

MICRO FINANCE IMPACT ASSESSMENT STUDY

Department of Compliance & Risk



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Impact Assessment Study of Micro Finance Program

List of Key words

Micro finance, impact assessment, micro credit, enterprise, demographics, sampling, economic impact, living standards, women empowerment, rights & knowledge, financial literacy.

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1. Abstract

JWSP Pakistan has been into the field of socio economic development and provides range of services aimed at uplifting the status of poor and disadvantaged communities. It was necessary to gauge the impact of its poverty eradication programs on the communities for enhancing service levels as well as developing new tailor made services and programs. This impact assessment study highlights the impact of the micro finance program on the economic landscape, living standards of the communities, women empowerment and improvement in the knowledge about one's rights and obligations.

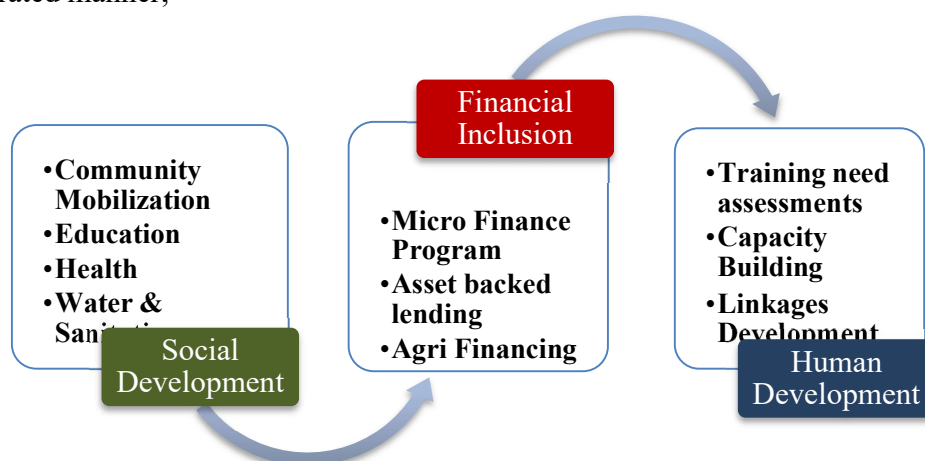
On the economic development front, an average of 64% improvement in sales volume was reported in the micro businesses resulting in income generation and household wealth accumulation up to 122%. Living standards improvement was very encouraging at over 50% in the form of increased spending on health, education, food and seasonal fruits. As a direct result of lending through women, 94% women respondents responded that they are consulted in the household decisions.

Program had also positive impact on the knowledge base of clients in financial matters and witnessed increase in number of bank accounts operated by the clients as well as increased ability to fill up bank deposit slip. On the other hand, study highlighted the need to further improve quality of service as pointed by small number of respondents, increase number of business trainings to increase the coverage of its clients.

2. About the Organization

JWSP Pakistan is a non-banking micro finance company working with economically disadvantaged communities, specially woman & farmers. These disadvantaged communities are a ruthless reality of our society and pose a big question mark on our income distribution system. Situation becomes even worse due to poverty being a multidimensional problem, implanted in a complex and interlocked political, economic, cultural and ecological system.

To address this challenge and achieve the organizational vision of “**Socio Economic Empowerment for All**”, JWSP has crafted a full spectrum of services addressing all the key areas in an integrated manner;



This integrated approach has helped JWSP in building human capital and enhancing social empowerment of women in addition to the core task of improving financial inclusion at grass root level.

- **Social Development:** JWSP recognizes social development as a first step towards economic empowerment. Under the umbrella program of social development, following are the key services being rendered to the communities in all the operational areas of the organization;
- **Community Mobilization:** Community mobilization and sensitization is one of the core excellence areas of JWSP. We use social mobilization as a tool to connect with communities, listen to their issues and help them solve their problems at community level by providing technical assistance and financial resources. Right from its inception, JWSP has been providing community mobilization and engagement services in the field to form credit groups, provide services in the field of water and sanitation, agriculture as well as trainings in various technical domains.
- **Water Supply and Sanitation:** JWSP has rightfully identified clean drinking water and sanitation as one of the biggest challenges in the upper Punjab region. To help communities solve access to drinking water and sanitation problems, JWSP collaborated with Pakistan Poverty Alleviation Fund (PPAF) and completed around **88 schemes**. These schemes were developed and managed with the active support of **81 community organizations** in the targeted regions.

- **Health:** JWSPP is fully aware of the health problems being faced by the poor communities in its areas of operations. It therefore regularly organizes health camps on the basis of as and when required to facilitate poor communities. Furthermore, JWSP has an expanding fleet of ambulances providing emergency care and patient transfer facilities.
- **Education:** On the education front as well, JWSP has been working with Pakistan Literacy Council & Trust for Volunteer Organizations (TVO) to run and manage 30 non formal community schools in Gujranwala district.

Economic Development: At the heart of poverty eradication model rests our financial inclusion strategy. JWSP rather has uniqueness in this domain as we believe that financial inclusion alone cannot help poor clients. Therefore, we have linked our financial services with local value chains, thus providing ideal platform for investments in the sustainable businesses.

This process of economic development starts with a quick analysis of local economic drivers, identification of issues and challenges at various levels, development of core financial products and support packages.



This approach helps us to strengthen the existing economic landscape that is extensively integrated into the communities and has more acceptability and chances of triggering economic growth at grassroots level. Under the economic development component, JWSPP renders following services;

- **Access to finance**
 - Micro credit (poor communities)
 - Agricultural financing (farmers)
 - Asset backed lending (Small enterprises)
- Value Chain development
- Linkages development for farmers and small enterprises
- Agriculture & Livestock management

Human Development: Last but not the least component of our economic development model is the development of human capital itself. This has been a proven fact that without a talented and trained manpower, vision of economic development at grass root level may not come true. Therefore, to ensure trained and highly productive manpower, JWSP regularly launches trainings and development programs for its clients.

3. Micro Finance Program Overview

Ending poverty and enhancing access to finance has been among the top priorities of the developing countries. Different strategies have been adopted in developing countries as well as in Pakistan for the purpose, which include special long term programs and short-term measures targeted towards improving the earning capacity of masses and provision of social safety nets for the really poor. One such initiative in Pakistan is being led by Pakistan Poverty Alleviation fund (PPAF) along with its partner organizations. This program is playing a vital role in providing access to finance for the marginalized communities and gradually helping them coming out of the poverty trap.

JWSP is one of the few pioneer micro finance organizations in Pakistan. JWSP Started its micro finance services with SAP-PK in 1997 with active support of Catholic Relief and The Asia foundation in coming years. 2001 was a landmark year when JWSP joined hands with PPAF for provision of micro finance services in the region.

Partnership with PPAF provided required institutional development, infrastructure and services development support to help JWSP expand in six (6) districts with 24 active offices. In 2015, KIVA, a non-government organization from USA joined hands with JWSP by extending credit lines. The range of products developed is designed keeping in view the life cycle needs of the target communities. Following are our key products that meet the requirements of our targeted communities in an excellent way;

Micro Credit (MC)	Agriculture Loan
These loans are specifically designed for poor and disadvantages groups as a mean to encourage and assist them in undertaking income generating activities. Borrowers are encouraged to form a group consisting of 5-15 members who are not being served by other microfinance institutions. Beneficiaries of micro credit loan typically include small businesses operators providing products or services to their local communities. Loan range is 20,000 to 100,000 and duration of this loan is one year. All repayments are collected through bank deposits. JWSP teams regularly conduct monthly group meetings to ensure productive use of loan and guide the borrowers about their respective businesses. These group meetings play an effective role in ensure productive use of borrowed money and thus contributing towards poverty reduction.	Keeping in view the importance of agriculture, its role in the local economy and issues being faced, JWSP introduced agricultural loan product in January 2010. This product was developed to solve problems of low per acre yield being reported in the region mainly due to non-adequate usage of fertilizers, pesticides and lack of knowledge about modern cultivation techniques. This product received very positive response from the farming communities and has actively been able to resolve their issues since its launch in 2010. Agricultural loans are disbursed through Farmers Development Groups (FDGs), consisting of 10-12 members having land holding of 5-10 acres. The borrowers under this program make repayment of their loans through cheque.

