



# Kashf Foundation Quarterly Report

October - December 2011

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

### Overall Growth

In the period October to December 2011, Kashf Foundation continued with its fast pace of disbursements and closed the quarter with an outstanding portfolio of PKR 2.6 Billion and an active clientele of 265,825. The total number of disbursements in the current quarter were 47,112 (compared to 37,145 in July – September 2011) which represents an increase of approximately 26%. Kashf's growth pace was slower in the previous quarter due to the Islamic month of Ramadan – where Kashf Management had consciously kept low targets for growth. For the current quarter targets were increased, and the field teams were able to demonstrate more than 100% target achievement.

### General Loan and Outreach<sup>2</sup>

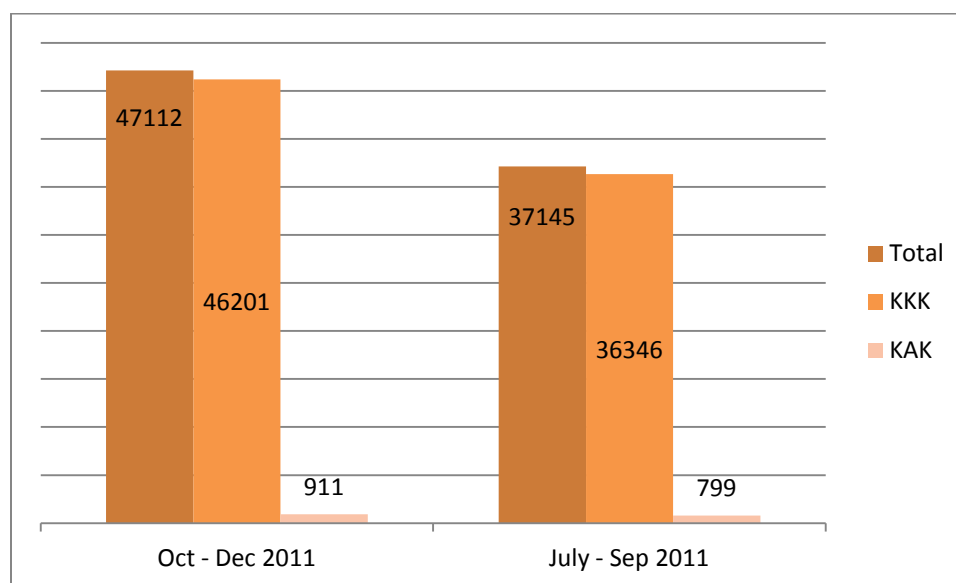
	OCT – DEC 11	JULY – SEPT 11
<b>Active Clients and Outstanding Portfolio</b>		
<i>Total Kashf Clients</i>	265,825	240,335
<i>Cumulative Portfolio</i>	2,645,156,077	2,334,317,841
<i>Cumulative Loans Disbursed</i>		
<i>Cumulative KKK Loans</i>	1,282,399	1,235,287
<i>Loans Disbursed in Quarter</i>		
<i>Amount Disbursed</i>	1,023,788,000	809,999,000
<i>Loans Disbursed (KKK + KAK)</i>	47,112 (46,201 + 911)	37,145 (36,346 + 799)

In the current quarter, 46,201 KKK loans were disbursed compared with 36,346 loans disbursed in the previous quarter. This denotes an increase of approximately 27% in the

<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.

<sup>2</sup> 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

pace of new KKK disbursements which as explained earlier has been due to stabilization of targets after the month of *Ramadan* and over 100% target achievement. KAK disbursements have displayed an increasing trend in the current quarter, i.e. 911 disbursements were made in October – December compared to 799 in July – August 2011. This has been done through increased focus on KAK disbursements by field teams in light of Kashf Management directions.



## Financial Sustainability

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

In the current quarter the liquidity ratio decreased compared to last quarter mainly due to loan repayments amounting to Rs.963 Million. 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, currently

	OCT - DEC 11	JULY - SEPT 11
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

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14 % of the total investment pool can be characterized as ‘short-term investment’. At the end of the quarter, the total investment portfolio stood at Rs. 380Million [compared with Rs. 426Million in September 2011].

The major source of funding during the current period has been PPAF which has provided PKR 615 Million. The weighted average cost of funds for the current quarter is 13.33%, with COF for commercial loans at 12.87% and COF subsidized loans 13.50%, compared to 13.17% (weighted average COF) for the last quarter. Currently, there is an available pool of Rs. 377 Million available which will be used to meet the debt obligation of Rs. 172 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 16% 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.

