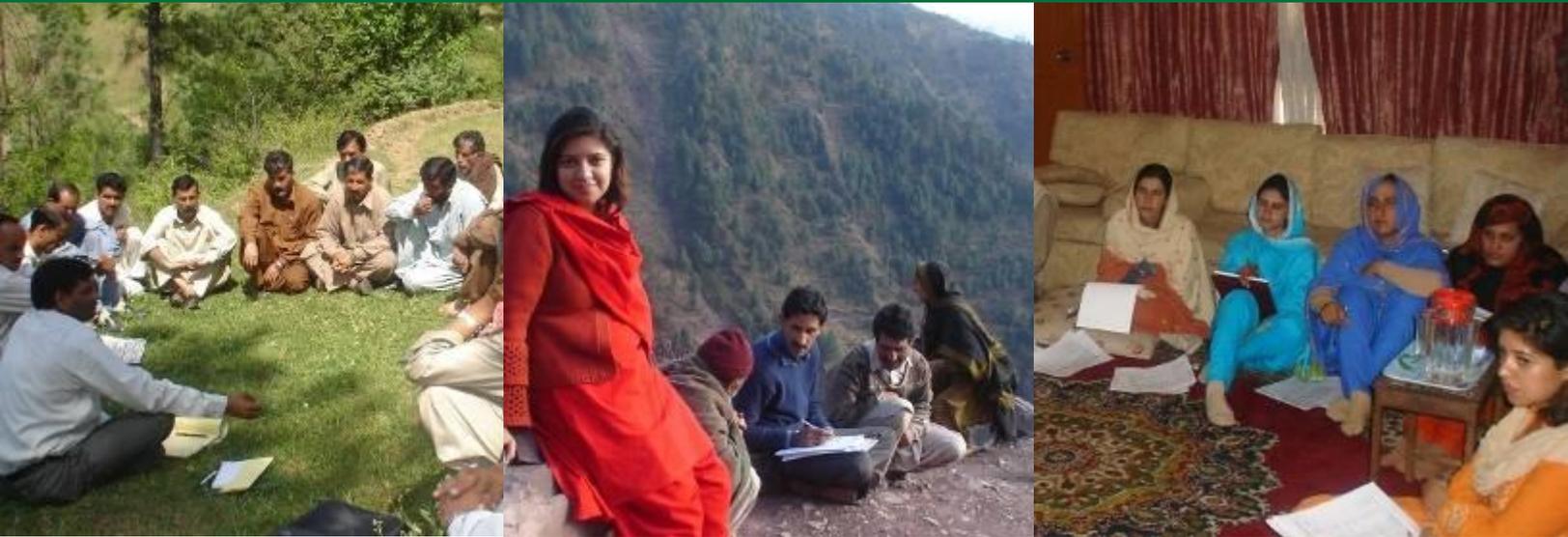




## THE FINANCIAL SERVICES IGP LEARNING NETWORK CASE STUDY SERIES



**AUTHOR:**  
**Stephanie Chen**

**EDITORS:**  
**Andrew Tulchin**  
**Laura Meissner**

**CASE STUDY:**

# Learning from Pilots

The Case of ShoreBank International/AMPER in Pakistan

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The SEEP Network, 1875 Connecticut Avenue, NW, Suite 414 Washington, DC 20009.

(tel) 202-464-3773 (fax) 202-884-8479

Email: [seep@seepnetwork.org](mailto:seep@seepnetwork.org) Web: [www.seepnetwork.org](http://www.seepnetwork.org)

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## 1. INTRODUCTION

Pilot programs are meant to be a chance to test out new, innovative ideas in a limited area prior to implementing them permanently on a broader basis. Difficulties in a pilot program are not necessarily bad, as they can offer valuable lessons to both the implementing organization and others in the field. This case study explores two pilot initiatives of maternity loan products in Pakistan. It also shares recommendations on piloting new products with MFIs and other organizations, particularly those that address social considerations and/or work in crisis-affected environments.