4. Study Scope & Methodology

Indeed the microfinance programs and institutions have become an important component of strategies to tackle poverty and empower disadvantaged communities at grass root level. However, the literary knowledge about the effectiveness of such programs remains only partial and contested. At one extreme are studies arguing that microfinance has very beneficial economic and social impacts (Holcombe, 1995; Hossain, 1988; Otero and Rhyne, 1994; Remenyi, 1991; Schuler, Hashemi and Riley, 1997). At the other end are few writers who caution against such optimism and point to the negative impacts that microfinance can have (Adams and von Pischke, 1992; Buckley, 1997; Montgomery, 1996; Rogaly, 1996; Wood and Shariff, 1997).

JWSP as a development organization and with very strong linkages in communities believes that the reality falls in between the two extreme sides of the literary researchers. Extra money injections are no doubt the most effective tools to ensure communities come out of the poverty trap provided that money is used for productive purposes. However, the challenge is not to exaggerate the positive impacts and hide out the negative ones.

This impact assessment study has been designed and carried out by compliance and risk department of the organization keeping in view the same challenges of highlighting the good work at its actual rate as well as shed light on the grey areas to improve operations, products and well as strategies to engage communities.

4.1.Scope of Impact Assessment

The study was designed with a concise and well defined scope of work to ensure quality of work, highlighting both positive and negative aspects of the micro finance program as well as document the suggestion of the beneficiaries. Following is summarized scope of the assignment;

- Taking a well representative sample from the beneficiary population.
- Gauging impact on the economic wellbeing, standards of living, women empowerment and improvement in rights and knowledge of the clients.
- Identifying the grey areas for performance improvement.
- Increasing public participation in order to reflect a range of considerations, thereby improving the operations.
- Contributing to continuous learning in program development by identifying causalities that inform ex-post review of programs and services.

4.2.Study Limitations

Like every study, this impact assessment had also few limitations that were known to the planners and efforts were made to minimize their impact.

- Undocumented business details
- Impact of externalities
- Multiple loan utilizations

4.3.Sampling Details

Keeping in view the spread of the program in terms of the products, geographical locations (urban vs. rural) as well as business type, a range of strata's were developed with overall allocation for

each strata type. A random sampling technique was used to select respondents for the impact assessment survey. Key assumptions for determining overall sample size were as follows;

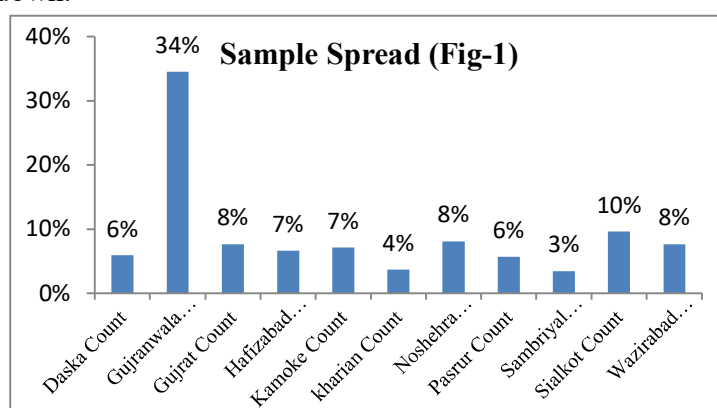
- Population size (program beneficiaries) 36,160
- Margin of error 5%,
- Confidence level 95%, and
- Response distribution 50%.

A representative sample of 380 respondents was calculated using the assumptions. The sample was drawn from each strata type based on its contribution in the population size. CRM department used all the measures to ensure that the actual respondents being selected for the interview are on random basis and fulfill the criteria laid down.

FIG 1 highlights the spread of the program in various districts of the Punjab province. Sampling was carried out keeping in view the geographical spread of the beneficiaries.

Whereas the figure-5 highlights the key economic sectors that are being financed by the micro finance program. Since the organization believes in

women economic empowerment, the majority of the client base (99%) is women. Therefore, the sectors are also related to the women specific businesses.



In addition to ensuring the sample from all the relevant strata's, CRM department established a mandatory condition of including only those respondents who have completed at *least two loan cycles with the organization i.e. (two years)*. This helped to minimize the impact of the externalities in the reported impact.

4.4. Survey Methodology

Our guiding principles for conducting impact assessment study were consistent with international best practices as well as industry standards. Keeping in view the key aspects of the program, a comprehensive questionnaire was designed for survey. Key areas that were incorporated in the questionnaire included;

- Economic impact
- Improvement in living standards
- Women empowerment
- Knowledge about client rights

Detailed consultation was carried out with the operations department as well as HR department to incorporate their feedback in the assessment tool. After the approval of the tool, following additional steps were taken to ensure the usefulness of the study tool and its overall quality.



- **Translation of Questionnaire in National Language:** The draft version of the questionnaire was translated into the national language (Urdu) to ensure maximum understanding for both the respondents as well as interviewers.
- **Training of Survey Enumerators:** CRM team designed and carried out a detailed training session with the field enumerators to make them understand the objective of the study as well as impart necessary skills and knowledge required for the enumerations. Key areas focused during the training sessions are described below;
 - Introduction of the interviewer/ enumerator to respondent
 - Understanding the basic concept and importance of study
 - Collection of accurate information from the interviewee using the questionnaire
 - Effective communication
 - Survey ethics
 - Time management
 - Techniques for data collection

One session of the training involved field testing of questionnaires with actual respondents. Overall 30 interviews were conducted and based on the difficulties/ findings, changes were made in the questionnaire.

- **Finalization of Questionnaire:** After Pretesting, the findings of the mock exercise were discussed in the team meeting and required changes were made in consultation of the management.
- **Survey Quality Management:** The collected data was examined for inconsistencies. The values against variables were recorded, labeled and entered into analytic datasets for analysis purpose. Data was reviewed early during the data collection period to verify that no anomalies are present. Overall the quality of captured responses were ensured at the following levels;

Field Level:

- CRM Team regularly followed up with the field enumerators during the data collection process and reviewed the collected data. Feedback was provided to the enumerators for rectification of the errors at field level. Overall focus of the monitoring during the data collection period was to ensure;
 - Reliability of data being collected from the field
 - Scrutinize/ filter errors and non-response/missing data.
 - Motivational support and on the job guidance to the enumerators
 - Quality control measures
 - Controlling the time and cost overruns, if any.
 - Re-interviewing on doubtful questionnaires, (if required).

Data Entry Level:

- The data entry team was also supervised to ensure validity and accuracy by adopting the mechanism of a coded sheet with guidelines for data entry.
 - Various data validation checks were placed to filter out punching errors that were reconciled later on.
-
- **Data Analysis:** A detailed analysis of the data was carried out using different analysis approaches to better highlight the positive impacts as well as deficiencies in the micro finance program. Some of the approaches used are listed below;
 - Random sampling approach
 - Likert scale rating analysis
 - Corresponding analysis
 - Pre and Post comparison analysis

Photo Gallery (Enumeration Process)



5. STUDY INSIGHTS (FINDINGS)

Findings of the impact assessment study have been grouped into five (5) sections based on their thematic relevance as follows; demographics of the respondents; economic impact, impact on standards of living, women empowerment and improvement in knowledge base regarding client rights and responsibilities.

5.1. Demographic Details of Sample

Demographic details hold a very significant importance in the analysis. These details shed light on the socio economic conditions of the beneficiary class and their profile highlights that how accurately sample was drawn from the overall population. A significant miss-match between the both highlights poorly conceived and planned sampling strategy.

