



PMIC
Pakistan Microfinance Investment
Company Limited

IMPACT REPORT 2022





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Established in 2016, **PMIC** has since worked on furthering access to finance which is resulting in reducing poverty and promoting entrepreneurship in the country. This report highlights the contribution of PMIC, its borrowers and the microfinance sector at large in promoting responsible and sustainable financial inclusion that results in job creation, reducing inequalities and gender gaps, and induced sustainable economic growth that creates impact resulting in the improvement of the lives of those at the bottom of the pyramid. The report also covers PMIC's focus and contributions to the SDGs framework.



ABOUT PMIC

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PMIC, incorporated in August 2016, is licensed to carry out Investment Finance activities as a Non-Banking Financial Company (NBFC) under the NBFC Rules 2003 and NBFC Regulations 2008.

Pakistan Poverty Alleviation Fund (PPAF), Karandaaz Pakistan - funded by UK's Foreign Commonwealth & Development Office (FCDO) and Bill & Melinda Gates Foundation - and KfW, a German government-owned development bank - have provided capital to the PMIC.

WHAT WE WORK TOWARDS & HOW WE DO IT

PMIC takes a holistic approach to creating a systemic impact, extending beyond mere capital provision. With a firm belief in the power of working in partnerships, PMIC strives to bridge gaps through provision of financial services, capacity building, technical assistance, business support, and knowledge sharing. PMIC's mission goes beyond addressing immediate financial needs, aiming to tackle wider challenges such as stimulating economic activity, increasing employment opportunities, reducing inequalities, and combating climate change through the promotion of sustainable entrepreneurship. By empowering individuals and small businesses with the tools and resources they need, PMIC paves the way for a brighter and more inclusive future.

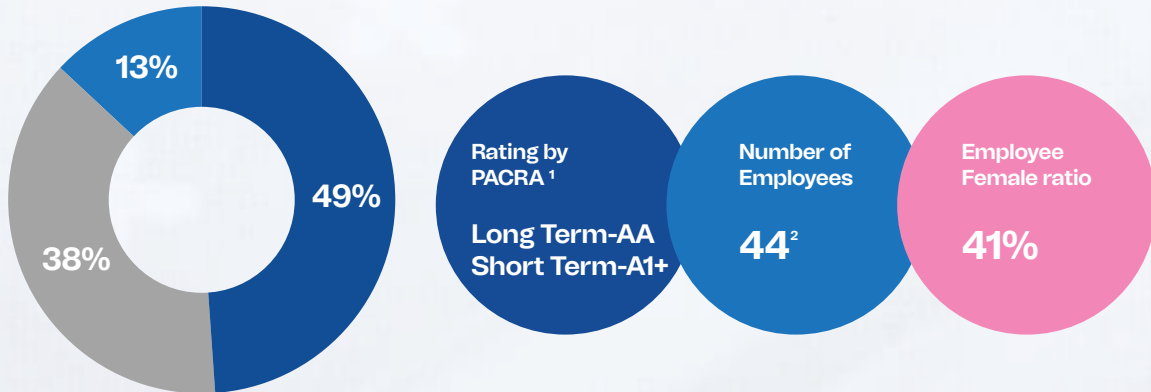
AT A GLANCE

04





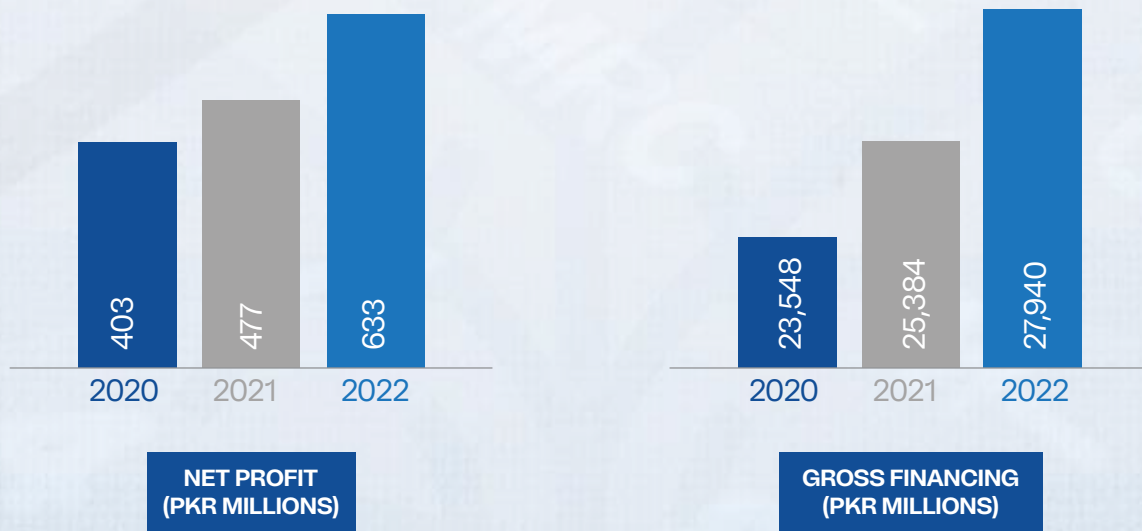
ORGANIZATION & RATING



OWNERSHIP STRUCTURE

- Kfw
- Karandaaz
- Pakistan Poverty Alleviation Fund

FINANCIAL PERFORMANCE



¹ PMIC long-term rating of "AA" and short-term rating of "A 1+" has been maintained by the Pakistan Credit Rating Company Limited (PACRA).

² Average number of employees during the year.



