



PMIC Connect

August 2023



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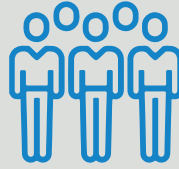


Portfolio Highlights



PKR 27.63
(Billion)

LOAN PORTFOLIO



793,129

TOTAL CLIENTS



90

NUMBER OF DISTRICTS



26

TOTAL BORROWERS



86%

WOMEN CLIENTS



37%

YOUTH CLIENTS



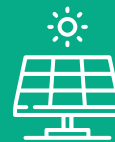
64%

RURAL



PKR 3.6 (Billion)

LOAN PORTFOLIO
DEPLOYMENT IN
EXTREME POVERTY ZONES



31,649

RENEWABLE ENERGY -
UNITS SOLD



773

LIVESTOCK INSURED



1,027,475

CUMULATIVE JOBS
SUPPORTED BY MICROINANCE
LENDING OPERATIONS



PKR 111.03
(Billion)

INCREMENTAL REVENUE
GENERATION BY PMIC
FINANCE MICRO ENTERPRISES

PMIC News Bites



PORTFOLIO MANAGEMENT DEPARTMENT

FIELD VISITS TO CENTRAL AND SOUTHERN PUNJAB

The PMD team visited four microfinance institutions JWS-PK, FFOSP, TFCL, MSP, and SVDP based in Punjab (Gujranwala, Lahore, Narowal and Naushera). The purpose of the visits was to gain empirical 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. A total of 5 schools and 120 clients were visited comprising various sectors i.e., livestock, trade, handicraft, and agriculture etc. Upon their feedback, it was examined that the clients have passed on the inflationary effect coupled with escalated pricing by the lending institutions to their end consumers to maintain profitable margins. However, the clients complained about the slight decrease in sales rooted through inflation and ongoing macroeconomic conditions.

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 discussion with senior management of JWS-PK was concluded upon the guidelines presented regarding complying with the covenants i.e., addition of a board member with business expertise and livestock insurance. FFOSP was advised to carry forward their sustainability in the upcoming years while meeting with TFCL concluded on the note to achieve breakeven by the end of next year.

During meeting with MSP, it was advised that the company needs to enhance operational efficiency through improvements in branch productivity, strengthening internal controls and reinforcing control measures and underwriting standards, particularly for larger loans. The company needs to explore and diversify its sources of financing to support portfolio growth. Business plan and ways to achieve operational and financial sustainability were the focus points of the discussion with the management and field staff of SVDP.



ISLAMIC FINANCE PRODUCT

The development of PMIC's Islamic Microfinance Operations is in its final stage, with the completion of Shariah-compliant products and the Policy Framework. Moving forward, our next steps involve obtaining the necessary approvals and ensuring legal compliance before submitting the regulatory application. Furthermore, we are in the process of onboarding a qualified Shariah advisor to ensure strict adherence to Islamic financial principles across all our operations. This initiative by PMIC aims to enhance financial inclusivity, promote ethical financial practices, and significantly contribute to the growth of Islamic microfinance in Pakistan. Parallel discussions with potential MFIs offering Islamic microfinance have also commenced.

SECTOR DEVELOPMENT DEPARTMENT PROJECTS

PRIME

The Federal Ministry for Economic Cooperation and Development of Germany has approved the Euro 5 Million end-user subsidy to support the PRIME program. KfW is now in the process of drafting legal agreements which will be signed with PMIC. PMIC completed the pre-qualification process of suppliers, which was initiated almost 2 months back. The pre-qualification process included applications from over 35 companies, however after a stringent evaluation process a total of 29 companies were pre-qualified.

PMIC further set up a technical committee including representation from PMIC (Mr. Ibrar Khattak), Project Implementation Consultant (Mr. Maqbool Hussain), and KfW (Mr. Aftab Shah). The technical committee will review the technical documents and matters pertaining to the PRIME program and provide recommendations/changes to the Quality Charter for approval from KfW and other stakeholders. The Project Implementation Consultant designed the Training Need Analysis report for MFIs as well as PMIC and presented it to the PMIC PRIME team.