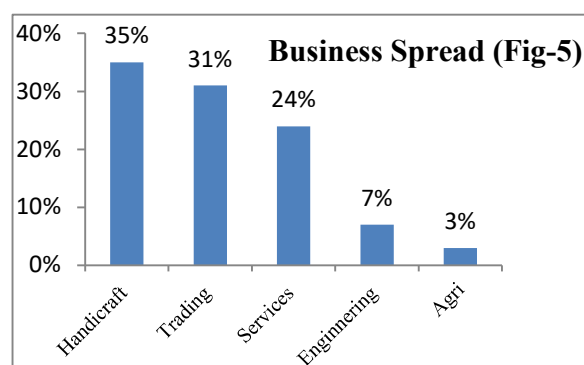
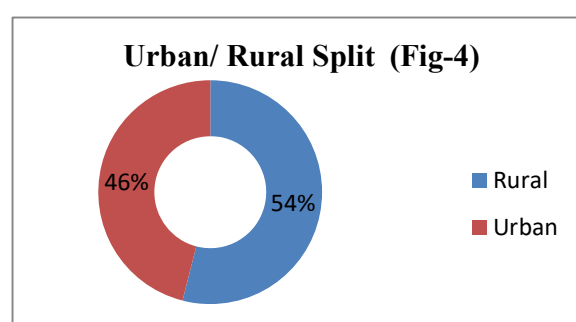
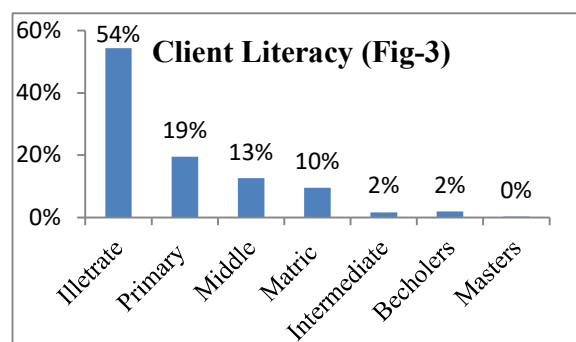
Keeping in view the importance, PMER department developed a detailed sampling strategy to ensure participation of all the relevant strata's. Key aspects of the socio economic profile of the beneficiaries are presented in Fig 3 & 4.

Fig-3 represents the educational background of the micro finance beneficiaries that shows the irony, 54% illiterate while another 19% & 13% representing primary and middle level education respectively. The positive aspect of the picture is that the program is targeting the actual niche i.e. poorest of the poor who are mostly illiterate.

Average mean age of the beneficiaries stood at 40 years highlighting the fact that JWSP is targeting the household economy through mature women. Furthermore, the respondents were pre dominantly from the rural areas 56% lacking formal access to finance. The rest of the respondents were taken from semi urban and urban locations as per the overall client spread. (Fig-4)

Average family size of the respondents stood at 6.33 members per family highlighting emerging trends of decentralized and independent small family system.

Figure five (5) represents the key trending businesses being operated by the micro finance beneficiaries. Handicraft and trading are the two key segments that represent over 50% of the beneficiaries. Both business segments have strong local demand and wider economic moat that makes them an ideal small business for the poor and risk averse micro finance client base.



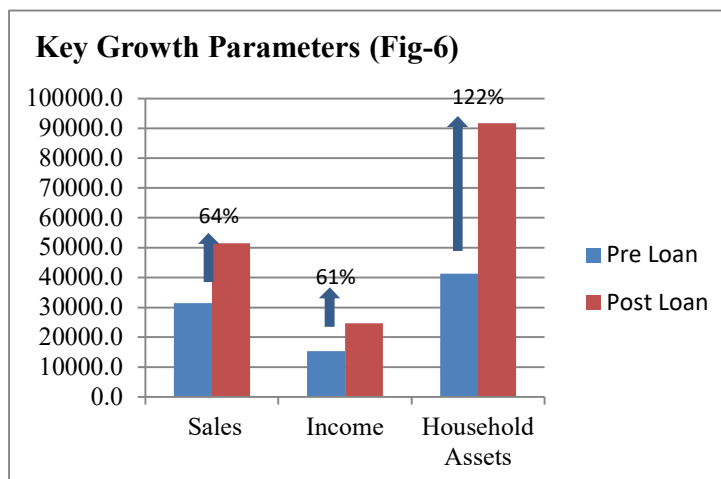
5.2.Economic Impact

The core anticipated impact of the micro finance program is assumed to be strengthening the economic situation of the beneficiary households. As per the analysis pre and post (*with a gap of two years of consistent loaning and training*) scenarios of the household enterprises were compared highlighting the growth as highlighted in figure-6;

Impact on Sales, Income & Asset

Building: Average sale from the micro businesses witnessed a healthy growth of 64%, income levels increased by 61% from the baseline values of 2-3 years ago. Whereas, the overall household assets (motorbike, washing machine and other household items) increased by 122% from the baseline values.

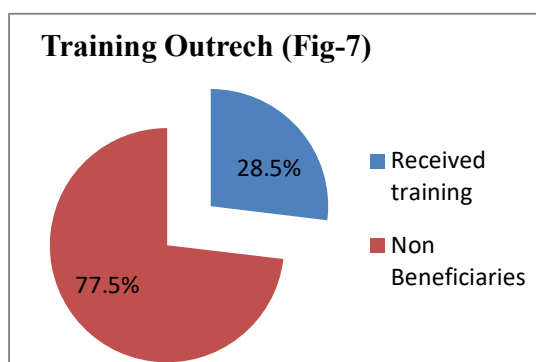
This shows a very healthy trend in business turnovers as well as wealth accumulation/savings that is the way forward towards prosperity.



On the other hand, 4% of the respondents stated no change in their monthly sales. Similarly 18% reported no change in the household wealth accumulation. When asked about the same, clients mentioned that they have gone thorough matrimonial ceremonies of their kids and resources have been channelized to finance those events. This was the reason that they haven't been able to report increase in their household wealth accumulation.

During the baseline period, enterprises were employing on an average 1.4 person to manage the affairs of the business. During the intervention period of 2-3 years, the ratio has improved and now the informal enterprises are employing an average of two persons. Multiplying this positive trend with the scale of financing being carried out by JWSP, it is evident that the organization has created thousands of jobs in the poor and uneducated labor force thus helping the poorest of the poor to manage their subsistence as well as helping them escape from the poverty trap.

JWSP believes in providing not only access to finance but also the additional services of capacity building and business orientations to ensure the productive utilization of loan. Keeping in view the literacy level i.e. Fig-3, it becomes evident that how important the trainings and capacity building programs are to ensure smooth operations of micro finance component as well as in ensuring productive use of loan. Therefore, JWSP is running

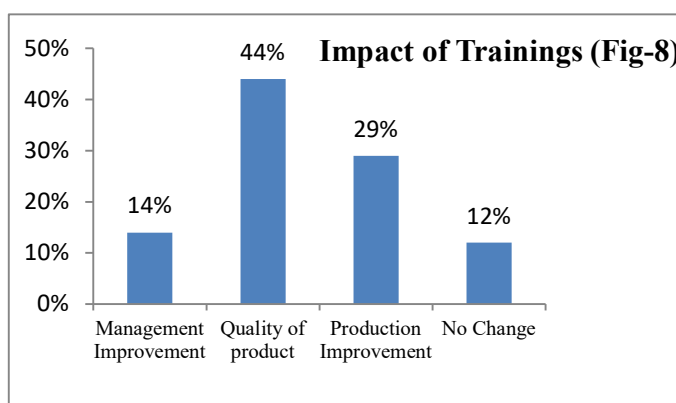


a very robust and practical training program for its microfinance clients. A brief snapshot of the positive contributions is highlighted in Fig 7 & 8.

Impact of Training Programs: Overall 28% respondents confirmed that they have directly attended the training programs arranged by JWSP at its regional offices mainly in the domains of stitching, beautician& general enterprise management.

