

*Kashf Foundation Focus Note Series**October 2023***OUTCOMES FROM A THIRD PARTY IMPACT ASSESSMENT OF KASHF'S MICROFINANCE PLUS PROGRAMS**

*Kashf commissioned a third party to determine the efficacy of its microfinance plus programs in enhancing the socio-economic wellbeing of its clients. Semiotics private limited was selected for this project after an extensive due diligence and shortlisting process. This focus note provides the key findings from that report.*

Women across the world carry a disproportionately higher burden of poverty. In Pakistan, out of every four poor people living in poverty, three are women<sup>1</sup>. Therefore, any intervention targeted towards tackling poverty, needs to address the systematic inequalities and challenges faced by women that hinder their effective participation in society. Kashf also adopts a multi-faceted approach to maximize impact of its interventions aimed at facilitating households in breaking the vicious circle of poverty. With loan products as the primary program, Kashf offers bundled safety nets to provide buffer in case of unexpected accidents/circumstances, capacity building training and, last but not the least, advocacy on issues that hinder economic participation of women. These interventions impact the socio-economic empowerment of clients by enhancing their progress in 4 distinct dimensions; economic dimension, the capabilities dimension, the empowerment dimension and the well-being dimension. This focus note provides findings from an Impact Assessment Study commissioned by Kashf to a Third Party<sup>2</sup> to gauge the effectiveness of these interventions.

**Methodology of Impact Assessment**

A statistically significant sample was drawn for the impact assessment using a sampling technique that

accounted for appropriate geographic coverage and ensured representation of beneficiaries across selected service lines. The service lines chosen for the impact assessment were the Business Loan, the Financial Literacy Trainings<sup>3</sup>, the Business Trainings<sup>4</sup>, and the Maternal and Reproductive Health Training<sup>5</sup>. 1,897 unique beneficiaries were surveyed based on the identified service streams. These unique beneficiaries had benefited from one or a combination of service streams, and therefore, total respondents across these streams were 3,290 (full sample).

Service Lines		Beneficiaries
1	Business Loan	Women entrepreneurs
2	Financial Literacy Trainings	Kashf clients
3	Business Trainings	Women entrepreneurs with at least 2 years of business experience
4	Maternal and Reproductive Health	Kashf clients and their immediate family

A survey instrument was designed for each Service Line which was pilot tested and necessary revisions and improvements were made to the survey flow and language before finalization. Data collection took place in person via tablets by enumerators hired and trained by the Third Party Impact Assessment firm.

<sup>1</sup> Poverty Perspective, Pakistan Poverty Alleviation Fund

<sup>2</sup> Semiotics Private Limited

<sup>3</sup> Financial Training: Calculation of profit/loss, budgeting, opening a bank account

<sup>4</sup> Business Trainings: Use of bank accounts and digital wallet accounts for business, calculation of profit/loss, business budgets and use of internet for business

<sup>5</sup> Maternal and Reproductive Health Trainings: Importance of birth spacing, family planning methods, importance of antenatal checkup and a certified health care provider, balanced diet during pregnancy, precautions to reduce maternal and infant mortality and importance of vaccination for children

## OUTCOMES FROM A THIRD PARTY IMPACT ASSESSMENT OF KASHF'S MICROFINANCE PLUS PROGRAMS

Digitized data was submitted on a rolling basis by the enumerators which was reviewed by the Quality Assurance teams at both the Third Party Impact Assessment firm and Kashf Foundation. Following compilation, cleaning and verification, a final database was prepared corresponding to the instruments used. Data was coded/labelled to allow for accessibility and understanding. Collected data and information was analyzed with the application of multiple economic and statistical techniques.

### Topline Results

The Impact Assessment shows that Kashf's program has positively impacted the socio-economic empowerment of women clients from low-income households by enhancing their economic status (evidenced through higher income, savings, and business profits), their capabilities (evidenced through knowledge of financial education and business education), their empowerment (evidenced through improved self-perception, increased decision-making, improved perception in the household) and their well-being (evidenced through improved knowledge about maternal and reproductive health, improved food security, and improved access to health). These findings are especially relevant amidst the backdrop of economic recession, inflation, food inflation and low demand for goods and services.