After detailed review and feedback, the PIC team will start developing the curriculum for the MFI training which will focus on financial product development, building technical knowledge, and refining the sales pitch of credit staff. Further, a business mission will be visiting Pakistan under the PRIME program involving the recently hired National Financial Expert of Project Implementation Consultant. The mission will interact with the PMIC team, MFIs, and Suppliers and will also make a field visit to meet end beneficiaries of the PRIME program.

EDUCATION FINANCE PROGRAM

The Education Finance Program is a collaboration between Opportunity Internationals and PMIC. The program aims to provide financing to 150 low-cost private schools to improve education quality, increase the number of student enrolment, and support improvement in school management, instructional leadership, teaching, and learning through training programs. The schools are clients of RCDP, Agahee Pakistan, and Taleem Finance Company. Under the education finance program, the three-year education quality program started in June 2023.

The introductory seminars have been completed and teacher clusters have been formed for the training. A total of 121 schools have been onboarded. The Cluster Leadership Meetings (CLM), CLM 1, and CLM2 are going on and will be completed by the end of September. The training is facilitated by the education specialists hired by Opportunity Internationals.

CHALLENGE FUND – DIGITAL CREDIT SCORING MODEL

Qarar Pakistan team is designing a credit scoring model for the microfinance sector under PMIC's Challenge Fund-Round II. Qarar presented the First Quarter Report with PMIC, as per agreed milestones and roadmap in the agreement, and has established relationships with 5 entities. NDAs have been signed, Qarar's questionnaire responded, C-Suite workshops held, and onsite visits conducted for 3 out of 5 MFIs. The presentation included an assessment for each of the 5 MFIs, commenting on Qarar's observations and key findings. PMIC was briefed about Data expectations. Next quarter milestones include:

- i. Extract of data from MFIs
- ii. Defining predictive characteristics, default definition, target
- iii. Technical Report outlining data ETL, data validation, and engineering

ELECTRONIC WAREHOUSE RECEIPT

A pilot under EWRP is deployed in district Okara for maize crops in collaboration with Naymat Collateral Management Company-NCMC, and GrowTech. PMIC has undertaken access to NCMC's dashboard for accessing the electronic warehouse receipts issued and financing the same once the farmer tags the EWR to PMIC's financing terms on NCMC's portal. PMIC successfully financed 4 electronic warehouse receipts in August 2023. This year the uptake of EWR is slow due to extensive monsoon rains in the region causing an increase in the moisture levels.

Commercial banks are discounting EWRs @ 7% and provide 65-70% of EWR value, while PMIC will charge K+6% but will provide financing up to 80% of EWR value.

PMIC DOCUMENTARY

A documentary highlighting the impact PMIC's microfinance and microfinance plus projects have created in the lives of end clients (substance farmers, micro-entrepreneurs, and women and youth) is being produced as part of its branding and positioning strategy.

The documentary will greatly help in attracting funding from multi and bilateral funding agencies/international impact investors for PMIC's different product verticals (agriculture, renewable energy, education finance, enterprise development, micro insurance, etc.). It will display PMIC as the most potent for partnership with private investors seeking to collaborate on programs and initiatives within the thematic areas identified. This will, in return, help the people at the bottom of the pyramid to transition from subsistence to sustainable livelihoods, and contribute to development and progress at the national level.





Client Success Story

Empowering Education: Shaheen Science School's Solar-Powered Journey to Excellence

Shaheen Science Secondary School is a low-cost private school situated in Qaboola Sharif, District Pakpattan. The school was established in 2016 to provide quality education to children from the poor strata of the society.

As told by the school owner, Mr. Muhammad Azam, there were many days with no electricity for up to 12 hours, and the management was left with no other option but to send children home due to the suffocating environment. Despite the frequent load-shedding, the monthly bill during summers ranged between 20K to 25K.

Mr. Muhammad Azam decided to run the entire school through solar energy and was introduced to Agahe Pakistan through a neighboring school which is also a customer of Agahe Pakistan. Within a short span of time, he was sanctioned a loan of 500k from Agahe Pakistan under its Education Finance product, and along with his own investment, he was able to procure a 5KW solar system for the school.

