

At a glance

Certificate No: PCP-2005/0032

Registration

The Companies Ordinance, 1984 (Registration No. I-02801) on 24 April, 2001 in Islamabad.

Major Programmes

Enabling Environment, Capacity Building, Promoting Financial Transparency

Human Resource

Governing Body: 12 members

Chairperson: Dr. Rashid Bajwa

Staff Strength: 06 (5 Males, 1Female)

Area of Operation

Throughout Pakistan

Banks

Soneri Bank, Islamabad

Auditors

Taseer Hadi Khalid and Co. Chartered Accountants, Islamabad

Tax Status

Exempt U/S 2(36) of the Income Tax Ordinance, 2001

For Information and Donations

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Mission

To support the micro-finance sector and to provide financial services to the poor with a focus on retail micro-finance institutions.



Background & Inception

Starting with small-scale operations at Orangi Pilot Project (OPP) in the 1980's, micro-finance has emerged as an important tool for poverty alleviation in rural and urban areas of Pakistan. Today, a large number of small, medium and large organisations provide a diverse range of micro-finance services (micro-credit, micro-saving, micro-leasing and micro-insurance) to a significant number of poor and lower middle class households across the national landscape. The present coverage is estimated at about 500,000 individuals, which is a small proportion compared to the approximate 5.4 million who are in need of these services.

The Pakistan Microfinance Network (PMN) evolved out of an informal effort among practitioners in late 1997 to exchange views and experiences, after the attendance of the Micro Credit Summit in 1997. Following the summit, an organisation by the name of the Microfinance Group-Pakistan was created. Since first receiving funding from the Aga Khan Foundation and The Asia Foundation in 1999, the MFG-P has matured and established greater credibility with donors, government and other microfinance practitioners. In April 2001, it was formally registered as the Pakistan Microfinance Network.

PMN was established with the mission to enhance the scale, quality, diversity and sustainability of retail Microfinance Institutions (MFI). This network is a useful platform for collecting and disseminating micro finance best practices, and serves as a central locus for capacity building opportunities. It represents the consolidated voice of microfinance practitioners. Currently the network comprises 13 member organisations committed to providing quality financial services to the poor. These include 10 NGOs, a commercial bank, a microfinance bank and a leasing company.

Current Operations

Enabling Environment: One of the most important functions of PMN has been to provide a platform for microfinance institutions to influence public policy. Since 2000 the network has been trying to make the policy environment friendly for the

Achievements

Donor Dialogues initiated by PMN, the first initiative of its kind in Pakistan, provided donors a common platform for discussing issues of common interest

25 training sessions conducted to date which benefited 500 professionals

Publishes Performance Indicators Reports, a unique and unprecedented endeavor in Pakistan, on an annual basis



“ While we are not a member of the network but being within the sector, our consultations with them are frequent and useful. Their membership represents a wide spectrum of members from within the sector and they are managed by a professional & competent team ”

delivery of microfinance services by engaging policy makers and highlighting some of the key issues, opportunities and challenges in the sector. In this respect, PMN has worked closely with key stakeholders, most notably the Government of Pakistan. The network has served on the Consultative Group to the Micro Finance Policy Unit of the State Bank of Pakistan (SBP). It was also instrumental in shaping some of the key aspects of the legal framework for Micro-Finance Banks. Certain aspects of the Micro Finance Ordinance 2001 were formulated keeping in view the concerns expressed by the PMN members, ensuring that certain stipulations of the Ordinance did not restrict the supply of credit to the poor.

Capacity Building: With MFG-P formalisation into PMN the training function was structured under the name, Micro Finance Training Initiatives (MTI). Today, the PMN is the only institution offering specialised micro-finance trainings in Pakistan. To date, the network has provided training to nearly 500 professionals, members as well as non-members. The PMN organises 6 trainings on average every year. The trainings are conducted by international consultants as well as local professionals in the field. MTI courses are designed to address conceptual and practical issues in micro-finance. The courses offered range from the basics of micro-finance to the more technical aspects of managing a micro-finance programme.

Financial Transparency: To establish the use of performance measures and benchmarks so as to promote financial transparency in retail micro finance institutions, PMN publishes Performance Indicators Reports (PIR) on an annual basis. Internationally, only two networks prepare and publish such comparative data. Three advantages associated with PIR are, one that it has led to improved decision making in the sector; two, it sets benchmarks in financial and programme performance and helps members and outside public view performance of various micro-finance institutions in proper context; three, it is now being used as a tool to monitor the health of microfinance programmes.

An upcoming PMN programme is the Credit Bureau, which seeks to develop, maintain and regularly update a database of all clients (mainly borrowers) of member MFIs. Such information will be available for mutual sharing and to help member MFIs reduce the risk of multiple borrowing from different organisations.

M. Ghalib Nishtar, *President, Khushhalibank*

Income and Sources of Funding (Rs.)

Sources of funds	2003	2004	2005
Self Generated Income	1,205,483	1,229,571	19,273,133
National (Grants/ Donations)	-	-	-
International (Grants/ Donations)	8,168,275	13,403,211	20,454,322
Total	9,373,758	14,632,782	39,727,455