

# PMIC CONNECT

AUGUST, 2022

## Portfolio Highlights



• Number of Districts: — **90**



• No. of Borrowers: — **25**



• Loan Portfolio: — **Rs.26,283 Million (July-22)**



• Women: — **85% (June-22)**



• Youth Clients: — **39% (June-22)**



• Rural: — **64% (June-22)**

**Passion  
for Progress**

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## PMIC News Bites

During this unprecedented time, while our thoughts and prayers are with the flood-affectedees, we, at Pakistan Microfinance Investment Company (PMIC), are committed to ensure rehabilitation of livelihood and revival of businesses of the communities we serve. PMIC is proactively evaluating the situation as its teams are already in the field, taking stock of the loss of livelihood and assets of the clients being served by the microfinance sector. They are currently visiting different districts of Hyderabad, Sanghar, Matiari and Jamshoro along with various other areas in Karachi.

The teams are also interacting with the Microfinance Service Providers (MFPs) to understand the possible challenges they might be facing in managing their portfolios and institutions at large.



### PMIC Senior Management - Field Visit

The senior management along with the PMIC CEO visited districts of central Punjab. The objective of the visit was to understand and review the overall situation of the Microfinance sector especially the end clients. During the visit more than 50 clients in the districts of Narowal, Sheikhpura, Qasur and Lahore were met. During the conversation with the clients, it was revealed that although the conditions are tough nonetheless the clients still have the capacity to repay the loans. Some of the clients demanded that the loan size need to increase with the increase in inflation and there working capital requirements. The clients working in the crop and livestock sector also felt that the prices of their products have gone up and would further increase with the passage of time. Another important suggestion from some of the clients that were experiencing some financial stress was to increase the loan size and the tenure of the loan should also be increased by three months in order to reduce the installment amount.

In addition to that discussion were also held with the management of seven organizations which included Taleem Finance, FFO, AGAHE, RCDP, MOJAZ and their field staff which further helped in understanding the future strategy of these organizations and field situation. Yasir Ashfaq also met the CEO of Parvaaz Financial. A meeting was also held with Mr. Khurram Zafar, who is currently serving as the Board Director at Karandaz and also manages the National Incubation Center at Lahore University of Management Sciences (LUMS).



### Portfolio Management Department - Field Visit

The Portfolio Management Department (PMD) team visited the end-clients in Lahore, Sundar Sharif and surrounding areas for two of its borrowers namely RCDP and DAMEN. It was observed that the overall situation of inflation is affecting the clients' profit margins. However, none of them mentioned severe concern, as most of them were passing on the baton. During the interaction with the clients, the situation of on-going rain was also discussed. However, it was observed that the clients of the respective companies were not affected as much, which will not affect the profitability and performance. During the field visit, none of the clients raised concerns about inappropriate behaviour of the field staff.

The PMD also paid a visit to PMIC's borrowers based in Central Punjab (RCDP and DSP). They held meetings with the respective top management at Head Office. The theme of the discussion comprised of financial performance, strategic and business plans. Furthermore, the areas of products offered by these borrowers, their future plans in term of expanding the product offering and segments for funding were parts of discussion. Considering the volatile economic situation with the add-on of deteriorated weather conditions, the concerns and mitigates for the clients were also placed on table.



## Risk Management Department (RMD) Field Visit

RMD team visited the three borrowers i.e., FINCA, RCDP and DSP in August 2022. The team met the branches' staff and end clients of these borrowers and discussed range of areas covering post COVID recoveries and anticipation regarding clients' repayment behavior considering rising inflation and economic downturn, customers' appetite/willingness to obtain loans.

The other focus areas were assessment of social & environment related practices, looping credit risk in the wake of torrential rains and inflation, features of available products and Business continuity planning at borrowers' ends.



## Risk department Initiative

### Social Impact & Performance (SIP) Rating

PMIC has taken an initiative of introducing 'Social Impact & Performance Rating' for its borrowers through PACRA. The PMIC sponsored initiative aims to introduce independent assessment of an MFP's social impact & sustainable performance. The selected borrowers for the initiative are CEIP and RCDP.

This rating is the first of its kind for the microfinance industry and will revolutionize the way microfinance providers burnish their ESG credentials. It will also provide the important insight to the financiers who are concerned to assess the impact of their finances targeted for social uplift. Besides this will enable MFPs to raise additional funds for projects such as PRIME or other socially responsible & sustainable financing that improve the livelihoods of end clients.

