

Kashf Foundation Focus Notes Series
August 2019

Outcomes from the **Third Party Impact Assessment** of KASHF's **Flagship Lending Product & Health Insurance**

Kashf Foundation commissioned a third party impact assessment to determine the efficacy of its microfinance program in terms of enhancing the economic well-being and competencies of its clients. Semiotics Pvt. Limited was selected for this project after an extensive due-diligence and shortlisting process. This focus note provides the key findings from the report.

KASHF RAISON D'ÊTRE

Women centric and pro-poor access to financial services can promote economic growth, reduce income inequality, improve access to health and nutrition, and empower women through an enhanced role in household decision making.

With high levels of financial exclusion, especially gendered financial exclusion, and low levels of economic development there has been a need to support low-income households, especially women, with access to finance for economic empowerment. Kashf Foundation has been working since 1996 to address this need by offering a suite of women friendly, pro-poor, and innovative products and services.

To understand the impact of its program, along with internal impact assessments, Kashf periodically commissions third party impact assessments to evaluate program impact and

identify areas of improvement. In 2019, Kashf commissioned an impact assessment which has been undertaken by Semiotics Private Limited.

This focus note provides the salient findings of the Impact Assessment study with respect to Kashf's main lending product – the Kashf Karobar Karza (KKK) and the affiliated health insurance product the Kashf Sehatmand Zindagi Bima.

The Kashf Karobar Karza is currently offered in 60 districts in Punjab, Sindh and Balochistan (Kashf offers a Shariah compliant product in KPK which has been assessed separately). After an analysis of Kashf's client data sets, Semiotics selected 9 districts to allow for appropriate

geographic coverage. Because 86% of KKK clients resided in Punjab, 7 of the 9 sampled districts are from Punjab. These districts include:

1. Chakwal
2. Lahore
3. Faisalabad
4. Gujranwala
5. Sargodha
6. Bahawalpur
7. Khanewal
8. Karachi
9. Badin

Localities within these districts were selected based on client penetration and location of Kashf Branches.

RESEARCH METHODOLOGY

Within the selected districts, data for all clients from all service lines was analyzed to

Products	No. of Clients Interviewed
Kashf Karobar Karza (KKK)	1,316
Kashf Sehatmand Zindagi Bima (KSZB)	513
Total	1,829

Respondents Distribution

randomly select branches and clients. Reserve lists for selected branches were also generated.

Separate survey instruments were devised for the KKK and KSZB which were translated into Urdu and pre-tested in a non-sample district. After the finalization of the survey tool, field enumerators were hired and trained with a special emphasis on gender sensitivity.

The results from the survey were compiled in specially designed datasets and analyzed using SPSS (a statistical software package). Multiple statistical techniques (such as descriptive statistics, cross-tabulations, t-tests etc.) were applied to identify key themes, trends, significance and insights based on variables included in the instruments.

RESPONDENTS PROFILE

92% of clients surveyed had taken a loan just from Kashf Foundation; while 8% obtained loans from another source. Three percent (3%) of clients also obtained loans from a non-governmental organization (NGO); 2% from a microfinance bank; and another 2% from friends and family. Moreover, less than 2% of households received financial support from the Benazir Income Support Program (BISP). Thus, **Kashf Foundation was the primary mechanism promoting financial inclusion for these**

clients and their associated households.

All KKK clients were women. The average age of surveyed respondents was 39 which is over the median age of 23.4ⁱ for Pakistan. Around 91% of KKK clients were married; 6% of the clients were widows, 2% were single and 1% were divorced/separated. **The client demographic reflects a level of inclusion of women without spouses which shows the gender friendliness of accessing the program.**

Education levels amongst KKK clients were generally low. 48% of the women did not attend school at all which is significantly lower than the national primary school enrollment rates which suggest that of the 97% of all girls enroll in primary school - out of which 75% of girls graduateⁱⁱ. Only 15% of the sample had completed high or higher secondary schooling. The ratio of clients having completed tertiary education was extremely low (at 2%). This shows that **Kashf is able to serve women that are worse off than the national average education outcomes.**

With respect to religion a majority (78%) of clients were Muslim, however, a considerable proportion (22%) belonged to religious minorities. Compared to national demographics, where less than 3% of the population

belongs to a minority, **Kashf's program is promoting greater minority representation and inclusion.**

15% of clients reported to be the household head and 13% stated that they were the primary earner. Where clients were not the head of the household, it was predominantly their spouse.

