



# PMIC Connect

*September 2023*



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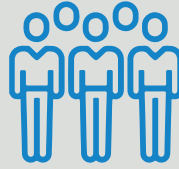


# Portfolio Highlights



**PKR 28.33**  
(Billion)

LOAN PORTFOLIO



**793,129**

TOTAL CLIENTS



**90**

NUMBER OF DISTRICTS



**26**

TOTAL BORROWERS



**86%**

WOMEN CLIENTS



**37%**

YOUTH CLIENTS



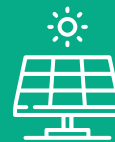
**64%**

RURAL



**PKR 3.6** (Billion)

LOAN PORTFOLIO  
DEPLOYMENT IN  
EXTREME POVERTY ZONES



**31,974**

RENEWABLE ENERGY -  
UNITS SOLD



**720**

LIVESTOCK INSURED



**1,028,193**

CUMULATIVE JOBS  
SUPPORTED BY MICROINANCE  
LENDING OPERATIONS



**PKR 110.3**  
(Billion)

INCREMENTAL REVENUE  
GENERATION BY PMIC  
FINANCE MICRO ENTERPRISES

# PMIC News Bites



## PORTFOLIO MANAGEMENT DEPARTMENT

### LAHORE MEETING WITH BORROWERS

In the first week of September 2023, PMIC's Senior Management held meetings with ten Microfinance Partners (MFPs) in Lahore. The primary purpose of these meetings was to take preemptive action in response to prevailing external challenges, the ongoing economic conditions, and protests arising from energy shortages, while also considering their potential impact on the borrowers. The discussions primarily centered around the organization's readiness to implement proactive strategies in order to effectively address the challenges posed by rising inflation and protests, with the aim of averting unfavorable consequences.

### ISLAMIC FINANCE PRODUCT

The Shariah-compliant products and Policy Framework have been finalized for approval from the Board of Directors. Once the necessary approval is obtained, and to ensure compliance with both legal and Shariah principles, a qualified Shariah advisor shall be onboarded. It is anticipated that after obtaining approval from the Board of Directors and regulatory clearance from the SECP, these products will become accessible to borrowers and lenders.

### CREDIT ENSURE FACILITY (CEF)

Under the recently introduced Credit Ensure Facility, two transactions have been executed through Bank of Punjab. Agahe Pakistan has utilized CEF by obtaining Rs. 150 million, with a guarantee of Rs. 50 million provided by PMIC. RCDP has an approved facility of Rs. 750 million, with PMIC providing a guarantee of Rs. 300 million. RCDP has already secured Rs. 550 million under the facility, with PMIC guarantee of Rs. 220 million. Moreover, another transaction with Meezan Bank is in process.

## SECTOR DEVELOPMENT DEPARTMENT PROJECTS

### PRIME Program

Amid the approval granted by the Federal Ministry for Economic Cooperation and Development of Germany – BMZ for the Euro 5 million subsidy, PMIC and KfW are now in process of finalizing the legal agreements – which are expected to be signed during October 2023. After which, PMIC will start the execution of the subsidy scheme, which would require designing of a verification software through a 3rd party firm and hiring of verification agent – which will conduct audits for all the systems installed under the subsidy scheme.

PMIC has also constituted a technical committee which includes technical representatives of PMIC, PIC and KfW and it will work on reviewing all the technical documents for PRIME – on a periodic basis – and make recommendations to PMIC and KfW for approval. In this regard, the committee started the mandatory review of quality charter – which is to be carried out after every 6 months. After the review, recommendations for any amendments to the Quality Assurance Framework will be made to KfW for approval.

The PMIC and PIC teams are also working on the technical and design guidelines for the solar tube wells – which will be presented to KfW for approval. Furthermore, a mission from Project Implementation Consultant – PIC team comprising of Mr. Victor Gorbachov (International Financial Expert), Mr. Muhammad Nafees Ahmed (National Financial Expert) and Mr. Maqbool Hussain (Deputy Team Lead) visited PMIC to get a detailed insight into PMIC's work and understand the working of its different departments. The mission also visited 4 MFIs in Lahore and met beneficiaries of PRIME program in the field. After the completion of the mission, the PIC team will share a and execution strategy and a revised workplan for activities – falling under their scope of work.

## LIVESTOCK MICRO INSURANCE - LMI

LMI project continued in the field with 1 more MFI signing the MoU with Asia Insurance Company - AIC for deploying the technology enabled insurance product. A total of 6 MFIs has now become part of the program. Trainings for AGAHE Pakistan, RCDP were conducted during September and their staff IDs are being created on the TAGMU application. TMF's credit staff training to kick start in October 2023. A total of 720 animals have been insured under this initiative during the year. AIC is currently developing a similar insurance product for the smaller animals to accelerate the uptake of insurance for livestock at a mass scale.