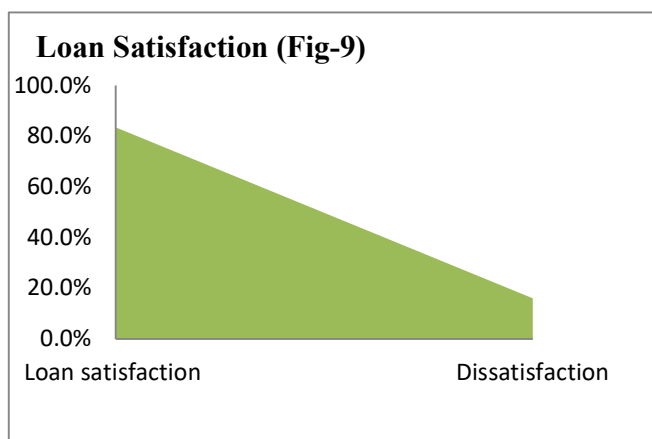
The trainings had direct impact on the businesses as evident from the Fig-8. Key improvement reported by the beneficiaries included quality of product, production quantity and business management in order of effectiveness. 12% reported no change in their business affairs.

Furthermore, 73% respondents stated that they maintain their business record in written form of their own style and understanding level. In either way it was encouraging to see informal and illiterate women entrepreneurs keeping record of their business activities. Remaining 37% stated that they feel difficulty in keeping record and prefer to remember the transactions and also that they might start keeping record if someone tells them how to. It was duly noted by the team and fresh waves of training programs are being planned with the help of field staff.



Satisfaction with Lending Services:

Satisfaction level of clients reveals interesting insights about the loan product's effectiveness as well as its acceptability in the targeted communities. During the study, over 80% respondents stated satisfaction with the loan facility provided by the JWSP team and found it very relevant and facilitating for their goal of income generation.



The remaining 20% highlighted few areas for further improvement of the program. The suggestions and feedback from the clients are presented in Fig-10.

Keeping in view the suggestions, few remain challenge to incorporate like reducing the service charges, decreasing group meetings and improving loan sizes. However, management is keenly interested in institutionalizing the other suggestions like further improving staff behaviors and reducing group sizes.

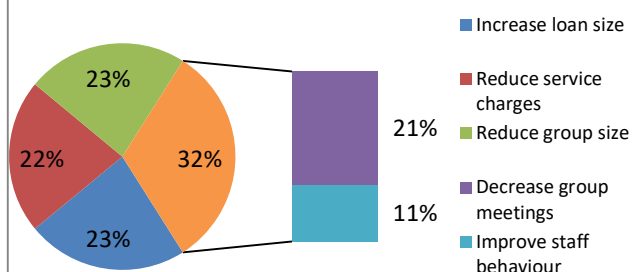
Financial Choices: It's a global phenomenon that the financial choices and access gets easier with betterment in the economic conditions. This theory holds equally valid in the case of microfinance beneficiaries. When asked about the financial access in addition to availing loan from JWSP, respondents provided range of options with top ones including relatives, friends and other MFIs. Fig-11.

Furthermore, clients were asked that weather they shall continue availing loan from JWSP or not. The responses were very encouraging and almost 95% stated their willingness to sign up for the next tranche when the existing one closes. Clients responding with no were further asked about the reason and majority of them stated that their cash flows have streamlined now and they do not foresee the need of further loan

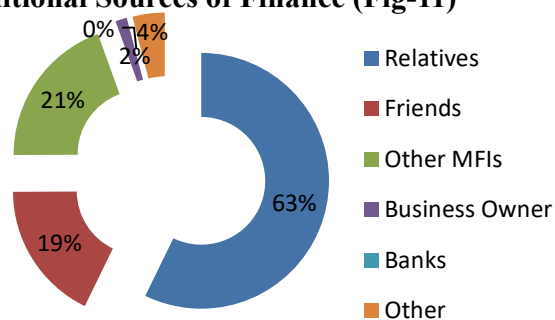
Modes of Savings: Savings are the most important indicator of financial wellbeing and without ensuring savings; the dream of poverty eradication cannot come true. Keeping this in mind, specific questions were asked about the habit of savings and it was encouraging to know that almost all of the clients were maintaining varying levels of savings as per their income generating capacity.

Furthermore, when asked about the modes of savings, majority of the clients used to keep their savings in the form of cash followed by committee system and bank deposit as highlighted in Fig-12.

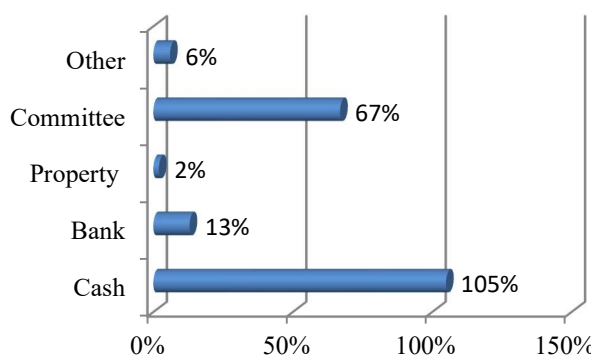
Suggestions for Improvement (Fig-10)



Additional Sources of Finance (Fig-11)



Modes of Savings (Fig-12)



It is evident from the snapshot that majority of the clients keep their savings in the informal ways that have the least productive in the national development as well as return on savings. There is a potential for micro finance banks and other commercial banks to come forward and design micro saving products to provide higher levels of financial services to the microfinance borrowers.

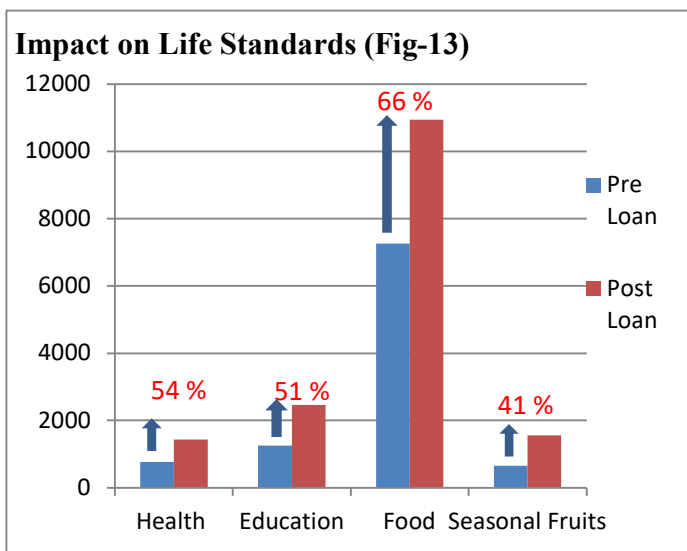
5.3. Impact on Standards of Living

Financial wellbeing is closely linked with standards of living to a great extent. Several researchers have studied the phenomenon and found positive correlation between the two.

Kirkpatrick et al (2002) Getting access to financial services help the poor to improve their income and other benefits such as health care and education etc. Empirical evidences are found from various papers such as Parker and Nagaragan (2000), Khandker and farooque, (2001), Pit and Khandker (2003), Quach et al (2003), Debadudda (2009), Paunda (2005) found that the beneficiaries of loan had increased their expenditures especially in health treatment and education.