TOTAL COMMITTED PORTFOLIO

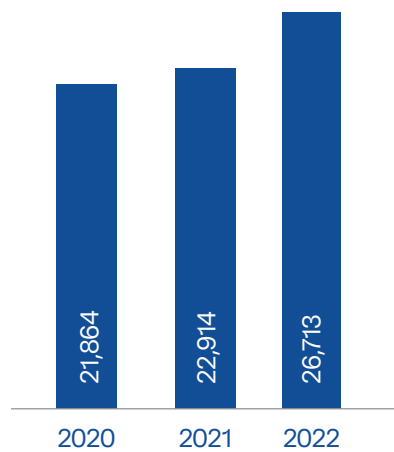
PMIC Borrowers: 26

MFIs: 21

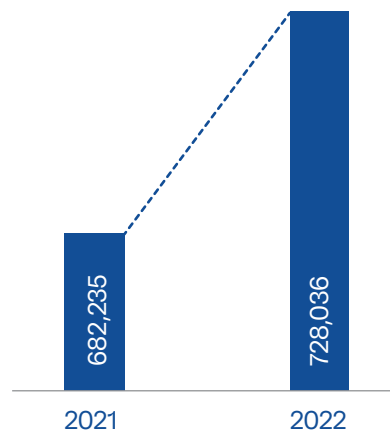
MFBS: 5

Active Women Clients

85%

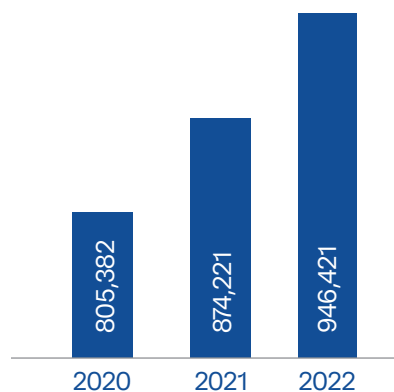


OUTSTANDING PORTFOLIO
(PKR MILLIONS)

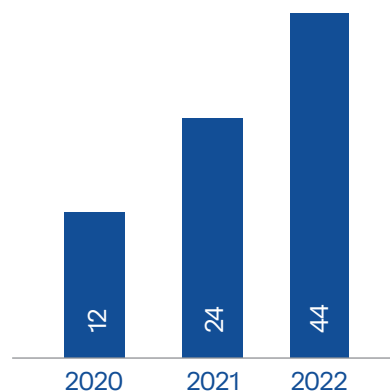


CLIENTS SERVED THROUGH MFPS

OTHER KEY INDICATORS



JOBS SUPPORTED
(THOUSAND)



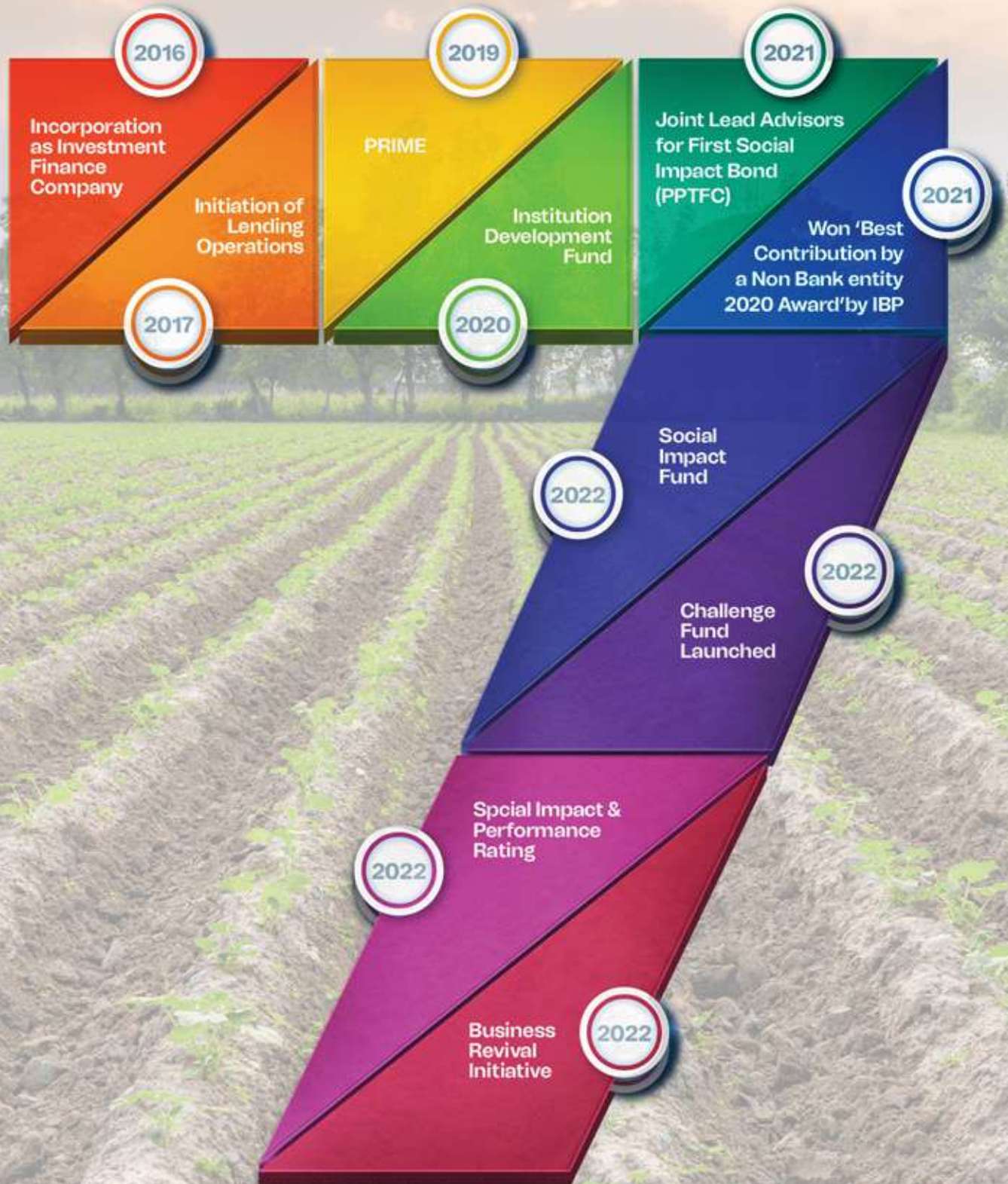
TOTAL FINANCED AVOIDED GREEN
HOUSE GAS EMISSION³ (tCO₂e)

³ Financed avoided Green House Gas is measured in tonnes of CO₂ equivalent (tCO₂e) which is the functional unit for quantifying the per unit impact of GHG.