The average household size was 6.5 including adults and children who live and eat together, compared to the national average household size of 6.2ⁱⁱⁱ. This means that **Kashf clients have slightly higher family sizes compared to the average Pakistani household and thereby higher dependency ratios.**

72% of clients were self-employed out of which 30% were involved in stitching/tailoring businesses, 14% were cloth traders, 12% were engaged in livestock/agriculture and 4% each were in beauty parlor, grocery business, and handicrafts. 5% were informally employed and another 5% worked on daily wages. The remaining 18% not employed at the time of interview.

Business Sector of Self-Employed KKK Clients

Food Production	3%
Handicrafts	4%
Grocery Store/Kiryaana	4%
Beauty parlor	4%
Livestock/agriculture	12%
Cloth trading	14%
Stitching/ tailoring	30%

KASHF KAROBAR KARZA

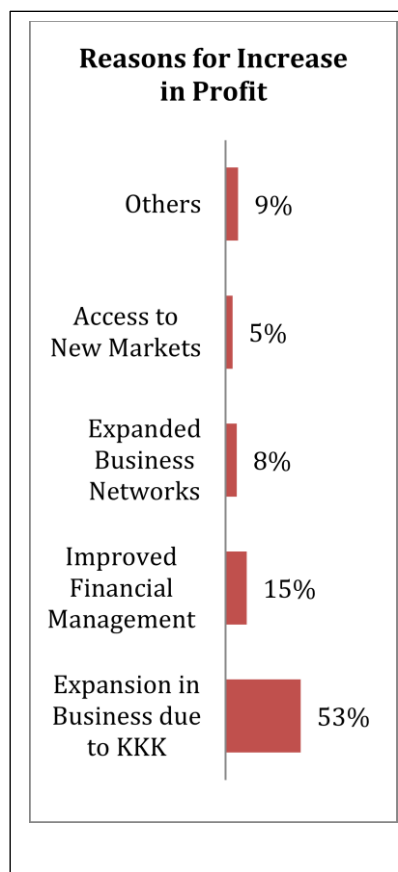
Economic Impact

With respect to the economic impact of the loans, survey results showed that **the average revenue earned increased by 37% compared to revenue prior to the loan.**

In absolute terms this was an increase of Rs.7,888 (from Rs.20,998 per month to Rs.28,886 per month). In terms of profits, **clients reported a 43% increase in monthly profits** i.e. Rs. 15,719 per month after the loan compared to Rs.10,977 before the loan. Overall, 99% of respondents attributed the increase to the KKK loan (84% of attributed this change to KKK to some extent while 15% attributed it to a large extent). Less than 4% of the clients reported a decrease in profit after the loan, and attributed this decrease in profit to decreased demand or the economic environment of the country. Regression analysis conducted on the dataset demonstrated that the difference for revenues and profits – prior to Kashf loan and after Kashf loan – is significant. This means that the difference can indeed be attributed to the loan which was obtained.

55% of the clients that cited an increase in profits reported that the expansion in business activity as a result of the loan was the primary reason for the increase in profits. 15% of clients cited improved financial

management as a result of the loan and ancillary trainings, 8% attributed the increase to expanded business networks and 5% stated that they were able to access to new markets after KKK loan.



Most of the surveyed clients also reported having benefitted from Kashf's capacity building trainings which are offered as an add-on service to the KKK clients. These trainings aim to enhance clients' understanding of the basic financial terms, help them streamline their business processes to enable them to make informed decisions about their enterprises. The impact of these trainings is also reflected in the reasons for increase in profits.

Clients also reported an increase in their personal incomes and savings after Kashf loan.

The average monthly personal income^{iv} generated by KKK clients increased by nearly 50% after obtaining the loan (from Rs. 7,349 prior to obtaining the loan to Rs. 11,353 after the loan). Regression analysis demonstrated that the change in income before and after Kashf loan is significant. Therefore, this change can be attributed to the loan which was obtained.