NRSP enterprise loan clients. (Photo courtesy of SBI)

## 2. MATERNITY PILOT LOANS

In 2006, U.S.-based ShoreBank International Ltd. (SBI), in conjunction with the Pakistani multiservice NGO, the National Rural Support Programme (NRSP), launched the USAID-funded initiative, “Advancing Microfinance for Post-Disaster Economic Reconstruction” (AMPER) project. Its primary objective was to introduce microfinance products to the earthquake-affected province of Azad Jammu and Kashmir (AJK) to revitalize the region.

The following year, AMPER conducted a household survey to collect information on the economic effect that the earthquake had on households, as well as to determine what kinds of products and services clients required in the post-disaster environment. Focus group discussions were held with community members,<sup>1</sup> many of whom expressed their concern about lack of adequate health care for women. As a result, SBI staff began researching loan products to address the costs of maternity health and child birth.



Map of Muzaffarabad District. (Photo credit Government of Azad Jammu & Kashmir)

“We asked ourselves if we should be doing this or not. It’s a social loan and we’ve never done a social loan before.”

– Salim Jiwani, AMPER Project Director

Even though this was a new product area for SBI and NRSP, the two organizations responded to community requests and investigated the market opportunity. They saw a demand for credit in AJK and it drove their willingness to experiment with the development of maternity and home loan products.

<sup>1</sup> Focus group discussions were conducted with 20–25 microcredit borrowers and microenterprise owners (clients of NRSP) and other, non-NRSP members in three districts of AJK, in both semi-urban and rural areas.

The partners eventually designed two maternity loan products. The first product to be piloted was a **Maternity Home Loan**, an enterprise loan to health-care professionals to establish maternal health-care centers for the poor in rural areas. The second product was a **Maternity Health Loan**, which provided financial assistance to poor and very poor expectant mothers in rural villages to cover costs associated with pregnancy and delivery, such as transportation, medicine, nutrition, doctor visits, and operation fees.

Prior to launching the two pilots, SBI trained a 12-person NRSP field team (four credit officers and eight field assistants), including four women, on key product features and loan processing procedures. The training included financial analysis to determine borrower eligibility. In October 2007, both pilot products were launched in the district of Muzaffarabad, the area of AJK most affected by the earthquake.

From October 2007 through May 2008, NRSP was in regular communication with SBI about the program, including tracking and reporting on product demand and constraints, as well as making recommendations on procedures. NRSP provided a monthly summary of the number of applicants appraised, applications processed, and applications rejected, together with required changes in policies and procedures, the number and amount of loans disbursed, and the reasons for rejected applications.

**“The pilot was originally set for six months, but we needed to extend it another month because roads were blocked due to snowfall.”**

**– Salim Jiwani, AMPER Project Director**

The pilots encountered numerous challenges, particularly logistical challenges, such as bad weather and destroyed roads. Given the ever-changing environment, constant monitoring was helpful for both organizations not only to assess the products, but to make necessary changes to the work plan.

### **3. PILOT RESULTS: WHAT HAPPENED?**

By May 2008, very few Maternity Health Loans had been made and only one Maternity Home Loan was disbursed. According to AMPER staff, the two main reasons for the low numbers were: (1) lack of female staff members to market and appraise the loans, and (2) announcement in the same period of a large-scale, national government program that provided family planning and primary health care services, including medicine and maternity health grants, free of charge.<sup>2</sup>

**“The staff turnover had to do with competition from international NGOs – higher salaries, a focus on hiring female staff...the international organizations can beat out a domestic organization on salary.”**

**– Jesse Fripp, ShoreBank International**

1. *Lack of female staff.* Soon after the pilot started, four female staff left for jobs with other international NGOs that offered better salaries and benefits. As a result, the absence of female loan officers to discuss women’s health issues and assess borrowers’ needs was a major

<sup>2</sup> The large-scale government program is known as the National Maternal Newborn and Child Health Program. It was announced on March 15, 2007, and its planned completion date is June 2012.

challenge to collecting applications and disbursing Maternity Health Loans. Discussions with NRSP implementing staff verified that people in the community had reservations about discussing maternity matters with male credit officers.