Therefore, similar impact trend emerged from the data collected during the study as presented in Fig-13. On an average, respondents recorded an increase in spending of almost 50% in health, education, food as well as on seasonal fruits. One may criticize on the assumption that the increased spending doesn't mean improvement in the quality of products but rather is due to the effect of the following two factors;

- Increase in population (family size)
- Increase in prices (inflation)

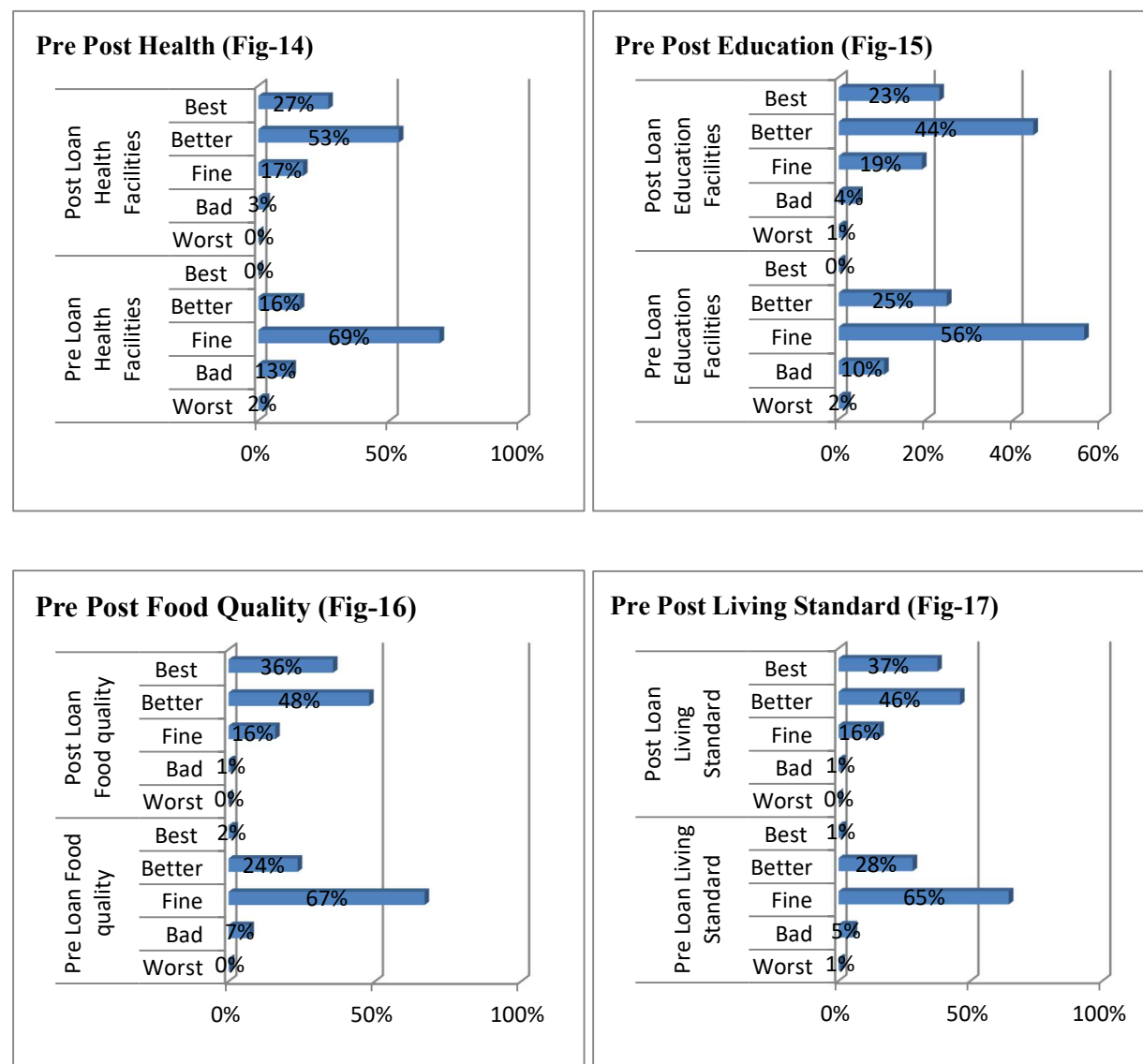


We however as researches feel that both the factors had a very limited impact due to the following reasons;

- Impact assessment covers the tenure of 2-3 years and this duration is not sufficient to increase size of the family to an extent that might increase spending up to 50%.
- Other reason that can be associated with increased spending is due to the inflation. However, the official data highlights a very controlled level of CPI index (4.8%) in Pakistan during the recent past. This too is not the prime reason of increased spending.

From the above discussion and evidences, we might conclude that the increased level of spending on the key lifecycle needs are a sum of impacts from inflation, increase in family size and a choice of better quality products/services with quality of products being the prime contributor in increased spending.

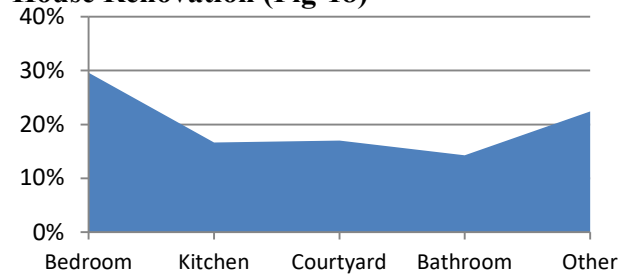
Our this assumption is further proved to be true by the specific responses of the respondents in all the key areas including health, education, food and living standard of the houses. Pre and post scenarios highlighting customer satisfaction are summarized below in Fig -14-17.



It is evident from the qualitative responses that considerable improvement has been witnessed by respondents. In all the four cases, pre scenarios are dominated by the response as “fine” which has been dropped to almost 1/3rd and the remaining responses have recorded against improved situations like “better and best”.

Furthermore, 44% respondents stated that they have carried out renovation of their homes after availing the loan for over two years. It is worth noting that the renovation was not carried out with the loan amount rather with the improved revenue streams from the household businesses.

House Renovation (Fig-18)



5.4. Women Empowerment

Women empowerment and development has been a challenging task for the developing world and at the same time one of the key success factors for the socio economic development of their population. Unfortunately, developments in Pakistan are not keeping the pace with rest of the world as highlighted in the recent report of Global gap index (GGI) published by the World Bank.

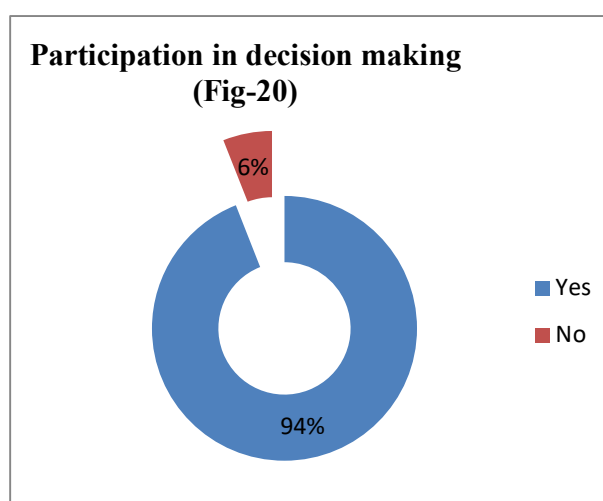
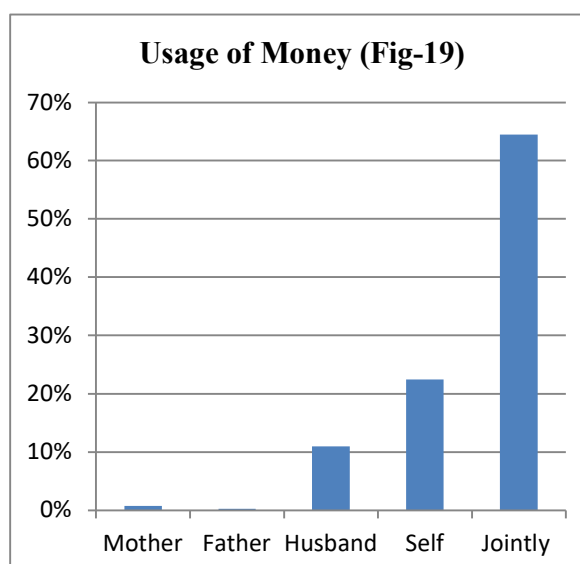
Pakistan's Ranking on Gender Gap Index 2014	Overall		Economic Participation		Educational Attainment		Health & Survival		Political Empowerment	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Pakistan out of 142 countries	141	.552	141	.309	132	.805	119	.967	85	.127

Overall rank of 141 out of 142 participating countries highlights the worst situation and our standing in the global village. Further breakup provides deeper insight into the key reform areas and our respective standing against each with economic empowerment requiring special attention focused by educational attainment, health survival and political empowerment.