**PMIC'S
SEVEN-YEAR
JOURNEY
CREATING
IMPACT**

07





PAKISTAN'S ECONOMY AT A GLANCE

09





Pakistan's economy experienced a V-shaped recovery, with a 5.97⁴ percent real GDP growth in FY2022. However, this rapid growth was unsustainable and has resulted in financial and macroeconomic imbalances, as most of this growth was based on the provision of cheap money. Historical boom-bust cycles, coupled with economic challenges like fiscal constraints, exchange rate pressure, mounting current account deficits, inflation, energy sector bottlenecks and political instability, contributed to a very challenging economic condition in Pakistan.

To address these challenges, a coordinated monetary-fiscal policy approach was rolled out with the objective of reviving economic activity and stimulating private investment. However geopolitical tensions and domestic political instability resulted in inflationary pressures and a further decline in foreign exchange reserves, posing a herculean task for any economic team to achieve sustainable economic growth in the near future.

Comprehensive structural measures are needed to strengthen economic performance, promote inclusive growth, ensure price stability, and rebuild critical infrastructure for long-term sustainability.

⁴ Pakistan Economic Survey 2021-2022



Total Population⁵
250 million (2023)

Human
Development Index⁶
**161 out of 192
(Fell 7 Places)**

Financial Inclusion⁷
**30% in 2022
(21% in 2021)**

Child Mortality
(Per 1000 births)⁸
**54.2 in 2020
(Declined from
55.7 in 2019)**

Maternal Mortality
(Per 100,000 births)⁴
**186 in 2020
(Declined from
189 in 2019)**

Women's economic
participation and
opportunity⁹
**145 out of
156 (2022)**

Women's
Educational
Attainment⁵
**135 out of 156
(2022)**

Women's Health
& Survival⁵
**143 out of 156
(2022)**

Gender
Pay Gap⁵
34% (2022)

⁴ Pakistan Economic Survey 2021-2022

⁵ Pakistan Bureau of Statistics – Census 2023

⁶ Human Development Report UNDP

⁷ Karandaaz Financial Inclusion Report

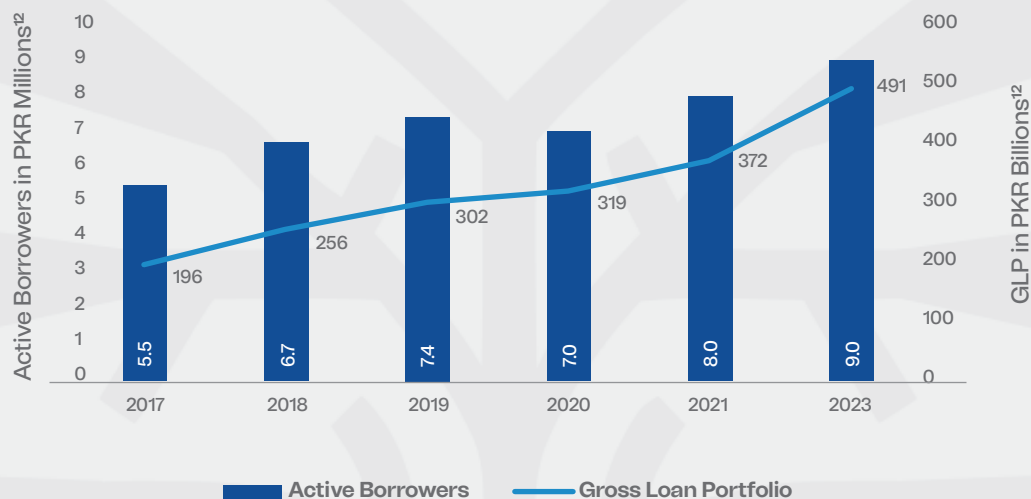
⁸ Pakistan Economic Survey 2021-2022

⁹ Global Gender Gap Index Report 2022



MICRO FINANCE SECTOR OVERVIEW

The microfinance sector in 2022 saw slight recovery despite the challenges posed by the devastating floods. This growth can be attributed to the resilience and experience of microfinance institutions gained over the last two decades, which quickly adapted to remote operations, constant interaction with the customers and using digital platforms for disbursement and recovery. The microfinance sector continued to attract investors who were pursuing both financial and social returns. Microfinance Credit and Savings statistics at the year-end¹⁰ (Q4 2022) indicated a sustained growth trajectory in the post-flood era, with 9.0 million⁷ active borrowers, which is a 12 per cent increase on a year-on-year basis. Women active borrowers followed an upward trajectory with a 13.6 per cent increase. With the surge in active borrowers, the Gross Loan Portfolio grew 25% year on year basis, reaching PKR 491 billion¹¹. An overview of the peer groups shows that the MFBs' portfolio reached at PKR 379 billion, whereas NBMFC's portfolio stood at PKR 111 billion⁸. Micro savings indicators showed positive trends with a 4.7% increase in the saver base to reach 93 million and a 14.4% increase in savings value to PKR 514 billion⁹ by Q4 2022. On the delinquencies front, PAR > 30 days decreased from 5.95% to 5.60%. However, micro-insurance indicators showed a decrease of 7.0% in policyholders to 8.2 million and a decrease in the insurance portfolio from PKR 384 billion⁸ to 316 billion⁸ by Q4 2022.