2. *Government program.* SBI believed the problem with the Maternity Home Loan was the recent launch of the government maternity health program. In addition, the location of the pilot in a peri-urban area might have been another factor behind weak demand, as most families in the Muzaffarabad district already had access to medical and maternity facilities.

Given the low uptake for both loan products, it was clear that adjustments were necessary. Responding to field staff feedback and prevailing cultural and social values, AMPER decided to reintroduce the Maternity Home Loan under the existing NRSP Enterprise Loan. Previously, the Enterprise Loan had not been specifically available to health-care providers; targeting the existing loan product to this new market segment provided another avenue to test the initiative. The success of the adjusted loan remains to be seen, as it depends on the success of the government initiative.

The Maternity Health loan was also reintroduced as a General Health Loan, which was opened up to both men and women. The ultimate aim of the loan remained the same: to provide capital for expectant mothers. However, by rebranding the loan as a product for “general health,” and not pregnancy specifically, NRSP staff no longer had to ask invasive and personal questions when appraising applications or promoting the product. According to NRSP, since the General Health Loan was launched (June–November 2008), 159 loans have been disbursed, 45 of which were extended to female borrowers.

“One lesson was to start general and tweak for specificity, rather than start specific.”  
– Jesse Fripp, ShoreBank International

## 4. LESSONS LEARNED AND RECOMMENDATIONS

This pilot experience yielded a number of key lessons that are transferable to other organizations, particularly organizations that address social considerations and/or work in crisis-affected environments.

### 4.1 STAFFING

Staffing considerations are important when designing and implementing new products, particularly in a conservative target market. In this case, pilot maternity loans were hindered by a lack of female staff who could market loans and appraise applications. At the start of the pilot programs, NRSP had four female officers— one credit officer and three field workers.

“They are in a very conservative area, so it was very difficult for the men to talk to women, as the men could not talk to them about their pregnancies.”  
– Salim Jiwani, AMPER Project Director

However, soon after the pilot started, all female staff left to join other organizations that offered better pay and were not replaced. As a result, male loan officers were unable to effectively market loans to women clients and appraise their applications.

AMPER learned that for these loans to be successful, field staff needed to understand the sensitive and personal nature of maternity health, in other words, only women would be effective.

**Recommendation:** *Focus on hiring, training, and retaining staff appropriate for the prevailing cultural environment to implement mission-critical project components. Develop a contingency plan in case the organization needs to quickly replace critical staff due to retention issues.*

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## 4.2 MARKET RESEARCH

Conducting a market survey or needs assessment is an important part of product design, especially in new markets and/or post-disaster environments. Even though AMPER staff conducted a survey early on, it was a livelihoods survey—not a needs assessment.

As a result, AMPER was unable to assess either the level of demand for the maternity loans or the external factors that might affect the pilots. If the project had known about the low market demand, given government competition, it could have designed a loan product responsive to those market conditions.

**Recommendation:** *Conduct a market survey or needs assessment before product design and implementation, even for a pilot product. The assessment may be focused on the pilot area or market, and may use rapid assessment tools designed for quick implementation.*

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## 4.3 MARKETING

AMPER also learned the importance of having a solid marketing plan for pilot programs. SBI did not develop a tailored marketing strategy for the Maternity Loan Products; instead, it relied on a general marketing strategy that used its usual delivery mechanism: meetings with community members. While it was a very low-cost, effective strategy, even pilot programs can benefit from a tailored marketing plan.