Keeping in view the national development challenges, JWSP has crafted its vision of Social and economic empowerment for all. Under the guidance of the vision, most deserving segment of the society requiring socio economic empowerment is women. Therefore, JWSP adopted women centered economic and social development approach. As a result, 99% beneficiaries of our programs are women, highlighting our commitment and focus towards women development.

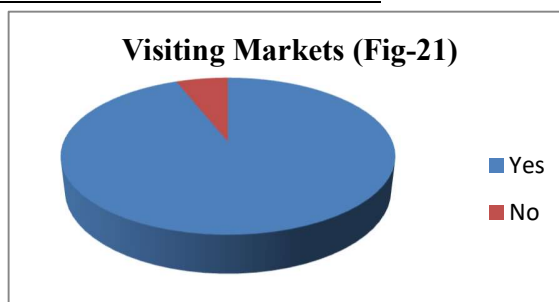
The impact assessment study highlights encouraging trends towards more empowerment witnessed through increased women participation in household decisions as well as fiscal matters. Summary of key empowerment indicators is highlighted in Fig 19 & 20.

Participation in usage of money highlights the importance, wisdom as well as trust on someone in our society. Keeping in view the local context, Fig-19, gives an encouraging response of our economic development services. 64% women stated that they participate in the decision making process involving money matters, 22% claimed to have decision making in their own



hands while 11 % stated that their husband's take the decisions. On the other hand, 97% women beneficiaries claimed that they are consulted in the household decisions as a whole.

Since JWSP serves loans to the women entrepreneurs, it was necessary to gauge their level of freedom to visit market places for business purposes. The results under this head were also very encouraging as 94% respondents acknowledged that their families have entrusted them to visit market places to carry out the business transaction (Fig-21).

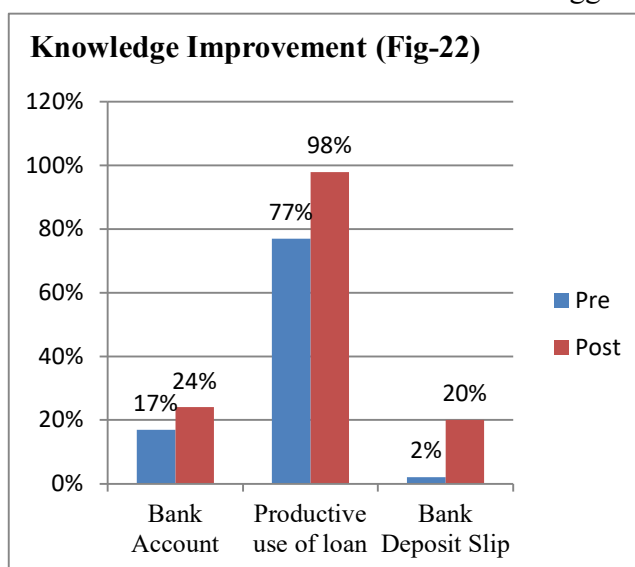


5.5.Rights & Knowledge

Another aspect of the social empowerment is the knowledge about one's rights and obligations in business transactions. This not only empowers people but also helps them avoid any fraudulent activity or exploitation. Therefore, keeping this fact in mind, JWSP has focused on the financial literacy and empowerment of clients by educating them about their rights and obligations as well as on the usage of common financial instruments. These waves of communication are triggered every month during the meetings held at the grass root level with the clients.

In addition to the regular meetings, financial literacy is specifically covered during the vocational training sessions conducted from time to time in selected domains. These awareness sessions had encouraging impact as highlighted in the Fig-22.

With a positive impact on the operational performance of JWSP loan portfolio in terms of 100% recovery rate due to productive usage of loan, there is also another facet of the impact that might be minor but is worth mentioning. By enhancing the number of bank accounts from the marginalized communities and their understanding to fill up the bank deposit slips, following three interrelated objectives are being achieved under the overall umbrella of financial inclusion;



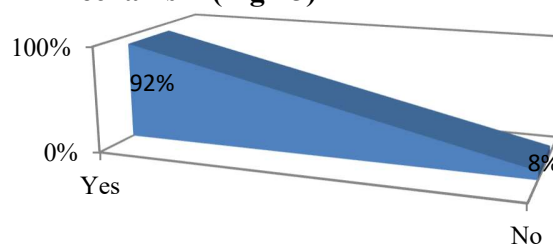
- Increase in number of bank accounts suggests that clients are actually graduating from the microfinance sphere into the formal financial world by opening accounts in the scheduled banks.
- The second indicator of improvement in knowledge regarding productive use of loan is very vital sign and indicates that clients are putting loan in the productive uses that not only ensures repayment of loan as well as creates a steady source of income and employment at grass root level.
- The third aspect is related to the ability of clients to understand the key sections of bank deposit slips and fill them. This has been made possible by monthly repayment deposits being made by the clients at the local banks. This further helps clients in making deposits at banks and thus streamlining/mobilization national savings for the development.

To streamline the field operations and to ensure compliance of standard operating procedures, JWSP has a robust mechanism that operates seamlessly. Furthermore, to address grievances and complaints, a separate telephone line as well as complaint boxes have been placed at branch level. Clients were asked that weather if they are entitled to complaint against any problem being faced due to the organization as well as its mechanism, a resounding percentage of clients 92% provided

correct response. The detailed responses showing the options to register complaint as per respondents are summarized below;

- Informing branch manager 61%
- Putting complain in the complaint box 9%
- Calling at a complaint box 16%
- Reporting group leader 17%

Knowledge of Complaint Mechanism (Fig-23)



However, the option of reporting group leader is not the part of the complaint SOPs and highlights misconception among clients that needs to be fixed.

6. SHININGSTARS (CITI AWARD NOMINEES)

In addition to the quantitative study, CRM team also designed and carried out a qualitative transcript to gauge the impact and take feedback from a different angel. Out of several clients documented, few were also shared for the competition of the CITI award nomination. By the Grace of Almighty, three clients were shortlisted for nomination highlighting the good work being done by JWSP as well as enthusiasm and commitment of clients to change their fate.

Following is the summarized view of their achievements that highlights the impact recognized by the independent evaluators.

6.1. Woolen Thread for Subsistence:

Business Overview:

Surrayya Bibi is a hard working woman living in slum region of Gujranwala city. She is 59 years old and lives with his husband and families of two married sons. Surrayya and her husband have been preparing woolen thread that is locally called as Waan Sootar and used in knitting Charpais (a local form of bed).

Her business process starts with the purchase of raw woolen thread from local market in Gujranwala that is in the form of sweaters. Those sweaters are then un- weaved and woolen thread is collected. Then 4 threads of different colors are spun together on machine and shaped as a single thread to be used for knitting Charpais and small Stools for household use.

Key to the Micro Entrepreneur's Success

Surrayya and her husband develop woolen thread that is a bit unique rather old traditional business. The woolen thread developed by the entrepreneurs is finally used in knitting Charpais (local shape of bed). Interestingly the demand of woolen thread still exists in rural areas where people prefer to keep 2-3 Charpais in every home. This uniqueness of their product niche has proved to be a key facilitator in their success of business.

Furthermore, there is little to no competition in this segment and buyers from their own area even visit their home to purchase the Waan Sootar. Another factor remains the fine quality, durability and low cost of the woolen thread they produce.

Future Plans of the Entrepreneur?

Preparing and selling woolen thread is their single source of earning in the old age and they are very high spirited and actively planning to buy one more machine. The spinning machine shall help them increase their output and increase their profitability as well.

They have further carried out analysis about the demand and are confident that higher production shall easily be sold out in the market. To ensure supply of processed input for spinning of woolen thread, they have identified families from their community who are skilled enough to unweave woolen sweaters and then collect single thread from them that is to be used in the final product.

She was confident that the 4th loan amount received from JWSP shall enable them to purchase another spinning machine.

