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REVITALISING
HOPE

Restoring hope | Securing the future | Ending poverty

ANNUAL REPORT
2022

Pakistan Poverty Alleviation Fund

www.ppaf.org.pk

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Revitalising Hope
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ANNUAL REPORT
2022

Pakistan Poverty Alleviation Fund

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OUR VISION

Restoring Hope | Securing the Future | Ending Poverty

OUR MISSION

Transforming the lives of the poor to create a more equitable and prosperous Pakistan

OUR CORE VALUES

Inclusion | Participation | Accountability | Transparency | Stewardship

ABBREVIATIONS & ACRONYMS

ADO	Awami Development Organization
AGAHE	Association for Gender Awareness & Human Empowerment
AICS	Italian Agency for Development Cooperation
AIM	Akhuwat Islamic Microfinance
AJ&K	Azad Jammu and Kashmir
AKRSP	Aga Khan Rural Support Programme
AMRDO	Al-Mehran Rural Development Organization
AP	AGAHE Pakistan
BB	Baanhn Beli
BISP	Benazir Income Support Programme
BLCC	Bunyad Literacy Community Council
BRDRS	Balochistan Rural Development & Research Society
BRDS	Balochistan Rural Development Society
BRSP	Balochistan Rural Support Programme
CEIP	CSC Empowerment & Inclusion Programme
CERD	Centre of Excellence for Rural Development
CERP	Centre for Economic Research in Pakistan
CMDO	Community Motivation & Development Organization
CRP	Community Resource Person
CUP	Community Uplift Program
DDP	Dairy Development Programme
EU	European union
EPS	Environmental Protection Society
FAO	Food and Agriculture Organization
FDO	Farmers Development Organization
FESF	Family Education Services Foundation
FFOSP	FFO Support Programme
FY	Financial Year
GSF	Goth Seengar Foundation
GRASP	Growth for Rural Advancement & Sustainable Progress
GB	Gilgit-Baltistan
GBTI	Ghazi Barotha Taraqiati Idara
GoP	Government of Pakistan
HANDS	Health and Nutrition Development Society
HDF	Human Development Foundation
HHRD	Helping Hand for Relief and Development
HHs	Households
HRE	Hydropower and Renewable Energy
HWF	Himalayan Wildlife Foundation
ITC	International Trade Centre
IDEA	Initiative for Development & Empowerment Axis
IAUP	Integrated Area Upgradation Project
IFAD	International Fund for Agricultural Development
IRC	Indus Resource Center
KF	Kashf Foundation
KfW	Development Bank of Germany
KK	Khwendo Kor
LACIP	Livelihood Support and Promotion of Small Community Infrastructure Programme
LASOONA	LASOONA Society for Human and Natural Resource Development
MERC	Mechanism for Rational Change
MF	Mojaz Foundation
MGPO	Mountain and Glacier Protection Organization
MIED	Mountain Institute for Educational Development
MoU	Memorandum of Understanding

NDRMF	National Disaster Risk Management Fund
NIDA	National Integrated Development Association
NMD	Newly Merged Districts
NPGI	National Poverty Graduation Initiative
NPGP	National Poverty Graduation Programme
NRSP	National Rural Support Programme
OPRCTP	Organization for Poverty Reduction & Community Training Program
PPAF	Pakistan Poverty Alleviation Fund
PIDS	Participatory Integrated Development Society
PKR	Pakistani Rupee
PO	Partner Organisation
PPR	Programme for Poverty Reduction
PRSP	Punjab Rural Support Program
PSC	Poverty Scorecard
RDF	Rural Development Foundation
RCDP	Rural Community Development Programme
SMC	Sayya Microfinance Company
SPO	Strengthening Participatory Organization
SABAWON	Social Action Bureau for Assistance in Welfare & Organizational Networking
SAFWCO	Sindh Agricultural Forestry Workers & Coordinating Organization
SEHER	Society for Empowering Human Resource
SERVE	Sustainable Development, Education, Rural Infrastructure, Veterinary Care & Environment
SGDs	Sustainable Development Goals
SMC	Sayya Microfinance Company
SMEs	Small and Medium Enterprises
SOP	Standard Operating Procedure
SRSO	Sindh Rural Support Organization
SRSP	Sarhad Rural Support Programme
SSF	SAFCO Support Foundation
TF	Taraqee Foundation
TRDP	Thardeep Rural Development Programme
UC	Union Council
UCBO	Union Council Based Organisation
UNHCR	United Nations High Commissioner for Refugees
USD	United States Dollar
VO	Village Organisation
YO	Youth Organization

ABOUT PPAF

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution for community-driven development in the country. PPAF was registered in February 1997 under Section 42 of the Companies Ordinance 1984 (now Companies Act 2017) as a not-for profit company. PPAF's mission is to transform the lives of the poor to create a more equitable and prosperous Pakistan. It has outreach in 147 districts across all four provinces and regions of the country, supporting communities to access improved infrastructure, energy, health, education, livelihoods, finance, and develop resilience to disasters. It serves the poorest and most marginalised rural households and communities across the country providing them with an array of financial and non-financial services. PPAF aims to ensure that its core values of social inclusion, participation, accountability, transparency and stewardship are built into all the processes and programmes. For a complete profile, please visit our website at www.ppaf.org.pk

BOARD OF DIRECTORS

Ms. Roshan Khursheed Bharucha

Mr. Kamal Hyat

Dr. Ijaz Nabi

Dr. Naved Hamid

Ms. Khawar Mumtaz

Dr. Muhammad Fakhre Alam

Mr. Syed Ahmad Raza Asif

Ms. Samar Ihsan

SENIOR MANAGEMENT TEAM

Mr. Nadir Gul Barech
Chief Operating Officer

Ms. Ayesha Salma
Group Head
Quality Assurance, Research & Design

Mr. Syed Shams Badruddin
Group Head
Infrastructure Development

Mr. Irshad Khan Abbasi
Group Head
Institutional Development

Mr. Arshad Rashid
Group Head
Livelihood, Resource Mobilisation and Donor Outreach

Mr. Abdul Rehman
Group Head
Support Services

COMPANY INFORMATION

Audit Committee:
Dr. Naved Hamid (Chairman)
Ms. Roshan Khursheed Bharucha
Ms. Samar Ihsan

Board Compensation Committee:
Dr. Ijaz Nabi (Chairman)
Ms. Roshan Khursheed Bharucha
Ms. Khawar Mumtaz

Risk Oversight Committee:
Mr. Kamal Hyat (Chairman)
Ms. Khawar Mumtaz

Strategy & Design Committee:
Ms. Roshan Khursheed Bharucha (Chairperson)
Dr. Ijaz Nabi
Mr. Kamal Hyat
Ms. Samar Ihsan