Without the proper groundwork and a tailored marketing strategy, potential clients will not know about a new product or understand how it might add value to their lives. Marketing not only informs potential clients who already have demand for a product, it can also create demand. Investing in a tailored marketing plan for a pilot can also help organizations make sense of pilot results. For example, an MFI might conclude that a pilot failed because the product was poorly designed, when in reality the problem was that not enough people knew about it.

**Recommendation:** *Develop a tailored marketing strategy, even for smaller products and pilots, to effectively target new market segments. The strategy need not be labor intensive or high cost, but can be beneficial for a new pilot program.*

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#### 4.4 FLEXIBLE WORK PLAN

To adjust to rapid changes in the business and general environments, flexible work plans are needed in the short term, as an organization works toward a consistent long-term goal. Particularly in post-disaster and post-conflict environments, markets can change rapidly, which affects work plans. Building flexibility into work plans can help organizations give pilot products a “fair chance” at success. For instance, when weather conditions and logistical problems delayed progress of the two pilots described here, SBI and NRSP decided to extend the six-month pilot by an additional month.

**Recommendation:** *Determine program thresholds for time, targets, and feedback loops that allow work plans to be adjusted in the face of ever-changing environments.*

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#### 4.5 MONITORING AND EVALUATION (M&E)

Early and continuous monitoring during a pilot allows for effective evaluation and necessary adjustments. A good M&E system also provides organizations a useful way to measure planned performance versus actual results. Throughout the pilot, SBI and NRSP were in constant contact about the status and details of the two pilot products. As a result of effective oversight, their managers and staff could quickly respond to market changes.

**“It’s all about open communication and teamwork.”**

**– Salim Jiwani, Project Director**

**Recommendations:**

- 1. Develop, create, and implement M&E and feedback systems that focus on regular, recurring evaluation of pilot implementation by field staff.*
- 2. Create a work plan prior to implementation that incorporates periodic review meetings as a priority activity throughout the pilot.*
- 3. Create a mechanism to process feedback from field staff; make adjustments to the pilot program based on that feedback.*

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#### 4.6 STAFF TRAINING

Staff training builds a strong foundation for a successful pilot. Loan officers need to understand the selling points and terms and conditions of a pilot product. SBI and NRSP decided that an effective strategy would be to integrate classroom and field training. The Senior Technical Advisor of AMPER conducted two days of classroom training on the key features, processes, and procedures of each product, followed by one day of field testing in the pilot areas.



NRSP staff training for men and women.  
(Photo courtesy of SBI)

**Recommendation:** *Develop a comprehensive training plan for field staff before a pilot program begins, particularly if the pilot product or market is unfamiliar to regular staff.*

## 4.7 PARTNERSHIPS

Finding a credible partner on the ground is essential. Pilot programs are improved by having a partner with an established reputation in the target community. Furthermore, a partner can be an invaluable source of local knowledge about target beneficiaries, past programs, and other partners on the ground.

“Perhaps more than anything, a strong partner was the key element and key lesson of the entire AMPER project. We took the time to identify and build a strong partner, and that made a difference across the board.”

– Jesse Fripp, ShoreBank International

For SBI, NRSP was a natural partner, as they already knew of its operations and reputation in the region. NRSP has worked for many years in the region, where it has built local networks and credibility. According to the Project Director, “There were no other NGOs that were working like NRSP on the ground.” Since SBI did not have the necessary field knowledge, it needed a local partner to ensure that the new loan products were appropriate and responded to community demand.

***Recommendation:** Develop a good relationship with a credible, established partner to gain reliable field information and supplement staffing needs.*

## 5. CONCLUSION

SBI and NRSP did not have the initial success that they had hoped for with their maternity loan products. However, their strong partnership, regular M&E system, and flexible work plan were successful and will prove beneficial to future programming. The two partners also learned valuable lessons about the importance of addressing gender and cultural considerations, having the right staff implement a pilot, conducting adequate market research, and the need to market and promote pilot products. Like other pilot programs, the maternity loan pilots were an opportunity to take a chance—pilots, even unsuccessful ones, are excellent opportunities for new learning.