### Demographic Characteristics

The average age for the overall sample was 37 years. The average family size, i.e. those eating in the same kitchen, was 6. The average earners for the household were 2. 32% of respondents had never attended school while 6%

had dropped out of primary school. 61% of respondents had a mobile phone out of which 55% had SIMs registered in their own name. Moreover 55% of respondents who had mobile phones owned a smart phone. 63% of the respondents were self-employed while 7% were daily wagers and 6% had a private job.

### A. Economic Impact

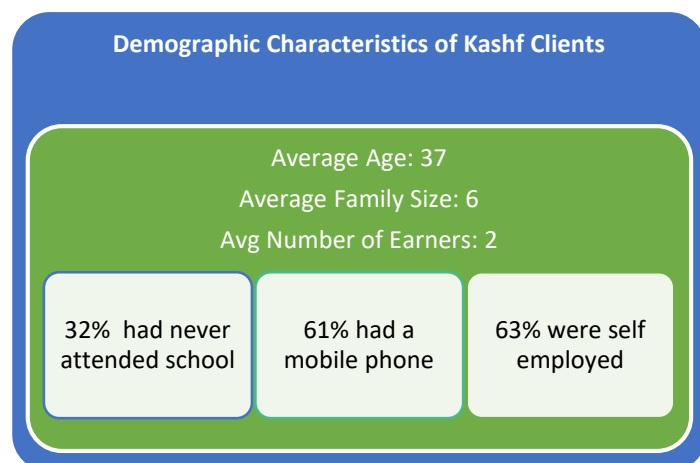
In terms of economic impact, the impact assessment showed that being part of Kashf's microfinance plus program has positively impacted income, household savings, business revenue, and business profits. Moreover, association with Kashf has also had a positive impact on the number of employees hired by the micro-entrepreneurs in their businesses. Across the board, economic impact has been further enhanced by participation in Kashf's trainings.

### Change in Household Income and Savings

An increase of 38% was reported in the average household income after the loan. The increase in income also translated into increased savings as respondents reported an average increase of 57% in savings after the loan. Overall, 99% of the respondents reported increase in HH income and 97% reported an increase in monthly savings after a loan from Kashf.

Service Line	Average Income		Average Savings	
	Before Loan	After Loan	Before Loan	After Loan
Loan Only	36,635	50,662	8,722	13,692
Loan and Financial Training	38,644	52,531	8,989	13,368
Loan and Business Training	37,845	52,983	9,944	15,885
Loan, Financial and Business Training	38,941	53,680	10,179	16,274
<b>Overall</b>	<b>37,978</b>	<b>52,417</b>	<b>9,437</b>	<b>14,747</b>

An analysis of the respondents divided into intervention cohorts showed that the cohort which had a Loan and Business Training reported a higher average increase in household income and savings compared to the other



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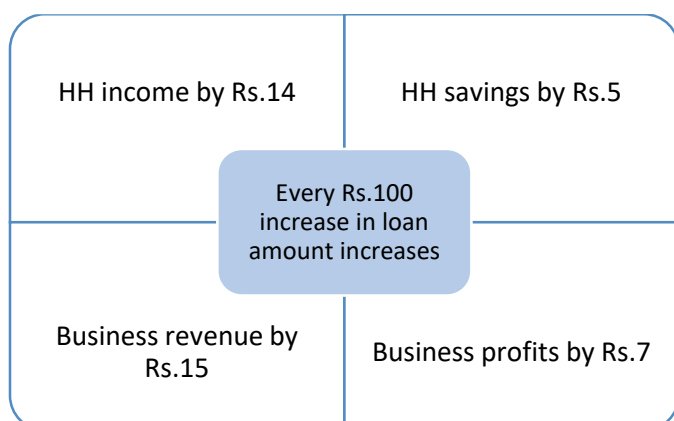
cohorts. Thereby indicating the multiplier impact of the Business Training on the economic wellbeing of the household.

### Improvements in Business Performance

An average increase of 62% was reported in businesses income before and after the loan. Moreover, business profits also experienced an increase of 46%. Participants that had undergone financial education and business trainings showed a higher absolute increase in average business profits compared to other cohorts. This denotes that respondents who had attended the trainings were able to increase business profits by practicing the tools and lessons from the training.

