



Driving Ambitions

CASE STUDY



PAKISTAN POVERTY ALLEVIATION FUND

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CREDIT & ENTERPRISE DEVELOPMENT

PAKISTAN POVERTY ALLEVIATION FUND

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Foreword

The range of learning that has resulted from PPAF's interface with its partner institutions and beneficiary communities, over the past few years, has been exhaustive. While retaining its principal focus on the business of micro-tier services, especially in micro credit and capacity enhancement, PPAF also realizes the need for expanding its services in the area of micro and small scale enterprise (MSE) development and fostering support institutions which act as enterprise development enablers to these MSEs. This is in line with the long-term vision of PPAF's work to promote a range of MSEs which play a significant part in income and employment generation and are a favorable addition to the country's economy and GDP growth.

A part of CED unit, Enterprise Development Facility (EDF) is the first step towards supporting partner institutions' initiatives aimed at MSE Development. The facility has been set up in partnership with United States Agency for International Development (USAID) and the World Bank. The initial focus of facility is to provide dedicated lines of credit for medium sized loans and support capacity building initiatives focused on institutional development.

EDF, as with all other services of PPAF, is undertaken with the cooperation of selected partner institutions demonstrating the capacity and potential to undertake initiatives in enterprise development through financial and non-financial services.

As of December 2005, under the Enterprise Development Facility CED unit had disbursed US\$ 3.86 million to around 2,000 borrowers (23% women) through 4 partner organizations in 6 regions of the country. The PPAF recovery rate of these micro enterprise loans has been 100%.

This publication documents the changes made in the lives of just a few people who have availed this facility.

Driving ambitions

Bushra lives in one of the houses in a tightly packed, poor neighborhood that is typical of Lahore. The house is reached by taking turns down several narrow lanes off the main road. The lanes are bordered by houses built of brick that rise up three or four stories, shading the walkways from the sun for most of the day. People are everywhere and there are signs of business going on in almost all houses, just as sights and sounds of farm life dominate rural villages. These neighborhoods are at the center of the informal economy that operates separately from government and only has tangential links to the formal economy. And yet this is what forms the basis of livelihoods for most of the urban poor.

As in so many homes, it is difficult at first to know who is a relative, who is a neighbor, or who might be a tenant. Bushra has eight children, six girls and two boys. The younger boy is 'adopted' from her sister,



The informal economy that operates separately from the govt only has tangential links to formal economy

something that happened as a result of Bushra's husband wanting another son. The elder son is married to a woman ten years older than himself, a marriage arranged by Bushra's husband, and has a son and a daughter. Two daughters were married recently. Bushra is very proud of her children and

shows photographs of their weddings to her visitors. For their part, the children appear to get on well with their mother. Bushra is glad that they are good-looking like her and did not inherit their father's looks!

Bushra was born into a family in the same neighborhood where she still lives. Her father died when she was a child and her mother remarried soon after. Bushra continued to live with her mother but it was not a happy existence. She does not remember a period in her life when she was truly happy. Her stepfather made her mother arrange for Bushra's marriage when she was 15, and her mother felt forced into it because her husband might otherwise have chosen to take a second wife. Although Bushra and her husband have had seven children of their own, she says that the marriage has never been happy and her husband did not treat her or the children well. For the past ten years she and her husband have lived in the same house for the sake of their children, although their relationship has been distant.

Over the years, Bushra has done several things to earn money, including teaching sewing and embroidery skills to women at one



time. She went into business for herself about ten years ago after visiting a shop that sold wedding dresses. She realized that she could make them as well. Since then she has made enough money to buy the house she now lives in and to marry off her daughters with her own resources spending about Rs. 400,000 per daughter. Her husband has a job and contributes some money for monthly expenses, though not enough for all the needs of the family.