Greatest challenges of micro entrepreneur:

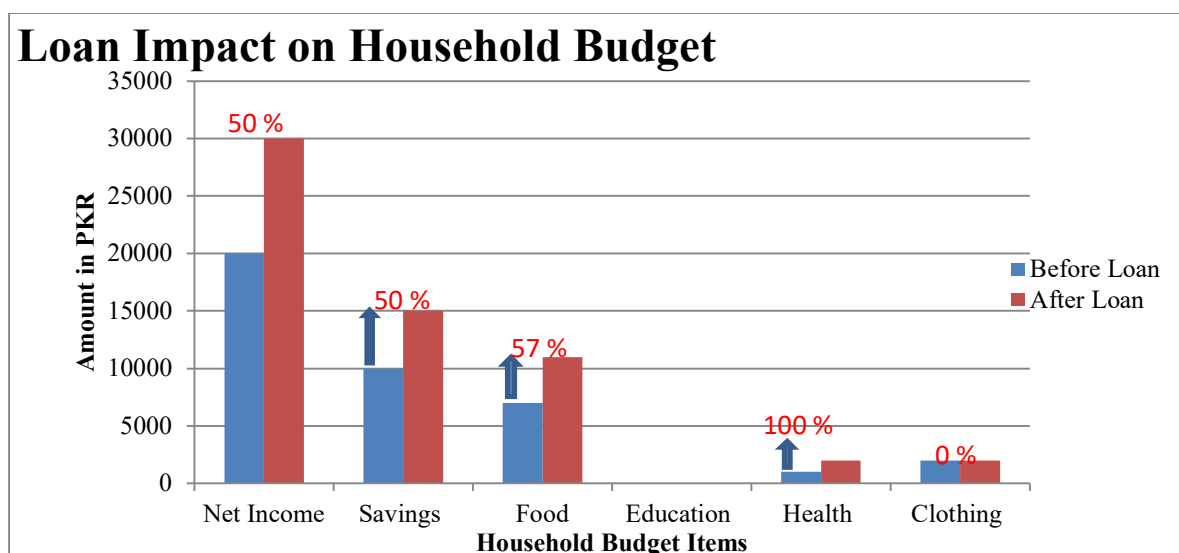
Lack of Funds: Surrayya's husband explained that lack of funds to enhance business was one of the major challenges faced by them. He explained that how hard it was to meet necessities of life with a small scale business with limited/no finance for its expansion. Around three years ago, we came to know about JWSP and its micro lending program for the poor communities, my wife along with other women in her area formed a group and applied for loan. The request was approved and we received loan that was rightly put in the productive use.

Balancing Labor cost & Productivity: Other major challenge was related to keeping costs lower while at the same time enhancing production levels. One option was to employ workers but that would have led to a permanent liability and expense for the business. We thought on it very deeply and finally decided to involve women from the community. We give them woollen sweaters and they provide us unweave single thread that we utilize in making final product. This has proved to be an economical alternative of employing permanent labor force.

Impact of Business on Family

Source of Income for Family: Business proved very helpful for the family and they were able to marry their two elder sons from the savings of the business. They recalled that the marriage ceremonies were very good and everyone in their family praised the arrangements.

Income Distributor in Community: In addition to this, business has proved to be a consistent source of bread for not only their family but also around 15 families of their communities. Their business is acting as income distributor hence positively impacting local economy.



Impact of business on community

The small business had significant impact on the socio economic landscape of family as well as a positive contributor and an income spreading vehicle. Business has employed 3 members of the family and around 15 women from the community. No of women from community keep on varying depending upon the workload and demand patterns.

Indirectly the business is able to support around 66 community members in the locality.

6.2.Miraj Concrete Jali House

Business Overview:

Fehmida bibi owns a Concrete Jali making business and actively works with his younger brothers. They prepare pillars, minarets of mosques, concrete slabs and other readymade shed material on order as well as for regular sale. With a boom in the constructions industry in Pakistan as well as owing to their growth oriented planning, they are experiencing ever growing sales and expansion in their product lines.

Key to the Entrepreneur's Success

Detailed discussion with the entrepreneur revealed number of factors that have positively contributed towards success of their business. They explained the key factors in the following way;

- We have been into this business for over 8 years and continuous involvement has taught us several lessons and best practices.
- Over the period of time we have explored new markets and do not rely solely on the local market for selling our products. This has paid off in the form of ever expanding demand orders from adjacent districts of Sialkot, Daska, Wazirabad & Gujrat.
- We are able to produce better quality products as compared to the famous brands on a relatively lower cost. This has now been our core advantage and major reason of success.
- They were aware of the continuous expansion in the construction industry and consistently kept on increasing their production capacity.

Future Plans for the business:

Fehmida and her brothers are very satisfied with the performance of their business and they are further planning to expand their business. The precise expansion plan revolves around adding concrete slabs and concrete guarders for roofs.

“We have space for product development as well as all the required equipment. We therefore want to further expand our product range to ensure that customer gets everything he needs related to the readymade construction material.”

Small Showroom: In addition to adding more products in the inventory, they plan to shape up their small showroom as well so that products can be easily and effectively showcased. They are hopeful that by polishing and finely presenting their products, they can earn better returns on their products.

Key Challenges faced by the entrepreneur

As the entrepreneur moved forward in her business, few of the greatest challenges faced and their mitigation strategies adopted are listed below;

- **Competition in a limited Market:** The foremost challenge was regarding business expansion; however, it looked very difficult in local market due to strong competition. Fehmida and her brother then decided to explore demand in adjacent districts of Sialkot, Daska, Wazirabad & Gujrat. This proved fruitful as considerable demand existed in those

areas; they then started developing their stockiest in those areas and provide supply regularly.

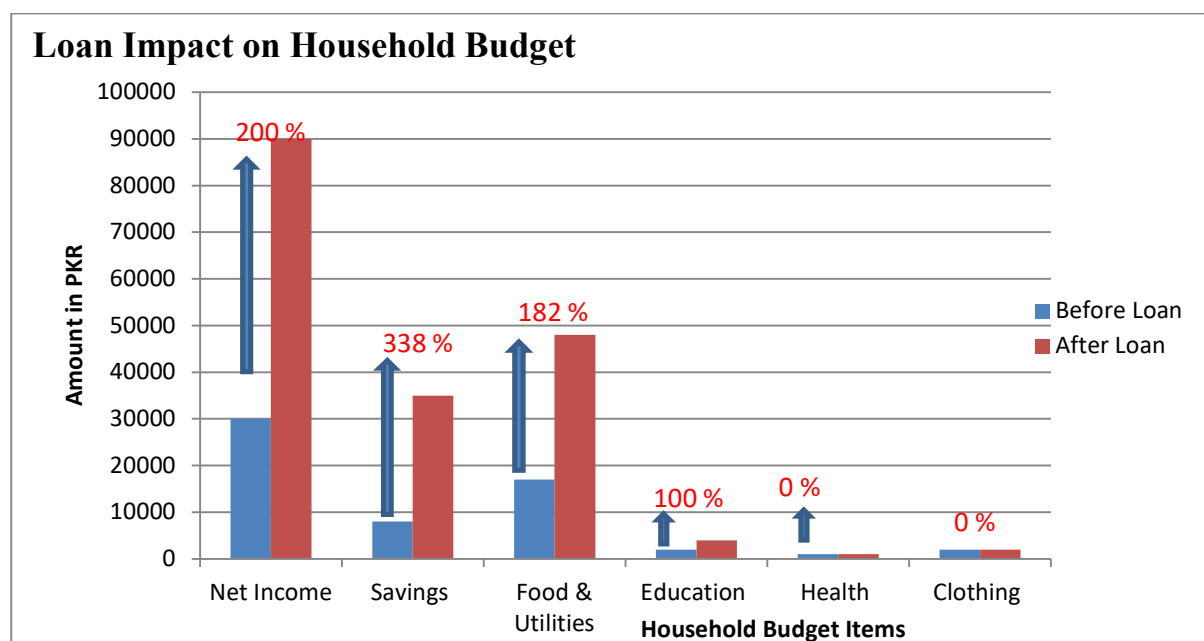
- **Lack of funds for expansion:** Like every small business owner, Fehmida too faced issue of finance to plan for expansion. She smartly kept on saving few 3-4 thousand rupees every month and later on started availing loan from JWSP. The combined cash flows kept on helping them every year to expand their business and enhance their business worth.
- **Balance between family expenses and business savings:** Fehmida lives in a joint family where she along with her brothers actively participates in the business. She explained that it was very difficult to forcefully keep business savings away from the family expenditures and this wise decision helped her flourish business.

