



PMIC Connect

May 2023



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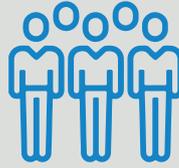


Portfolio Highlights



PKR 28.829
(Million)

LOAN PORTFOLIO



798,878

TOTAL CLIENTS



90

NUMBER OF DISTRICTS



26

TOTAL BORROWERS



85%

WOMEN CLIENTS



36%

YOUTH CLIENTS



66%

RURAL



17.60%

LOAN PORTFOLIO
DEPLOYMENT IN
EXTREME POVERTY ZONES



111

(Million)

RENEWABLE ENERGY -
UNITS SOLD



3,500

LIVESTOCK INSURED



1,007,236

CUMULATIVE JOBS
SUPPORTED BY MICROINANCE
LENDING OPERATIONS



107.6 (Billion)

INCREMENTAL REVENUE
GENERATION BY PMIC
FINANCE MICRO ENTERPRISES

PMIC News Bites



PORTFOLIO MANAGEMENT DEPARTMENT INITIATIVES

IMPACT OF FLOODS AND ECONOMIC SITUATION ON CLIENTS

Two of the borrowers, namely SMCL and Advans MFB, were visited during the month. The clients were met in the areas of Hyderabad, Qasimabad, Tando Muhammad Khan, and Jamshoro at their household/business places to verify the disbursements, loan utilization, and repayments. The average loan size offered to these clients was around Rs. 65,000. Some of the clients raised concerns about the increased cost of doing business. Although, they have increased their prices to maintain the margins. However, they were demanding higher loans to maintain the existing scale of business. Clients were observed extending their sources of income by working overtime or operating numerous businesses with additional family members employed in order to cope with inflation and rising expenses. However, clients who visited urban areas of Karachi who had an average loan size of Rs. 400,000-500,000 showed concerns regarding the increased interest rates. Clients met largely showed their satisfaction with the products and services offered by their respective companies. The floods and rains were seen in Sep-22 which raised SMCL's PAR. The management developed its recovery collection strategy and the continuous follow-up and response from the field occurred to be positive and significantly decreased the PAR. The management is confident in further improvement.



TAXING FIELD OF TMF & SSSF

In the scorching heat of 45 degrees, amidst the unforgiving sun and political unrest due to the arrest of a public figure, a hard-hitting field visit to interior Sindh was embarked. The purpose of the visit was to gain firsthand knowledge and insights into the local market, understand the needs and preferences of the customers through their valuable feedback, and identify potential areas of growth. The team paid visits to Hyderabad, Jamshoro, Kotri, Nawabshah, and the adjacent areas of two borrowers i.e., TMF and SSSF. A total of 75 clients were visited comprising various sectors i.e., livestock, trade, handicraft, agriculture, etc. Upon their feedback, it was examined that the clients have passed on the inflationary effect to their end consumers to maintain profitable margins. However, the clients complained about the slight decrease in sales rooted in inflation coupled with escalated pricing by the lending institutions. Furthermore, it is observed that the absorbing cushion has been facilitated by urban and peri-urban clients by cutting down on their non-essential expenditures. However, the majority of the rural area clients have not faced the challenges due to simpler lifestyles. The discussion with senior management of SSSF was concluded upon the guidelines presented regarding improving the portfolio quality, managing operational cost, and governance procedures efficiently. Whereas TMF was advised to improve its portfolio quality backed through well-planned operations.



CAUTIOUS EYE ON INDIGENT BORROWERS

During the recent field visit, the team focused on two microfinance borrowers, namely FFOSP and CEIP, to closely examine the challenges they faced in terms of sustainability and portfolio quality. Upon meeting with the borrowers, the team engaged in open and candid discussions to gather insights into their current financial position and operational practices.

The team explored various aspects of their business models, identifying areas where sustainability was lacking. By examining the revenue streams, expenditure patterns, debt management strategies, and staffing structures of the borrowers, areas of improvement were highlighted. On the other side, the clients met raised concerns about the recent economic condition and the hardships of survival due to the current inflationary effect.