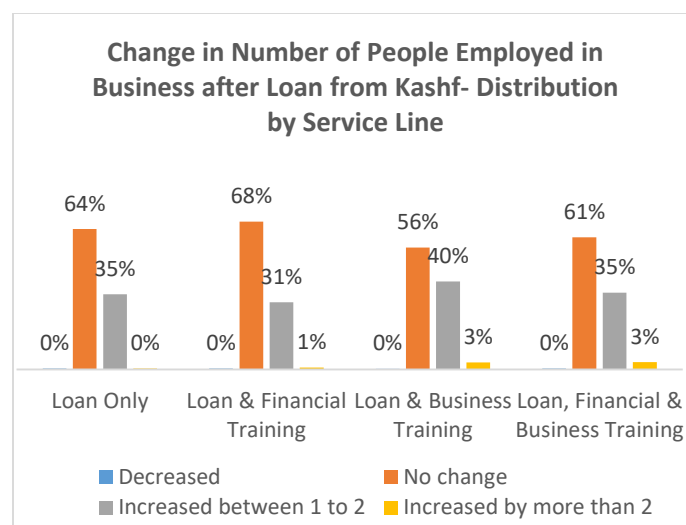
Service Line	Business Revenue		Business Profits	
	Before Loan	After Loan	Before Loan	After Loan
Loan Only	17,869	28,931	10,369	15,127
Loan and Financial Training	19,939	28,601	11,377	16,104
Loan and Business Training	17,332	29,107	9,889	16,301
Loan, Financial and Business Training	21,771	33,790	12,590	19,239
<b>Overall</b>	<b>19,079</b>	<b>29,976</b>	<b>10,951</b>	<b>16,616</b>

Regression analysis also showed significant positive correlation between the loan amount and increase in HH income, savings, business revenue and profits. With every 100 rupee increase in loan amount, the average monthly HH income increased by Rs.14, savings by Rs.5, business revenue by Rs.15 and business profit by Rs.7



### Employment Generation

38% of the respondents reported an increase in the number of employees in their business after taking Kashf's loan. A higher percentage of respondents who had taken both the loan and business trainings reported this change. Moreover, none of the respondents have reported a downsizing in employees.



The analysis shows that micro-businesses are creating jobs at the community level which leads to an extremely important developmental impact given low levels of overall economic growth and high population levels.

### **B. Impact on Capabilities**

With respect to enhancement in capabilities/abilities of women micro-entrepreneurs, the analysis provided in the preceding sections on economic impact wherein clients with access to Kashf's trainings outperformed their peers in the loan only cohort is testament to the impact of the trainings. However, specific questions with clients that had been part of the Financial Education and Business Education trainings were separately interviewed to assess increase in knowledge and change in practice (where applicable).

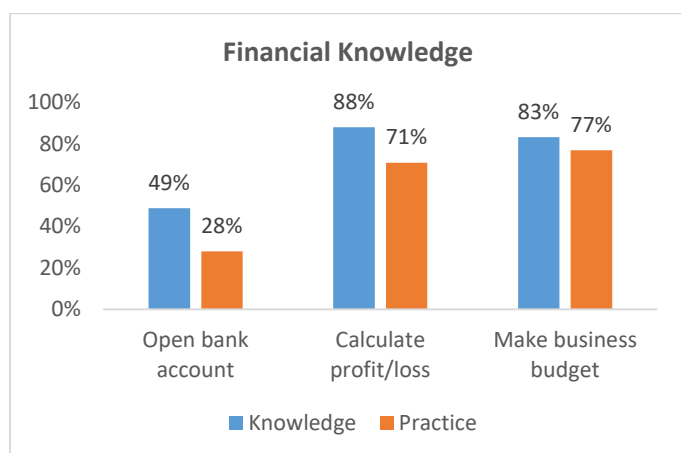
### Financial Literacy

Beneficiaries that had been part of the Financial Education Training were gauged on key financial management aspects. Moreover, beneficiaries were also asked whether they had put their learnings into practice. Training areas which were probed from the knowledge

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and practice perspectives included a) opening a bank account, b) calculating profit and loss and c) making business budgets. Results of these inquiries are shown below.

Around half of the Financial Education beneficiaries knew how to open a bank account, while 28% had opened their own account. Around 88% of the beneficiaries stated that they could calculate profit/loss and 71% reported doing this for their business. 83% respondents reported that they knew how to make a budget for their business and 77% were putting this learning into practice.