Monthly average savings were estimated to be Rs. 3,602 prior to the loan which increased to Rs. 5,817 subsequent to the loan. Savings were primarily maintained by KKK clients in the form of committee (48%), cash (34%) and livestock (8%). Although 22% of clients claimed to have a formal bank account, only 6% kept their savings in the bank. Thus, the vast majority of KKK clients felt that there was more stable income for the household to some extent and 15% felt this to a large extent.

Changes in Financial Capabilities

Respondents cited an improvement in behaviors relating to business recordkeeping as a result of the Kashf loan. **62% of clients reported maintaining a record of their business transactions after the loan compared to 49% who did so prior to Kashf loan.** Moreover, clients keeping a

record of inventory increased to 53% from 44%. This change in the record keeping behavior of the clients is a very important trend on two levels; firstly, considering that a majority of the respondents are uneducated it shows their personal development in the realm of functional literacy. And secondly, it signifies that the client is managing her business more professionally. This shift is a result of both the experience of running their own enterprise and the financial education trainings provided with the loan.

Changes in Access to Food

With respect to the quantity and quality of food consumed at the household level, **around half of the clients reported that better quality food was consumed by women and girls in the house after Kashf loan.** Clients who reported improvement in quality of food were often those who witnessed higher levels of absolute (and change in) personal income and savings over the past year as a result of the Kashf loan. This is an important gender development outcome as research shows that within the household women and girls have the least access to food and their needs are often given less priority compared to men and boys.

Food Security

To understand changes in food security, respondents were asked if they felt changes in the prices of food items over the

past year - 56% reported an increase of a large extent while 34% reported an increase to some extent. In light of rising prices respondents were asked how they managed to maintain smooth household consumption of food in the face of rising prices; **48% stated that smooth consumption was maintained due to better budgeting of income, and 44% of clients stated that smooth consumption was managed as a result of increased income due to the loan.** Both the enhanced ability to budget and the increase in income have been results of the KKK loan and Kashf training programs.

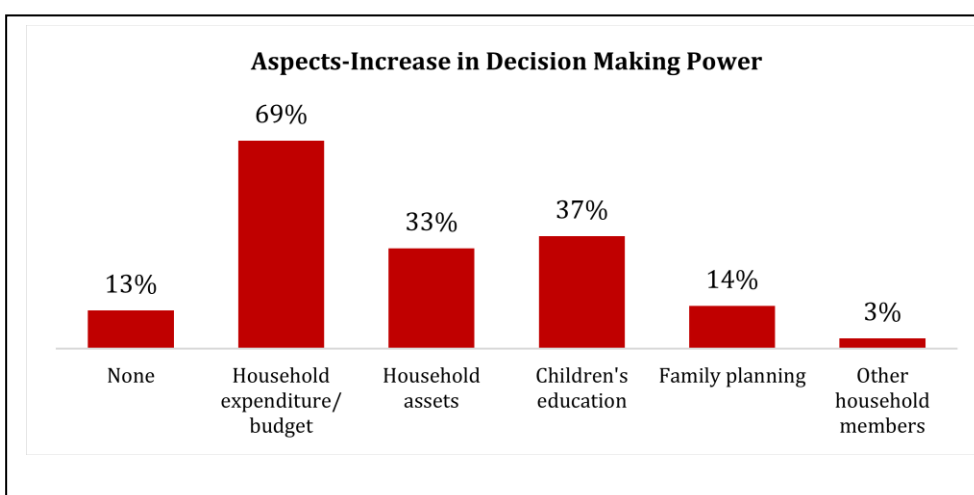
Changes in Decision Making Authority

Clients were asked questions to gauge the change in authority on decision making in the household. **82% of Kashf clients felt that their decision making authority had increased after obtaining the loan.** 69% of these respondents said that the increased authority was pre-dominantly on decisions related to household

Factors that Helped with Smoothing Consumption	
Factor	Cited By
Better Budgeting of Income	48%
Increased Income	44%
Reduction in Quality of Food Purchased	7%
Reduced Consumption	4%
Borrowed from Friends & Family	2%

budget/ expenditure. 37% respondents reported increased authority in decisions relating to children's education and 33% reported increased decision making regarding household assets. 14% respondents also felt that they have more authority regarding family planning.