SECTOR DEVELOPMENT DEPARTMENT PROJECTS

PRIME

KfW is in the process of submitting the subsidy proposal to BMZ for the PRIME program. In this regard, KfW had requested PMIC a sustainability note along with 5 years financing projections for the PRIME program, which was submitted during the month. Further, PMIC had also submitted a concept note on Solar Water Pumping, which was approved by KfW. After this approval, PMIC borrowers can now finance 5 HP, 7.5 HP, and 10 HP solar water pumps. Further, the PMIC team also engaged U-Bank for the PRIME program. After initial discussions, both parties are currently engaged in designing a financing facility, to be provided by PMIC to U-Bank exclusively focusing on the PRIME program. Further, KfW has sanctioned a 3rd party firm to conduct an audit for the PRIME program. The audit is to kick start in June, while the PMIC PRIME team is facilitating all the borrowers in ensuring that all installed systems are in line with the project scope and quality standards.

EDUCATION FINANCE PROJECT

The education finance program is being implemented by PMIC, in collaboration with Opportunity International. The initiative involves 150 schools that are clients of RCDP, AGAHE Pakistan, and Taleem finance company. Under the education finance program, the 3-year education quality training program is kick-starting in June 2023. All the preparations have been completed especially with regards to shortlisting of schools for the Education Finance program. Training will be provided to school owners and at least 1 teacher from each educational institution. The first batch of training will be conducted in Multan, Rajanpur, Sahiwal, and Shiekhupura/Nanakasahib from 5th – 29th June 2023. This training will help improve the school management capacity of school owners and also educate teacher mentors on quality teaching methodologies – in line with international best practices. The trainers have been hired by Opportunity International.

CHALLENGE FUND ROUND II – DIGITAL CREDIT SCORING MODEL

A kickoff meeting was carried out for Qarar Consultancy (Qarar) to discuss the rolling out of a credit scoring model for the microfinance sector under PMIC's Challenge Fund-Round II. Qarar has partnered with MFI and a Credit bureau to access client-level data for the development of first of its kind model in the Pakistan microfinance sector. Once the application is developed and fine-tuned after testing / pilot, PMIC and Qarar will make it available for the microfinance sector for adoption.



ELECTRONIC WAREHOUSE RECEIPT

A pilot under EWRF is being executed in District Okara for Maize in collaboration with Naymat, MFIs, GrowTech, and other stakeholders in the Agri sector. Naymat has accredited 2 warehouses in the districts of Okara (Tehsil Dipalpur) used for Maize.

The Sector Development Team made a field visit to Okara and Dapalpur under the issuance of an Electronic Warehouse Receipt. Meetings were conducted with farmers, warehouse operators, Arthi, and Naymat Collateral management system company. Farmers have shown keen interest in getting financing under EWR from PMIC.

The sector development team also visited the cold storage warehouse for potatoes and discussed the modalities of accrediting cold storage with Naymat. Naymat has shown interest in working with PMIC to accredit cold storage and implement their collateral management system for financing.



MEETING WITH BORROWERS

PMIC is undertaking interventions in the sectors of agriculture value chains, renewable energy, insurance, electronic warehouse receipt financing, etc. In this regard, the sector development department held a consultation with its partner MFIs at JWS Pakistan's office in Gujranwala. Discussion on initiatives listed above was carried out, how PMIC and its partners could work together to build a stronger and better relationship that could facilitate the clients, MFIs, and PMIC in delivering a stronger impact for the clients.



AGRI VALUE CHAIN - INITIATIVES

PMIC's Board during a brainstorming session on PMIC strategy last month, endorsed management's vision of engaging in the Agriculture Ecosystem – an area where Pakistan has a lot of potential for improvement considering our low yields and the large gaps in agri services, especially for the small/medium farmers.

For this purpose, PMIC approached various agriculture experts including Dr. Riaz from World Bank, Mr. Kazim Saeed from Pakistan Agricultural Coalition, Inshan Kanji – Agri and Microfinance expert, Mr. Fida Khan IFAD, Mr. David Randel (Microfinance Agri Expert), Ms. Els Boerhof from GoodWill Consulting and Ms. Judit Brandsma - Microfinance Expert to discuss the assignment at hand and find the most suitable consultant for the task. Almost all of these experts recommended hiring Mr. Kazim Saeed - CEO Pakistan Agriculture Coalition for the assignment.



MEETING WITH SYNGENTA

Syngenta Pakistan is the market leader in Crop Protection and Seeds business. PMIC and Syngenta discussed areas of collaboration to improve agriculture production through innovative products and farm advisory services. Both companies discussed the challenges faced by growers in order to contribute towards sustainable agriculture growth and subsequently provide greater food security.



BRANDING AND COMMUNICATION

PMIC Annual Report for the year 2022 was designed and circulated.