## VISIT OF PIC MISSION TO MFIS IN LAHORE

A mission from Project Implementation Consultant – PIC team comprising of Mr. Victor Gorbachov (International Financial Expert), Mr. Muhammad Nafees Ahmed (National Financial Expert) and Mr. Maqbool Hussain (Deputy Team Lead) visited PMIC to get a detailed insight into PMIC's work and understand the working of its different departments. The mission also visited 5 MFIs (Ubank, AGAHE, CEIP, RCDP, FFOSP) and 3 vendors in Lahore and met beneficiaries of PRIME program in the field.

During the visit, MFI's management shared detailed insight about their work, loan portfolio, risk and compliance mechanisms and their progress under the PRIME program. They also highlighted the different challenges faced by them in execution of the project, especially with regards to the affordability of solar systems. After the completion of mission, the PIC team will share an execution strategy and a revised workplan for activities – falling under their scope of work – especially including a module and methodology for training of MFI's credit staff and PMIC team, ESMS policy, and other activities.



## EDUCATION FINANCE PROGRAM

PMIC has collaborated with Opportunity Internationals for Education Finance Program with the aim to provide financing to 150 Low-Cost Private Schools (LCPS) in Southern Punjab to improve the education quality, increase number student enrolment, and to support improvement in school management, instructional leadership, teaching and learning through training programs. RCDP, AGAHE Pakistan and Taleem Finance Company are PMIC's implementing partners in this program and are providing financing to these schools for improving infrastructure and making available necessary facilities for children. Under the education finance program, the three-year education quality program started in June 2023 and a total of 163 schools, more than the target numbers have been onboarded.

The introductory seminars and cluster leadership meetings have been completed. The training is facilitated by the education specialists hired by Opportunity Internationals.

## ELECTRONIC WAREHOUSE RECEIPT FINANCING

PMIC is developing its strategy to delve into the agriculture eco-system and has already started to take retail level exposure in the post-harvest "Electronic Warehouse Receipt Financing" for small farmers. State bank of Pakistan, Naymat Collateral Management Company (NMC), GrowTech and commercial banks organized a farmer convention in Kamonki for rice / peddy farmers. They attracted around 250 farmers from the vicinity who would be provided with information on rice / peddy storage, processing and warehouse receipt financing (EWR).

PMIC's participation in the event along with GrowTech and staff of JWS Pakistan, which has a sizable portfolio in agriculture at kamonki region, will provide the opportunity to attract small farmers from the region for EWR financing using PMIC as a lender from the NMC's portal.



## 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 report for Quarter 1 and shared the progress against the target set in the agreement which is listed below:

- Qarar has established relationships with 5 MFPs (Agahe, Mojaz & CEIP, SAFCO and TMF) as PMIC suggested to acquire data from more MFPs – Target 1 (Agahe)
- NDAs have been signed with 5 MFPs – Target 1
- C-Suite workshops held at 5 MFPs – Target 1
- On premises visits conducted for 3 out of 5 of MFPs. – Target 1
- Qarar's data request questionnaire responded by 1 MFP – Target 1
- Datacheck integration – Completed.
- The design and methodology of the credit score is being worked upon and shall be finalized once the data is shared the partnering MFPs
- PMIC team has expressed its satisfaction on the progress during the first quarter and has also made suggestion on the way forward for 2nd and subsequent quarters

## BRANDING AND COMMUNICATION

We are glad to announce the completion of PMIC's documentaries. Through compelling interviews, stunning visuals, and captivating storytelling, we aim to provide an insightful perspective into the transformative journey that defines our organization.

We are excited to share these documentary. You can watch it by clicking on the play icons below. So, join us in celebrating our commitment to positively impacting our community and beyond!



## Client Success Story



### From Peril to Prosperity: Sumaira's Story of Financial Resilience

Sumaira hails from the Christian community of Bhatta Chowk, Lahore. Her husband worked as a dairy farmer; however, he suffered tremendous losses in his business and was unable to recuperate from the losses. This made the livelihood of the household very difficult and Sumaira's family was in great peril.

This prompted Sumaira—a mother of two daughters who are studying—to make a drastic decision and become a working lady from a traditional housewife. Sumaira decided to get into the business of Shoemaking.

In this quest, Sumaira heard about CSC (PMIC's client) through a neighbor and decided to apply for a loan through their Women Empowerment Program. Her loan request was approved by CSC and she was able to expand her business.

Due to CSC's timely intervention, Sumaira is now able to earn a profit of up to eighty thousand rupees. She is now able to sell her products to Lahore's biggest wholesale market (Shah Alam) and is earning a healthy profit for herself and her family. Her financial stability has resulted in the household being saved from drifting into extreme poverty and the family is able to sustain themselves.