Kashf clients were asked about their own perception of capability/ability and self-worth after obtaining the Kashf loan. The results obtained were encouraging: **69% of clients felt that their capability/ability improved after obtaining the Kashf loan.** A similar trend was observed in regard to client's perception of her own self-worth. The Kashf Loan is therefore a mechanism to help boost morale and self-



esteem for the female clients. This improvement in the confidence level and the client's perception of herself are key empowerment drivers and can be attributed to improved capabilities as a result of the financial management training, and the enhanced financial role the client has as a result of the Kashf loan.

Clients also reported increased confidence in taking financial and household decisions after taking the Kashf loan. 28% respondents reported increased confidence to a large extent while 38% reported increased confidence to some extent.

Intra- Household Dynamics

With respect to inter-spousal relationships, **50% of the respondents cited improved relationship with their husbands after obtaining a loan from Kashf**, while 40% reported no change (including those who had a healthy relationship with their spouse prior to the loan). Moreover, 40% of women felt that their relationship with their mother-in-law/sister-in-law has also improved after the loan. This shows that the standing of the client in the household has improved after taking a loan.

Changes in Access to Healthcare

When inquired about whether clients felt that their access to healthcare facilities, around **40% of Kashf clients reported that their access to**

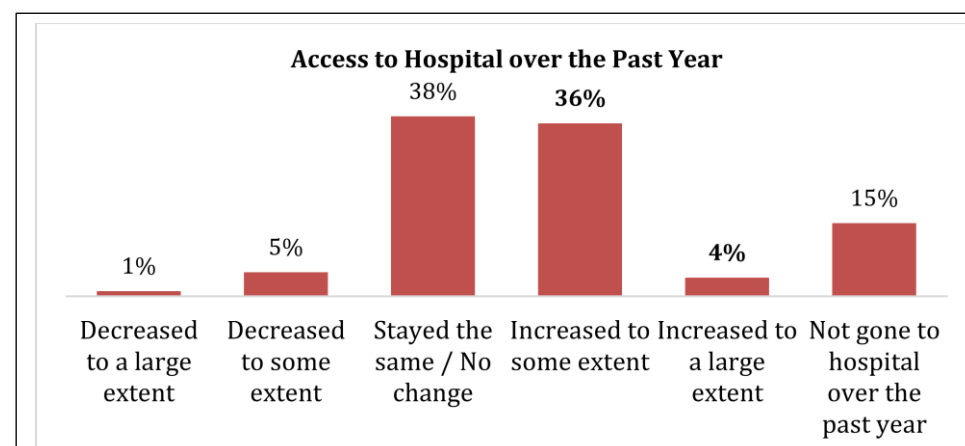
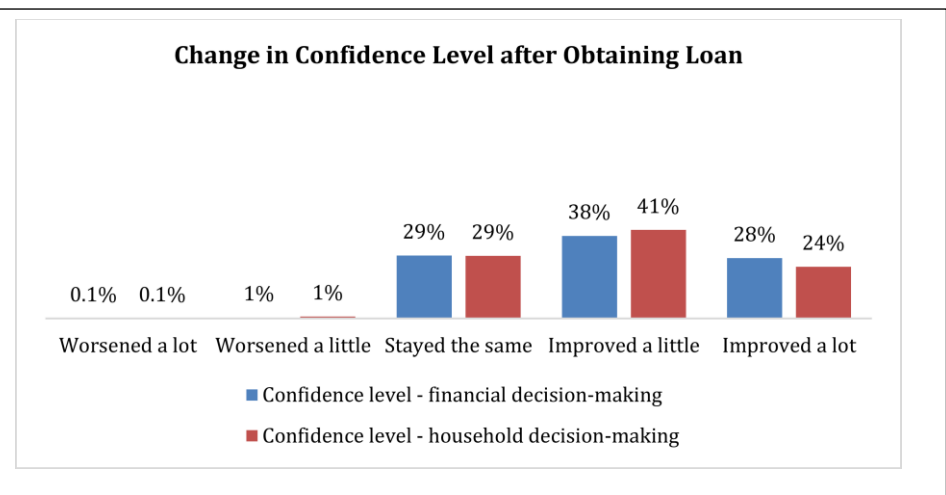
hospitals has increased over the past year (4% stated this change was to a great extent while 36% said this was to some extent). Amongst these individuals, the main reason cited for this increased access was a result of increased affordability (53%) followed by KSZB insurance coverage (27%). It is important to note here that most of these respondents have not been claimants of the Kashf Health Insurance. Responses from clients that have been claimants are provided in the following section.

