



PMIC
Pakistan Microfinance Investment
Company Limited

PMIC Connect

December 2022



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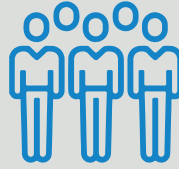


Portfolio Highlights



PKR 27,704
(Million)

LOAN PORTFOLIO



PKR 760,780

TOTAL CLIENTS



90

NUMBER OF DISTRICTS



23

TOTAL BORROWERS



85%

WOMEN CLIENTS



36%

YOUTH CLIENTS



63%

RURAL



3.3 (Billion)

LOAN PORTFOLIO
DEPLOYMENT IN
EXTREME POVERTY ZONES



27,692

RENEWABLE ENERGY -
UNITS SOLD



3,000

LIVESTOCK INSURED



932,888

CUMULATIVE JOBS
SUPPORTED BY MICROINANCE
LENDING OPERATIONS



102.9 (Billion)

INCREMENTAL REVENUE
GENERATION BY PMIC
FINANCE MICRO ENTERPRISES

CEO Message

HAPPY NEW YEAR
2023

Dear Team,

We bid farewell to the year 2021 with the hope that the worst was over. Most of us thought that Covid, lockdowns, and the economic stress that it brought would wane and disappear in the year 2022, but we ignored that nature and history are unpredictable and 2022 proved that once again. Political uncertainty, extremely challenging economic conditions globally and domestically, floods and looming threats of Dengue and Covid, and incident of terrorism slowly surging marred the year 2022. The natural and manmade disasters tested the people of Pakistan in the severest manners. The predicaments of those living at the bottom of the pyramid, our clients, were even more daunting with scarce resources to fall back on.



As 2022 comes to a close, it is important to remain positive and to reflect on the accomplishments and achievements we made in the face of a challenging environment. During the past year, PMIC attained a portfolio size of PKR 27 billion and reached out to more than 750,000 beneficiaries in over 90 districts. With the aim of supporting women and improving their financial well-being, 85% of our clients were female, reflecting PMIC's core tenet of gender equality in line with SDG 5.

During the Year 2022, PMIC availed four long-term financing facilities aggregating to Rs 3,500 Mn from commercial banks, two tranches (long-term facility) with a sum of Rs 689.5 Mn from State Bank of Pakistan under World Bank Supported Line of Credit facility, two money market lines aggregating to Rs 10,113 Mn and one running finance facility of Rs 500 Mn from a commercial bank amounting to a total of Rs 14,802.5 Mn.

In terms of our MF Plus initiatives, PRIME continued to provide solar home solutions through microfinance reaching almost 28,000 clients. PMIC also launched the opening round of our Challenge Fund focusing on the thematic area of "Accelerating Access to Finance and Increasing Income of Small Farmers". The CF was awarded to help farmers get access to finance and improve their crop yield – ultimately helping them improve their incomes. The second round of the CF is focusing on developing a "Digital Credit Scoring Model" for MFPs. Furthermore, we introduced the first of its kind 'Social Impact and Performance Rating' through PACRA and funded the rating exercise of two PMIC borrowers. This initiative will revolutionize the way microfinance providers focus on ESM impact and would draw impact investor and development agencies towards microfinance in Pakistan.

Another laudable initiative is PMIC's SAP-based ERP system. It empowered the operations team to improve controls and facilitate real-time collaborations within the office. PMIC has always emphasized employee training.

I am also happy to report that we have now a total of 43% women as our team members. During the year 45 trainings

were conducted with a 40% female participation ratio in the year 2022. The training was held at the best international and national institutions. A mentorship session for MANCOM was also conducted.

To assess the impact of floods on the microfinance sector, PMIC organized a round table to explore different avenues for the rehabilitation of those microfinance clients affected by floods. To this end, we initiated a PRK 25 million "Business Revival Initiative" for 1,000 flood-affected families in the districts of Sanghar and Dadu.

Here, I would like to acknowledge PMIC's team for its strategic and invaluable endeavors. I call on all of you to focus and further accelerate our efforts toward the execution of PMIC's vision. Although we see a challenging time ahead, we must move forward and are planning to roll out a number of new initiatives in 2023. Business Correspondence Model, financing Electronic Warehouse Receipts, Guarantee Schemes with 2-3 international organizations, and livestock insurance are a few examples. These products would enhance and diversify our portfolio and sources of income. We have also started a discussion with international development agencies like World and ADB for conducting large-scale programs for the microfinance sector. In addition to that, we are planning to increase our international presence to build partnerships with numerous organizations that would further lead to enhancing financial services at the bottom of the pyramid.

