Kashf Foundation Quarterly Report

January - March 2012

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Operational Performance[1]

Overall Growth

Kashf Foundation closed the quarter March 2012 with a total number of 281,717 clients and an outstanding portfolio of Rs. 2.8 Billion compared to 265,825 active clients and Rs. 2.6 Billion outstanding at December 2011 closing. This signifies a 6 percent increase in number of active clients, and a 7% increase in the total outstanding for the organization. The total number of disbursements in the current quarter were 46,071 (compared to 47,112 in October - December 2011) which represents a slight decrease. The average achievement of disbursements compared to targets set for January – March 2012 was over 100%, which signifies that the decrease was due to target rationalization for the branches by the Kashf Foundation management.

General Loan and Outreach[2]

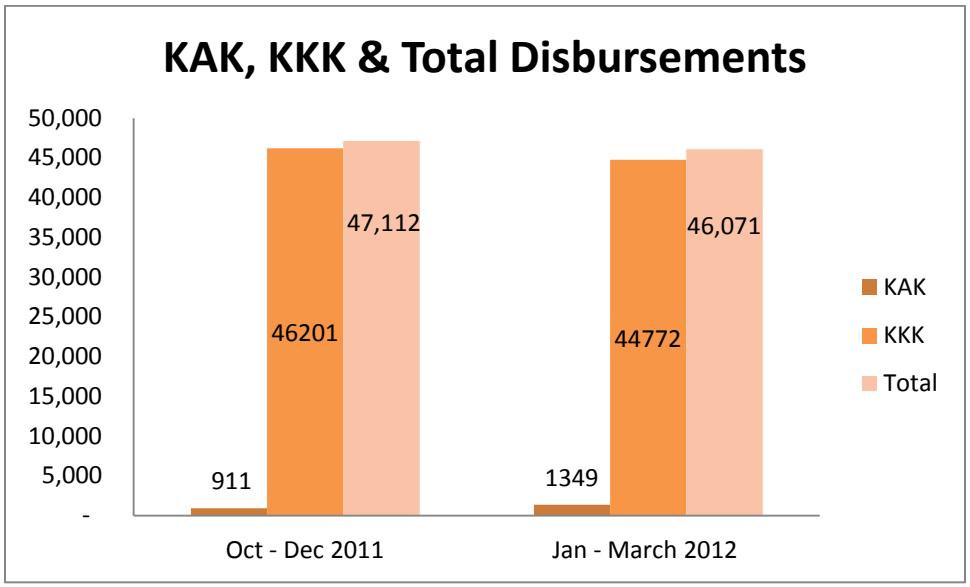
	Jan – March 2012	Oct – Dec 2011
Active Clients and Outstanding Portfolio		
Total Kashf Clients	281,717	265,825
Cumulative Portfolio	2,816,772,034	2,645,156,077
Cumulative Loans Disbursed		
Cumulative KKK Loans	1,328,470	1,282,399
Loans Disbursed in Quarter		
Amount Disbursed	1,047,120,000	1,023,788,000
Loans Disbursed (KKK + KAK)	46,071 (44,722 + 1,349)	47,112 (46,201 + 911)

In the current quarter, 44,722 KKK loans were disbursed compared with 46,201 loans disbursed in the previous quarter. This denotes a decrease of approximately 2% in the pace of new KKK

[1] Figures for October – December 2011 are audited figures, which may vary from the unaudited figures provided in the previous quarterly report.

[2] Emergency Loan Disbursements are still on hold based on so that more funds can be channelized towards the setting up of long-term income-generating businesses which is the need of the hour in the current economic environment, especially for Kashf's clientele

disbursements which as explained earlier has been due to target rationalization in the current quarter. KAK disbursements have displayed an increasing trend in the current quarter, i.e. 1,349 compared to 911 disbursements in October – December 2011, signifying an increase of approximately 48% increase in number of disbursements. This has been achieved through increased focus on KAK disbursements by field teams and improvement in the KAK product features based on Kashf Management directions.



Financial Sustainability

Overall Performance[3]

In the current quarter the liquidity ratio for Kashf Foundation increased compared to last quarter mainly due to net inflow of Rs. 100 million.

	March 2012	December 2011
Cash to Total Assets (%)	4.41%	22%
Short Term Investments and Cash to Total Assets (%)	6.35%	25.10%
Return on Investments	11.71%	11.50%
Cash to Current Liabilities	0.9x	0.3x

In order to manage the total available liquidity pool more efficiently, Kashf Foundation has continued to follow its strategy of rolling over short term investment to maximize the yield on investment portfolio. At the end of the quarter, the total investment portfolio stood at Rs. 382Million [compared with Rs. 380Million in December 2011]

[3] Figures in this for Quarter 3 are audited figures, which may vary from the unaudited figures provided in the previous quarterly report.

The weighted average cost of funds for the current quarter is 13.35%, with COF for commercial loans at 12.16% and COF subsidized loans 13.68%, compared to 13.33% (weighted average COF) for the last quarter. Currently, there is an available pool of Rs. 423 Million available which will be used to meet the debt obligation of Rs. 104 million over the next two months.

