

Workshop Report
With Kashf Foundation

The Culture and Conflict Project

Educating Beneficiaries on Microfinance Loans



THE LONDON SCHOOL
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Educating Beneficiaries on Microfinance Loans

Date: June 11th, 2023

Location: PAIMAN's Skill Building Institute, Charsadda

Participants: Sheeba, Sanobar, Nageen, Shakeela, Seema, Tajmeena, Shahay, ZarBibi, Haleema, Samina, Shahnaz, Neelofar(craft women)

Facilitator: Ms. Shabana (Business development officer, Kashf Foundation)

Objective of the meeting

- To develop understanding around process of Microfinance and Loan Basics
- To know benefits and Risks of Microfinance Loans

Proceedings:

PAIMAN organized a one day orientation session of craft women from Charsadda and Peshawar with Kashf Foundation with the aim to connect them with microfinance entities so they can establish as a group their own small business of making embroidered items.

Ms. Shabana of KSaf Foundation initiated the presentation with a comprehensive overview of microfinance. She

emphasized its pivotal role in extending financial services to individuals and small enterprises underserved by conventional banking systems. She illuminated the diverse range of loans offered by Kashf, which encompass:

1. **Productive Loans:** Tailored to support small businesses like clothing shops, general stores, tailoring and embroidery units, livelihood projects, and beauty salons, among others.
2. **Personal Loans:** Designed to cater to personal needs, such as covering utility bills, raw material expenses, and exhibition/event-related costs.

The participants gained insights into the diverse array of loans offered by microfinance institutions and how these loans could catalyze business inception, expansion, and enhance financial well-being.



The participants underscored the critical significance of responsible loan utilization, shedding light on the potential risks inherent in borrowing, notably the threat of elevated interest rates and the potential consequences on one's creditworthiness. Shaban placed a strong emphasis on the need for meticulous planning and astute financial management when contemplating a loan. The participants were reminded that a well-thought-out financial strategy is paramount to mitigate risks, ensure loan affordability, and safeguards one's financial stability. In an era where loans can be powerful tools for advancement, caution and foresight in their utilization are essential to ensure they remain beneficial rather than burdensome.



Through group work the loan application process was meticulously explained and each group completed its application with guidance from Shabana. The application encompasses a detailed breakdown of requisite documentation, eligibility prerequisites, and the anticipated approval timeline which is as follows;

- **Eligibility:** Only females holding Pakistani CNICs are eligible for the loan. Kashf Foundation will verify their eligibility with NADRA before disbursing funds. Female Afghan community members with POR cards are not eligible.



- **Productive Loan:** Only female beneficiaries, along with one nominee (mother, father, sister, brother, brother-in-



law, sister-in-law, or father-in-law), may apply for this loan.

- **Personal Loan:** Individual female beneficiaries are eligible, and there is no need for a nominee or PDC holder.
- **Post Disbursement Cheques (PDC) Holder (Productive Loan):** Male PDC Holders acting as guarantors must provide two blank bank cheques.
- **Loan Amount (Productive Loan):** The first loan can be for up to 50,000 rupees.
- **Loan Amount (Personal Loan):** The loan can be for up to 25,000 rupees.
- **Profit (Interest):** A 23% profit on the loan amount will be returned in total for both types of loans.
- **Installment Period:** The repayment period consists of one year, with 12 installments spread across 12 months for both types of loans.

Attendees were actively encouraged to participate by posing questions and seek clarification, fostering an

interactive and informative environment during the dedicated Q&A session.



In the interactive Q&A session, participants posed insightful questions regarding interest rates, repayment conditions, and the implications of loan default. The presenters, in response, delivered succinct and lucid explanations, ensuring that the beneficiaries departed with a comprehensive grasp of this important topic.

The meeting came to an end with closing remarks from Ms. Saeeda, District Coordinator PAIMAN, who expressed gratitude to the attendees for their active participation. She underscored the pivotal role of financial literacy in



enabling individuals to make informed decisions regarding loans. Participants were warmly encouraged to connect with the Kashf Microfinance Bank for additional information or to kickstart their loan application journey.

Conclusion:

The meeting effectively fulfilled its objective of educating beneficiaries on the intricacies of securing loans from Kashf Foundation. Participants departed with a heightened comprehension of microfinance and the nuanced facets of borrowing. This bolstering of financial literacy equips beneficiaries to make informed and prudent financial choices, harnessing available resources for their economic betterment. In essence, the session not only imparted knowledge but also empowered individuals to leverage their newfound insights to enhance their financial well-being and capitalize on opportunities for economic advancement.