The above stated challenges and respective mitigation strategies highlight the superior business intelligence of the entrepreneur. This has been made possible with active counseling and guidance of JWSP during the lending periods.

Impact of Business on Family

Family has 4 brothers and two sisters. All the brothers are married and have 7 kids all of them are school going and attend local private schools. Fehmida explained that the business is sole source of earning for the whole family and I feel very pleased that it has always been able to fulfill family needs.

She then highlighted specifically the impact of loans on her business gradually.



Impact of business on community

The business has consistently been able to employ 5 members of their family as well as 2 masons. No of masons keep on varying depending on the demand for different products as well as confirmed orders.

Consistent ability of the business to employ 8 persons shows a healthy contribution of small business in strengthening local economy.

Another positive contribution of the business towards community is the provision of concrete pillars and other material that is low cost and affordable for the poor families in the region.

6.3. Football Stitching

Business Overview:

Shehnaz bibi is a young entrepreneur who has been into the business of football stitching for more than 10 years. She looks after this business along with two other women of her family. Over the period she has gradually enhanced her business and now employs over 15 women from her community. Women gather at her home and stitch footballs as per the demand specifications.

Key to the success of business:

Shehnaz explained that although she has no formal education in the field of business yet she managed to steer her business successfully on the basis of following factors;

- **Consistent quality of Stitching:** In the initial phases of my business, we face problem in maintaining quality but after that I made a commitment that we shall never ever compromise on quality again. This resulted into our fame for stitching quality footballs.
- **Multiple sources of business:** We always maintained working relationship with more than one factory producing footballs. This helped us in taking healthy orders throughout the life of the business.
- **Better Order Management:** By the grace of God we have always been able to meet our commitment with our prime contractor. They rely on us and trust that we shall timely deliver quality products.

These factors have played a major role in ensuring smooth operations of our business in addition to our commitment and hard work for the business.

Future Plans:

Entrepreneur is very pleased with the performance of his business and want to further expand their setup. For the expansion they are actively working on the following strategies;

- Saving money to finance addition raw material purchase
- Continuously availing finance from JWSP
- Searching new and reliable companies who are willing to outsource football stitching process

She is also looking to add other hand made products in her services and evaluating their feasibility in terms of technical skills required and return on the efforts involved. She is hopeful that a variety of products being manufactured/stitched by her shall give a boost to her business.

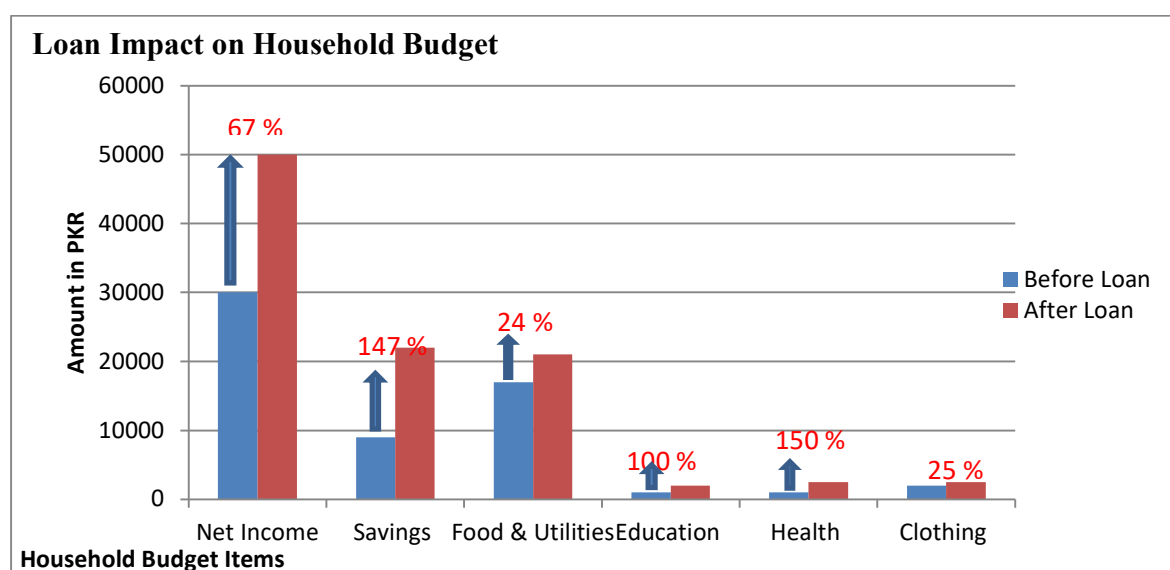
Key challenges faced:

As Shehnaz bibi slowly experienced growth in her business, she faced variety of challenges. Along with active support of her family members and continuous guidance from the JWSP teams, she was able to overcome those challenges successfully.

- **Search for right company/ factory:** Initially she experienced problem in dealing with the factories as some of them used to receive the finished footballs and delay payments unnecessarily. This created hurdles for her as it got very difficult to operate with a limited working capital. She then searched for better companies who now pay her at the spot and she is able to manage her payments efficiently.
- **Lack of Trained Manpower:** As she tried to expand her business, she experienced lack of skilled workforce to take on load of additional work orders. She then motivated women in her areas and taught them the art of stitching footballs. She was successful in her effort and now around 15 women in the area are working with her.
- **Quality management:** As her workforce increased, so did the output. She then faced some issues in the quality of stitching due to poor monitoring and quality control mechanism. She quickly identified this issue and regularly started keeping an eye on the finished product before handing over to factory.
- **Meeting deadlines:** Few times I faced issues in meeting deadline during the peak seasons, issue was with my workforce who is house woman and they have to look after their family affairs as well. I therefore started keeping a buffer stock for the emergencies as well as I employing additional workforce to solve this problem.

Impact of business on family:

The business proved very helpful in raising their socio economic status in the society and helping them fulfill their social responsibilities in an excellent way. The actual impact of loan on her business as well as household budget is precisely described below.



Impact of business on community

Their business is positively impacting their family as well as community. Three (3) members of their family are employed in the business as well as around 15 women from the community.

Therefore, the business is not only providing jobs to the family members but also ensure women participation in the income generation activities.

7. CONCLUSION & RECOMMENDATIONS

Based on the analysis and insights generated, following few conclusions and recommendations are being proposed for consideration;

As evidenced from the analysis in the section of economic impact, living standards, women empowerment and knowledge improvement, it is very clear that the micro finance program is positively contributing in the household economies of the poor communities. The survey data might over or under state the impact to some extent but the trend is very clear and that is positive and needs to be continued.

In addition to the conclusion, following are few of the recommendations being proposed for the betterment of the program and services.

- It was witnessed that almost 37% respondents do not maintain any type of record of their business transactions. Despite the encouraging impact; this is one of the grey areas that require attention. New series of trainings should be started with focus on enhancing capacity of women entrepreneurs in maintaining business record.
- Almost 20% respondents stated that JWSP needs to improve their services by reducing group meetings, reducing group members as well as decreasing the service charges that is against the organizational policy and also not productive for the overall program. However, out of the complaining lot, 11 % stated that JWSP needs to further improve the staff behavior that needs to be looked into detail for action.
- It is evident from the snapshot that majority of the clients keep their savings in the informal ways that has the least productive role in the national development as well as return on savings. There is a potential of mobilizing deposits from the grass root level by tailor making micro deposit schemes to streamline funds for the national development. This however, is the job of the regulator to provide enabling environment and enhance the scope of MFIs to take deposits as well.
- Furthermore, keeping in view the overall spread of the micro finance program in terms of outreach, number of clients as well as loan portfolio, it is advisable that the organization should introduce more tailor made products across different sectors to offset product specific and sector specific risks.