Although in some ways Bushra was forced into her business in order to survive, it is clear that she is good at what she does. She is a self-confident, street smart entrepreneur who seems very comfortable with what she is doing. She makes her

own dress designs and over the years has built up enough demand from buyers (shopkeepers) that she began to outsource some of the dressmaking to other women. She provides designs and materials and pays for the labor on a per piece basis. She even out sources to women in other towns and sometimes travels to Sheikhpura and Narowal to follow up on the work being done for her.

More recently she also developed linkages with a relative in UK who buys dresses from her. In terms of accessing financial resources to make the business grow, Bushra, like most other women in her situation, has been part of the ubiquitous committee system for many years. In fact, she still participates in a committee. Four years ago when she needed more capital than the committee could provide, a friend told her about CWCD. She took her first loan of Rs. 8000 at that time and then a second loan of Rs. 15,000. After successful repayment of these loans CWCD graduated her as a client for their enterprise development loan program that allows for larger loans.

The Enterprise development Facility, (EDF) is a facility extended

by USAID through PPAF to finance larger loans for entrepreneurs who have outgrown microcredit. These EDF loans, have the potential of relieving financial constraints of poor clients rather than merely maintaining them on marginal subsistence levels. Bushra has since availed two loans of Rs. 30,000 and Rs. 90,000 that she used to expand her business.

The house begins to stir at an early hour when people get up for prayers. Bushra gets the household work going and after that she often goes out to visit the women to whom she contracts out work to supervise and make sure that everything is in order. She then returns to her house to make dresses herself, something that also involves her daughters and others as and when they have time to help.

Bushra has rented out a shop in Siddiq Centre, Gulberg Lahore. The first months rent was paid by CWCD to encourage her to get into such an activity and now she goes and attends to her shop in the afternoons. She is often helped by her son-in-law at the shop or she takes one of her younger sons with her. Bushra says that she hates people who idle their time away. She says that she keeps herself

busy at all times and even in her shop, between customers she uses her spare time to embroider her pieces.

Evenings are spent with family and neighbors. Bushra likes to listen to music cassettes, but also often finds herself bored. If she could spend her time as she likes, she would listen to sad music and cry. The one thing she does regularly every week is to go on Thursdays to pray at the most famous shrine in the city.

Bushra's greatest ambition is to get a visa to go to another country where she could open her own boutique. According to her, this would take her out of her unhappy circumstances and allow her to earn enough money to secure the future of her children. She jokingly agreed to be interviewed on the condition that she be given a visa for Saudi Arabia.

To Bushra, important events in life equate with happy events, and of these she could think of none, although the pride she had in telling about the marriages of her daughters seemed to belie that claim. Tears came to her eyes as she said that everything could be fine if her husband would change.

To Bushra, important events in life equate with happy events, and of these she could think of none.

Without the love of her husband she feels that she has no value. If that changed, "business and money would not matter." This was a theme to which she returned often during the conversation.

In many ways Bushra represents a good outcome for the development efforts made by competent, caring organizations. She is self-confident and self-reliant, the owner of a growing business of which she is clearly the master, and one that also helps other poor women. She also has good social connections and has been able to successfully marry off two daughters without the help of her husband. But there is another theme that runs deeply through her life, that of having an unfulfilled soul; of being stuck in an unhappy marriage and feeling incomplete despite her success, and still not sure that her children will do better in life than she has.

The spirit of enterprise

Nusrat Bano is a forty-year-old entrepreneur. She has come a long way from her humble beginnings. Married in 1987, she now has seven children, four daughters, and three sons. Only a year into marriage, Nusrat's husband, who worked in a furnace tank factory, got badly burnt by a vat of molten lead that accidentally spilled over him. He has not been able to hold a regular job since then.

Nusrat had no option but to go into business. She started stitching clothes for friends and neighbors. Luckily, she had undergone a training course arranged by a social welfare organization before her marriage, and she put those skills to use. However, Nusrat soon realized that even if she worked her fingers to the bone and stitched non stop all day, she would be unable to make enough money to support her family. She opened a small skill-school for girls in her neighborhood



Nusrat has come a long way from humble beginnings.

where she taught them to sew and embroider. In this way, with the help of her students, Nusrat completed larger loads of stitching in shorter periods of time.