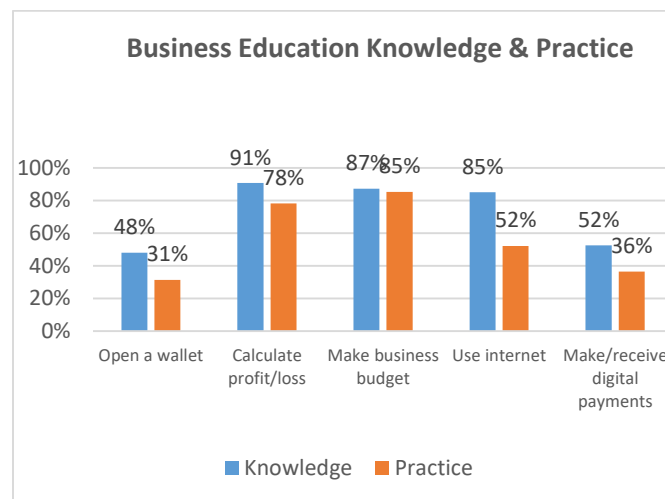
For respondents that reported that they knew various facets of financial knowledge, a high percentage of respondents attributed this knowledge to Kashf's trainings as seen in the table below.

Financial Education	Through Kashf's Trainings	Others
Open Bank Account	84%	16%
Calculate Profit/Loss	67%	33%
Make Business Budget	83%	17%

### Good Business Practices

Beneficiaries that had undertaken Business Education trainings were asked about their knowledge of key business aspects and whether they had put these learnings into practice. Training areas which were probed from the knowledge and practice perspectives included how to open a wallet account, calculate profit/loss, make business budget, use internet for business purposes and make/receive digital payments. The result of these inquiries is presented below, showing that across the board around half (or more) of the

respondents reported knowledge and over one-third or more reported practice of the business skill. Around half of the respondents reported using internet for their business after the trainings. This shift in the use of digital technology is especially important as statistical analysis shows significant positive correlation between use of internet among women and HH income. Regression analysis confirms that income increases by 12% when the woman has access to the internet.



With respect to attribution, more than three fourths of the respondents attributed knowledge relating to business education aspects to Kashf's trainings.

Business Education	Through Kashf's Trainings	Others
Open Wallet	88%	12%
Calculate profit/ loss	75%	25%
Make business budget	84%	16%
Use internet	85%	15%
Make or receive digital payments	87%	13%

### **C. Impact on Empowerment**

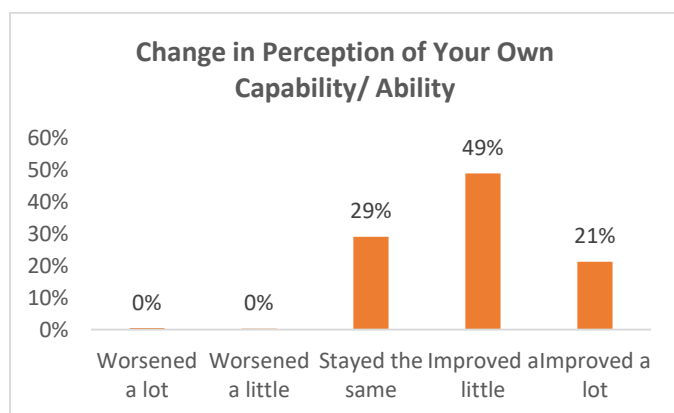
Participation in the Kashf program has also enhanced many facets of empowerment for the beneficiaries. This is an important gender linked impact as women in Pakistan face myriad socio-cultural barriers which limit their development and growth. The Impact Assessment has shown that the Kashf program has improved client's perception of their own self/capabilities, some women respondents have reported enhanced participation in

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new realms of life, decision-making authority has also been reported to have improved, and their self-worth has enhanced. This has been coupled with increase in respect in the household from the spouse and other family members. The detailed findings can be seen in the following section.

### Impact on Perception of Self/Ability

Beneficiaries were asked to gauge their perception of their own capabilities after obtaining a loan or/and training. Results showed that 70% women viewed themselves more positively regarding their own abilities after being part of the Kashf Program. Confidence in capabilities allow for confidence in independent management of the business.



