



# Kashf Foundation Quarterly Report

January – March 2013

**KASHF FOUNDATION**

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## Major Highlights

- *Kashf Foundation launches a TV Drama on HUM TV primetime. The TV show focuses on issues plaguing low-income women in Pakistan and shows a way out of poverty and dis-empowerment through microfinance that specially caters to women entrepreneurs! Kashf is Pakistan's first microfinance institution to ever produce and launch a TV show on primetime!*  
[www.facebook.com/RehainOfficial](http://www.facebook.com/RehainOfficial)
- *Kashf Closes the Current Quarter with an Active Client Base of 305,940 clients and an outstanding portfolio of Rs. 3.4 Billion.*
- *Kashf Foundation maintains an OSS of 107 and FSS of 97%*
- *Kashf Improves Employees Gender Ratio from 48% to 49%*

## Operational Performance<sup>1</sup>

### Overall Growth

Kashf Foundation ended the period January - March 2013 with an active clientele of 305,940 clients with an outstanding portfolio of Rs. 3.4 billion, compared with 300,091 clients and an outstanding portfolio of Rs. 3.2 billion at December 2012 closing. Kashf was able to maintain the growth rate of the previous quarter despite the myriad issues facing the economy, political

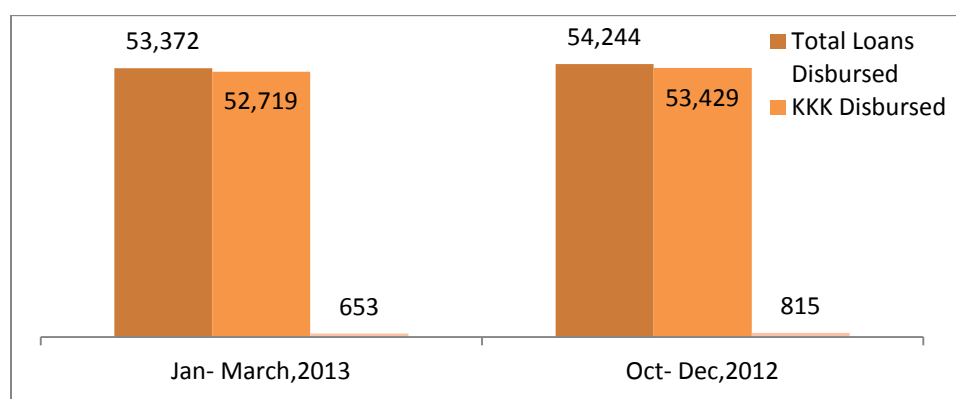
<sup>1</sup> Figures in this for Quarter 3 are audited figures, which may vary from the unaudited figures provided in the previous quarterly report.

turbulence, and security concerns. The number of loans disbursed in the quarter were also maintained, i.e. 53,372 loans in the current quarter compared to 54,244 loans in the previous quarter. For the current quarter the field teams were able to demonstrate more than 100% target achievement on their weekly, monthly and quarterly targets.

## General Loan and Outreach

	January – March 2013	October – December 2012
<b>Active Clients and Outstanding Portfolio</b>		
Total Kashf Clients	305,940	300,091
Cumulative Portfolio	3,409,097,835	3,248,971,253
<b>Cumulative KKK Loans Disbursed</b>		
Cumulative KKK Loans	1,529,794	1,476,422
<b>Loans Disbursed in Quarter</b>		
Amount Disbursed	1,312,855,000	1,276,323,000
Loans Disbursed (KKK + KAK)	53,372 (52,719 + 653)	54,244 (53,429 + 815)
Average Loan Size KKK	24,588	23,529

Keeping abreast with the last quarter, Kashf disbursed 52,719 KKK loans in the current quarter compared to 53,429 loans disbursed in the previous quarter.



The average loan size has increased from Rs. 23,529 in the last quarter to Rs. 24,588 in the current quarter – the average loan size for the sector is Rs. 25,027<sup>2</sup>. The increase in Kashf's average loan size can be attributed to the following; Kashf has increased the entry loan size for clients based on rising inflation and the resulting decrease in the real value of money.