⁷ Karandaaz Financial Inclusion Report
⁸ Pakistan Economic Survey 2021-2022
⁹ Global Gender Gap Index Report 2022

¹⁰ Microwatch Issue 66
¹¹ Microwatch Issue 66
¹² Pakistan Microfinance

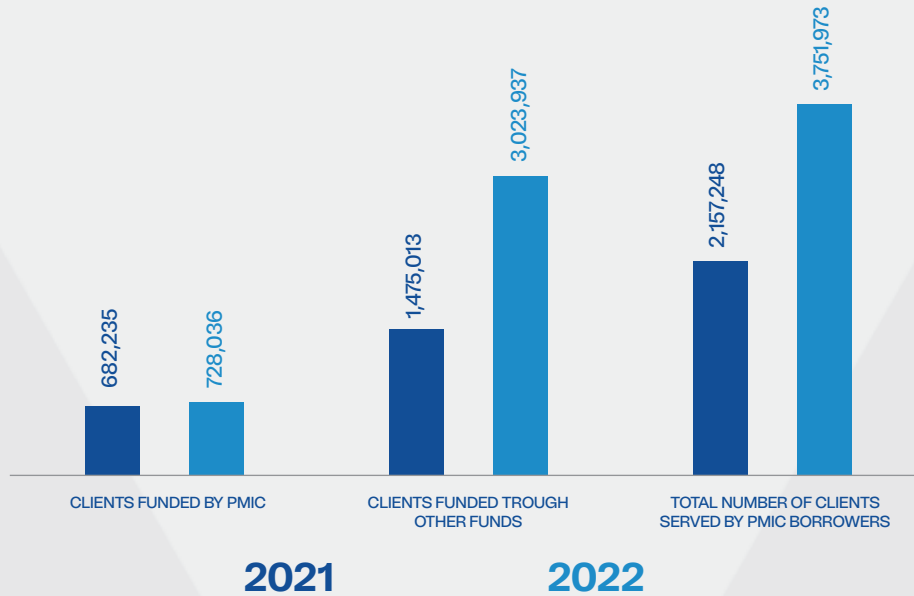
IMPACT HIGHLIGHTS

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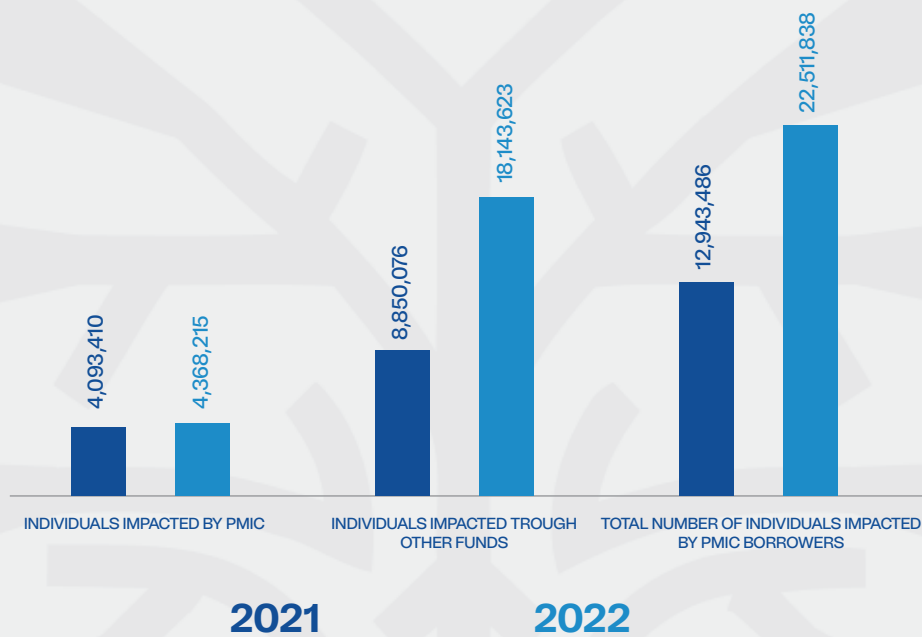




OUR FOOTPRINT

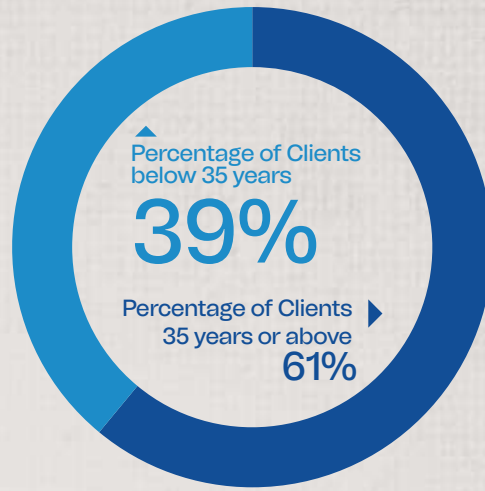


PMIC activities translate into direct and indirect impact creation within the microfinance ecosystem, contributing towards improved livelihoods, increased gender equality and reduced inequalities. PMIC outstanding portfolio resulted in an estimated 22.5 million lives impacted, around 4 million of which are attributed to funding made through PMIC's own balance sheet and 18 million are funded by PMIC borrowers through other sources.