Nearly eight years ago, Nusrat heard about Centre for Women Cooperative Development (CWCD) from the mother of one of the girls in her school. CWCD gave her the

first taste of microcredit and Nusrat has not looked back since then.

From her first loan of Rs. 10,000/- , Nusrat started polyester work where she made pillows and quilts filled with fluffed polyester. She is now subcontracted by leading polyester pillow and quilt makers.

Nusrat was then contacted by a local tailor/garments manufacturer who gave her small to medium sized orders of dresses for little girls.

With every successful loan cycle, Nusrat took bigger and bigger loans with successful repayments each time. When CWCD became a partner with PPAF, Nusrat was one of the first CWCD clients to take a PPAF funded microcredit loan.

She now calls her small school an industrial home, and has between thirty to sixty girls at any given time. She also has a knitting machine and knits sweaters on that.

When PPAF introduced its Enterprise Development Facility in 2003, for medium entrepreneurs who graduated out of the microcredit program, Nusrat was one of the first EDF clients of CWCD. With her first EDF loan of



NUSRAT'S VISITING CARD

Rs. 50,000/- Nusrat diversified and started producing merchandise not only for big companies, but also for her self.

With encouragement from CWCD, she started participating in exhibitions, first in local exhibitions within Lahore, then slowly she started expanding to Peshawar and other cities. In Peshawar, Nusrat was approached by a couple who contracted her to make crotchet shirts. They were so pleased with Nusrats merchandise that they have given her a contract for crotchet shirts worth Rs.700,000 that will be exported to America.

Nusrat gets her crotchet shirts, bedcovers and stoles made from Sheikhpura, where she employs around 150 women. Currently she has 3000 crotchet T-shirts and scarves in the pipeline for shipment to America.

After the success of her exhibitions, Nusrat has rented out a shop in Siddiq Centre, Gulberg Lahore. The first months rent was paid by CWCD to encourage her to get into such an activity. Nusrat and her eldest daughter manage the shop themselves. The shop has a variety of goods for sale, including fancy slippers, Crotchet shirts, scarves and bedspreads and also Pillow covers and quilt sets. There is also a “Mehndi corner” in the shop where her daughter applies Henna on brides and other girls.

In her Industrial home she employs some 20 women who take care of the sewing etc whereas she now mostly just keeps an eye over her business.



Nusrat aspires for much more than she has achieved

She aspires for much more than what she has already achieved, and hopes to get an export license so she can export her materials abroad on her own and not have to depend on a middleperson.

“It’s a short life we have,” she says
“I want to do as much as I possibly can”

Educating the nation

It is nearly time for students at St. Christopher's English School to go home for the day and like all children, the excitement at the prospect makes them noisier than usual.

Enter Nasreen, a portly middle-aged woman who happens to be owner, founder, and headmistress of St. Christopher's. Grabbing one mischievous child by the ear and cuffing a second, she soon restores peace and decorum that she says she is proud to have instilled in her children.

Mrs. Nasreen Munawar has an intermediate degree and over 25 years of teaching experience. Five of those years have been spent running St. Christopher's. Nasreen had taught at a government school for 20 years until an accident damaged her mobility and cost her, job. She was unable to move her head around and could not look up at all. She had no other choice but to lie in bed all day at home. Staying



The boredom of staying home was killing Nasreen.

at home was not easy for Nasreen who was accustomed to a busy routine for longer than she could remember. "I was used to having a job and the boredom of staying at home was killing me" says Nasreen. "Besides, my husband is a teacher just like me and we could not support 5 growing children on a government teacher's salary." To keep herself busy, Nasreen

started a tuition centre from her house. She started off with only one or two children who came to her in the evenings and weekends for help with homework. Nasreen soon realized that she could easily manage more children.