<sup>2</sup> Microwatch – Pakistan Microfinance Network, March 2013.

Moreover, since Kashf Foundation does an extensive business and household appraisal for the clients, the increased loan size bracket gives Kashf the opportunity to align the capital provided to the business needs of the clients while ensuring that the client is not over-burdened by the debt.

## Financial Sustainability

### Overall Performance<sup>3</sup>

In the current quarter the liquidity ratio decreased slightly compared to the last quarter. Overall there were inflows of Rs 513 Million (Rs. 500 from PPAF and Rs. 13 million from KIVA) and outflows of Rs. 526 million against the repayment of loans.

	Jan – Mar 13	Oct – Dec 12
Cash to Total Assets (%)	6.32%	6.57%
Short Term Investments and Cash to Total Assets (%)	16.54%	16.57%
Return on Investments	9.71%	9.78%
Cash to Current Liabilities	9.48%	10.21%

In order to manage the total available liquidity pool more efficiently, the Foundation undertook the following; (1) the balance in high yield bank accounts was maintained and (2) the Foundation continued to roll over short term investment to maximize the yield on investment portfolio. Currently 67 % of the total investment pool can be characterized as 'short-term investment'. At the end of the quarter, the total investment portfolio was the same, i.e. Rs. 625 Million, as last quarter.

The major source of funding during the current period has been PPAF and KIVA, which as mentioned earlier have provided PKR 500 Million and PKR 13 Million respectively. The weighted average cost of funds for the current quarter is 12.60%, with COF for commercial loans at 11.65% and PPAF loans at 12.92%. Currently, there is an available pool of Rs. 287 million and an expected inflow of Rs. 1.4 billion- Rs. 1 billion from JS Bank and Rs. 400 million from Askari Bank for the next quarter to support on going cash-flow needs.

<sup>3</sup> Figures in this for Quarter 3 are audited figures, which may vary from the unaudited figures provided in the previous quarterly report.

The table on the right shows the income for the Foundation for the current quarter. There has been an increase of 3.8% in overall income compared to the previous quarter, as Income from loans has increased by 4.5% due to increase in the size of the loan portfolio.

INCOME FROM FINANCIAL SERVICES			
	Jan-Mar 2013	Oct-Dec 2012	Weight age (%)
Service Charge	259,280,700	248,195,106	87.53%
Investments	20,603,914	19,572,188	06.96%
Other Income	16,327,115	17,697,403	05.51%
Total Income	296,211,729	285,464,697	100%

## Efficiency Ratios

There has been a slight deterioration in the administrative efficiency ratio, which is 22.80% in the current quarter (compared to the previous quarter where it was 22.63%). The Sustainability ratios shows static trend with the OSS at 107% in Mar 2013 (compared to 107% in Dec 2012) and the FSS at 97% (compared to 97% in Dec 2012).

EFFICIENCY RATIOS		
	Mar 2013	Dec 2012
Administrative Efficiency	22.80%	22.63%
Operational Self Sufficiency (OSS)	107%	107%
Financial Self Sufficiency (FSS)	97%	97%

## Human Resources

### HR Trend Analysis at a Glance

- The total staff count at the end of June 2012 stood at 1,558 and the female gender ratio at the organizational level stood at 49%.
- The recruitment team continued to identify and employ talented and committed staff as 134 employees were inducted during the current quarter.
- A total of 131 employees were recruited for the field and 3 employees were hired for Head Office positions. Out of the total recruited staff, 70 employees were female.
- Overall Employee Turnover was 3% as 31 staff resigned and 15 staff members were terminated.