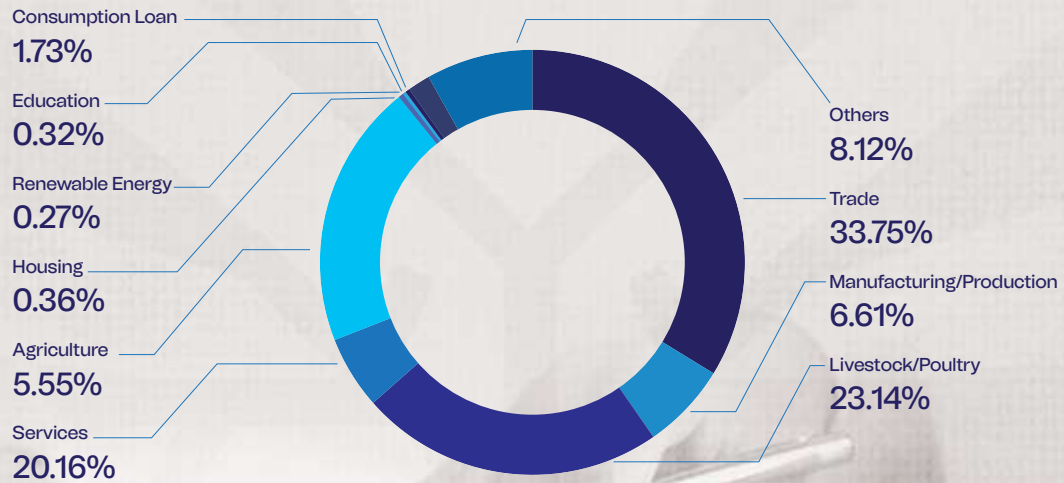


RURAL-URBAN BREAKUP



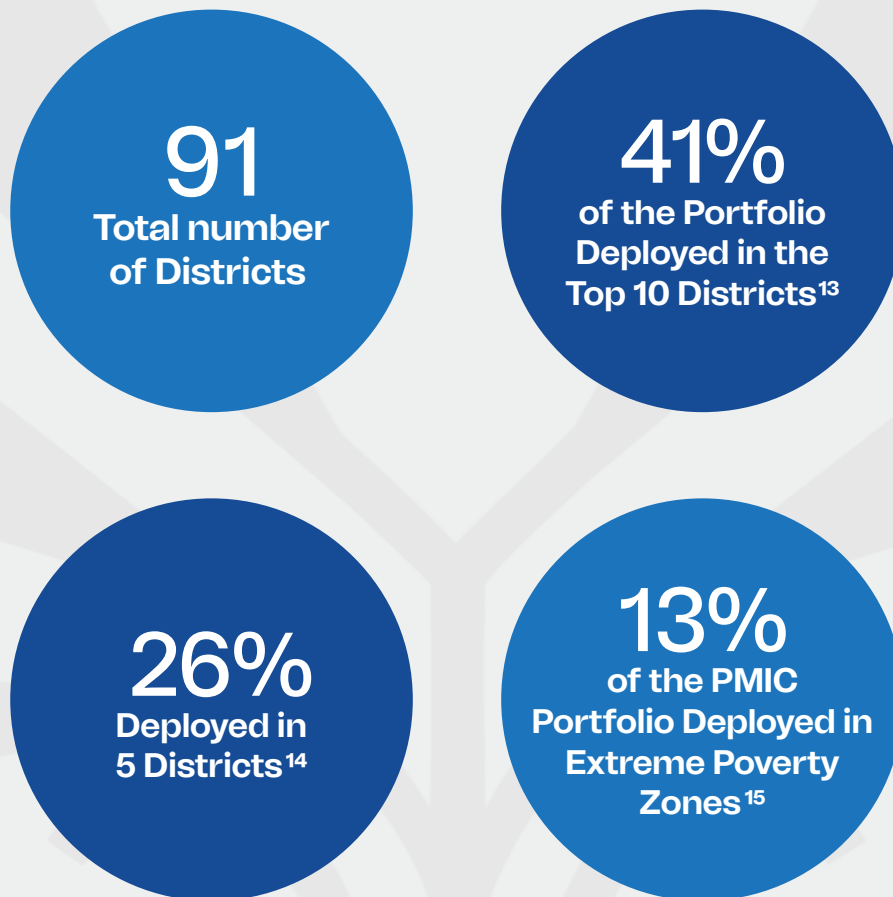
AGE-WISE BREAKUP

SECTORAL DISTRIBUTION OF THE PORTFOLIO





GEOGRAPHICAL SPREAD OF PMIC PORTFOLIO



¹³ Top Districts include Lahore, Sheikhupura, Faisalabad, Sanghar, Gujranwala, Nankana Sahib, Shaheed Benazirabad, Vehari, Sialkot & Mirpurkhas.

¹⁴ Districts include Lahore, Sheikhupura, Faisalabad, Sanghar, and Gujranwala.

¹⁵ Extreme Poverty Zones are the districts that are low on human development, food security & financial access.



2022 IMPACT SNAPSHOT

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Over the past seven years, PMIC has built a comprehensive measurement and management system to monitor results during the lifespan of the investment, conduct analysis and evaluation, assess expected impact and design new programs accordingly. Diverse and meaningful indicators are used to capture the results, measuring how PMIC activities translate into direct and indirect changes within the lives of the clients and performance of microfinance, and ultimately contribute to PMIC's key impact goal: reducing poverty in target regions/ districts through sustainable and inclusive economic growth.

Through financial and non-financial services to the Microfinance sector, PMIC contributes to numerous SDGs and hence measures its performance against them. The following indicators showcase PMIC contribution to the United Nations Sustainable Development Goals (UN SDGs), which are also part of our framework for measuring impact activities. This exercise keeps us aligned with numerous efforts both domestic and international being undertaken to reduce poverty in a sustainable manner and at the same time keeps us abreast with the new developments taking place in this field.



BUILDING OUR IMPACT ECOSYSTEM



1 NO POVERTY



SDG 1 | NO POVERTY

PMIC is dedicated to addressing SDG 1, which focuses on eradicating poverty in all its forms. Hence by promoting financial inclusion and capacity building, PMIC aims to uplift individuals and communities out of poverty.

Total Microfinance clients of borrowers funded by PMIC	3,751,973
Total Microfinance disbursed (PKR Billion)	244.159
Percentage of PMIC portfolio deployed in extremely vulnerable areas	13%
Percentage of PMIC portfolio catering to rural population	64%
Clients graduate out of Poverty previously served through social safety net programs	38,000



UPLIFTING THOUSANDS OF MICRO BUSINESSES

Salma, a determined young woman from a marginalized family in Shahdadpur Taluka, Sindh Province, faced formidable obstacles in pursuing her dream of living a comfortable life. Despite her family's financial constraints, Salma's relentless spirit led her to discover the art of sewing and embroidery, which became her source of income. Through the support of a PMIC partner microfinance organization, Salma obtained a loan of PKR 40,000, enabling her to enhance her business and increase her monthly income from PKR 15,000 to PKR 25,000. After several cycles of loans, -Salma has currently borrowed PKR 80,000. She has continuously expanded her business and recently achieved a monthly income of PKR 80,000. Her unwavering determination and hard work not only transformed her life but also empowered her to provide for family, build a decent house, educate her siblings, and arrange her sister's marriage. Financial support provided by PMIC along with Salma's resilience and determination is a testament to the human spirit and its ability to overcome adversity.



SDG 2 | ZERO HUNGER

By financing businesses across the entire agri-food chain, PMIC contributes to SDG 2. The focus is on empowering smallholder farmers and processors, promoting sustainable food production systems, and fostering resilient agricultural practices.