Out of these 21% stated that their perception had improved a lot while 49% said that their perception had improved a little. A larger number of respondents who

had been part of the trainings reported significant improvement in perception of their own capabilities compared to those who received no trainings.

Improvement in Self-Perception	%age Respondents
Loan only	17%
Loan and financial training	20%
Loan and business training	21%
Loan financial and business training	29%

### Participation in Various Realms of Life

When asked about participation in new realms of life, 21% respondents reported that after Kashf's programs they were able to facilitate other women in their business activity and 13% reported active participation in discussions/activities aimed at the well-being of women and girls after the program. Moreover, 3% reported greater involvement in communal dispute participation and 1% in local politics.

### Decision-Making Authority

When respondents were asked about change in decision making authority after Kashf's programs, around half of the respondents said that their decision making regarding household savings has increased, followed by use of business income and decisions on household expenditures. There are some areas where the increase

## Impact on Empowerment

- 70% women viewed themselves more positively regarding their own abilities after being part of the Kashf Program.

Impact on Perception of Self/Ability



- 21% respondents facilitated other women in business activity
- 13% actively participated in discussions/activities aimed at the well-being of women and girls.

Participation in Various Realms of Life



- 50% respondents said their decision making regarding household savings has increased
- 43% reported more authority over use of business income
- 45% reported increased decision making authority on HH expenditures

Decision-Making Authority



- 86% respondents reported increased respect in the household after participation in the Kashf program
- 72% of the respondents reported improved self-worth.

Increased Respect and Self-Worth



- 48% of respondents reported improvement in their relationship with their spouse
- 41% and 45% reported improved relationships with other men and women in the household respectively

Change in Relationships

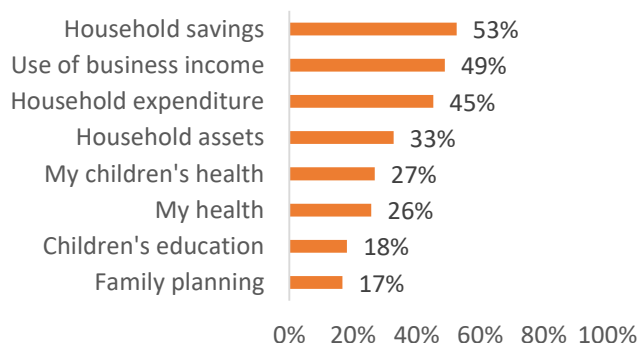


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in authority has increased to a lesser degree such as family planning and children's education.

A woman's agency in decision making within her household is not only crucial for herself but also benefits the overall wellbeing of the household. Statistical analysis shows that HH income increases by 15% and savings by 12% when a woman has authority in managing the household. Moreover, revenue from a woman's own business is likely to increase by 48% when she is managing her business independently, compared to when she is not. The empirical evidence shows significant positive impact of increased women's engagement and agency on the economic wellbeing of the household.

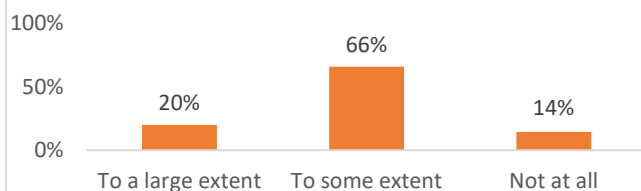
### Areas in which Decision-making Authority has Increased



### Change in Respect

In response to the question on whether participation in the Kashf program had led to increased respect for the respondent within the household, 86% of the respondents reported increased respect. 20% of respondents stated that this increased respect was to a large extent while 66% respondents felt that it was to some extent.

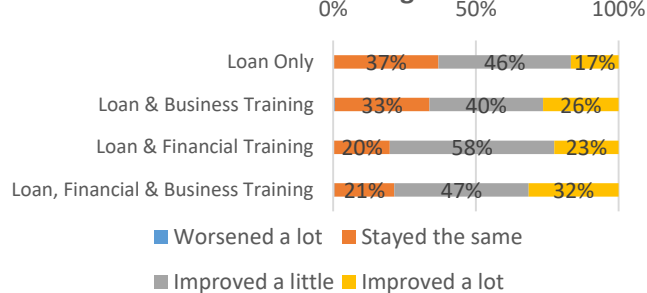
### Increased in Respect at the Household Level



### Perception of Self-Worth

When asked about respondent's perception of themselves, 72% of the respondents reported improved self-worth. Segregating the responses according to intervention cohorts showed that a higher number of respondents reported higher self-worth who had participated in Business Trainings and Financial Trainings with the loan.