Predictions regarding the year 2023 are not rosy, but then predictions are not always right as these are based on available information. In the last three years, the world was shaped by events that were not part of the predictive models, i.e. Covid and the war in Ukraine. We need to expect the best and prepare for the worst in these challenging times. Our organization has performed well during the last 3 tough years. This was due to our collaborative efforts working as a team, the experience of the senior team members, guidance from our Board of Directors, and a bit of good luck. This chemistry of success needs to continue.

All the best for the year 2023!



PMIC News Bites



PORTFOLIO MANAGEMENT DEPARTMENT INITIATIVES

Field Visit

The PMD team paid visits to eight microfinance institutions NRSP, SSSF, TMF, CEIP, TFCL, FINCA, DSP, and FFOSP based in Islamabad, Sindh, and Punjab (Shaheed Benazirabad, Hyderabad, Lahore and Sheikhpura). The team had meetings with the senior management of the organizations and discussions were carried out regarding their ongoing operations, prevalent external challenges including current economic situation, key developments, and business expansion plan. The team also interacted with the end-clients of the organizations to discuss their pattern of loan utilization, concerns related to economic situation on their cashflows resultingly their livelihood, and asked for their feedback to improve the ongoing program. Upon meeting the end-clients of the organizations, it was observed that majority of clients showed afflicted concern about the slow-down of business activities due to current economic conditions. Furthermore, the clients were requesting to increase their loan sizes in the next loan cycle for improvement in their profit margins. The clients ensured satisfaction regarding the financial products and services being offered by the borrowers as it has helped them in improving their livelihood.





CORPORATE FINANCE AND INVESTMENT BANKING (CF&IB)

Engagement with Commercial Banks

CF&IB actively engaged with commercial banks to arrange funding for PMIC. The Banks continue to extend support to PMIC amid political and economic uncertainty, which exhibits confidence of the Financial Sector in sponsors, management and operations of the company. During the month, PMIC availed two (2) long term financing facilities, two (2) money market lines and one (1) running finance facility from commercial banks.

PMIC is also trying to support the microfinance institutions to attract commercial facilities from banks by guaranteeing upto 50% of the facility amount (lent by banks to MFIs) through Credit Enhancement Facility (CEF) product in favor of the banks. The guarantee would require PMIC to place T-Bill/PIBs with commercial banks as collateral (upto 50% of facility amount) to enhance their risk-taking appetite on the MF sector.

Pakistan's first social impact bond

During the month, Ubank's Rs 3,500 Mn PPTFC was listed on Pakistan Stock exchange, becoming the first instrument of Microfinance Sector to be listed locally. PMIC acted as Joint Financial Advisor and Arranger for the PPTFC issue in 2021.

International funding for PMIC's retail initiative

PMIC received formal term sheet for fund arrangement from one of the largest global crowd funding platforms to support piloting its retail initiative. The funding will support PMIC to target new geographies and business segments and assist in diversification of revenue stream.

SECTOR DEVELOPMENT DEPARTMENT PROJECTS

Prime

PMIC's RE team and the Program Implementation Consultant continued work on reviewing the Quality Assurance Framework and suggested changes in the document to include locally manufactured solar components such as solar modules, charge controllers, batteries and led lights in system integration. The document has also been updated with technical specifications of locally manufactured product and the same is being shared with KfW for discussion and approval. This step is being taken to cope up with acute shortage of solar products emerged after stringent restrictions imposed by the government on importation and opening of LCs.

Consultant has also shared the first draft of the concept note on subsidy scheme and solar for irrigation with KfW for their comments and advice. Both the documents have been reviewed by PMIC PRIME team and comments shared with Project Implementation Consultant – PIC for improving the documents. 2nd disbursement to Mojaz Support Program has also been made. PMIC is also submitting grant funding reimbursement request to KfW under PRIME for 4th Quarter 2021, 1st and 2nd quarter of 2022 tranches – which were disbursed to Microfinance Providers.