Company Secretary:
Ms. Darakshan Khan

Chief Financial Officer (Acting):
Mr. Syed Atif Raza Kazmi

Auditors:
A. F. Ferguson & Company, Chartered Accountants

Legal Advisors:
Azam Chaudhry Law Associates

Tax Advisors:
A. F. Ferguson & Company, Chartered Accountants

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Website: www.ppaf.org.pk

GENERAL BODY

Mr. Ahmad Jan Malik: Joint Secretary Admn - Poverty Alleviation & Social Safety Division
Mr. Aijaz Ahmed Qureshi: Professor - Karachi University
Mr. Anis ur Rehman: Chief Executive Officer, Himalayan Wildlife Foundation
Mr. Bashir-ur Rehman Kant: Dean University of AJK, Ex-Secretary to Govt. of AJK, Executive Director AIMS
Ms. Farida Shaheed: Executive Director Shirkat Gah - Women's resource centre
Mr. Ijaz Nabi: Director - International Growth Center, Pakistan Program
Mr. Kamal Hyat: Development Specialist
Ms. Khawar Mumtaz: Ex-Chairperson - National Commission on Status of Women
Mr. Mahfooz Ali Khan: Ex-Secretary Finance, Government of Balochistan
Mr. Mahtab Akbar Rashdi: Chairperson Regional Executive Council of South Asia Region, Director RSPN
Mr. Mueen Afzal: Former Secretary General, Ministry of Finance, Government of Pakistan
Mr. Muhammad Ali Kemal: Chief SDGs Section - Ministry of Planning Development & Special Initiatives
Mr. Muhammad Fakhre Alam: Secretary - Ministry of Poverty Alleviation & Social Safety
Mr. Muhammad Tahseen: Founding Director South Asia Partnership Pakistan, Member of Human Rights Commission of Pakistan and the Pakistan NGO Forum
Mr. M. Suleman Shaikh: Secretary Board of Trustees, SZABIST
Mr. Nadeem Ahmed: Lieutenant General(retired), ex- CEO NDRMF
Mr. Navaid Akhtar Qureshi: Retired Chief Industry Specialist Global Transport at IFC/World Bank Group
Mr. Naved Hamid: Director Centre for Research in Economics & Business, Lahore School of Economics
Mr. Rashid Bajwa: Chief Executive Officer - National Rural Support Programme.
Ms. Roshan Khurshed Bharucha: Chairperson PPAF, Chairperson SOS
Ms. Rashida Panezai: Chairperson - MEHAC Helping Council Balochistan
Ms. Sadiqa Salahuddin: Executive Director, Indus Resource Center
Mr. Captain Saeed Ahmed Nawaz: Additional Secretary - Ministry of Poverty Alleviation & Social Safety
Mr. Samar Ihsan: Additional Secretary - Economic Affairs Division
Ms. Shabnam Sarfaraz: Member (SSD) Planning Commission, Ministry of Planning Development and Research
Mr. Sher Jehan Mir: Chairman Gilgit-Baltistan Rural Support Programme
Mr. Shoaib Sultan Khan: Chairman - Rural Support Programmes Network (RSPN)
Mr. Syed Ahmad Raza Asif: Joint Secretary - External Finance Policy, Ministry of Finance
Ms. Zubeida Khatoon: Chairperson, Khwendo Kor

CHAIRPERSON'S MESSAGE

Pakistan Poverty Alleviation Fund (PPAF), being a resilient organisation, bounced back from the COVID-19 pandemic and returned to the "new normal". We continued our projects to reduce poverty and bring profound changes in the lives and livelihoods of the poor and vulnerable communities across Pakistan.

The pandemic, which enormously disrupted our lives during 2020 and 2021, was a call for building back better. Following through, PPAF remained focused on not just building resilience of the communities and sustaining their livelihoods, but also enabling clean energy and sustainable business practices for the Small and Medium Enterprises (SMEs) to achieve a lasting impact from our programmes.

Collaboration with the Government of Pakistan at the federal, provincial and district levels has been a key performance factor for this year. PPAF continued to disburse interest free loans under the Government of Pakistan's Interest Free Loans (IFL) programme to support income generation and livelihoods diversification for the poorest households across the country. Following our core Graduation Approach, we provided valuable support to Afghan Refugees in Khyber Pakhtunkhwa and Balochistan, imparted marketable skills to youth, successfully completed water and infrastructure projects for the most vulnerable communities, enabled food security, and contributed to building sustainable value chains to benefit the underserved.

I congratulate the PPAF staff and our implementing partners for supporting this renewed commitment through our robust programming to transforming the lives of the poor to create a more equitable and prosperous Pakistan while ensuring climate change resilience in our programmes. It indeed takes a lot of courage and hard work to achieve sustained results by enduring excellence.

This year was a time of leadership transition at our company, and a series of internal systems transformation to improve efficiency and effectiveness. Such internal capacity enhancements are necessary in organisations to remain agile and responsive to the dynamic demands of the external environment.

I'm grateful to the communities we serve, and especially to our donors for being ever so generous and for placing their trust in us. I would also acknowledge our Board of Directors for their valuable contributions and voluntary time commitment to serve the communities.

I am confident that the PPAF staff will evolve and gain new strengths to tackle the complex issues of poverty. I wish the team lots of strength and determination to remain steadfast on its mission of serving the poorest and the most vulnerable communities.

RK Bharucha

Roshan Khursheed Bharucha

CHIEF OPERATING OFFICER'S MESSAGE

I am greatly humbled and honored to have been given the opportunity to join PPAF and to be able to contribute to transforming the lives of the poorest rural communities of Pakistan. I have taken up the challenge to continue the remarkable legacy of this organisation, with a presence in 147 districts and its expansive network of 137 partner organisations on ground to deliver poverty alleviation programmes where they are most needed. I hope to build on the strengths of PPAF, while continually working to also evolve and scale up its operations to achieve excellence.

This year, as the economy started recovering from COVID-19, we renewed our focus on enabling people to improve their livelihoods sustainable, strengthening our resilience to shocks, and investing in sustainable infrastructure and energy projects across all provinces and regions in Pakistan.

Continuing our proud partnership with the Government of Pakistan for extending financial inclusion to strengthen small and micro enterprises, we disbursed PKR 5 billion for over 1.9 million interest free loans nationally under the GoP's Interest Free Loans (IFL) programme. We also continued to advance our poverty graduation approach - a model that PPAF piloted and introduced in Pakistan since 2008 based on global best practices. We supported productive asset transfers to nearly 2,700 Afghan Refugee families in districts Mansehra and Peshawar in Khyber Pakhtunkhwa, and in district Chagai in Balochistan through funding from the United Nations High Commissioner for Refugees (UNHCR). In Punjab, the Engro Foundation supported our poverty graduation approach to enable livelihoods generation through the Dairy Development Programme (DDP). It's heartening to see that almost half of the beneficiaries in our programming are women, contributing to improve the quality of life for their families. I believe that sustainable economic progress can only be achieved through providing a level playing field to the smaller enterprises. To contribute to this, PPAF is implementing the European Union (EU) funded and International Trade Centre (ITC) led Growth for Rural Advancement and Sustainable Progress (GRASP) programme in 22 districts in Sindh and Balochistan. We are strengthening 200 micro, small and medium agri-based businesses in the impoverished areas through offering matching grants, developing value chains, enabling linkages with financial institutions, and building capacity of small farmers.

This year, we successfully completed the Italian Agency for Development Cooperation, Agenzia Italiana per la Cooperazione allo Sviluppo (AICS), funded Poverty Reduction (PPR) on a high note, where we benefited one million individuals through completing water and infrastructure projects, skills development trainings and the transfer of productive assets to the ultra and vulnerable poor households. We are also contributing significantly to the olive oil value chain development under the project, with the provision of three state of the art Olive Oil plants in districts Killa Abdullah, Zhob in Balochistan and Lower Dir in Khyber Pakhtunkhwa.

At PPAF, we are determined to invest in the youth of this country, especially in the poor districts to achieve the dream of a prosperous Pakistan. We are enabling access to education for over 18,000 children from underserved communities in Sindh, Gilgit-Baltistan, and Balochistan. We are also continuing our work to improve social inclusion through supporting 400 differently abled students through scholarships and equipping 300 young people from poorer districts in Sindh and Punjab with high-demand skills.