# People & Culture



## HR AND ADMIN ACTIVITIES

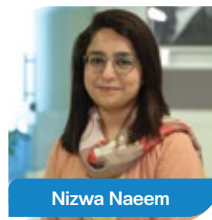
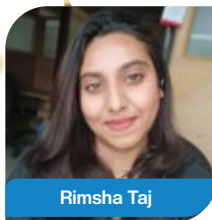
### ACCELERATING BENEFITS: REVAMPED CONVEYANCE ALLOWANCE

In light of the recent surge in fuel prices, we are proactively enhancing our support for our valued employees. The conveyance allowance for Assistant Managers and Managers has been increased to PKR 20,000, and Support Staff will now receive PKR 6,000.

This step aims to not only address the impact of rising fuel costs but also reaffirm our steadfast commitment to the well-being of our team.

### BIRTHDAYS

We wish you a very Happy Birthday!



### FAREWELL

Gulfam Ahmed, Manager Finance and Accounts and Muhammad Asghar, Manager CAD 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.

### OBITUARY

Our heartfelt condolences on the sad demise of Abid Mehmood's beloved father and Zeeshan Khan's brother. May Allah bless the departed souls.



## Read of the Month

### **CLIMATE FINANCE AND SUSTAINABLE AGRICULTURE: NURTURING RESILIENCE IN PAKISTAN**

Halting climate change and environmental degradation, and reducing global poverty are two of the most important challenges facing humankind today. These problems are intertwined. Climate change poses a significant threat to economic prosperity, particularly in low-income countries like Pakistan, where vulnerable populations are most at risk. Environmental changes have economic effects, economic changes affect the environment. In Pakistan, low-income households remain vulnerable to economic shocks, with 52% of the entire population at risk of falling back into poverty. Environmental factors and health factors impose high economic costs on low-income households and contribute significantly to their vulnerability.

The largest low-income and vulnerable section of the population is in rural settings and is mostly employed in the agriculture sector. Two-thirds of the workforce works in agriculture, contributing to around one-third of the GDP of Pakistan. Most of this is subsistence agriculture, where farms are small in scale and barely mechanized. Farmers and their plots act as a key conduit of food security, sustaining families and networks in rural communities. Despite their low productivity, they are hugely important to the national economy and livelihoods.

Agriculture is intrinsically tied to the environment as successful harvests rely on consistent weather patterns, which climate change is dismissing through more extreme weather events. Locust swarms, cultivated by more frequent flooding and warmer temperatures, are destroying crops. Droughts, floods, and wildfires are becoming more commonplace. Largely owing to geography, increasingly unstable weather patterns will disproportionately affect Pakistan.

Rural farmers will find themselves at the top of the list of recipients of the new climate precarity. This disruption could devastate livelihoods, worsen food security and poverty, and potentially force mass channels of migration. Reduced incomes due to deteriorating health and spending disproportionate percentages of earnings on mitigating climate change costs often propel families just above the poverty line back into extreme poverty.

In response, farmers will be forced to adapt. Increasing agricultural productivity and introducing climate-resilient practices through technology can support incomes while encouraging structural transformation into manufacturing or services. However, technological adoption is already a challenge, prevented by a host of market inefficiencies. These need to be understood and overcome if there is going to be a fourth agricultural revolution – one that meets the demands of poverty reduction and climate change, necessitating a holistic approach to achieve sustainable development in Pakistan.

Addressing these challenges requires strategic allocation and utilization of climate finance, specifically designed to target vulnerabilities, and mitigate the impacts of climate change. A crucial aspect of this approach involves



integrating microfinance into climate initiatives. Microfinance, with its focus on providing financial services to low-income individuals and communities, can play a transformative role in building resilience and fostering sustainable development.

Microfinance providers can access climate financing to design and implement projects that aim to enhance climate resilience and reduce vulnerabilities, particularly among rural farmers. These projects should focus on fostering climate-resilient agricultural practices, promoting technological adoption, and improving productivity. By empowering farmers through financial support and knowledge sharing, microfinance initiatives can aid in the transition toward a sustainable agricultural sector.

Furthermore, microfinance can act as a catalyst for structural transformation by facilitating the shift from subsistence agriculture to more diversified and value-added activities. This transition is vital for both poverty reduction and climate adaptation, helping rural communities adapt to changing environmental conditions while enhancing their economic well-being.

In conclusion, harnessing climate finance through microfinance initiatives presents a significant opportunity to address the intertwined challenges of poverty and climate change in Pakistan. By strategically leveraging these financial resources, a more sustainable and resilient future can be built for vulnerable populations, ensuring that economic growth is inclusive and environmentally responsible. Through collaboration and innovation, a pathway can be created toward sustainable development that protects both livelihoods and the environment.

For more on climate financing in Pakistan – the International Center for Growth (IGC) working paper titled “Recent development in climate finance: Implications for Pakistan” is worth a read. You can access following the link

Contributed by: Zarak Jamal Khan

<https://bitly.ws/W7TN>