The respondents were also asked that as women, if they felt that their access to healthcare had improved as a result of the Kashf loan. The

response was markedly positive: around 73% felt that their access had improved to some extent and another 15% felt that this access has improved to a large extent. A similar trend was observed when asked about access to healthcare for other women in their household. **Thus showing that enhanced income in the hands of women has a positive impact on access to health for women.**

KASHF SEHATMAND ZINDAGI BIMA

Results from interviews undertaken with clients that had used the health insurance in the last two years are presented in the following section.



When respondents were asked if the health insurance had helped improve the health of their family – **97% responded that it had improved their family's health** (with 36% responding it had improved to a large extent and 61% reporting it had improved to some extent). A very small proportion (2%) felt that KSZB did not help in this regard.

The top three illnesses where the health insurance was used included; maternity/C-section (40% of respondents), major illness/fever which required hospitalization (40% of respondents), and surgical procedures (20% of respondents). The average cost of the claim for maternity/ C-section was Rs. 21,000. Claims related to a major illness/fever cost around Rs. 21,650 and the cost of claim related to surgery was higher at Rs. 25,750 on average. The overall average cost of all claims was around Rs. 21,000. In the absence of KSZB, 84% of claimants felt that they would be able to afford the treatment only to some extent. Hence, KSZB has increased affordability for majority of the clients.

Choice of Health Facility

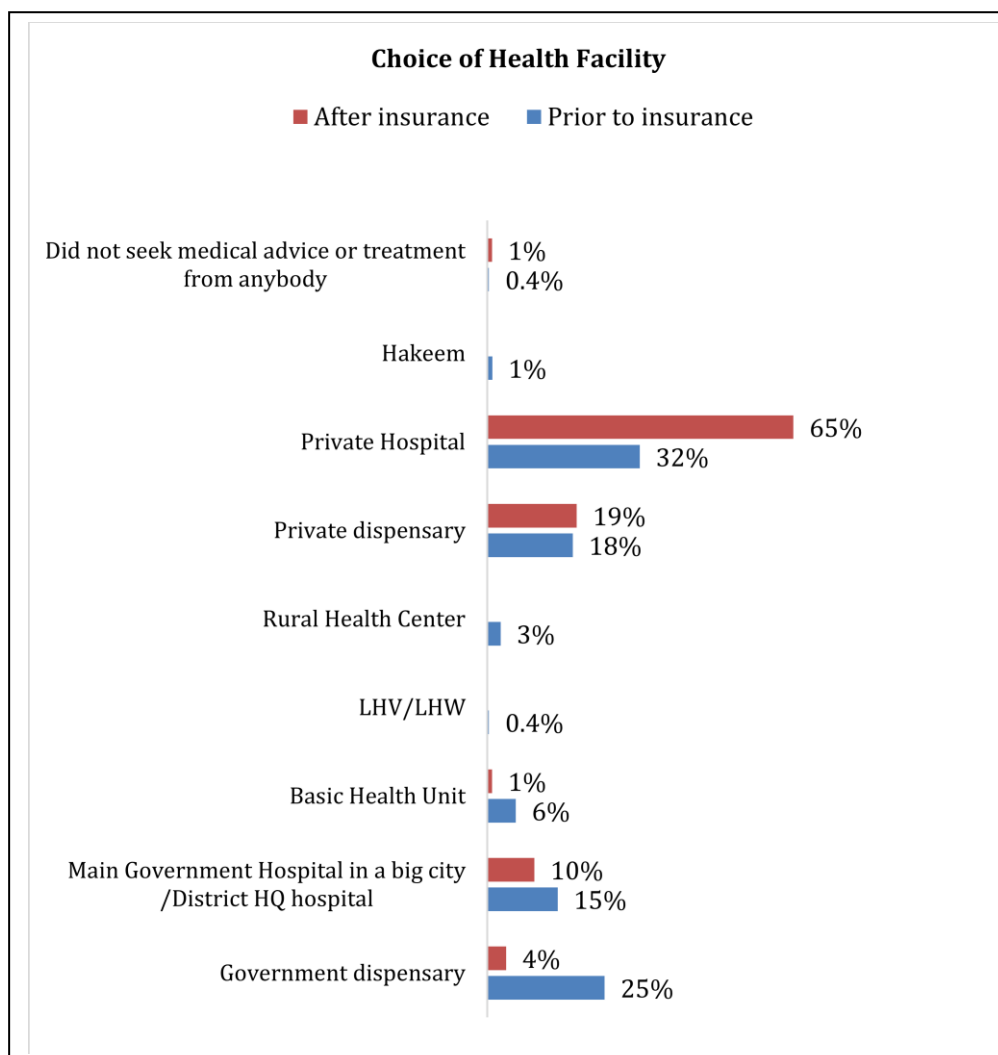
KSZB beneficiaries were asked about where they would go if they were unwell. An interesting shift in the choice of health facilities was observed prior and after the KSZB. While