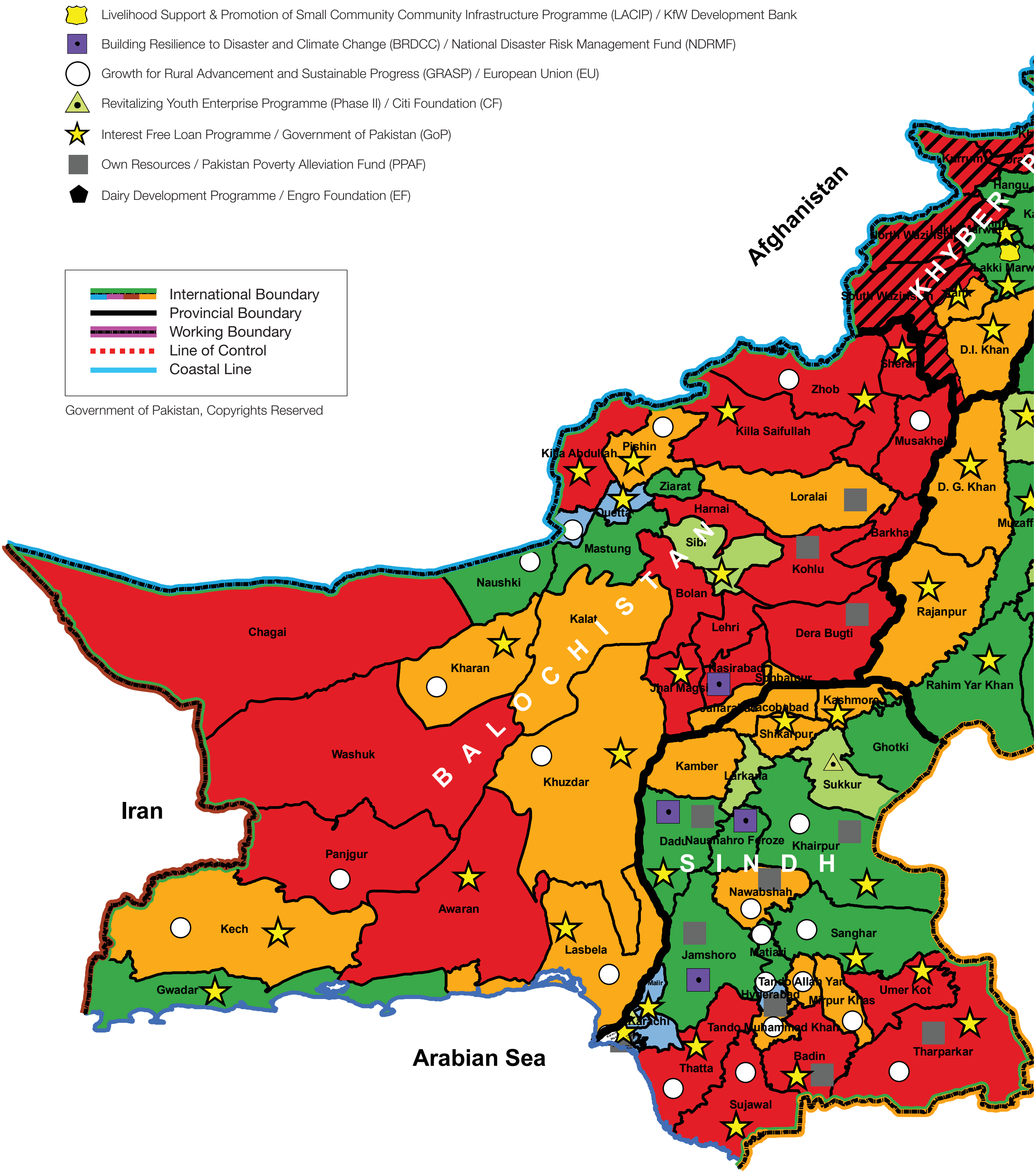
Focusing our efforts on building back better through integrating climate friendly components, we are enabling disaster prevention in around 100 vulnerable villages. Funded by the Federal Republic of Germany through KfW, we are supporting access to renewable energy for off-grid communities in the far-flung districts in Khyber Pakhtunkhwa.

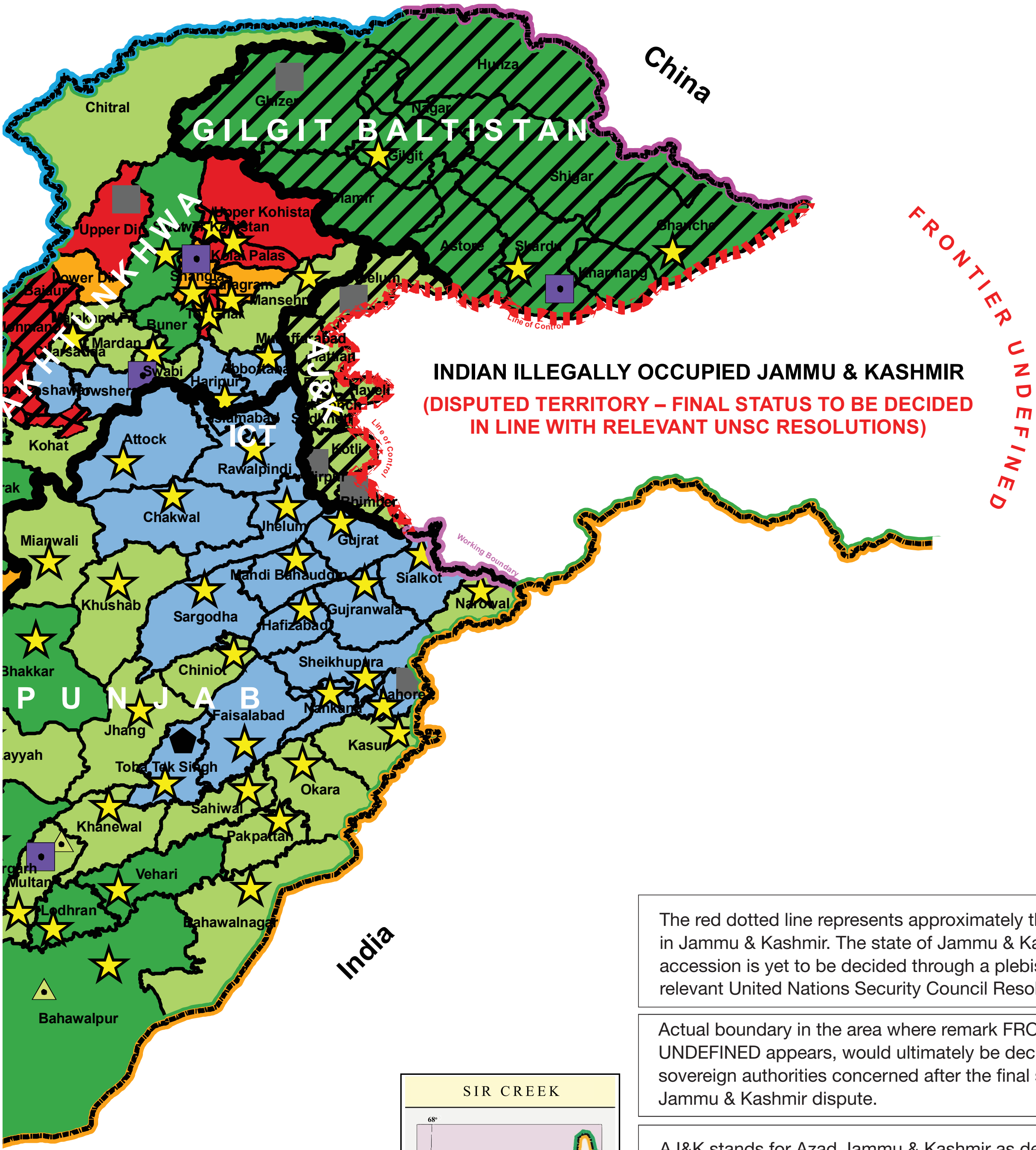
I'm grateful to my senior leadership team and my entire workforce at PPAF for making this journey for me a fulfilling one. Finally, I'm indebted to the members of the Board of Directors and General body members for their guidance and contributions, the Ministry of Poverty Alleviation and Social Safety, and other institutions of the Government of Pakistan for their commitment and support. I'm also thankful to our donors and partners for all their trust and relentless support in helping us reach those most in need. May we find the strength, solidarity, and the humility to get closer to our goals to serve the underserved.

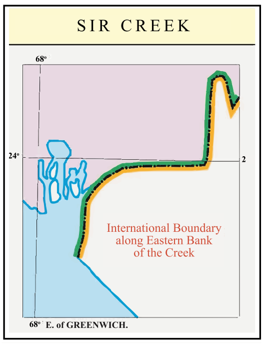
Nadir Gul Barech

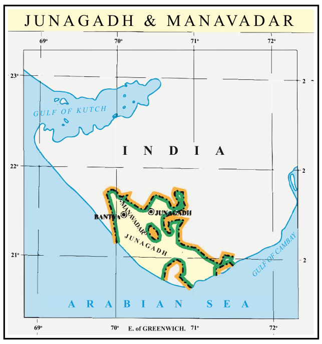
2021-22 AT A GLANCE

Ongoing Project / Donor









The red dotted line represents approximately the line of control in Jammu & Kashmir. The state of Jammu & Kashmir and its accession is yet to be decided through a plebiscite under the relevant United Nations Security Council Resolutions.