The table on the right shows the income for the Foundation for the current quarter. There has been a 13.74% increase in 'income from service charge' during the current quarter compared to the previous quarter. The major reason for the increase in income has been due to an increase the size of the portfolio.

INCOME FROM FINANCIAL SERVICES			
	Jan-Mar 2012	Oct-Dec 2011	Weight age (%)
Service Charge	206,332,370	181,405,248	85.95%
Investments	17,985,155	26,305,472	07.49%
Other Income	15,751,318	14,693,915	6.56%
Total Income	240,068,843	222,404,635	100%

Efficiency Ratios

There has been an improvement in the administrative efficiency ratio, which is 27.83% in the current quarter (compared to the previous quarter where it was 29.06%). Similarly, the profitability ratios have also demonstrated improvements with the OSS at 95% in Mar 2012 (compared to 92% in Dec 2012) and the FSS at 89% (compared to 86% in Dec 2011). These improvements can be attributed to the increase in income from portfolio and increase in average gross portfolio. The table below shows these trends.

EFFICIENCY RATIOS		
	Mar 2012	Dec 2011
Administrative Efficiency	27.83%	29.06%
Operational Self Sufficiency (OSS)	95%	92%
Financial Self Sufficiency (FSS)	89%	86%

Life Insurance

The table below shows the number of life insurance clients in the current quarter compared with the previous quarter. Life Insurance follows disbursement trends, and has consequently shown an increase over the previous quarter.

The total premium collected during two quarters (Oct 2011 to Mar 2012) by Kashf Foundation is Rs.38.09 Million and the total numbers of claims settled are 614 amounting to a payout of Rs.12.7 Million.

Insurance Enrollment		Jan – Mar 2012	Oct-Dec 2011	Total
Premium Received	Lives Covered	92,202	94,522	186,724
	Amount (In Rs.)	19,158,921	18,938,448	38,097,369
Payout		7,194,840	5,560,900	12,755,740
Number of Claims		353	261	614

Human Resources

HR Trend Analysis at a Glance

- The total staff count at the end of March 2012 was 1,464 and the female gender ratio at the organizational level stood at 48% at the close of the quarter.
- The recruitment team continued to identify and employ talented and committed staff and 38 employees were inducted during quarter. Out of these, the majority of the hiring was for field positions with 37 employees hired for the field and 1 employee hired at the Head Office. In total, 20 of the newly recruited employees were females.
- Overall Employee Turnover for the period January – March 2012 was 5% as 73 staff resigned and 13 staff members were terminated.

HR TREND ANALYSIS				
	Jan-March 2012		Oct-Dec 2011	
Total Permanent Staff	1,464		1,478	
Total HO Staff	94		93	
Total Field Staff			1,385	
Gender	**Male**	**Female**	**Male**	**Female**
Number	769	695	769	709
Total Staff (Trainee + Permanent)	1,510		1,554	
Total Staff (HO)	95		96	
Total Staff(Field)	1415		1,458	
Gender (Trainee + Permanent)	**Male**	**Female**	**Male**	**Female**
Ratio	52%	48%	52%	48%
Number	790	720	810	744
Total Staff Recruited	38		74	
Total Staff Recruited – HO	1		3	
Total Staff Recruited - Field	37		71	
Gender Recruited Staff	**Male**	**Female**	**Male**	**Female**
Number	18	**20**	40	34
Turnover (Quarterly)	**Voluntary**	**Involuntary**	**Voluntary**	**Involuntary**
Number	60	13	65	10
Overall Turnover	5%		5.07%	
Number	73		75	

Learning Team Activities

Activity	Quarter Ended March,2012	
	# of Trainings	# of Participants
New Staff Orientation	2	17
External Training	1	1
Refreshers	1	1517
Internal Trainings	36	1453

The following initiatives were taken in the HR department during the current quarter:

- The Kashf Certification Program was undertaken with 40 Business Development Officers and Branch Accountants from the 4 regions in Punjab. The Kashf Certification Program is a 3 day live-in session in Lahore aimed at developing the skills of the participants to enhance their efficiency, Customer Care, increase their impact, awareness about gender justice, and enable them to become better professionals, and help them meet upcoming challenges in a more effective manner. At the close of this quarter, all permanent staff at Kashf Foundation have been trained under the Kashf Certification Program. Cumulatively, 938 staff from Punjab and Sindh have been trained under this initiative since its inception.

- The Kashf Policy Training was also organized in the current quarter at the Lahore Country Club. This was a full day event attended all Kashf Foundation staff and Kashf Foundation's senior management team. The major activities on the Kashf Policy Training were the Regional Kashf Policy Champion Quiz, Debate on the Efficacy of microfinance in Pakistan, and an open-house panel discussion with the Senior Management team.

- Seminars on "Awareness Against Sexual Harassment" were conducted in all areas of Kashf Foundation. The sessions re-iterated Kashf Foundation's stance of maintaining a harassment and discrimination free workplace and included sessions on the Kashf Foundation Sexual Harassment Policy, myths and facts concerning sexual harassment, acceptable behavior at the work place and reporting procedures.