After consulting her husband, Nasreen decided to start a school from within her small house in Ashraf Colony, Mehmoodabad Karachi. Nasreen says that the school has been a blessing for her in more ways than one. Not only is she successfully running her school, she claims that finding an activity that she enjoys so much and that keeps her busy, has miraculously healed her injuries and she no longer has any of the pains that were an after effect of her accident.

Nasreen first became a client of NLC four years ago when representatives approached her and explained to her the concept of leasing. By that time Nasreens School had around 40 students. Nasreen first leased a Deep Freezer/Fridge for the School Canteen. After she successfully completed the lease for that, she leased Furniture for her school as the number of students was increasing and she did not have enough seats and some sat on the

floor or shared chairs with other students. With new furniture, she was able to enrol more children and paid off her lease quicker than originally expected. As her school had started doing well she was able to take an external loan and constructed an upper story in her house cum school. This enabled her to expand her business as it provided her with more classrooms.

Nasreen's latest lease comprises of computers for her school. Nasreen says that the computers have increased enrolment by almost 100% as this is one of very few schools in the area that provide computer education to the students.

St. Christopher's English School now boasts an enrolment of 450 students. Nasreen is proud of her achievements and yet she says she is not content with what she has already achieved. She claims that she started with 4 students and now has more than 100 times that many. She started with one teacher, now has 14 on her payroll. "I want to make my school such a big success that people use my name as an example of someone who has flourished out of very humble beginnings" says Nasreen. When she started, Nasreen charged only a hundred rupees as fee from each



student, but paid teachers as per market rate. For about a year, Nasreen was basically not making any profit and was running the overhead from her own pocket. Now she charges 450 as fees for each child and is grateful that with the help of PPAF she is now able to reap the fruits of her labor.

Talking about challenges and the goals she has set for herself, Nasreen says that the biggest challenge she faced was resource shortage. However, thanks to NLC and PPAF she was able to acquire assets that boosted enrolment and helped her to make her school a success.

Someday, she hopes to change the locality of her school. She hopes that in a better locality and with a better premises the success of the school will multiply manifold. Poignantly Nasreen says “I dream of a day when there will be a waiting

list just to get admission in my school”

Nasreens latest achievement is that she has obtained government registration for conducting classes and exams for tenth grade (Matriculation Examination) from the Secondary School Board of Education. This achievement has not only served to boost her morale, it has also increased enrolment in her school says Nasreen. Even though there are several other schools in the vicinity, Nasreens school has the largest strength and students come not only from her area but also from adjoining areas. I am happy with my life even though we’ve dedicated our home to the school and sleep on the desks and mattresses on the floor at night I am still happy because I know I have achieved something.



Changing roles

Forty-year-old Tayyaba seems to be a quiet demure woman whose demeanor portrays her as a typical Pakistani woman. Tayyaba is everything she looks and more. Though a simple woman by nature, she is a perceptive businesswoman who has established not one but three businesses and is running them all successfully.



Tayyaba had never envisioned herself in the role of a businesswoman while she was growing up. She, like so many other women in our country, had grown up with the typical expectation that she would be homemaker who would relish in her role of wife and mother.

But circumstances and fate seldom lead us where we expect. Tayyaba, married to Sajid, an accountant by profession, lived happily for several years with their two children Ali and Komal. Tayyaba thought she was settled for life when the unforeseen

Circumstances and fate seldom lead us where we expect.

happened. Following an infection, Sajid suffered acute renal failure and lost function of both his kidneys. Every last bit of their savings and more was required to pay for the expensive treatment of his condition and subsequent kidney transplant operation that was required to save his life. Expensive medication was also required after the operation to maintain his health.

Sajid, who worked for a private firm, lost his job because he had to take a long leave of absence to recuperate. Even though Tayyaba felt that losing his job was a small price to pay for his life, she also knew that for the time being, it would be up to her to do something or the other to make enough money to support her family.