PMIC targets smallholder farmers, who play a crucial role in meeting more than 70% of the country's food needs, yet face challenges in terms of market position and limited resources for business improvements. Smallholder farmers have limited access to technology and capital, and face difficulties in risk management. They heavily rely on family labor and often lack storage, marketing, and processing capacity. PMIC invests in microfinance and AgriTech companies that support smallholder farmers to enhance their yields, reduce environmental degradation, and improve social practices during the investment period.

Total number of Micro and small farmers supported through crop-based intervention	23,819
Total number of livestock farmers supported	20,440
Total number of micro and small enterprises supported	14,237
Number of farmers households impacted through Challenge fund	7,000
Provision of Micro Insurance to smallholder farmers	12,000
Provision of training to smallholder framers	50,000

2 ZERO HUNGER





ENABLING FARMERS TO CREATE PROFITABLE BUSINESSES AT SCALE

Farukh Irshad is a resolute small-hold farmer from Mian Channu whose land holds the promise of sustenance for his family. But in recent years, Farukh faced declining productivity per acre and mounting expenses for fertilizers and irrigation. Struggling to make ends meet, he turned to GrowTech, the winner of PMIC's first challenge fund in AgriTech. GrowTech is an agricultural service provider and delivers advisory services to the farmers through presence in the field and digital platforms, harnessing satellite and other technologies to transform farming practices. Farukh gained access to expert guidance, weekly reports on crop health, and real-time insights on his land's fertility, water stress levels, and weather conditions. Armed with this knowledge, he made smarter decisions, optimizing fertilizer usage, conserving water, and maximizing his crop yield. The results were astounding a 20% increase in wheat production and a reduction of 12% in input costs. Emboldened by his newfound success, he ventured into a thriving cattle feed business, becoming a beacon of inspiration for fellow farmers. Today, Farukh's story echoes through his village, spreading the message to revolutionize farming and unlock the boundless potential of those who dare to dream big.





4 QUALITY EDUCATION



SDG 4 | QUALITY EDUCATION

PMIC understands the significance of SDG 4, which emphasizes the importance of inclusive and equitable quality education for all. Focusing on enhancing access to quality education in underserved areas and marginalized communities, supporting the capacity building of educational institutions, and empowering teachers through training and resources.

PMIC, in partnership with Opportunity International (OI) pursues improvement in the quality of education by building capacity of the owners and teachers at low-cost private schools.

Number of low-cost schools benefitted through training & Microcredit	700
Total number of students impacted	131,000
Number of girls students impacted	71,000



EDUCATION THROUGH MICROFINANCE

In the face of daunting challenges, Afsheen Shahryar, a passionate and determined woman, opened her school in 2007. Struggling with limited resources and untrained teachers, she discovered the Pathways to Excellence training program offered by PMIC funded microfinance institution, in collaboration with Opportunity International. Through this transformative program, Afsheen gained the knowledge and skills to create a comprehensive improvement plan for her school. With unwavering dedication, Afsheen implemented activity-based learning, resulting in increased student engagement and improved academic outcomes. Afsheen's inspiring journey demonstrates the transformative impact of programs like Pathways to Excellence, empowering educators to overcome challenges and make a lasting difference in the lives of their students.



5 GENDER EQUALITY



SDG 5 | GENDER EQUALITY

PMIC is committed to promoting gender equality, protect women's rights and empowering women across its investments. By supporting women-owned businesses and including women in value chains, PMIC aims to increase women's participation in the economy.

Percentage of women clientele	85%
Percentage of PMIC Portfolio catering to women-owned businesses	77%
Number of Women-owned businesses financed	596,000
Percentage of the female clients below 35 years of the total portfolio	28%
Percentage Female Senior Management	29%
PMIC female-employee gender ratio	39%



BUILDING THE ENTREPRENEURIAL ECOSYSTEM

Shameem Akhtar's remarkable journey from humble beginnings to a thriving carpet-making business is a testament to her determination and entrepreneurial spirit. She has been a client of one of the borrowers of PMIC for a long time. With over 30 employees and monthly sales exceeding PKR 500,000, Shameem's success is a result of her unwavering perseverance in the face of challenges. Her work experience, technical expertise, and marketing skills laid the foundation for her business's success, which was further supported by PMIC financial assistance to overcome capital constraints. Today, Shameem's business serves as a beacon of hope, providing job opportunities for women in her community and improving the lives of her family. She is a true inspiration for aspiring women entrepreneurs, demonstrating that hard work and determination can lead to transformative success.



SDG 7 | AFFORDABLE AND CLEAN ENERGY

PMIC actively contributes to SDG 7, which focuses on ensuring access to sustainable, reliable, and affordable energy. PMIC aims to improve access to energy in underdeveloped areas and Extreme poverty zones in Pakistan by financing off-grid power solutions.

7 AFFORDABLE AND CLEAN ENERGY



Solar Home Solutions provided in poor-grid areas through PMIC's PRIME program in collaboration with KFW	29,000
Number of districts under Renewable energy initiative	35
Total Kilowatts Financed	100
Financed Avoided GHG (tCO ₂ e)	44



INVESTING IN LOCAL PROSPERITY

Nestled in Qaboola Sharif, District Pakpattan, Shaheen Science Secondary School emerged as a sanctuary of learning for underprivileged children in 2016. With a modest infrastructure of 25 classrooms and 500 students, its purpose was to deliver quality education to those in need. However, the school faced the dual challenges of frequent load-shedding and sweltering summers. Recalling days when stifling heat forced them to send children home, while the high cost of running a generator exacerbated their financial burden. In a bid to alleviate the struggles, Muhammad Azam the school owner, turned to solar energy, securing a loan of PKR 500,000 through one of PMIC's partners. With their investment and the installation of a 5KW solar system, the school now thrives even amidst persistent power outages. The solar panels power all 25 classrooms, ensuring a comfortable learning environment, and have significantly reduced the monthly electricity bill from PKR 20,000 to a mere PKR 5,000. Azam's appreciation for PMIC and Opportunity International resonates, as their support not only transformed his school but also empowered low-cost private schools across Pakistan to provide quality education.



SDG 8 | DECENT WORK AND ECONOMIC GROWTH

PMIC promotes sustainable economic growth and job creation in line with SDG 8. PMIC actively supports entrepreneurs in making an inclusive, productive, resilient, and sustainable local economy.