Actual boundary in the area where remark FRONTIER UNDEFINED appears, would ultimately be decided by the sovereign authorities concerned after the final settlement of the Jammu & Kashmir dispute.

AJ&K stands for Azad Jammu & Kashmir as defined in the AJK Interim Constitution Act, 1974.

LEGEND

Poverty zones reflect the proportion of poor to the total population in a district. Ranking is from highest to lowest.

Poverty Zones	Proportion of Poor (Headcount Ratio %) 2012-13	2014-15
Extreme Poverty Zone-1	79.0	76.1
Extreme Poverty Zone-2	56.8	55.9
High Poverty Zone-1	45.4	38.1
High Poverty Zone-2	31.2	27.2
Low Poverty Zone	10.5	10.1

3. Regions categorised based on PPAF's own field experience

Source: PSLM 2012-13 & 2014-15 (For Kech, PSLM 2012-13 data used)
Processed and prepared by the PPAF GIS Laboratory

PROGRAMME HIGHLIGHTS 2021-22

Investment of **PKR 10.34 Billion*** in Pakistan Microfinance Investment Company *Equity investment 3.65 billion* *Subordinated loan 6.69 Billion*	**21,930*** women leaders in community institutions	**474,637** households reached

* *Note: Cumulative figures since inception*

LIVELIHOODS

VALUE CHAINS DEVELOPMENT

05

PRODUCTIVE ASSETS

distributed to
965
women &
14,760
men

INTEREST FREE LOAN

provided to
204,020
women &
317,559
men

SKILLS AND MANAGERIAL TRAININGS

provided to
4,894
women &
21,918
men

WATER, ENERGY, CLIMATE & INFRASTRUCTURE

CONNECTED THROUGH TERTIARY ROADS

1,812
households

IMPROVED INFRASTRUCTURE FOR

1,565
households

ENABLED ACCESS

to safe water for
513 households
in hard-to-reach areas

DISASTER MITIGATION STRUCTURES

100 households
benefitted

TREES PLANTED

20,845

EDUCATION

SCHOOL ENROLMENT OF

16,812 children
(57% girls)
till secondary level

PROVISION OF SCHOLARSHIPS TO

1,212 children
to access quality education

TECHNICAL AND VOCATIONAL TRANINGS

provided to
150
children

TECHNICAL AND FINANCIAL SUPPORT FOR

75 schools

PROGRAMME ACHIEVEMENTS

GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS (GRASP)

Pakistan Poverty Alleviation Fund (PPAF) is working with the International Trade Centre (ITC) and the Food and Agricultural Organization (FAO) to implement the Growth for Rural Advancement and Sustainable Progress (GRASP) project. GRASP was initiated by ITC in 2019, PPAF was onboarded as an implementing partner after an MoU signing in March 2021. The project is funded by the European Union (EU) to strengthen micro, small, and medium Enterprises (MSMEs) in rural areas for poverty reduction and sustainable economic growth in Pakistan.

The project is supporting gender inclusive income and employment generation opportunities in the livestock and horticulture sectors for 22 districts in Sindh and Balochistan by making improvements at all levels of the value chain. This includes identifying beneficiaries and business intermediary organizations in rural communities and providing them with technical trainings and opportunities to develop business linkages. The project is also facilitating access to credit for medium, small, and micro rural enterprises through linkages with financial institutions and relevant market actors in the ecosystem.

Under the project, the GRASP Baseline Report to map and identify the potential beneficiaries in the field has been completed. The project has so far evaluated 4,522 matching grants applications and linked 179 Small and Medium Enterprises with FAO and ITC for technical and capacity building trainings.

DONOR: This project is funded by the European Union

BUDGET: USD 14.8 Million

DURATION: 2019-2024

PARTNERS: BRSP, GSF, RDF, SAFWCO, TRDP, TF and SPO

COVERAGE: **(Sindh)** Karachi, Hyderabad, Thatta, Tando Muhammad Khan, Sujawal, Shaheed Benazirabad, Khairpur, Sanghar, Tharparker, Tando Allah Yar, Matiari,Mirpur Khas; **(Balochistan)** Quetta, Pishin, Nushki, Kharan, Khuzdar, Lasbela, Panjgur, Kech, Zhob, Musakhel

INTEREST FREE LOAN PROGRAMME (IFL)

PPAF is implementing the phase-II of the Government of Pakistan's Interest Free Loan Programme (IFL) since 2019 to support productive microenterprise activities of the poor, vulnerable and marginalized households in Pakistan. As many as 3.8 million interest free loans will be provided over 4 years to 2.28 million households for income diversification and business expansion.

This programme feeds into PPAF's overall approach for poverty graduation. Under the programme, loan centres have also been developed to offer business advisory services to strengthen the entrepreneurship ecosystem. The centres also give exposure and create linkages to input suppliers, markets, and skill training institutions. In 2022, a total of 1,937,628 interest free loans were disbursed out of which 50% were women recipients.

DONOR:

BUDGET: PKR 17.7 Billion

DURATION: (Phase-II) 2019 - 2023

PARTNERS: ADO, EPS, SMC,SSF, SERVE, CEIP, BRSP, FDO,FFOSP, GBTI, NRSP, OPRCTP, PRSP, SRSO, TRDP, AIM, RCDP, AP, AMRDO, BLCC, HHRD, KF, HANDS,MF

COVERAGE: Punjab, Sindh, Balochistan, Khyber Pakhtunkhwa, Azad Jammu and Kashmir, Gilgit-Baltistan

DISTRICTS: 110

CUMULATIVE PROGRESS – JUNE 2022	
No. of loan centers/branches established	736
No. of loans disbursed to borrowers	1,937,628 (50% loans to women)
Average loan size (PKR)	36,244

PROGRAMME FOR POVERTY REDUCTION (PPR)

The Programme for Poverty Reduction (PPR) was financed by the Government of Italy (GoI) through the Directorate General for Development Cooperation (DGCS) and managed by the Italian Agency for Development Cooperation (AICS). This integrated programme has created sustainable conditions of social and economic development, including increase in income and productive capacity in the 14 districts of Balochistan, Khyber Pakhtunkhwa (KP) and the Newly Merged Districts (NMDs) in Pakistan.

The multi-sectoral and integrated programme contributed to enhancing livelihoods through enabling access to health and education and improved productive infrastructure in Pakistan's hard-to-reach areas.
The programme's final evaluation results have indicated that 72% of the beneficiaries who received productive assets are contributing to household income, and that 42% of the target beneficiaries receiving assets have their income increased by 32%.

The programme also created a pathway for sustainable livelihoods by introducing olive culture. This innovative component of the programme introducing and strengthening the vertical horizontal linkages for the olive value chain in both provinces will help farmers and related market actors benefit from diversified sources of income in the years to come. The exchange of knowledge, expertise, mentorship, and guidance facilitated by AICS through Italy's technical experts and institutes was a critical success factor in achieving this.

Findings of the Evaluation also show that all PPR infrastructure schemes were gender sensitive and PWD friendly. As a holistic programme, another important aspect of PPR was the investments it made in engaging youth as agents of change in community development and nurturing indigenous culture in the Kalasha Valley in Khyber Pakhtunkhwa for supporting its women artisans' crafts production and marketing.

DONOR: AGENZIA ITALIANA PER LA COOPERAZIONE ALLO SVILUPPO

BUDGET: EURO 40 Million

DURATION: 2013- 2021

PARTNERS: AKRSP, KK, SRSP, CERD, EPS, LASOONA, NIDA.Pakistan, BRSP, BRDRS, PIDS, TF, HDF, NRSP, BRAC (until October 2019), AF, YO, SEHER

COVERAGE: **(Balochistan)** Zhob, Killa Saifullah, Killa Abdullah, Pishin,Gwadar, Lasbela, Awaran, Panjgur, Kech;
(Khyber Pakhtunkhwa) Lower Dir, Upper Dir, Chitral, Swat, Bajaur

CUMULATIVE PROGRESS – JUNE 2022	
Capacity building for livelihoods	34,373 (32% women)
Assets distributed	9,377 (44% women)
Community infrastructure built	1,615
Health centres constructed or rehabilitated	133
Schools constructed or rehabilitated	824

LIVELIHOOD SUPPORT AND PROMOTION OF SMALL COMMUNITY INFRASTRUCTURE PROGRAMME (LACIP)

The Livelihood Support and Promotion of Small Community Infrastructure Project (LACIP), financed through GoP by KfW funding, is an integrated poverty reduction programme implemented to improve the living conditions and quality of life of the poor in 8 districts of Khyber Pakhtunkhwa. The programme, designed to invest in physical infrastructure, livelihoods and social mobilisation of the poor, was completed in August this year.