32% of respondents said that they would choose a private hospital for treatment prior to loan, the number doubled with 65% claimants opting for a private facility following the loan.

Since government hospitals are far off and mostly overburdened, it leads to higher waiting time and lack of individual attention from the doctor. Therefore, patients tend to prefer treatment at the private hospitals whenever their income allows it. Change in preference for the health facility after Kashf loan shows accessibility to improved health services for Kashf clients.

Gender and KSZB

47% of the female claimants of the KSZB felt that access to health care has improved to some extent as a result of KSZB coverage; 45% felt that access has improved to a large extent. **In the absence of KSZB, nearly 53% of the claimants would not have accessed the same medical facility.** Lack of resources usually forces women to delay treatment and compromise on the quality of healthcare. Health insurance provided with the KKK loan that not only covers the client herself but all the members of the household



means that timely medical attention can be ensured for each family member, which subsequently impacts the stability of the household.

Further, claims related to maternity showed that half of the claimants now had access to a medical facility, or access to a better medical facility as a result of KSZB.

CONCLUSIONS

The third party evaluation has demonstrated that the Kashf Karobar Karza has performed well with respect to inclusion by having a diverse range of beneficiaries – including those from minorities. The KKK program is pro-poor and women centric as participants have lower education levels than the national average, and higher family sizes compared to the national average.

The findings also showed that access to finance for enterprise setup/expansion has positive impacts on the cash flow of a business and subsequently the household. Clients who took a loan from Kashf reported better management of their businesses and higher profits. Clients also cited an increase in their personal income and savings which they attributed to the Kashf loan. That said, a majority of women are still saving in informal channels which is something Kashf needs to focus on creating more awareness about.

The assessment also showed that the loans have impact beyond the economic aspects of the business; women who had taken a loan reported greater access to health care for themselves and their families, improvement in the quality and

quantity of food consumed in their house, and enhanced food security. Financial independence also led to more autonomy in decisions relating to their children and a say in the household budget/ expenditure. Moreover, women in the program reported a positive change in the relationship with their spouse after taking the loan, and most importantly in their own perception of themselves as women entrepreneurs.

With respect to the Kashf Sehatmand Zindagi Bima (KSZB) clients cited improved access to better healthcare facilities. Furthermore, the uptake of the product and the responses of the survey participants showed that the product is very women centric.

ⁱ Indexmundo.com

ⁱⁱ <https://academiamag.com/girls-education-pakistan/>

ⁱⁱⁱ Household Integrated Economic Survey 2015-2016

^{iv} Personal income refers to the income used as salary by the entrepreneur for household/ personal expenses.



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