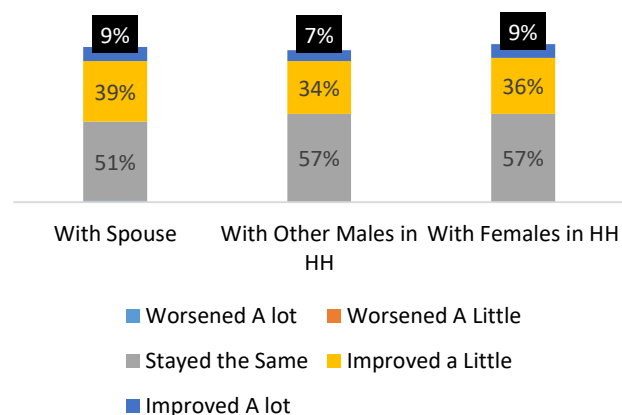
### Change in Your Own Perception of Self-Worth After Program



### Change in Relationships

48% of respondents reported improvement in their relationship with their spouse. Out of these 9% reported that it has improved a lot. 41% reported improved in relationships with other males in the household. Out of these 7% reported that it had improved a lot. 45% reported an improvement in relationships with other women in the household - these were primarily mother-in-laws and sister-in-laws. Out of these 9% reported that their relationship had improved a lot.

### Change in Relationships





## D. Impact on Well-Being

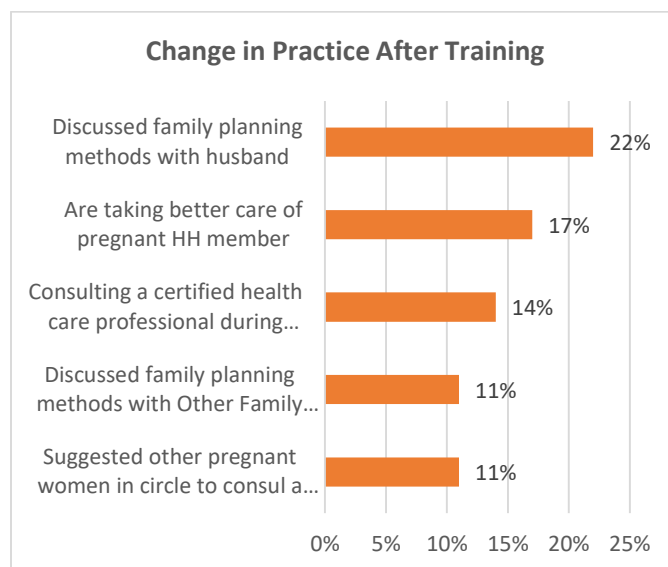
The Impact Assessment showed the positive impact of the Kashf program on the well-being of clients demonstrated through multiple social aspects including understanding on maternal and reproductive health, food security, access to health care, and quality of life.

### Change in Understanding about Maternal and Reproductive Health

More than 90% of the respondents that had undergone reproductive and maternal health trainings reported increased understanding about maternal and reproductive health.

About three-fourths of the respondents attributed this increase in understanding to Kashf's trainings.

Further, respondents were asked about what changes they had made in decision regarding maternal and reproductive health after attending the training. The following chart shows that 21% reported having discussed family planning methods with their husbands, while 17% reported taking better care of pregnant household members with respect to antenatal visits and better nutrition after the training. These changes in practice will impact intergenerational well-being for both mothers and children.



### Access to Health Care

Respondents were asked how participation in Kashf's program has impacted their access to health. 41% of respondents said that their access to health facilities had improved; 13% reported that access had improved to a large extent while 28% reported that it had improved to some extent. Of the respondents who reported increase in access to health facilities, 36% attributed it to the Kashf loan, 49% attributed it to increased affordability as a result of increase in income after the loan and 16% to insurance coverage.