## Sector Development Department Initiatives

### PRIME

PMIC RE team have shared a concept note on the design of subsidy for PRIME program with KfW. PMIC has proposed to KfW that the subsidy should be provided to end users and some portion of the amount should also be directed towards MFPs to incentivize them. Negotiations with KfW on subsidy have also been initiated. The first meeting with Program Implementation Consultant (AFC) and KfW's technical team had taken place in August. AFC team has discussed salient features of Inception report with PMIC and KfW and has committed to share the final draft with PMIC by the end of August 2022. Floods in Sindh have disrupted the activities in Sindh due to which the community awareness activities have been halted. Credit staff mobility has also been restricted to areas, which are badly affected by flood.

### LCPS Projects:

The education initiative is in its final phase of roll out. PMIC and OI are actively engaged in finalizing the list of schools, MOU and individual budgets for the project. SDD has finalized the proposal and submitted it in the MRC. The final MOU has been shared and a signing date for the MOU is under consideration. PMIC and OI have jointly finalized partnering with RCDP, AGAHEE and Taleem Finance for this program. The program is expected to launch in October, 2022.

## Livestock Micro Insurance

PMIC recently had a meeting with Asia Insurance Company - AIC on the challenges being faced under the Livestock Micro Insurance project. AIC had brief SDD team on the work being carried out on the off-line version of the insurance application. Mr. Zain Qureshi (CEO AIC) had also briefed about the issues resolved under the LMI project including insurance of multiple animals under one CNIC and software application compatibility with the android version installed in tablets used by MFPs. The insurance company had also requested PMIC to add more districts with better internet connectivity for completion of project, as the development of off-line version of insurance application will take more time. PMIC team is coordinating with MFPs and AIC to resolve the pending issues and ensure that the project target is achieved.

## Challenge Fund:

### PMIC Challenge Fund Round 1

Under the Challenge fund initiative, PMIC management interacted with farmers served by GrowTech in the Sheikhpura and surroundings. Using Digital services PMIC and GrowTech are helping farmers for access to finance and increasing their incomes by providing them services like Satellite imagery, soil testing, efficient water and fertilizer utilization, pesticide usage, linkages with input providers and facilitating farmers in crop sales.

These interventions would ultimately result in lower input costs, increased crop yield, positive environmental impact, and higher incomes for the farmers.



### PMIC Challenge Fund Round 2

PMIC Sector Development Team launched the second round of Challenge Fund with an aim to provide market players an opportunity to pilot/scale interventions that could accelerate financial inclusion, use technologies to reduce delivery costs, increase productivity and improve the quality of life of the end clients.

Under the challenge fund, PMIC is inviting proposals from FinTech and digital Platforms on the following thematic area

**"Improving Access to Finance for Small Retailors Through FinTechs / Digital Platforms"**

For mass awareness a print ad was also placed in the leading publication Business recorder, ad can be accessed through the link below:

<https://epaper.brecorder.com/2022/08/23/3-page.html>

## Client Success Story

### Majeeda Bibi: A Powerhouse of Entrepreneurship

Majeeda Bibi, from Sukkur, is an ace producer of rillis and a hardnosed businesswoman, who exclusively sells her rillis in Karachi in order to get better prices for her exquisitely handcrafted pieces. The art of rilli making and the intricate patterns that characterize the craft have been passed down inter-generationally from mother to daughter and date back many centuries. Majeeda Bibi, like others in the neighborhood, started making rillis at an early age. First, as a piece rate worker for others as she did not have the finances to purchase raw materials, and then later at a small scale when she was able to save some funds to start her own production. After a few years of gaining experience in producing and selling her own rillis, she approached KASHF, a borrower of PMIC for a loan. The KASHF staff were able to quickly analyze her business potential and provided her with a loan to grow her business.



From the first KASHF loan, Majeeda Bibi bought raw materials for the rillis from the close by town of Shikarpur, as the rates were cheaper for purchasing in bulk. She worked hard along with her daughters and also hired some other women from the neighborhood in order to quickly turn all that raw material into beautiful pieces. At the same time, she started looking at further backward linkages and discovered that she could find inputs at a much cheaper rate in the city of Larkana and quickly shifted her procurement there, while at the same time negotiating better prices for her end products. Within a year, Majeeda Bibi was able to grow her business manifold.