LACIP-I EXTENSION	CUMULATIVE PROGRESS (JUNE 2022)
Water and Infrastructure projects completed	2,024
Productive assets distributed	8,759 (44% women)
Schools supported Total Enrolment	152 32,033 (56% Girls)
Community Organisations formed	4,952

DONOR:

BUDGET: EURO 1.41 Million

DURATION: 2018 - 2021

PARTNER: Khwendo Kor

COVERAGE: **(Khyber Pakhtunkhwa)** Abbottabad, Buner, Charsadda, Chitral, D.I.Khan, Haripur, Nowshera, Upper Dir, Swabi

Following the satisfactory performance under LACIP-I, the second phase, LACIP-II, commenced with the overall objective of contributing to the betterment of the living conditions of poor people and stabilization of under-served areas in Khyber Pakhtunkhwa. The programme targets on institutional development, community physical infrastructure and livelihood and enterprise development were successfully achieved in June 2021. To utilise some unspent funds, LACIP-II extension is being implemented for Integrated Area Upgradation Projects (IAUPs) in district Lakki Marwat.

LACIP-II	CUMULATIVE PROGRESS (JUNE 2022)
Assets distributed	1,389 (55% women)
Technical & vocational skills imparted	1,228 (50% women)
Community Infrastructure built	74
Community Institutions formed	1,126

DONOR:

BUDGET: EURO 10 Million

DURATION: 2018- 2021

PARTNER: NRSP, SRSP, SABAWON

COVERAGE: **(Khyber Pakhtunkhwa)** Buner, Shangla, Lakki Marwat

DEVELOPMENT OF HYDROPOWER & RENEWABLE ENERGY (HRE)

The Hydropower and Renewable Energy (HRE) Project financed by the Federal Republic of Germany through KfW aims to improve the general living conditions and quality of life of the poor in Khyber Pakhtunkhwa through mini/micro hydropower projects and solar mini grid systems. After the completion of Phase I, activities commenced under the second phase, these included Operations & Maintenance (O&M) trainings, identification and construction of solar drinking water supply schemes, additional household connections and trees plantation mainly relate to sustainability of schemes.

This year the provision of electricity to the off-grid communities continued through the mini and macro hydropower plants and Solar Lighting Systems (SLSs). With new households gaining access to the renewable electricity, the project has benefitted 1,977 families by June 2022.

Furthermore, onsite trainings were organised for the powerhouse operators for capacity building of the community to enhance their technical skills required for operation and maintenance of installed systems. O&M and Management Manuals in Urdu language on mini/micro hydropower projects have also been prepared to provide them with extended guidance.

CUMULATIVE PROGRESS – JUNE 2022	
Hydropower plants completed	05
Solar minigrid systems completed	68
Solar Drinking Water projects completed	03
Community Institutions formed	58
Individuals benefited	16,814 (52% women)

DONOR: german cooperation DEUTSCHE ZUSAMMENARBEIT

BUDGET: EURO 11 Million

DURATION: 2013- 2021

PARTNERS:
AKRSP, NRSP, SRSP, CMDO, SABAWON

COVERAGE: **(Khyber Pakhtunkhwa)** Lakki Marwat, Swabi, Buner, Upper Dir, Chitral, Karak

POVERTY GRADUATION PROGRAMME (PGP) FOR AFGHAN REFUGEES

Phase-II

The Pakistan Poverty Alleviation Fund (PPAF) and the United Nations High Commissioner for Refugees (UNHCR) are jointly taking forward the poverty graduation approach to assist Afghan refugees and host families in Mansehra, Peshawar, and Chaghi to graduate out of poverty on a sustainable basis while simultaneously improving their skills and increase their self reliance.

The project targeted over 2,700 households in 5 refugee villages and camps, namely Lejay Carez Camp, refugee villages in Chaghi, Ichrian and Khaki, refugee villages in Mansehra, and Khazana and Kababian Camps in Peshawar.

The diverse assets distributed include livestock, poultry, plumbing and carpentry kits and specialised assets for paramedics. This support has enabled the asset recipients to start small businesses for generating income and pursuing sustainable livelihoods.

PGP Phase -II	CUMULATIVE PROGRESS JUNE 2022
Formation and Training of	
Community Interest Groups	13
Productive Assets distributed	2,766 (37% women)
Individuals received skills/entrepreneurial training	2,766 (37% women)

DONOR: UNHCR The UN Refugee Agency

BUDGET: PKR 320 Million

DURATION: 2020 - 2021

PARTNERS: IDEA, TF

COVERAGE: **(Khyber Pakhtunkhwa)** Peshawar, Mansehra; **(Balochistan)** Chaghi

Phase-III

Following the successful implementation of the phase-II of the PGP, PPAF is now implementing the third phase of this programme. Initiated in January 2022, this programme aims to assist the ultra-poor and very poor Afghan refugee households in graduating out of poverty through provision of productive assets and innovative schemes.

DONOR: UNHCR The UN Refugee Agency

BUDGET: PKR 320 Million

DURATION: Jan 2022 - Dec 2022

PARTNERS: IDEA, TF

COVERAGE: **(Khyber Pakhtunkhwa)** Lower Dir **(Balochistan)** Loralai

NATIONAL POVERTY GRADUATION PROGRAMME (NPGP)

The National Poverty Graduation Programme (NPGP) is supported by the International Fund for Agriculture Development (IFAD) and the Government of Pakistan (GoP). This programme, initiated in all provinces, aims to assist the poor and ultra-poor in graduating out of poverty on a sustainable basis while simultaneously improving their overall food security, nutritional status, and resilience to climate change. The approach combines three distinct elements: social mobilisation, livelihoods development, and financial inclusion.

Under the programme implemented by PPAF, over 76,000 assets were transferred to the target households, out of which 93% beneficiaries were women. The variety of assets transferred included livestock, Agri-inputs, enterprise development capital and vocational trainings.

After PPAF successfully established this project on ground with robust outreach and monitoring, the management and implementation of the programme transitioned to the MoPASS (since March 2022) to scale up this poverty graduation model exponentially to benefit the poorest communities in remote, rural areas as the need is immense.

DONOR:	BUDGET:	DURATION:
IFAD Investing in rural people; Government of Pakistan	USD 150 Million	2017-2023

PARTNERS: NRSP, SRSO, TRDP, BRSP, SABAWON, LASOONA

COVERAGE: **(Punjab)** Dera Ghazi Khan, Jhang, Layyah;
(Sindh) Badin, Kashmore, Shikarpur, Thatta, Sujawal,Tharparkar, Umerkot;
(Balochistan) Zhob, Gwadar, Lasbela;
(Khyber Pakhtunkhwa) Kohistan Upper, Kohistan Lower, Palas Kolai, Torghar, Battagram, Shangla, Dera Ismail Khan, Tank

CUMULATIVE PROGRESS – JUNE 2022	
Village organizations formed/revitalized	3,219
Productive Assets distributed	76,507 (93% women)
Individuals received skills/entrepreneurial training	26,655 (77% women)
Loans disbursed	64,103

BUILDING RESILIENCE TO DISASTERS AND CLIMATE CHANGE (BRDCC)

PPAF is implementing the BRDCC project co-financed by the National Disaster Risk Management Fund (NDRMF) in eight districts in Balochistan, Khyber Pakhtunkhwa, Sindh and Gilgit-Baltistan. The project is designed to strengthen readiness of the communities through establishing an institutional framework to mobilise and organise communities, understand their specific vulnerabilities to natural hazards, and design structural and non-structural measures to reduce and protect against potential disasters. PPAF entered into partnership with the National Disaster Risk Management Fund (NDRMF) in November 2019 for building resilience to disasters and climate change (BRDCC) of communities in 8 districts in Balochistan, Khyber Pakhtunkhwa, Sindh and Gilgit-Baltistan. The activities under the Project include formation of village organisations, preparation of village disaster management plans (VDMPs), implementation of flood protection structures and community training on Operation & Maintenance of completed infrastructure.