Read of the Month



Strengthening Rural Women's Climate Resilience: Opportunities for Financial and Agricultural Service Providers

Rural women are central to building more resilient global food systems, yet face disproportionate threats from climate stresses and shocks. To help rural women adapt and thrive in the face of climate change and boost food security, service providers must design and deliver financial and non-financial solutions that create value for rural women as well as their businesses.

<http://bitly.ws/Gosa>

Client Success Story



FEHMIDA: AN UNBREAKABLE SPIRIT – AN INSPIRING JOURNEY

Fehmida, the embodiment of resilience, defies adversity with unwavering determination. Her inspiring journey showcases her tenacity in building a prosperous future for her family. Supported by a borrower of PMIC, Fehmida embarked on an empowering path in embroidery.

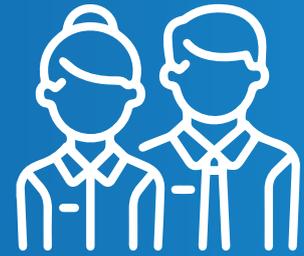
With a loan of Rs. 70,000, Fehmida delved into embroidery, driven by her passion for creating a sustainable income. Through sheer dedication, she generated revenue to support her household and repay the loan promptly. Unfortunately, devastating floods wreaked havoc, damaging her house and interrupting her embroidery work.

Recognizing the plight of flood-affected individuals, SMCL and Pakistan Microfinance Investment Company (PMIC) extended a lifeline, granting Fehmida Rs. 20,000. This support allowed her to rebuild her life and resume her entrepreneurial journey. Harnessing her resilience and newfound support, Fehmida diversified into animal husbandry. This new venture proved fruitful, enabling her to earn a decent income once again and regain stability.

Fehmida's story exemplifies the power of determination, grit, and timely support. She transformed adversity into growth, inspiring others with her success. Her journey highlights the transformative effect even a small grant can have on lives confronted with difficult circumstances.



People & Culture



HR AND ADMIN ACTIVITIES

Job Fair

Building a strong employer brand is crucial to attract and retain top talent. At Pakistan Microfinance Investment Company, PMIC, we believe that the key to our success lies in our amazing team. We are not just looking for people to fill roles; we are seeking out individuals who align with our core values and our mission.

To achieve this objective, the HR and Admin team represented PMIC at the ICMA Job Fair and HR Summit 2023. Very interactive sessions with students who wanted to be a part of the PMIC family.



HR Summit

Mr. Yasir Ashfaq Chief Executive Officer, Pakistan Microfinance Investment Company – PMIC was part of the panel discussion on Diversity and Inclusion at the ICMA Job Fair and HR Summit 2023. PMIC takes pride in creating a diverse and inclusive workplace that encourages greater ingenuity, innovation, and correlation to the communities that we serve.

PMIC aims to create an enabling environment for the multiplicity of communities where it operates while leading and advocating for a brighter future. Mr. Yasir Ashfaq emphasized that Women's empowerment is a top priority for PMIC as it elevates them financially, economically, and socially, with 85% of PMIC's active borrowers being women around Pakistan. PMIC aims to encourage diversity and inclusion at all levels to contribute to the socio-economic development of communities and play a large role in bringing about stability, peace, and prosperity despite incredible adversity.



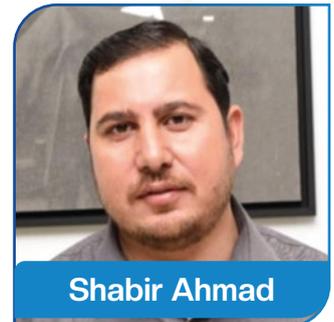
Farewell

The team bid farewell to their beloved colleagues, Aqeel Ahmed, AVP Finance & Accounts, and Komal Arshad, AM Projects as they resigned to seek other opportunities. The PMIC Management and staff wished them success in their future endeavors.



Birthday

We wish you a very
Happy Birthday!



Shabir Ahmad

Sneak Peek on New Hires

- What is your favorite food?
"Aashak", a Hazaragi cuisine like dumplings, stuffed with vegetables dipped in Yogurt and Korean spicy noodles.
- Someone you would like to meet?
I know it must be strange, but I have no longings or desire to meet anyone as such, no name comes to my mind.
- What is on your bucket list?
A lot of things, one is writing my book and having my own campervan.



**Marzia – Assistant Manager
Sector Development Department**