Business Revival Initiative

PMIC designed a Business Revival Initiative for 1,000 flood affected clients in Sindh. The project involves provision of PKR 20,000 for micro and low-end entrepreneurs and PKR 30,000 for subsistence livestock farmers who have been worst hit due to floods of 2022 and do not have any other source of income. The project clientele will include at least 60% women lead households and 15% clients from marginalized segments (transgenders, minorities and persons with disability). Thardeep Microfinance Foundation - TMF and Safco Microfinance Company Limited - SMCL will be implementing the program for 500 clients each in district Dadu and Sanghar respectively. In this regard an agreement signing ceremony was held in Karachi. The disbursement of 12.5 Million has also been made to both TMF and SMCL (total grant funding amounts to PKR 25 Million). The project duration is of 3 months and will complete by 25th February 2023.



Livestock Micro Insurance - LMI

The project continued in the field where around 3,000 animals have been insured. The Asia Insurance Company - AIC is also developing the off-line version of the TAGMU application, which will be available for the MFPs in first quarter of 2023. PMIC and AIC are working on designing a revenue sharing model, where PMIC would be able to earn a commission fee on a yearly basis. PMIC is in the process of making livestock micro insurance mandatory for all the livestock loans lent out by MFPs. This step will help reduce risks associated with livestock lending and ultimately allow MFPs to increase sizes for livestock microcredit loans. This step will also benefit in increasing animal volumes for micro insurance initiative and ultimately increase PMIC's commission income from insurance company. PMIC is still working in collaboration with the AIC to finalize modalities for the revenue model, which is expected to be finalized and then rolled out in first quarter of 2023.

LCPS Projects

SDD successfully disbursed the first tranche of the Education Quality grant to AGAHE Pakistan towards the end of the month of December. We launched the first phase of the Education Quality Program with the cooperation of Opportunity International, where product manuals were developed and refined for two of our implementing partners; AGAHE and TFCL. Their branch staff from Punjab and Sindh was provided thorough technical trainings covering various areas such as product marketing, sales and delinquency management. TFCL staff training took place virtually on 10th December, staff was engaged in interactive sessions to enhance their learning and help them relate to their end client in a better way.



AGAHE staff training was held on 16th December in Lahore, the refresher course was taken by many staff members who arrived from different parts of Southern Punjab. The training was hosted by AGAHE Pakistan, facilitated by PMIC and delivered by the senior consultant of OI.



PMIC and PIDE Strategic partnership for policy advocacy and Research

PMIC has entered into a strategic partnership with PIDE (Pakistan Institute of Development Economics). The MoU between the two parties was signed on the 29th of December 2022. This partnership, with a leading think tank, will bolster PMIC's aim of advocating for policies that strengthen the microfinance sector. Furthermore, this partnership will also lead to greater research on the microfinance sector to validate the positive impact it has on its clients.



PMIC & Male Champions of Change

The Champions of Change Coalition is a globally recognized, innovative strategy for achieving gender equality, advancing more and diverse women in leadership, and building respectful and inclusive workplaces. MCC focuses and encourages men of power and influence to step up beside women leaders. They form a high-profile Coalition to lead and be accountable for change on gender equality issues in their organizations and communities. The work of the Coalition focuses on shifting the systems of gender inequality in the workplace and is backed by a proven methodology for increasing the representation of women in organizations and developing the conditions and cultures that enable them to thrive.



Membership renewal of the MCC Pakistan initiative augments PMIC's efforts towards economic empowerment of women and implementation of women centric initiatives internally and on the sector level.

Challenge Fund – PMIC & GrowTech

GrowTech continued deployment of challenge fund (focusing on Accelerating Access to Finance and Increasing Income of Small Farmers) in the field. GrowTech is building the capacity of small farmers through trainings, handholding, provision of quality inputs and keeping updated with latest weather reports and possible pest attacks. GrowTech team has helped farmers through laser leveling and soil testing of their farms. GrowTech is further enhancing it's own capacity to reach out to more farmers through hiring of agronomists, crop experts and trainers, acquiring satellite imagery, drones for closer monitoring of farms and other licensing costs for software. The entity is has also ventured into setting up an e-commerce platform which will generate fee-based income through linkages of farmers with corporate buyers of Agri-produce.

The SDD team conducted a monitoring visit to GrowTech in December 2022. The team met 5 farmers in their respective fields at Bahawalpur, Melsi and surrounding areas. The SDD team interacted with farmers and got their feedback about the services being provided by GrowTech and areas of improvement. The SDD team monitored the progress of GrowTech in line with the Key Performance Indicators assigned as per the scope of work to GrowTech. A Back to Office report was compiled and shared, followed by which 3rd quarter disbursement was made to GrowTech.