By June 2022, 36 sub-projects (structural measures for flood-protection will include gabions, concrete and stone-masonry walls, and earthen embankments) were finalised for execution. The VOs have developed 100 VDMPs in line with the sub- projects proposed by the POs. Furthermore, the POs have initiated trainings in O&M, to build capacities of the participants to play their role in project completion, maintenance, and sustainability.

DONOR: NDRMF, PPAF

BUDGET: PKR 823.98 Million (30% PPAF's share)

DURATION: 2020- 2022

PARTNERS: BRDS, MGPO, EPS, GBTI, FDO,TRDP, HANDS, SAFWCO

COVERAGE: **(Balochistan)** Nasirabad; **(Khyber Pakhtunkhwa)** Shangla, Swabi; **(Sindh)** Dadu, Jamshoro, Naushero Feroze; **(Punjab)** Multan; **(Gilgit- Baltistan)** Skardu

CUMULATIVE PROGRESS – JUNE 2022	
Village Organisations formed	101
Households Organised	3,769 (93% women)

DAIRY DEVELOPMENT PROGRAMME (DDP)

PPAF is implementing the Engro Foundation funded Dairy Development Programme (DDP) to assist the poor and ultra-poor households in graduating out of poverty on sustainable basis by integrating them into dairy value chain in the target district UCs of Toba Tek Singh in Punjab. The programme is working to establish micro entrepreneurs/business service providers and livestock extension workers in dairy value chain through diary hub approach, increasing employability and entrepreneurial opportunities of smallholder woman farmers' households. The project will improve milk production efficiency and profitability of smallholder dairy farmers through capacity development in good animal husbandry practices by strengthening the existing dairy value chain and improving milk production capacity. This year, over 2770 farmers were trained on animal husbandry and nutrition, with 50% of beneficiaries being women.

CUMULATIVE PROGRESS – JUNE 2022	
Extension workers trained	25
Farmer training on animal husbandry and nutrition for milking animals	2,774 (50% women)
Asset transfer (livestock & animal feed)	25

DONOR: engro foundation

BUDGET: 70 Million

DURATION: 2021- 2023

PARTNER: FDO

COVERAGE: **(Punjab)** Toba Tek Singh

REVITALISING YOUTH ENTERPRISE (RYE)

After successfully completing the first phase of the Revitalising Youth Enterprise (RYE) Project in Balochistan where 300 youth received technical and vocational training to increase their employability and entrepreneurship capacity, PPAF and the Citi Foundation have continued this partnership to extend this support in Sindh and Punjab. In this second phase, 200 youth (aged 16-24 years) will be trained in high demand skills such as digital marketing, graphic designing, social media management.

The grant is part of a global initiative by Citi Foundation called Pathways to Progress which is a job skills-building initiative that addresses the persistent issue of youth unemployment. Pathways to Progress aims to address the prevalent skills mismatch and equip young people, particularly those from underserved communities, with the skills and networks needed to succeed in today's rapidly changing economy.

DONOR: Citi Foundation citi

BUDGET: USD 200,000

DURATION: 2021- 2023

PARTNER: NRSP

COVERAGE: **(Sindh)** Malir, Sukkur; **(Punjab)** Multan and Bahawalpur

DERA BUGTI PROJECT

To address systemic poverty issues in the remote and underserved district of Dera Bugti in Balochistan province, PPAF initiated a holistic project to improve infrastructure, health and education services there. Social mobilisation formed the basis of the project as households were organised into community institutions for owning the socioeconomic development of their area. Under the project, PPAF also initiated a response to the Cholera outbreak in the district through holding several awareness sessions and providing drinking water tanks to the affected poor communities.

CUMULATIVE PROGRESS – JUNE 2022	
Community Organisations formed & strengthened	322
Water and Infrastructure schemes completed	155
HH beneficiaries (infrastructure)	7,063
Asset distribution	752 (18% women)
Livelihood trainings imparted	1,270 (16% women)
Government School Supported	08
Health centers renovated and/or equipped	02
Drinking water tanker provided	20

DONOR: PPAF

BUDGET: PKR 327 Million

DURATION: 2015- 2021

PARTNERS: BRDS, BRSP, PIDS

COVERAGE: **(Balochistan)** Dera Bugti

ENHANCING FOOD SECURITY THROUGH STRATEGIC INTERVENTIONS IN AGRICULTURE

PPAF launched a project for enhancing food security in districts Swabi and Torghar. The project aims to develop skills and knowledge of farmers about modern agricultural practices and facilitate setting up agriculture value chains for improving the livelihoods of small farmers. Through institutional development, capacity building of farmers and innovative interventions in agriculture, the project aims at expanding livelihood opportunities for small farmers, diversifying cropping patterns and increasing farm income. Under the project, 43 agricultural schemes have been completed and 56 Farmer Field Schools (FFS) have been established to innovate agricultural interventions and practices.

DONOR: PPAF

BUDGET: PKR 200 Million

DURATION: 2020 - 2021

PARTNER: CERD and IDEA

COVERAGE: **(Khyber Pakhtunkhwa)** Sawabi, Torghar

TABEER-O-TAMEER FUND (TTF)

The purpose of the Tabeer-o-Tameer Fund (TTF) is to strengthen third tier community institutions in high priority districts across Pakistan through consistent financial and technical support in order to facilitate their initiatives for sustainable development in their communities. PPAF has set up this fund to nurture the Union Council Based Organisations (UCBOs) and make them move from dependency to self-reliance. These institutions were formed under Social Mobilization Project and Third Poverty Alleviation Fund Project (PPAF-III) from FY 2007-FY2016 and exist in PPAF's high priority regions, i.e., the poorest areas of the country.

TTF is targeting the Union Councils Based Organizations (UCBOs) to strengthen and equip them to take and implement development/self-help initiatives. PPAF has maintained a database of Community Institutions in high priority districts and a total 100 Third Tier Organizations (TTOs) have been taken on board in Balochistan, Khyber Pakhtunkhwa, Sindh, Punjab, and GB.

As of June 2022, close to 2,195 sessions on SDGs 3, 4, 5 and 16 have been held through the on-ground partner organisations. These forums which were attended by 41,000 community members aimed at creating awareness of communities with these community institutions, so that they innovate and take forward the global goals, and achieve social, economic, and environmental outcomes. So far overall, 96 UCBOs have got themselves registered with the local authorities and 94 have functional bank accounts.

DONOR: PPAF

BUDGET: PKR 152.6 Million

DURATION: 2018- 2022

PARTNERS: TRDP, AGAHE, PIDS, YO, SERVE, CMDO, SABAWON, CUP, BB, AKRSP

COVERAGE: **(Sindh)** Tharparkar; **(Punjab)** Rajanpur; **(Balochistan)** Loralai, Kech; **(Khyber Pakhtunkhwa)** Shangla, Kohistan, Bannu, Lakki Marwat, South Waziristan; **(Gilgit-Baltistan)** Astore, Ghanche, Ghizar, Skardu

DISABILITY INCLUSION PROGRAMMES

PPAF's is implementing two programmes in line with the organisation's Disability Inclusion Strategy aimed at social and technological inclusion for differently abled people, especially in the more remote and inaccessible areas of Pakistan.

EMPOWERING THE DEAF COMMUNITY

Committed to the spirit of inclusion and financial independence for the differently abled, PPAF is working with the Family Educational Services Foundation (FESF) to provide scholarships to 400 deaf students and develop over 1,000 Pakistan Sign Language (PSL) words to encourage employment opportunities for the deaf community. The overall project aims to empower the deaf students to ultimately reach their full potential and become contributing members of society.