A typical Pakistani woman naturally hesitant in leaving her house in search of employment, Tayyaba wanted to do something from within the four walls of her house that could earn her some money so she could at least meet the daily expenses. Tayyaba had always prided herself on her home making skills. Ever since she was a little girl, she had taken a keen interest in the “womanly” skills of sewing, embroidery and crochet and took great pleasure in learning them.

She decided that a good way of putting her talent to use would be to take in stitching for other people and get paid to sew. However, she soon felt that the price she was paid to stitch a suit was hardly enough for the amount of work she put in. Having gone to buy new uniforms for her children one day, Tayyaba realized that there were not enough uniform stores in her vicinity and



the ones that were there did not carry uniforms for more than a few schools. Struck by inspiration, Tayyaba decided that being a seamstress would never bring in the amount of money she needed to run her house comfortably and decided to venture into her own uniform supplying business.

Capital being a resource she was short of, Tayyaba went the typical route. Approaching banks and loan sharks, she was able to obtain a small loan with steep interest rates and tough repayment options. Even though she still had outstanding loans to pay back from the time when her husband had been sick, Tayyaba felt that taking a loan was a good option for her. “It isn’t

possible to earn money without having any money to invest. Money attracts more money and to make money you have to have money,” says Tayyaba.

Tayyaba says that in the beginning she made, and lost a lot of money. Stitching uniforms for certain schools and supplying them to shops became her bread and butter. She says that the worst experience of her business life was when the shopkeeper who sold her uniforms closed shop and vanished taking all her merchandise with him. In a business that runs mostly on credit, the merchandise meant a loss of several hundred thousand rupees for Tayyaba. “I was flabbergasted, at a complete loss for what to do, and it took me several months to recover from the blow.”

The experience taught Tayyaba that the best person to trust to carry out her business was her. When someone told her about NLC a partner organization of PPAF and how she could obtain financial help from them, she approached NLC. Her first lease four years ago was of furniture and fixings for a small rental shop that she converted into her own uniform outlet called “Excellent Uniforms”. With her own outlet she was able to earn more



Flyer publishing Tayyaba's uniform business.

profits, even though the rent was an additional expense that she had to cover. Tayyaba quickly realized the benefits of leasing and took out other leases for buying stock materials for uniforms and sewing machines. She enlisted the help of two local women who helped her run the business and waited on customers at her shop.

When summers came, Tayyaba experienced a sharp decline in business. With summer vacations, the sale of uniforms decreases and Tayyaba felt that she needed to have something to cater for the slack period so that she could still make money. With an additional lease of sewing machines and equipment, Tayyaba opened up a training centre for young girls and

women where she taught them the homemaking skills of which she is so proud. In her trainees, she also found an invaluable asset because once trained her trainees also help Tayyaba stitch uniforms. In the lower portion of the shop she has rented for the training centre, Tayyaba has also started a Beauty Salon. She says the beauty salon is only a side business to cater for expenses in the off-season.

Tayyaba has her sights set high and in the future, hopes to buy a commercial plot of her own where she can establish her businesses. She feels that when one owns the sale point, the bulk of the profit remains intact. However she feels she has a long way to go before she can reach that point. "For everything that one wants to do, capital is the most important. I still have some outstanding loans that I have to pay back before I can think about these things". Tayyaba hopes to expand her range and include uniforms of more schools by the end of this year.

"Leasing has been Gods Gift for me" says Tayyaba. She says that because of this financial product, she has been able to help herself and come out of what could have been a very bad situation for her.

She feels she has grown closer to God after starting her business and become more religious. She also feels she has developed self-confidence by running her own business and in a way, stepping out of her home for employment is not quite as scary a prospect for her as it had been in the past. She says that she would encourage all women to find a trade that suits them even if they are not in need of money because the empowerment that comes with financial independence is the need of the day for most women in Pakistan.