Lahore Visit

PMIC aims to explore the opportunity of delving into Electronic Warehouse Receipt (EWR) mechanism - which facilitates the financial institutions to extend credit, based on secured collateral, to farmers while enabling them to get better prices for their agricultural produce. The EWR instrument greatly reduces transaction costs and operational risks for the financial institutions. In Pakistan, a number of organizations have ventured into the EWR mechanism including National Rural Support Programme (NRSP) Agri-Processing Company (NRSP-APCL), which have collaborated with Naymat Collateral Management Company Limited (NCMCL) to issue EWRs against rice and paddy stocks stored at the recently accredited NRSP-APCL facility located in Hafizabad (Punjab). PMIC Team recently made a visit to this facility to get a detailed insight about their EWR process, based on which they extend microcredit loans to subsistence farmers. PMIC Management Team also interacted with Ricult, which is deploying agritech services and implementing models to improve crop yield, lower input costs, and improve incomes of small farmers. Ricult is also exploring to delve into EWR mechanism, onboarding new suppliers, grading services for buyers and linking financial institutions with farmers to help them get access to financial services.



CEO Summit

Mr. Yasir Ashfaq Chief Executive Officer – PMIC attended the CEO summit in Lahore on December 15, 2022 and shared his views on importance of providing sustainable access to finance for marginalized segments in Pakistan. He also emphasized on the importance of supporting micro entrepreneurs through provision of financial services, which will greatly benefit in increasing their incomes and help them create job opportunities for youth and other marginalized segments of the society.





Client Success Story

Rukaya Bibi belongs to a small tehsil in Okara where she lives with her family. Her husband is a farmer, and they have five children. With his minimal earnings it was impossible for him to sustain and support the children and hence they could not make ends meet. Rukaya used to do crocheting as a hobby, however, keeping the financial struggles in mind, she decided to start crocheting as a business.

In her village the team of CSC Empowerment & Inclusion Programme, a borrower of PMIC was visiting to inform them about the loan opportunity and when Rukaya heard about it and took a loan to establish her crochet business.

Initially she faced some challenges such as finding a good market to sell her work but at the same time, there were families in her area and surrounding which give her orders for making things for the dowry of their daughters such as bed sheets, table covers, pedestal fan covers, dressing table mirror cover etc.

Presently , Rukaya earns more than fifty thousand per month in profits and her earnings helps her family and herself to maintain a decent living.



People & Culture



HR & Admin Activities

Farewell

Bilal Tahir, Lead Risk - Risk Management Department resigned from PMIC. The team bid farewell to their beloved colleague for his contribution and hard work put in for PMIC.

PMIC management and team wished him luck for his future endeavors.

Quarterly Meeting

On December 19th, 2022, 2nd quarterly meeting was held; every department presented their respective KPIs and updates to the team. Each department discussed about their ongoing projects and expectations for the upcoming year.



CEO Club

CEO club organized one dish party, in which team members brought home made food for one another. This activity/initiative is aligned with one of the PMIC values Inclusion which is dedicated to enhancing acceptability and harmony among PMIC Team.



Sneak Peak on New Hires



M. Qaiser

*Assistant Manager
Admin*

What is your favorite food?

My favorite food is Biryani.

Someone you would like to meet.

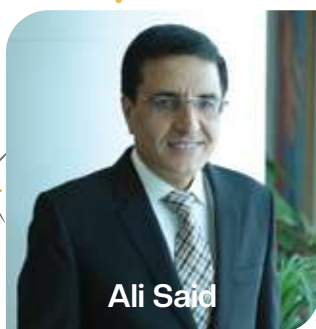
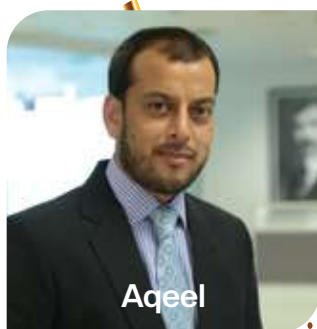
Elon Musk due to his dynamic leadership and determination to get things done.

What is on your bucket list?

Hiking to K2 Base Camp & Sky Diving in Dubai

Birthdays

We wish you a very Happy Birthday!



Read of The Month



Impact of microfinance on women's economic empowerment | Journal of Innovation and Entrepreneurship |

<https://cutt.ly/c2a14Jd>