DONOR: PPAF | **BUDGET:** PKR 34.5 Million | **DURATION:** Jan - Dec 2021

PARTNER: FESF

COVERAGE: **(Sindh)** Hyderabad, Shaheed Benazirabad, Rashidabad; **(Balochistan)**

SCHOLARSHIPS: 240 (Girls 96, Boys 144)

SKILL TRAINEES: 192

TEACHERS TRAINIED: 4

REHABILITATION OF PHYSICALLY CHALLENGED PERSONS

PPAF has engaged the Chal Foundation to implement the Rehabilitation of Physically Challenged Persons programme aiming to identify and rehabilitate persons with a disability in Quetta, Balochistan. The project has provided 500 assistive devices (modular prostheses and orthoses), out of which 30% beneficiaries are women, and conducted 15 motivational seminars in Quetta to promote the independence and participation of Person with Disabilities (PWDs).

DONOR: PPAF | **BUDGET:** PKR 15.5 Million | **DURATION:** 2020 - 2021

PARTNER: Chal Foundation

COVERAGE: **Balochistan**

ENABLING FORMAL ACCESS TO EDUCATION

CHAMALANG BALOCHISTAN EDUCATION PROGRAMME – PHASE II

Through the Chamalang Education Project, PPAF is providing scholarship to out of school children of coal miners from Loralai and Kohlu of Balochistan. This programme is being implemented in collaboration with Pakistan Army and has improved enrolment tremendously in this lagging region. PPAF has supported more than 3,000 students under this project, with most of the students being enrolled in secondary schools. Under the phase II of the programme, continuous scholarships support is being provided to 1,210 students, out of which 30% of beneficiaries are girls.

DONOR: PPAF | **BUDGET:** PKR 50.7 Million | **DURATION:** 2021- 2023

PARTNERS: PIDS

COVERAGE: **(Balochistan)** Loralai, Kohlu

EDUCATION PROJECT SINDH AND GILGIT BALTISTAN (GB) – PHASE II

With the purpose of improving the quality of education, PPAF carried out two school improvement projects in the poverty-stricken rural areas of Sindh and Gilgit Baltistan. The project benefitted more than 9,000 children, out of which 49% are girls. These children are attending 35 community-based schools and 9 public schools. For each school, a management committee was formed to engage parents and the community in school activities. Under the second phase of the programme, PPAF is supporting over 7,800 students from 40 educational facilities.

The project improved the capacities of teachers through exposure visits, pedagogy skills, and teaching aids. Computer and science labs have been set up. Other support included furniture provision, paying for school utilities, and maintenance.

DONOR: PPAF | **BUDGET:** PKR 59.5 Million | **DURATION:** 2019- 2021

PARTNERS: IRC, BB, BRDS,MIED

COVERAGE: **(Gilgit- Baltistan)** Ghizer; **(Sindh)** Badin, Tharparker, Malir, Jamshoro, Dadu, Khairpur

SCHOOLS SUPPORTED: 44

STUDENTS BENEFITTED: 9,246 (49% girls)

BALOCHISTAN EDUCATION INITIATIVE

PPAF is supporting the government of Balochistan to improve the physical learning environment and raise the quality of primary and secondary schools, to improve the standard of education in the province, and contribute towards SDG 4. This is being achieved by providing better educational opportunities to students in middle and high school and linking education with capacity-building skill development in 4 marginalized districts of Balochistan. The purpose of the program is to improve the educational facilities at schools through improvement in existing infrastructure and also through capacity building of the students in various themes like leadership skills, health & hygiene, environment protection, menstruation health management, and vocational skill to provide them chance to improve their livelihood opportunities. A total of 22 schools with an enrolment of 8,938 students, including 65% of girls are being supported under the project.

DONOR: PPAF | **BUDGET:** PKR 25.49 Million | **DURATION:** Jan - Dec 2021

PARTNERS: BRSP, NRSP

COVERAGE: **(Balochistan)** Zhob, Sherani, Gwadar and Kech

Rehabilitation & Reconstruction (R&R) AJK Project

PPAF initiated the Rehabilitation and Reconstruction (R&R) AJK project to improve the living condition of the targeted earthquake effected communities through interventions including Community Physical Infrastructure (CPI) and Livelihood Enhancement and Protection (LEP). The project aims at reconstruction and rehabilitation of two model villages in district Mirpur and Bhimber of AJK. Under the project, over 100 assets have been transferred, over 20,000 plants have been planted and 80 youth vocational trainings have been conducted.

DONOR:

BUDGET: PKR 65.61 Million

DURATION: Jan 2021 - Dec 2022

PARTNER: NRSP

COVERAGE: **(AJK)** Mirpur and Bhimber

Promoting Community Based Tourism in Neelam Valley

The project is being implemented in Neelam Valley with an overall objective to empower poor households with an increased income through introducing them to econ-tourism. So far, mobilisation phase in the field has been completed for 669 households belonging to 36 Community Organisations (COs) and 21 rooms have been successfully renovated.

DONOR:

BUDGET: PKR 13.07 Million

DURATION: Jun 2018 - Sep 2022

PARTNER: Himalayan Wildlife Foundation (HWF)

COVERAGE: **(AJK)** Neelam Valley

Plantation Campaign in District Kharan

The goal of the project was to alleviate poverty through provision of fruit trees serving as subsistence ‘safety nets’/low income ‘gap fillers’ and increasing assets and services around plantation in district Kharan. Through this project, 3,950 trees were distributed to the communities which were planted on time.

DONOR:

BUDGET: PKR 4.7 Million

DURATION: 10 Feb 2021 - 30 Jun 2022

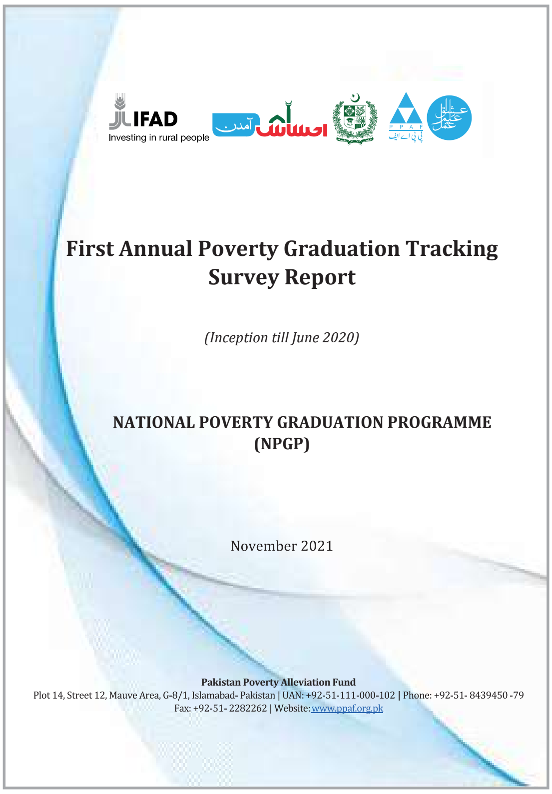
PARTNER: BRSP

COVERAGE: **(Balochistan) Kharan**

KNOWLEDGE GENERATION

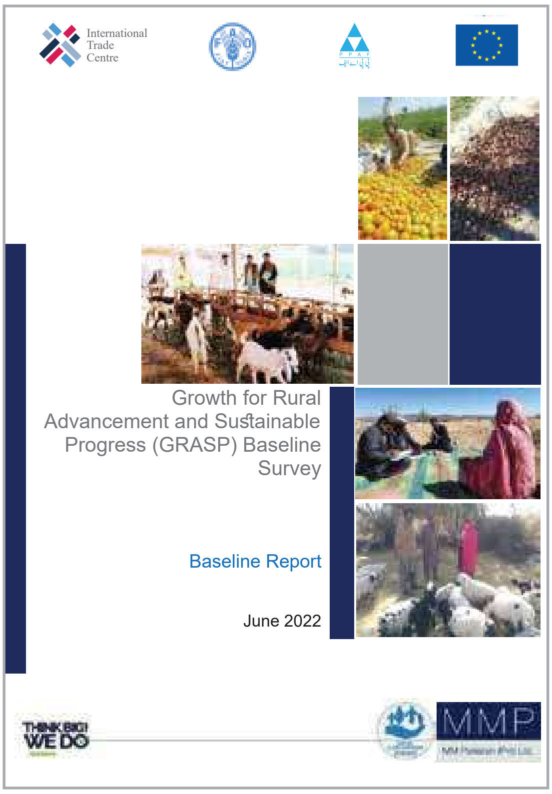
Continuous learning and improvement is part of PPAF's ethos. This year PPAF's investment in research and development included evaluations, research studies and thematic publications.