One man's garbage can be another's treasure

For ten years, Mujeeb had earned his livelihood the only way he knew how. With the help of his wife, and twelve women from his neighborhood in Orangi, Mujeeb manufactured and sold plastic hair bands. Revenue from his business was enough to keep him and his family content. Mujeeb sold his products at markets in Karachi, Orangi and other adjoining areas. With the passage of time, more and more stores started carrying Chinese products, including Chinese manufactured hair bands. With the influx of Chinese products in the market, which were cheaper and of better quality than locally manufactured items. The Chinese plastic hair bands were much more appealing as well, as they had better designs and were available in a multitude of colors. Naturally, the Chinese products captured the market and that resulted in declining sales and diminishing demand for Mujeeb's hair bands.



Mujeeb spent many a sleepless nights working about the fate of his family.

Mujeeb spent many a sleepless night worrying about the fate of his family. His wife, son and daughter were totally dependent on him. As both his children were in school, income from the plastic bands was all he had. With the sharp decline in sales, it became increasingly difficult for him to make ends meet.

He was soon unable to afford the twelve workers he had hired and cut down their number until he was left with only his wife and himself. Mujeeb did not have the advance machinery, the expertise or the skill required to create hair bands that could compete with the Chinese ones so readily available in the market. Neither did he have the scale of production required to bring the costs down to the level required to even match the Chinese products. He was left with no option except to close down his business.



Mujeeb was at his wits end. He did not want to take his children out of school and wanted to come up with a business idea that would not be at risk if competition arose. He surveyed the market for the possible lines of business. He finally decided to get involved in manufacturing and sale of Gatta (Heavy duty Cardboard). However, the cost involved to set up the business was too high for Mujeeb to afford and he dropped the idea dejected and discouraged. Through a friend, Mujeeb learnt about the EDF facility being extended by Network Leasing Corporation (NLC) through PPAF. After acquiring the necessary details, Mujeeb leased a Gatta machine from NLC in May 2004 for Rs. 70,000.

Manufacturing the Gatta is a long process. First Mujeeb purchases selected scrap from garbage scavengers at the rate of Rs. 4 per kilo. He soaks the scrap in water in a large tank, turning it into a thick paste. The paste is pumped into a machine that spreads the paste evenly on trays on a conveyor belt. The trays are then put out in the sun to dry. After it has been dried off, the rough paste sheets are passed through a machine that presses them into soft cardboard. The cardboard (gatta) is then cut into equal pieces. The pieces are all 21' x 31' in dimension but vary in thickness. One bundle of Gatta pieces weighs 25 kilos and fetches

around Rs. 200 in the market. Mujeeb hired four workers to carry out the different activities involved in Gatta making. One worker mixes and processes the paste, another monitors the conveyor belt where the paste is being spread and two workers dry the paste, pressing and cutting it into equal sized pieces of cardboard.

When Mujeeb started his Gatta business, he faced numerous problems because of his inexperience. The hardest time he had was in managing his workers. The situation was chaotic initially, as the workers took several days off at a time or left work altogether. It took Mujeeb the constant struggle of 5 months, to get the situation under control. Once he had the working conditions stable, Mujeeb went into continuous production of Gatta.

As a result of this positive change, his family condition also improved. His daughter is currently preparing for her Matriculation exams while his son, having completing his Intermediate education, helps his father in his business. Mujeeb proudly claims that his son has gained enough experience to supervise the work even in his absence.

Meanwhile, Mujeeb's wife has restarted the business of hair bands. With the extra money coming in as a result of the success of the Gatta business, they made a little more investment on the hair band machinery, his wife is now running that part of the business and has employed four women to help her.

Instead of giving up hope in the face of adversity, Mujeeb took the initiative and started a completely new business despite the risks involved. His life is a story that could very well carry the moral of never losing hope and how one should not get disheartened in adverse situations and should continue to struggle. Success is with those who make an effort.



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