8 DECENT WORK AND ECONOMIC GROWTH



Total number of Institutions Financed	26
Gross Income Growth	67%
Total Beneficiaries impacted through MF Plus Projects	138,000
Total Number of Jobs Supported	950,000
Total number of Jobs supported for youth	493,000



BREAKING BARRIERS, EMPOWERING WOMEN REDUCING INEQUALITIES ONE STEP AT A TIME!

Rubina Bibi is a micro-entrepreneur who defied societal norms to support her family. In Multan, Rubina faced financial hardships when her husband's business suffered significant losses. Determined to contribute to their household income, Rubina took a leap of faith and started a lunchbox delivery and frozen food business. With the support of the PMIC's gender-centric loan program, Rubina obtained the necessary capital to launch her venture, substantially generating revenue of PKR 50,000 in the first month alone. Rubina diversified her income streams by establishing a successful cloth trading business and continued supplying frozen food items. Rubina's entrepreneurial spirit not only brought financial security to her family but also shattered gender barriers. Her husband, initially skeptical, became her steadfast partner, assisting with deliveries, procurement, and food preparation.



10 REDUCED INEQUALITIES



SDG 10 | REDUCING INEQUALITIES

In its pursuit to address inequalities (SDG 10), PMIC actively invests in partners operating in least-developed areas, with a special focus on Extreme Poverty Zones (EPZs). By doing so, PMIC aims to enhance opportunities and income for individuals in the bottom 40% of the income distribution, facilitating their access to essential goods, services, and income-generating prospects.

To promote inclusive growth, PMIC supports the development of businesses that empower smallholder farmers, offer off-grid energy solutions, and are owned by female or young entrepreneurs. Recognizing the strong interlinkage between SDG 10 and SDG 5 on gender equality, PMIC continues to increase its gender-lens investments, thereby making a positive impact on both fronts.

Percentage of PMIC portfolio invested in the Agricultural sector (only crops) supporting value chains	6%
Percentage of PMIC portfolio catering to livestock & poultry	23%
Percentage of PMIC portfolio deployed in extremely vulnerable areas	13%
Total number of Individuals Impacted (millions)	22.5



EMPOWERING WOMEN FARMERS CULTIVATING RESILIENCE, SOWING SUCCESS

Rukhsana. A courageous woman who defied adversity and rekindled hope. With a loan of PKR 200,000 from a PMIC borrower, Rukhsana embraced agriculture to secure her household's livelihood. But when devastating floods struck, her crops were destroyed, and her home lay in ruins. To her rescue PMIC stepped in with a Business Revival Grant Initiative, granting Rukhsana with PKR 300,000 loan. With this lifeline, she rebuilt her land, revived her crops, and proved that resilience and timely support can transform devastation into opportunity.

Today, Rukhsana's flourishing fields stand as a testament to her unwavering spirit. Through her unwavering determination, bolstered by the unwavering support of PMIC, she not only restored her livelihood but also ignited a beacon of hope for a brighter future. Rukhsana's story serves as an inspiring reminder of the human capacity to overcome challenges, showcasing the transformative power of grants and the strength of the human spirit in creating a prosperous tomorrow.



13 CLIMATE ACTION



SDG 13 | CLIMATE CHANGE

With a steadfast commitment to climate action (SDG 13), PMIC remains dedicated to the goals outlined in the Paris Agreement. Despite the inherent challenges faced by different sectors, PMIC views these obstacles as opportunities for transformation.

Number of clients using clean energy through PMIC Renewable energy financing	29,000
Number of families affected by floods supported through Business Revival Initiative (BRI)	1,000
Financed avoided greenhouse gas (GHG) emission (tCO2e)	44
Number of clients using modern agriculture practices, and livestock rearing resulting in reduced CO2 equivalent emission	51,000



Beyond this, PMIC steers its borrowers towards a resilient and low-carbon economy through its ESG management activities. By actively aiming to contribute towards SDG 13 by designing product verticals to support mitigation, adaptation, resilience, and biodiversity-positive initiatives, including agricultural value chains. PMIC positive contributions are Green-labelled new investments in renewable energy, and agriculture and financed avoided greenhouse gas (GHG) emissions. PMIC makes it mandatory for all its borrowers to follow the ESG framework derived from the international best practices and agenda.





17 PARTNERSHIPS FOR THE GOALS



SDG 17 | PARTNERSHIP FOR GOALS

PMIC places strategic importance on strengthening relationships with its stakeholders to increase impact by pooling resources and collaborating with partners to invest more. PMIC mobilizes and blends funds, builds partnerships, manages programs on behalf of PPAF, KFW, and Karandaz, and empowers its clients, partners, and employees.