HR TREND ANALYSIS					
		Jan-March 2013		Oct – Dec 2012	
<b>Total Permanent Staff</b>	1,558		1,474		
Total HO Staff	109		106		
Total Field Staff	1449		1368		
<b>Gender</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
Number	796	762	769	705	
<b>Total Staff (Trainee + Permanent)</b>	1700		1606		
Total Staff (HO)	112		106		
Total Staff(Field)	1588		1500		
<b>Gender (Trainee + Permanent)</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
Ratio	51%	49%	52%	48%	
Number	860	840	830	776	
<b>Total Staff Recruited</b>	134		158		
Total Staff Recruited – HO	3		4		
Total Staff Recruited - Field	131		154		
<b>Gender Recruited Staff</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
Number	64	70	69	89	
<b>Turnover (Quarterly)</b>	<b>Voluntary</b>	<b>Involuntary</b>	<b>Voluntary</b>	<b>Involuntary</b>	
Number	31	15	48	10	
<b>Overall Turnover</b>	3%		4%		
Number	46		58		

## Learning Team Activities

Activity	Quarter Ended March, 2013	
	# of Trainings	# of Participants
<b>New Staff Orientation</b>	5	110
<b>External Training</b>	2	9
<b>Internal Trainings</b>	3	1500

## HR Initiatives

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

- All Kashf staff in Punjab attended trainings on 'Upholding Dignity at the Workplace'; through these trainings that were undertaken at the area level, the HR department was able to train 803 Business Development Officers, 154 Branch Accountants, 149 Branch Managers, 30 Area Managers, 27 Compliance Officers, 60 GESA trainers, and 11 ITOs. The aim of the module for to create a Dignified Workplace for all Kashf staff free from harassment and bullying.
- A training module was prepared and implemented with BMs and AMs in the field on 'Effective Annual Performance Reviews'; 200 staff were covered via 11 sessions.
- A Full day Certification module was implemented with Area Managers which covered the basics of becoming a trainer. Each participant was also given the opportunity to prepare a module on the spot and present it. This was videotaped and they were shown their presentations in the training. Moreover, they were given anonymous written feedback by all participants and individualized feedback via email after the training by the learning team.
- The HR department also undertook the 5 Star Branch Ranking Program for Kashf Foundation branches. Overall the initiative was taken very positively and a sense of competition was created amongst the branches to earn more stars. The number of branches that earned each star can be seen below:

Commitment to Sustainability - 106	Commitment to Gender Equity - 102	Commitment to Outreach - 91
Commitment to Customer Loyalty – 60	Commitment to Accuracy – 14	

- Monthly ongoing initiatives which include Employee of the Month (for all tiers and functions), HR Newsletter and Star Performers Lunch with MD were also undertaken.
- The HR Helpline received 255 queries in the current quarter, a majority of the queries were relating to compensation and benefits especially health insurance, while the second highest number of queries were relating to payroll.

## Gender Empowerment and Social Advocacy (GESA)

### Kashf Foundation Holistic Financial Inclusion Program

#### Media Campaign

Kashf is the first microfinance institution in Pakistan to launch a television series highlighting the role of microfinance and the avenues it provides for low-income women. The TV series was

launched in March in lieu of International Women Day’s celebrations. The drama series is entitled “Rehaii” and features an all-star cast including Samina Peerzada, Nauman Ijaz, Maria Wasti, and Danish Taimoor. The series has been directed by award winning director Mehreen Jabbar and scripted by Farhat Ishtiaq. The serial is based on a true story and depicts the lives of Kashf clients and the issues they face on a daily basis. The show has been very well-received by types kinds of audiences, especially the Kashf Foundation clients.

“I can understand the pain from which these three women are going through. This is my own story, my husband had thrown me out with my three daughters and married to another women. I didn’t give up hope and continued struggling against dire financial situations through financial assistance from Kashf Foundation”. **Humaira Naaz from Rawalpindi**

“I am really amazed with the theme of Rehaai, I am running a stitching center in my home. After watching Rehaai I have decided to provide free of cost stitching and tailoring trainings to destitute women and girls so as to enable them to start a business venture”.  
- **Faiza Arshad from Gujranwala**

### Business Incubation Labs

Kashf Foundation’s Business Incubation Labs serve to help low-income women entrepreneurs strengthen and expand their businesses through graduating their businesses from self-employed ventures to small enterprises. The program offers in-depth custom-designed trainings and exposure opportunities to participating clients to help them grow their businesses. The program has been successfully piloted in Lahore, Gujranwala and Multan – outcomes from the pilot have shown that on average 23% of graduated clients reported an increase in income and savings and most of the clients reported an increase of Rs. 1,000 – Rs. 1,500 per month in their average savings. Moreover, on average 10% of the graduating clients reported increase in employee base.