In the following year, with a larger loan from KASHF, she decided to explore selling her products in Karachi. She had a lot of reservations as the Karachi market could be only accessed through agents and very few rilli producers were able to sell directly to shopkeepers, so she worried that she may not be able to sell even a single piece without the right connections. But Majeeda Bibi was happy to have all her reservations and insecurities put to rest as shopkeepers in the market readily picked up her work and told her they were willing to buy more of her merchandise, given her unique designs and excellent quality. In Karachi, she also found out that the inputs were 30% cheaper than in Larkana, and since that day she exclusively buys raw materials from Karachi, which has helped her increase profit margins, despite paying better wages to people who work for her. While Covid 19 impacted the economy badly, Majeeda Bibi's business has remained relatively protected from market closures and the elasticity of demand for her products has remained stable as she produces for a niche market that is more quality conscious than cost-conscious. Moreover, during lockdowns, she was able to work directly with both home-based artisans and market vendors without any trouble as she had built good relations with them over the years.

At present, Majeeda Bibi is able to make a profit of PKR 1,000 on each rilli she sells to Karachi and can earn upwards of PKR 35,000 a month in profits. Over the years, through the money she has saved from her business, she has been able to pay for the marriage ceremonies of her seven children and has also the infrastructure of her home. She has also installed a solar panel at her house to deal with the excessive power shortages in the area. Majeeda Bibi says that without her first KASHF loan, a PMIC's borrowing institution she would not have been able to grow her business and would have still been struggling financially. In the future, Majeeda Bibi plans to continue to expand her business through larger loans.

## People & Culture

### HR and Admin Activities

#### PMIC Independence Day Celebrations:

To put our mission to practice and keep up with our triple bottom line mission, team PMIC embarked on a tree plantation drive to commemorate Pakistan's 75th Independence Day. Kids of team members also joined the activity with great enthusiasm and made their contribution to making Pakistan a cleaner and greener place. The entire PMIC team was overjoyed to be a part of this drive. The event culminated with a cake-cutting ceremony and a breakfast for the attendees. PMIC firmly believes that each one of us, with our little individual efforts, can make an immense contribution to the betterment of Pakistan.



## Employee Retention

PMIC as an organization strongly believes in taking care of all its stakeholders. Recognizing the inflationary pressures and the economic challenges faced by team members, the Board on the recommendation of the Management of PMIC announced a decent ad-hoc relief allowance across the board. This measure has boosted employee morale and dedication to the organization and will help further strengthen the bond between PMIC's vision and the commitment of its team.



## Mentoring for Managers:

Phase 2 of the program was conducted on 18th May. All MANCOM members participated in practical sessions and related exercises.

## Sneak Peek on New Hires

### Khushbakht

MTO Portfolio Management Department

#### What is your favorite food?

Any kind of Pasta.

#### Someone you would like to meet.

Stephen Curry.

#### What is on your bucket list?

To travel the world and explore new places.

### Muhammad Hamza Hassan Toor

Assistant Manager in Portfolio Management Department.

#### What is your favorite food?

Chicken Parmesan

#### Someone you would like to meet.

Cristiano Ronaldo & Roger Federer

#### What is on your bucket list?

Europe Tour, Visit New York City on Christmas Eve, Watching Ronaldo & Federer playing live

### Mashalle Minallah Choudry

MTO Finance

#### What is your favorite food?

My all time favorite food is Chinese, and since I have a sweet tooth I love any kind of desserts. I aspire to try dessert from all over the world since each has its own taste and story behind it

#### Someone you would like to meet.

I would like to meet Mister John Mearsheimer who is an International Relations Professor and a Realist. He has an interesting take on how nation-states interact and shape the world order. On a lighter note, I would like to meet the characters from the DC and Marvel universe.

#### What is on your bucket list?

My bucket list involves travelling the world, trying and experiencing new things, and truly giving meaning to the phrase " You Only Live Once". I especially want to visit Seoul, South Korea due to its unique tourism opportunities. Being an ardent admirer of films, I really want to visit Universal Studios, Warner Brother Studios, AMC Studios, Disney Land, Vid-Cons and Comic Cons. Furthermore, safaris and aquariums attract me the most!



## August Birthdays

We wish you a very Happy Birthday



## Read of The Month

The world around us is changing rapidly. New technologies and business models are upending long-established markets across virtually every major sector. Financial services are no exception, as traditional retail banks are joined by a growing number of digitally native partners and challengers.

<https://www.cgap.org/research/reading-deck/banking-service-how-it-can-catalyze-financial-inclusion>