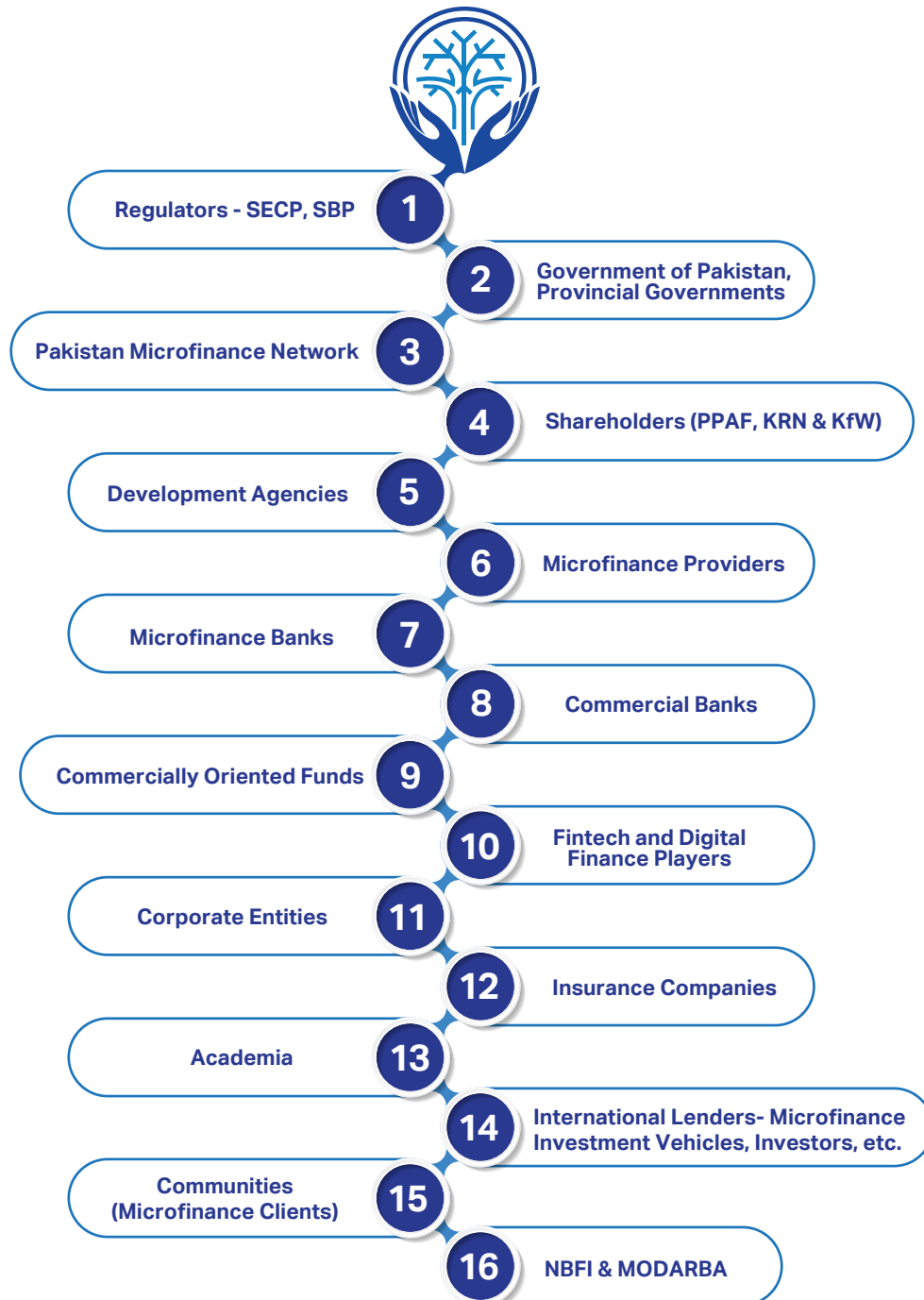
PMIC actively participates in different forums at the policy level with the government, The State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). PMIC interacts and collaborates with Pakistan Microfinance Network (PMN) to promote microfinance and address any challenges faced by the microfinance sector. PMIC provides frequent briefings to financiers of the sector including local commercial banks, microfinance Investment vehicles, international financial institutions and other local and foreign investors for the sector's growth.

PMIC forges a strategic alliance with the Male Champions of Change (MCC) Pakistan initiative, cementing its dedication to advancing gender equality and empowering women. PMIC is also an active member of the Global Impact Investing Network (GIIN), Pakistan Fintech Network (PNF), NBFI & Modaraba Association of Pakistan, at each forum PMIC highlights the importance of financial inclusion and its role in achieving SDGs. PMIC enhances its efforts to drive economic empowerment and implement financial inclusion initiatives by aligning with influential leaders.





PARTNERS FOR GOALS





ENABLING WOMEN & YOUTH

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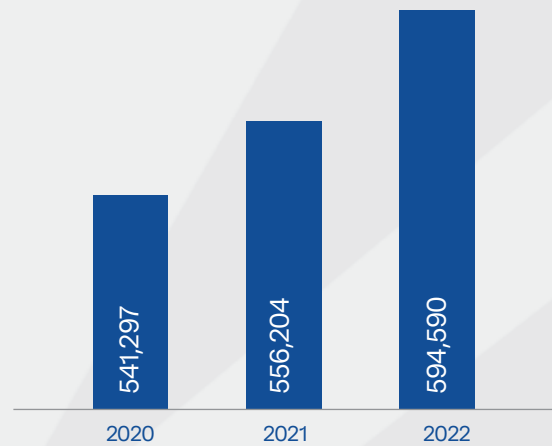
PMIC prioritizes underserved female and young entrepreneurs to bring about transformative change in the society and country. As a catalyzing lender (investor), PMIC plays a crucial role by providing capital and serving as a pioneer, mentor, advisor, and knowledge builder.

To mitigate the risks and challenges that emanated from natural and political events PMIC reshaped its strategy to further promote gender equity and inclusion of young entrepreneurs. It recognizes that meeting the financial needs of women entrepreneurs requires a shift in mindset throughout the investment value chain. It emphasizes, working towards serving more female entrepreneurs at every forum and raises awareness to improve the inclusivity of the financial sector. It makes it mandatory that at least 50% of its funding must go towards meeting the financial needs for women clients. At the governance level, PMIC requires that 33% of the board members of its borrowers must be women.

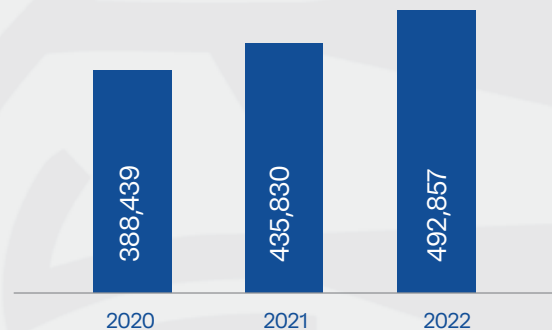
Supporting Youth Entrepreneurs

PMIC's focus on youth-led livelihood-sustaining businesses and high-growth enterprises demonstrates the commitment to unlocking the potential of young entrepreneurs. By adopting a systematic lens approach, PMIC aims to address the specific needs and challenges faced by youth entrepreneurs. Through targeted investments, non-financial support, and capacity building, PMIC is empowering young entrepreneurs to succeed and contribute to economic growth.

NUMBER OF WOMEN JOBS SUPPORTED



NUMBER OF YOUTH JOBS SUPPORTED





Passion for Progress



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