of transaction costs of long term loans		13,821,793	33,805,016
Finance cost		594,573,356	519,225,312
Loss/ (gain) on disposal of fixed assets		37,890	(33,715)
Provision against doubtful receivables		-	160,186
Property and equipment written off		362,575	-
Fair value gain on Investment Property		(4,868,000)	-
Provision/ (reversal of provision) for loan Joss		29,617,621	(25,326,943)
		651,872,492	372,575,831
Surplus before working capital changes		1,229,999,065	1,118,238,512
Effect on cash flow due to working capital changes			
Increase in micro-credit loan portfolio		(2,652,699,951)	9,521,854
Increase in Kashf Murabaha		(18,563,456)	(21,120,666)
Increase in accrued service charges		(16,556,218)	(167,418)
Increase in advances, deposits, prepayments and other receivables		(80,559,208)	(38,419,403)
Increase/ (decrease) in deferred grants		34,959,996	(18,060,513)
Increase in trade and other payables		69,064,053	27,552,881
		(2,664,354,784)	(40,693,265)
Cash (used in) / generated from operations		(1,434,355,720)	1,077,545,247
Finance cost paid		(571,102,228)	(554,446,445)
Net cash (used in) / generated from operating activities		(2,005,457,948)	523,098,802
Cash flow from investing activities			
Capital expenditure incurred		(106,302,605)	(105,623,110)
Sale proceeds from disposal of operating fixed assets		3,410,888	355,416
Long term deposits		(1,658,505)	4,806,840
Return on investments and bank deposits		104,306,689	197,886,816
Long term investment- net		(328,333,333)	645,000,000
Short term investment- net		193,335,655	(88,339,244)
		(135,241,211)	654,086,718
Net cash (used in) / generated from investing activities			
Cash flow from financing activities			
Transaction costs paid for borrowings		(57,583,962)	(6,097,750)
Payment of finance lease liabilities		(2,338,230)	-
Proceeds received against financing		6,447,168,645	3,644,825,474
Repayments of financing		(3,472,800,818)	(4,112,580,347)
Net inflow / (outflow) from financing activities		2,914,445,636	(473,852,623)
Net increase in cash and cash equivalents		773,746,477	703,332,897
Cash and cash equivalents at the beginning of the year		1,166,364,031	463,031,134
Cash and cash equivalents at the end of the year	36	1,940,110,508	1,166,364,031

The annexed notes 1 to 44 form an integral part of these financial statements.



Lahore



Chief Executive



Director

1C, Shahra-e-Pakistan,
Lahore, Pakistan

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