<b>INCOME FROM FINANCIAL SERVICES</b>			
	Oct-Dec 2011	July-Sep 2011	Weight age (%)
Service Charge	181,405,248	156,439,358	81.56%
Investments	26,305,472	26,126,842	11.83%
Other Income	14,693,915	9,893,801	6.61%
<b>Total Income</b>	<b>222,404,635</b>	<b>192,459,301</b>	<b>100%</b>

Income from investments has slightly increased (with average return on investments being 11.71%). The pool of investment has been reduced in lieu of higher liquidity requirements to fund high levels of growth and make institutional loan repayments.

## Efficiency Ratios

There has been an improvement in the administrative efficiency ratio, which is 34.82% in the current quarter (compared to the previous quarter where it was 41.12%). The operating expense ratio has also shown an improvement, i.e. it is 27.35% in the current quarter (compared to 28.86% in Sep 2011). This can be attributed to the increase

<b>EFFICIENCY RATIOS</b>		
	<b>DEC 2011</b>	<b>SEP 2011</b>
Administrative Efficiency	34.82%	41.12%
Operating Efficiency	27.35%	28.86%
Operational Self Sufficiency (OSS)	92%	88%
Financial Self Sufficiency (FSS)	86%	79%

in income from portfolio. The profitability ratios have also subsequently demonstrated an upward trend with the OSS at 92% in Dec 2011 (compared to 88% in Sep 2011) and the FSS at 86% (compared to 79% in Sep 2011).

## 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 (July 2011 to December 2011) by Kashf Foundation is Rs.33.9 Million and the total numbers of claims settled are 439 amounting to a payout of Rs.9.2 Million.

Insurance Enrollment		Oct-Dec 2011	July – Sep 2011	Total
Premium Received	Lives Covered	94,522	74,290	168,812
	Amount (In Rs.)	18,938,448	14,967,750	33,906,198
Payout		5,560,900	3,664,240	9,225,140
Number of Claims		261	178	439

## Human Resources

### HR Trend Analysis at a Glance

- The total staff count is currently 1,478 and the female gender ratio at the organizational level stood at 48% at the close of this third quarter of 2011.
- The recruitment team continued to identify and employ talented and committed staff as 74 employees were inducted during the current quarter.
- A total of 71 employees were recruited for the field and 3 employees were hired for Head Office positions. Out of the total recruited staff, 34 employees were female.
- Overall Employee Turnover was 5% as 65 staff resigned and 10 staff were terminated.

HR TREND ANALYSIS					
		Oct-Dec-2011		July-Sept-2011	
<b>Total Permanent Staff</b>		1,478		1,468	
Total HO Staff		93		98	
Total Field Staff		1,385		1,370	
<b>Gender</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
Number	769	709	760	708	
<b>Total Staff (Trainee + Permanent)</b>		1,554		1,592	
Total Staff (HO)		96		101	
Total Staff(Field)		1,458		1,491	
<b>Gender (Trainee + Permanent)</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
Ratio	52%	48%	51%	49%	
Number	810	744	818	774	
<b>Total Staff Recruited</b>		74		112	
Total Staff Recruited – HO		3		2	
Total Staff Recruited - Field		71		110	
<b>Gender Recruited Staff</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
Number	40	34	58	54	
<b>Turnover (Quarterly)</b>	<b>Voluntary</b>	<b>Involuntary</b>	<b>Voluntary</b>	<b>Involuntary</b>	
Number	65	10	42	13	
<b>Overall Turnover</b>		5.07%		5%	
Number		75		55	

## Learning Team Activities

Activity	Quarter Ended December 2011	
	# of Trainings	# of Participants
New Staff Orientation	4	67
External Training	2	19
Refreshers	34	1,555
Internal Trainings	16	504