More than 90% of the respondents that had undergone reproductive and maternal health trainings reported increased understanding about maternal and reproductive health. A high percentage of respondents (about three-fourths) attributed this increase in understanding to Kashf's trainings.

99% knew Family Planning Methods

97% understood Birth Spacing

92% knew precautions for reduction of maternal mortality

91% knew precautions for reduction of infant mortality

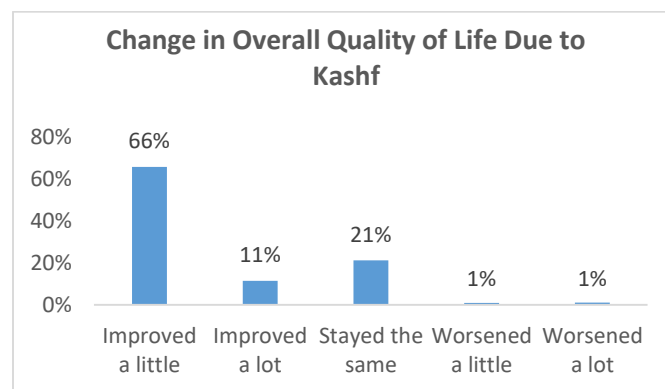
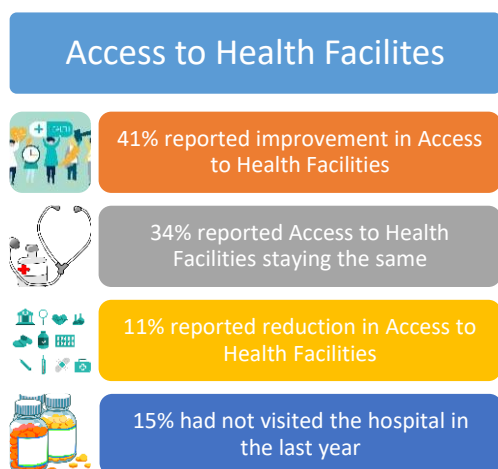
96% knew importance of vaccination for children

95% knew importance of antenatal checkups

99% knew importance of balanced diet in pregnancy

97% knew importance of certified professional to deliver babies

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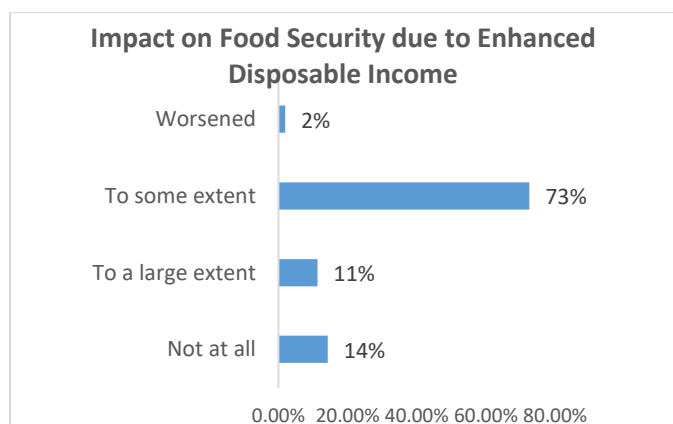


### Conclusion

The analysis shows that Kashf's microfinance plus program has positively impacted the socio-economic empowerment of women clients from low-income households by enhancing their economic status (evidenced through higher income, savings, and business profits), their capabilities (evidenced through knowledge of financial education and business education), their empowerment dimension (evidenced through improved self-perception, increased decision-making, improved perception in the household) and their well-being (evidenced through improved knowledge about maternal and reproductive health, improved food security, and improved access to health). These findings are especially relevant amidst the backdrop of economic recession, inflation, food inflation and low demand.

### Impact on Food Security

Given rising food inflation, an important indicator of well-being for low-income households in food security. The impact assessment showed that 57% of the respondents reported increased quantity and 56% reported increase in quality of food consumed as a result of being part of the Kashf program. Moreover, when asked if the clients felt that enhanced food security was a result of increased income, 84% attributed the increase food security to increased household income.



### Impact on Overall Quality of Life

When asked about the extent to which the Kashf program impacted respondent's quality of life; 78% of the respondents reported improvement in the quality of life since taking a loan from Kashf. 11% said it improved a lot while 66% said it improved a little.



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