

## SIX MONTHLY PROGRESS REPORT

JAN-JUNE, 2014

This is the first report after completion of pilot project and initial implementation phase from January to June 2014. It is important to mention, Asasah signed agreement on January 2013 to offer Murahaba product (purchase of handlooms) to 1,000 bonded weavers through branch office Islampur and expected that program will be sustainable in 17 months. Overall at the face of it looked very simple because team of Asasah was confident that microfinance program could easily be replicated in other project areas of interCooperation. During pilot phase Jan-Dec 2013, it was learned that by giving handloom to bonded weavers cannot make them sustainable.

It was learned from independent market report that there were more than 5000 handlooms before the attack of Taliban which has reduced to approximately 700 bonded weavers and all are working with Naik (Naik is the person who owns 3 or more than 3 handlooms).

After analyzing prevailing situation, Asasah changed its strategy with approval of interCooperation through revised MOU, signed on January 07 2014. Multi pronged strategy was adopted to detach the weavers from Naik

- The weavers who were having the handlooms but were unable to purchase the raw material worth rupees 55,000 to 65,000 . Hence were forced to work with Naik.
- We Introduced Musharakah product (partnership based on profit and loss share) and raw material offered to them as an investment for 45 to 90 days.
- Offered qarz-e-hasna (interest free loan) product to females for income generating activities, returnable in 3 to 6 months
- Offered Murahaba products off weaving sector eg. grocery shop , medicine shop

### ADVERSARIES

During January – June 2014 , some serious issues paralyzed the total program rather very existence of Asasah in Swat:

- The religious faction declared, Asasah's microfinance is non Islamic. Hence it should be closed.
- Discourage female population to come at Islampur swat branch because Asasah offering financial services male and female at the same venue which is against the culture of swat
- Weavers could not sell their handloom shawls due to off season, resulting could not payback loan on time to Asasah.
- Current overdue of rupees 54,157

Because above mentioned adversaries, Asasah could not achieve operational sustainability (100% cover cost from income) so some basic strategic move was required immediately to rebut the resistance created by religious leaders rather than closed the business in swae..

Challenges	Strategic Action
The religious faction declared, Asasah's microfinance is non Islamic.	To counter the objections of religious factions, Shariah Advisor of Asasah did detailed talk with leading religious readers (ulma and Maulvi) of swat. Ultimately succeeded in getting the positive consent from factions and declared that Asasah program is very much Islamic. Also religious leader promise to offer their full support
Discourage female population to come at Islampur swat branch because Asasah offering financial services to males and female at the same venue which is against the culture of swat	Asasah signed MOU with MEDA, to establish Common Facility Center (CFC) for Women in Islam pur and Kanju, to trained women on skills, basic religious education and income generating activities.  212 women registered as member of Asasah CFC
Weavers could not sell their handloom shawls due to off season, resulting could not payback loan on time to Asasah.	Market Development Forum was formed with su of Inter Cooperation, to resolve marketing problems of weaving sector.  Asasah joined hands with Texlynx to facilitate the weaver to introduce their products in 11 different countries to expand the market of handlooms woolen products.
Current overdue of rupees 54,157 Due to offseason till July 2014, weavers could not sell their shawls	Suspend financial services till July 2014 for weavers  Result: only 79 loans disbursed out of 118 loans.

#### PARADIGM SHIFT OF ASASAH

CEO Asasah took the challenge, critically analyzed the situation, adopted suitable strategy to get things improved.

	As per 1 <sup>st</sup> agreement Dated: Jan 2013	As per Revised agreement Dated: Jan 07, 2014	As per situation on July 2014
Role of Asasah	To offer financial services	Offer financial services	Offered financial services  At look out to find market linkages

			at national and international level
Financial Product	Murabaha for purchase of handloom	Musharkah (partnership with weavers)  Murabaha ( sale of handloom, grocery item and any business asset for )  Interest free loan for poor	Musharkah (partnership with weavers)  Murabaha ( purchase of business asset)  Interest free loan for poor  Saving product under the name of "Mera Asasah" for female.
Branch Office	1 branch office for both gender (male & female)	1 branch office for both gender (male & female)	1 branch office and 2 sub branch office 1 for male 2 for females
Target Audience	Estimated 450 bonded weavers	Estimated 854 bonded weavers Non weavers embellished fabric women	600 bonded weavers 150 Non weavers 1050 embellished fabric women
Microfinance Target in 24 months	Microfinance # of Loans: 450  Amount: 9,050,000	Microfinance # of Loans: 854  Amount: 16,988,000	Microfinance # of loans: 1350 (250 males & 150 women embellished fabric)  Amount: 9,050,000
Financial support via market linkages	None It was assumed that weavers have market linkages to sell shawls	None It was assumed that weavers have market linkages to sell shawls	Approximately 100,000 shawls value 700 million rupees are piled up which is to be liquated at international market through Texlynx and other vendors. This will help to generate of income 85 million for weavers.

#### Strategy for July – December 2014

- We have planned to explore market linkages for the continuous growth for the products manufactured by Asasah's clients by well trained staff members.
- Asasah is going to sign MOU with texlynx to offer woolen shawls and embellished fabric items through their international offices in 11 countries. it estimated that Texlynx will sell 100,000 woolen shawls per annum.
- Financial products will be offered to individual need bases.
- Approximately 1050 women will register with CFC.

- Approximately 90% operational cost of Asasah will be recovered from sale of piled up woolen shawls.

Presently we have planned for two months, which will be updated as per achievement till the time we completely overcome resistance created by religious factions.

Planning July & August 2014

#### MICROFINANCE

# of loan	30
Amount Disbursed	1500,000

Note: July 2014 is offseason of weaving

#### FINANCIAL SUPPORT through MARKET LINKAGES

Activities	Outcomes
Asasah will sign MOU with texlynx for sale of woolen shawls	Explore shawl market in 4 countries
Hire quality assurance and designer for shawls	Asasah will be hire services quality assurance officer and designer to improve product and executions of orders.
Get orders for women embellished fabric	Rs. 300,000 orders will be secured
Female registered at CFC	600 females registered at CFC Kanju and Islam pur

PICTURES OF ACTIVITIES HELD BETWEEN JAN-JUN 2014



First meeting held at Common Facility Center for Female (sub branch office of Asasah)



Sewing Machine giving to Female as Qarz-e-Hasna (interest free loan) for period of six months





1<sup>st</sup> meeting held of Market Development Forum with assistance of Inter Cooperation



Shariah Advisor of Asasah explaining Islamic microfinance to religious factions



FSA (Female Sale Agent) taking Oath as member of CFC ( Common Facility Center) of Islam Pur Village Swat



CEO Swat Relief International conducting Health workshop at CFC (Common Facility Center) Islampur Village Swat