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

- The Branch Manager Conference was organized in Lahore. The theme of the conference was Building Strong teams to improve Customer Satisfaction and Achieve Kashf's Mission. All Branch Managers from the entire Kashf Foundation network attended this conference with covered all aspects of building strong teams.
- The HR department organized a 'Leadership Development Training' for the Management Team in association with Franklin Covey Pakistan. The Leadership Development Program entitled Great Leaders, Great Teams, Great Results was conducted by Ms. Andaleeb Abbas (CEO of Franklin Covey Pakistan). The entire experience was very enriching for the management team and provided them with adequate tool-sets to develop their skill-sets to become better leaders.
- The Kashf Certification Program was undertaken with the entire South region staff including BDOs and BAs. These participants undertook a 2 day live-in session in Karachi aimed at developing the skills of the participants to enhance their efficiency, increase their impact, enable them to become better professionals, and help them meet upcoming challenges in a more effective manner.
- An Area Manager Retreat was also organized in the current quarter, the retreat was a 2 day event organized at the Lahore Country Club. The training content included sessions on strategies to build trust, effectively engage teams, undertaking more effective communication, and team-work.
- A Business Communication and Report Writing Training was organized through STEPS for Head Office Staff. The training covered aspects of improving email writing, report writing, proposal writing, grammar, syntax and audience selection.

- A Leadership Training with Pipeline Area Managers was organized which covered aspects of effective communication, engaging teams and trust-building behaviors.
- 4 Orientations were undertaken within this period. The Learning & Development Team also revised the Orientation Module.
- The Six Monthly Strategic Planning Exercise was also organized in the current quarter at the Lahore Country Club. The 2 day workshop consisted of training, envisioning and planning exercises to align the activities of all departments for the next 6 months and set the course for the Organization.

## Gender Empowerment and Social Advocacy (GESA)

### Kashf Foundation Holistic Financial Inclusion Program

#### Basic Financial Literacy

Basic Financial Literacy trainings were delivered by KF's Business Development Officers to potential women clients and any additional male family members where necessary. These trainings are 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 47,120 clients received Basic Financial Literacy Trainings.

#### Advanced/Systemized Financial Education

The Advanced/Systemized Financial Education training is being delivered by 32 specialized trainers to women clients who have existing loans with KF. In this quarter, 2,063 training sessions were conducted by SFE trainers with a total of 6,165 clients. These training sessions were module-based workshops with certification in four subject areas: Savings, Budgeting, Debt Management and Financial Transactions.

#### Clients' feedback on Systemized Financial Education Trainings

Ifra from Walton Branch said that the training session has enabled her to prepare her household budget and business budget as well.

Sughra from Kasur 01 Branch said that she has been able to differentiate between necessary and unnecessary expenditures after attending this training session.

Rukhsana from Rahim Yar Khan Branch found the entire training session quite useful and expressed that information regarding account opening will help in enhancing savings.



## Business Incubation Labs

In this quarter, the Business Incubation Lab completed its preliminary research phase comprised of a series of semi-structured interviews conducted in Lahore, Gujranwala and Multan. The research has been used to understand the socio-economic contexts of women entrepreneurs and provide recommendations that will be incorporated in the pilot phase of the program. Presently, the program is in its planning and pre-pilot preparation.

## Gender Trainings

In this quarter, 367 training sessions with a total of 4,678 participants (2,143 Males, 1,800 clients, 18 female relatives of clients and 717 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

Farooq from New Karachi01 promised to support his mother and sister in their household chores after attending training. (Gender Training with Youth)

Rubina (client) from Multan said, "For the prosperity of a nation it is necessary that both males and females work together. (Gender Training with Clients)

Majid from Rahim Yar Khan said, "It's the right of both the male and the female to run their business and make decisions together. (Gender Training with Male)

## 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, 102 Social Theater sessions were conducted in following cities, Khanewal, Gujranwala, Gujrat, Bahawalpur, Rawalpindi, Kasur, Sialkot, Multan and Sheikhpura. A total number of 10,200 individuals attended these performances.

### Feedback on Social Theatre

Rubina from Sialkot 01 branch shared that Kashf is working for the empowerment of women in this male dominating society and providing us an opportunity to establish our businesses. (Theatre: Sialkot 01)

Farman from Kabeerwala Branch shared that through this session he realized that there is no difference between both genders and both males and females can work in collaboration. (Theatre-Kabeerwala)

## 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 first 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 introduce the council members with the concept of the Women Entrepreneur Council, discuss their roles as the members of the council, and take feedback on current policies of the Foundation.

<b>Recommendations Implemented in January 2012</b>	<ul style="list-style-type: none"><li>• Enhancing female inclusion through age bracket revision to 18 years.</li><li>• Making PDC provision easier for new and repeat clients</li><li>• Giving flexibility on picture less CNICs to women for further mainstreaming of females.</li><li>• Reducing documentary requirements for rented clients</li></ul>
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