



Microfinance takes root in Pakistan

Sadaffe Abid spent much of the last 14 years building what is now one of Pakistan's leading micro-finance institutions. Drawing on her experience, she offers tips for social entrepreneurs worldwide.

Invest in talent, stay open to innovation and regularly review your business model: those are some of the lessons for successful social entrepreneurship that **Sadaffe Abid** learned as Chief Executive Officer of Kashf Foundation, now one of Pakistan's leading providers of micro-finance.

From 1997, when she joined Kashf's founder and fellow women's rights campaigner Roshaneh Zafar in a two-room office shortly after the firm was born, until 2008, when she left for a study year at Harvard's Kennedy School, Abid, in her own words "ate, drank and dreamed micro-finance." Inspired by Muhammad Yunus's Grameen Bank in Bangladesh, Zafar had launched Kashf – its name means miracle or revelation – to fund women in urban and rural areas who wanted to set up businesses and lacked access to finance. Though Abid comes from an upper-class Pakistani military family with a commitment to human rights and development, the early years were far from easy.

"We would go out in the villages and talk to women about providing access to credit," Abid recalls. "But instead of people coming to us and wanting to set up something, we realised that women have a lot of fears, doubts and apprehension. So a lot of our time initially went into confidence building and telling them: You can do this - you have the abilities and you can do it."

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Adapting the business model

Eventually, role models were found, projects got off the ground and Abid took home another lesson: the need to adapt the business model to the local culture. "We couldn't just pick it up from Bangladesh and start running it in Pakistan," she says. "We had to tune it to the local context."

In doing so, both Kashf and its clients had to overcome deeply-ingrained prejudices. One of Kashf's most important achievements, as a not-for-profit organisation committed to financial inclusion, has been to find ways of giving women in highly-conservative rural environments access to loans to start businesses.

As Kashf grew, yet more lessons became apparent. "We learned that it's important to focus on building systems and attracting and investing in building talent," Abid says. "Ultimately, once you have got the business model right, you want to make the services available in an efficient and affordable manner to a larger community to meet your mission, and for that you need the right people."

Scaling up, in Kashf's case, required investments in systems and procedures to ensure efficient delivery of services and effective financial controls, as well as teams who combined passion for the mission with

expertise. At the same time, however, Abid observed the “fine tension” between systemisation and creativity, and the need for a social enterprise like Kashf to “maintain a creativity element.”

The importance of governance

In parallel, she stresses the importance of governance. “Who is on your board? What kind of skill sets do they represent? What experience and diversity are they bringing? Does the board include entrepreneurs, financial experts, development practitioners and academics who can bring rich perspectives?”

Boards can play a key role in asking the right questions and promoting good practices and culture within the institution, Abid points out. “There is still a lot of room in the social enterprise space for making boards more active and helping them understand their roles and responsibilities. How you select the board is very important, how the board gets re-elected, how long is their term? That's where we can learn from practices in the business world.”

Based on her own experience, too, leaving both Kashf and more recently Buksh Foundation, she emphasises the need for effective succession planning in order to build the next tier of leadership for the day “when you are not there.” Letting go or making the transition is often challenging in terms of finding the right replacement but also emotionally as the person leaving is often closely associated with what has been built.

Today, Kashf has grown into a financial services provider offering savings and insurance products as well as loans, with more than 1,500 employees, 318,000 clients and a loan portfolio of PKR 3.9 billion. Buksh is still in start-up phase, and Abid is looking forward to the next stage in her career, building on her experiences in financial inclusion and social entrepreneurship from a new base in Dubai.

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