The solar system is able to run fans in all 25 classrooms, the water pump, and the deep freezer. The monthly bill has also been reduced to just 5,000 rupees. Mr. Muhammad Azam is highly appreciative of the Education Finance facility provided by Agahe Pakistan in collaboration with PMIC and Opportunity International to improve the quality of education in low-cost private schools across Pakistan.



People & Culture



HR AND ADMIN ACTIVITIES

INDEPENDENCE DAY CELEBRATIONS

PMIC has celebrated Independence Day doing the following three generous initiatives:

Tree Plantation

PMIC team gathered to show a gesture of giving back to the land that has nurtured us, we at PMIC are overwhelmed with a sense of pride, dedication, and patriotism. Team PMIC planted tree seeds, symbolizing our commitment to a greener and more sustainable future for Pakistan.



Donations

PMIC team came together to make a significant impact on the lives of those in need. Through team's collective efforts and unwavering commitment to giving back, PMIC was able to make a generous donation to a social welfare organization. This contribution reflects not only our dedication to our community but also our core values of compassion and support.



Acknowledging the services of our security forces

Our security forces protect us bravely. They do not think twice in sacrificing their lives to keep us safe. As a token of appreciation for their unwavering dedication and service to our community, PMIC's HR department along with PMIC team presented the police officers with vibrant flower bouquets, boxes of sweets and commemorative shields representing our unity in safeguarding the community. This act aimed to convey our respect for their tireless efforts in ensuring our safety and well-being.



EMPLOYEE APPRECIATION

At PMIC, we honor and celebrate the hard work and commitment of our employees as well as the support staff. Acknowledging the commitment, ambition and outstanding performance of our team, we awarded them with appreciation certificates.



Saqib Sidiqqui
Head of Sector Development Department



Mohammad Salman Iftikhar,
Assistant Vice President,
Sector Development Department



Marya Ahmed
Assistant Manager Corporate Finance
and Investment Banking Department



Ch. Mohammad Qaiser
Asisitant Manager Administration



Shabir Ahmed
Support Staff

INTERNATIONAL ENGAGEMENT

Team PMIC traveled to UAE to attend the Asset Liability Committee (ALCO) Training and has also met with the impact investors.

ALCO Training

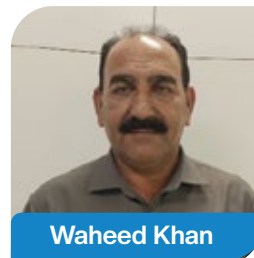
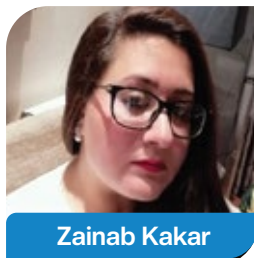
A two-day training was held in Dubai. The training course provided an international perspective on treasury operation, treasury risk control, and ALM functions within PMIC. The training was attended by the senior management and staff involved with treasury and risk management and was delivered by Mr. Mark Holder who has extensive operating experience in sophisticated capital market operations, treasury risk control, and ALM functions within Pakistan Microfinance Investment Corporation.



Using this opportunity, meetings were also held with impact investors, and professionals engaged with raising funds and deploying technology-based solutions to promote financial inclusion in Pakistan.

BIRTHDAYS

We wish you a very Happy Birthday!



SNEAK PEEK ON NEW HIRES



1. What is your favorite food?

I really have a sweet tooth; a plate of good rasmalai is what I love.

2. Someone you would like to meet?

I would like to meet Elon Musk.

3. What is on your bucket list?

My bucket-list is pretty long, however, something that I am looking forward to in near future is paragliding over the mountains and calm lakes.



1. What is your favorite food?

KFC, KFC & only KFC.

2. Someone you would like to meet?

My long distance best friend.

3. What is on your bucket list?

A trip to Europe with my best friend.



Read of the Month

Climate change risks may drive the financial sector away from serving the least profitable and most climate-exposed clients, namely low-income, rural households, and micro, small, and medium enterprises. This new working paper outlines how inclusive green finance policies can help reduce these risks, creating a more stable and resilient real economy.

<https://bitly.ws/TnAR>