In this quarter the Business Incubation Lab program was successfully replicated across all of Kashf’s operational areas and Kashf now has 32 area level Business Incubation Labs. Via these labs, 1,417 women entrepreneurs were trained on the Business Management, Marketing and Networking modules. These women are expected to graduate from the BIL program by the end of April, 2013.



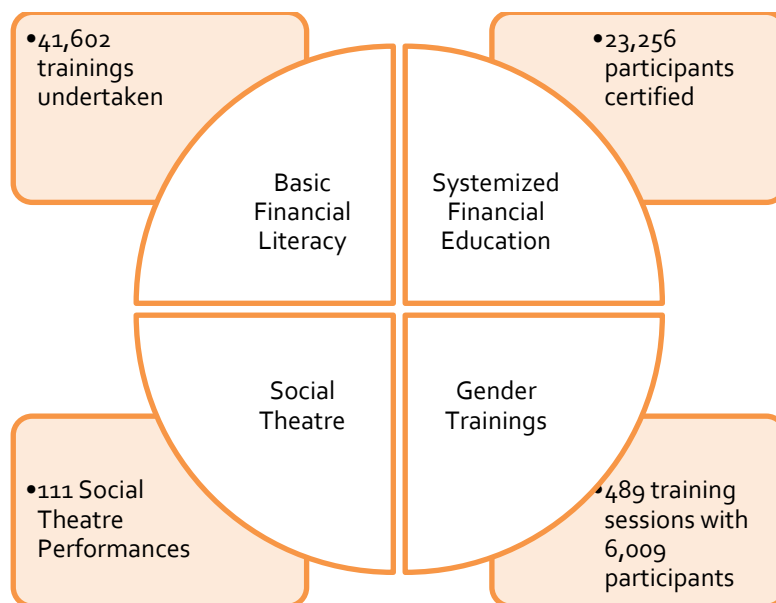
## Women Entrepreneurs Council

Kashf's First Women Entrepreneur Council served its one year term which ended in December 2012. The Second Women Entrepreneurs Council was appointed in this quarter based on area wise nominations. The first meeting of this council was held in March with the main agenda of introducing council members and helping them understand their role and responsibilities as a council member in a more meaningful manner. The next council meeting is planned for June 2013.

Some of the recommendations from the first Women Entrepreneurs Council (WEC) that have been implemented include the following:

- A new start-up loan product has been developed and is being piloted in Sheikhpura and Kasur with 60 clients, based on the recommendation of the WEC.
- There has been a reduction in the documentary requirements for rented clients.
- The upper limit for loan amount has been increased to Rs. 60,000
- Numeracy skills have been added as a component to Basic Financial Literacy Trainings

## Round-up of GESA Activities



- In the current quarter, 41,602 **Basic Financial Literacy** trainings were undertaken. These trainings aim to enhance financial literacy skills of participants and to familiarize them with basic knowledge on borrowing, debt management, savings and basic numeracy.

- A total of 23,256 clients were trained under the **Systemized Financial Education program**. These clients completed their certification in four subject areas; Savings, Budgeting, Debt Management and Financial Transactions.
- A total of 489 **Gender Trainings** sessions were undertaken in the period January – March with 6,009 participants. These participants included 2,093 clients, 2,995 males, and 961 young boys from the communities. The trainings aimed 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.
- 111 **Social Theater** performances were staged which were attended by 11,269 individuals. The play featured was based around a story-line wherein the souls of a wife and husband get exchanged and both of them realize the responsibilities linked to both genders.

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