- A Leadership Training with Pipeline Area Managers was organized which covered aspects of effective Coaching, negotiation and communication skills, engaging teams with positive behavior.

- The HR department also initiated a Branch Ranking Program for Kashf Foundation branches. Under this initiative Kashf Foundation branches are awarded stars for exemplary performance on the following indicators-
    - Commitment to Sustainability,
    - Commitment to Outreach,
    - Commitment to Gender Equity,
    - Commitment to Accuracy,
    - Commitment to Customer Loyalty.

Gender Empowerment and Social Advocacy (GESA)

Kashf Foundation Holistic Financial Inclusion Program

Basic Financial Literacy

Basic Financial Literacy trainings were delivered by Kashf Foundation's Business Development Officers to potential women clients and additional male family members where necessary. These trainings were provided prior to loan disbursement in order to educate clients on the basics of borrowing, debt management, savings, client rights, and details of the financial agreement that they are undertaking with KF. In the current quarter 39,604 clients received Basic Financial Literacy Trainings, this increases the cumulative outreach of this program to 164, 7943 participants.

Advanced/Systemized Financial Education

The Advanced/Systemized Financial Education trainings were delivered via specialized trainers to 5,000 women clients who have existing loans with KF. In this quarter, 800 training sessions were conducted by Systemized Financial Education trainers.

Client Feedback from Systemized Financial Education Program

- Zahida Baji from Khanewal stated that through this training she has learnt the negotiating techniques that are required to run a business in an effective manner.
- Shareefan Baji in Faisalabad internalized the lessons of smart saving to such an extent that she started saving the amount which she was otherwise randomly giving her children for candies .
- Tahira Arif from Ravi Rayon was totally unaware about the importance of savings in their life before attending SFE Training. However, after attending the saving session she now aims to purchase a money box to save money for emergency purposes.

Business Incubation Lab Program

In the first two months of this quarter, preparations were made for launching the pilot phase for Business Incubation Lab. This included the identification and selection of women entrepreneurs for the program, preparation of the initial business management training module and linking entrepreneurs with vendors in local markets for expanding their business networks. The program launched its pilot on 6th March with approximately 90 Kashf clients. The pilot was launched in three cities: Lahore, Gujranwala and Multan. In March, a total of 82 women entrepreneurs have been trained on the preliminary Business Management module

where women entrepreneurs were introduced to basics of entrepreneurship, business planning and financial management.

Gender Trainings

In this quarter, 367 training sessions with a total of 6,536 participants (3,116 Males, 2,379 clients and 1,041 youth) were successfully conducted to create awareness about gender discrimination and help change the mindsets of participants about gender norms in relation to women's participation in the economy and their access to financial services.

Clients' feedback on Gender Trainings

Mohsin Shah from Fateh Jang said that one should trust their female family member to boost their confidence (Gender Training with Youth)

Muhammad Munir from Wazirabad02 branch shared that through this training he realized the importance of gender equality for the progress and development of both his sons and daughters.

One of the participants in male gender training reflected that after attending the training his views about sharing household chores with his wife had changed, before this training he thought that helping wives in household chores is a compromise on male prestige bit after the training he realizes that contributing to the household is a matter of pride.

Social Theater

The Kashf Social Theater Program aims to educate and create awareness amongst low-income communities especially women about gender discrimination. Additionally, the theatre performances promote women rights as basic human rights. In the current quarter, 101 Social Theater sessions were conducted in following cities, Lahore, Kasur, Gujrat, Attock , Gujranwala, Sialkot, Multan , Faisalabad, Sahiwal, Pakpattan and Karachi. A total number of 10,862 individuals attended these performances.

Feedback on Social Theatre	
Participant shared, "This program is a reflection of Kashf's mission and is a proof that Kashf is working for women empowerment in society in true sense".	In Arifwala, participant reflected that theater performance is a true depiction of my daily life, it provided me confidence to raise voice against domestic violence

Women Entrepreneur Council

The Women Entrepreneur Council is a new intervention introduced by Kashf Foundation - the objective of this Council is to promote and increase feedback from clients in the policy making process of Kashf Foundation to meet the over-arching goal of transforming lives of low-income households especially females. The second meeting of the council comprising of 28 clients from 28 different areas of Kashf Foundation was held in this quarter. The main agenda of this meeting was to share some of the key recommendation incorporated in Kashf Foundation policies and procedures, forwarded by WEC members in first quarterly meeting.

Suggestions forwarded by WEC Members in Second Quarterly Meeting

1. Re-introduction of emergency/ consumption loans which are payable over 6 months
2. Provision of loans for children's education and weddings
3. Introduction of some flexible features including the following:
    - Linking amount of installment to profit of business for larger loan
    - Family members living under one roof but running separate business must be eligible for separate loan
4. Introduction of new products and services:
    - Seasonal and Livestock loans
    - Loans for home construction
    - Vocational centers for less educated clients
5. Expansion of Kashf Foundation in new districts and provinces.

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