

## PPAF, KfW sign deal to set up Pakistan Microfinance Investment Company



*Mr. Ali Sarfraz Hussain, CEO Karandaz Pakistan, Mr. Qazi Azmat Isa, CEO PPAF and Dr. Parvaiz Naim, Senior Sector Coordinator, KfW signing agreement to set up Pakistan Microfinance Investment Company in the presence of Mr. Mohammad Ishaq Dar, Honorable Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization and Dr. Ishrat Husain, Chairman of the Board of Directors Karandaz and Former Governor SBP.*

The Pakistan Poverty Alleviation Fund (PPAF) Karandaz Pakistan (funded by UK's Department for International Development) and Germany's Kreditanstalt für Wiederaufbau (KfW) signed the shareholders agreement for the establishment of Pakistan Microfinance Investment Company (PMIC). The signing ceremony was attended by Finance Minister Ishaq Dar and representatives of the German and UK governments.

PPAF CEO Qazi Azmat Isa, Karandaz CEO Ali Sarfraz Hussain and KfW Pakistan Deputy Head Dr Pervaiz Naeem signed the agreement on behalf of their respective organisations.

The establishment of PMIC a private sector investment finance company was identified as one of the key milestones in the National Financial Inclusion Strategy (NFIS) launched by the finance minister in May 2015.

The finance minister said that it was the goal of the government to meet the needs and aspirations of the poor and marginalised and disadvantaged households.

The National Financial Inclusion Strategy (NFIS) is targeted towards helping the poor segments of the society through financial inclusion, he said.

Dar said that it was a momentous occasion when a new entity is being established to spur the microfinance sector in Pakistan to the next level of growth.

The minister congratulated the shareholders of PMIC for achieving this important milestone.

The objective of the company is to provide the much-needed liquidity to microfinance providers serving the poor and micro and small enterprises in Pakistan and it is estimated that PMIC financing could create nearly 300,000 new job opportunities every year.

PPAF CEO Qazi Azmat Isa said this was a watershed moment for the microfinance sector, as the PMIC will build upon the foundations PPAF laid 15 years ago by providing responsible financial services to the millions of poor and financially excluded individuals of Pakistan.

The new company is expected to commence operations by July 1 after completing regulatory requirements and 50 percent of the loans served by PMIC will be directed to women and rural areas, Isa added.

DFID Pakistan Deputy Head Judith Herbertson said that he was extremely pleased that the UK is associated with PMIC through Karandaaz Pakistan.

This builds on the longstanding support to the financial inclusion agenda in Pakistan, which has worked with the State Bank of Pakistan to leverage over 100 million to the microfinance sector supported over two million people to gain access to microcredit, Herbertson added.

Herbertson expressed the hope that PMIC would help the microfinance sector reach the huge numbers of people in Pakistan who do not have access to microfinance services and contribute to job creation and growth of micro and small businesses in the country.

The new company would be set up as a Non-Bank Finance Company (NBFC) and would be led by a highly competent professional board.

PPAF is providing Rs3,000 million, DFID 15 million euros and KfW seven million euros initial equity contributions for this venture.