EVIDENCE GATHERING



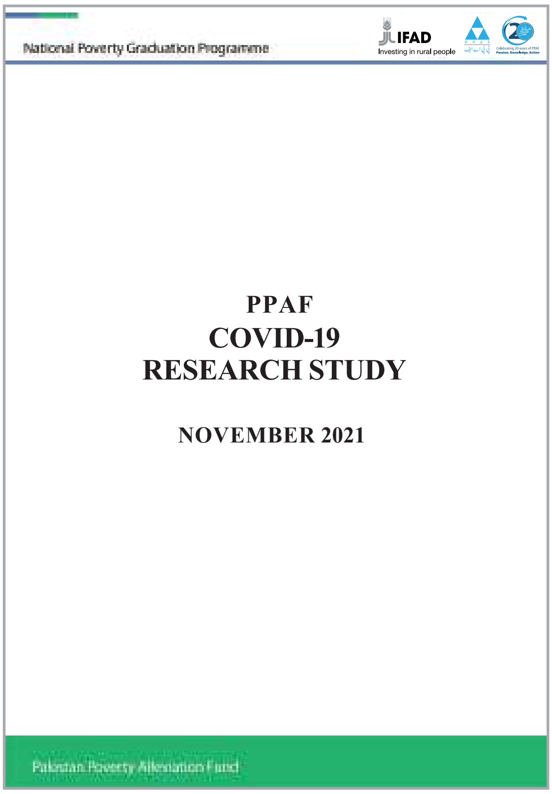
NPGP First Annual Poverty Graduation Tracking Survey

The objective of this study was to track the graduation level of the beneficiaries throughout the life cycle of the programme. This study helped in keeping track of the number of beneficiaries who have graduated out of poverty and moved to higher bands on the Poverty Score Card (PSC).



GRASP Baseline Study

The GRASP baseline study was conducted to identify a set of project performance benchmarks against the GRASP Log-frame outcome indicators at a given point in time, and to use these as the starting point of any subsequent monitoring/evaluation activities. The study also assessed appropriateness of the log-frame indicators and targets in context to the project funding and changes in economic status of targeted areas and institutions due to COVID-19 pandemic.



National Labor Market Assessment

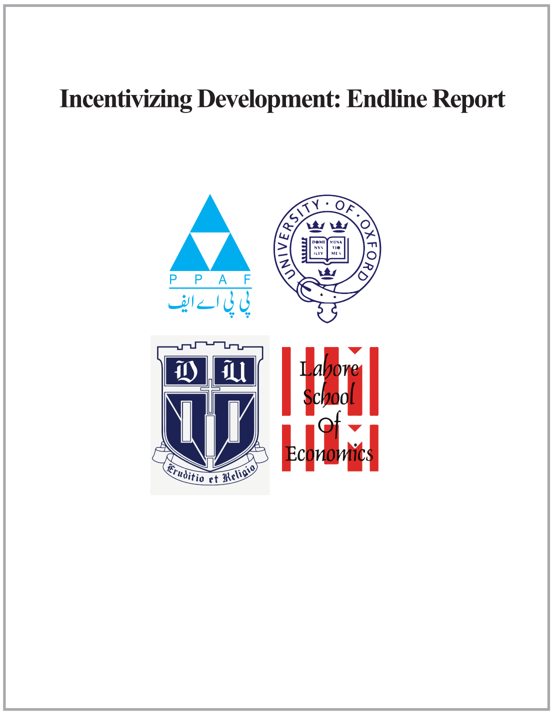
The study was conducted to identify employment opportunities for youth and women, assess existing and emerging sectors, conduct skills gap analysis and to explore technical and vocational training opportunities. Each district profile has been developed on the common themes and presents quantitative and qualitative (primary and secondary) data, with variation depending on the context of each district, to describe current labor market situation.

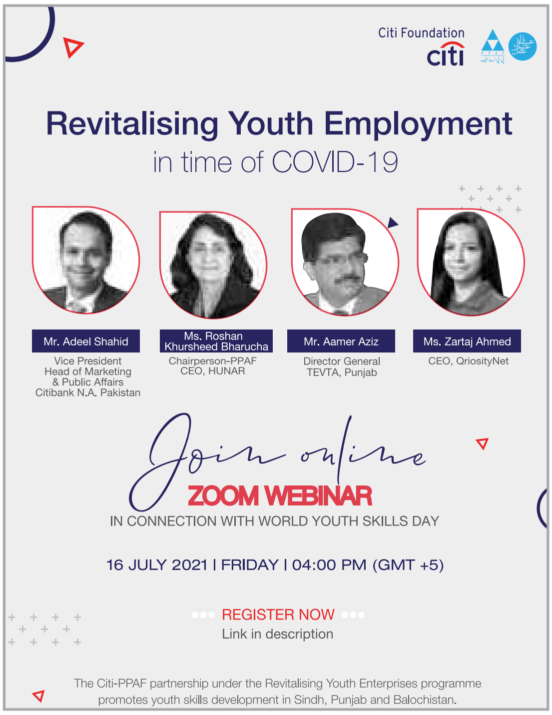
COVID-19 Research Study

Covid has infected more than 1.19 million people in Pakistan, resulting in 26,413 deaths as of early September 2021 (GoP, 2021). The pandemic has also caused unprecedented macroeconomic shifts pushing millions of households further into poverty and significantly increasing unemployment. The study was conducted to assess impacts of COVID-19 on livelihoods of the National Poverty Graduation Programme beneficiaries and to facilitate policy decisions on resource allocation. The study informed the direction and size of the monetary and structural COVID relief.

This Study was necessary to offset the recorded impacts in programme districts as well as in districts with similar socioeconomic indicators across Pakistan, and eventually create and strengthen employment, protect nutritional needs, and restore livelihoods.

KNOWLEDGE SHARING





Incentivizing Development: Endline

Researchers from Lahore School of Economics, Oxford University and Duke University conducted an experiment with Third Tier Organizations (TTOs) to test the impact of different factors on Governance and Inclusion via active participation of men and women in the Executive and General Body of these organizations; and Service Delivery in various sectors including health, education, agriculture, disaster preparation and relief, employment/livelihoods, government assistance programs and legal rights.

Revitalizing Youth Employment in the Time of COVID-19 Webinar

The Poverty Alleviation and Social Safety Division organised a virtual event at the Prime Minister's office, Islamabad, in October to mark this day. The event was widely covered by media and featured the Ehsaas Programme beneficiary voices including from PPAF's NPGP, IFL and other PASSD's ancillary agencies. The CEO PPAF, Mr. Qazi Azmat Isa, provided a programme brief and coordinated interaction with the beneficiaries who shared their stories and impact of the programmes on their lives and livelihoods. It served as a vital opportunity to hear beneficiaries' feedback and suggestions for programme improvement.

Reimagining Development Webinar

Pakistan Poverty Alleviation Fund collaborated with UNDP Innovation-Acc Lab on 28th of July, 2021.The purpose of the session was to unpack what innovation really means in designing development and policy programmes for on-ground practitioners. From this conversation, PPAF aimed to generate a discourse that introduces participatory approaches for systemic impact in development. Beenish Tahir, Head of UNDP Innovation-AccLab & Exploration Lead, Javeria Masood, Head of Solutions Mapping at UNDP, Ehsan Gul, Head of Experimentation, UNDP Innovation-AccLab and Ms Ayesha Salma, Group Head at Quality Assurance, Research and Design Group (QARD at PPAF) participated in the discussion.

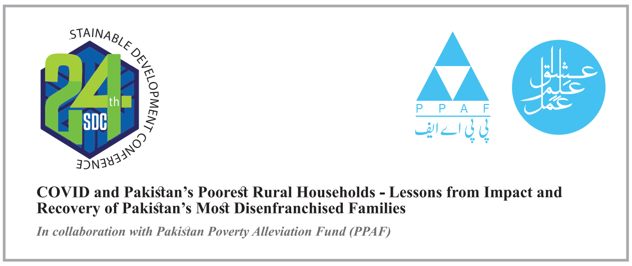
Bridging the Disability Divide and Enabling Poverty Alleviation through Digital Technologies Webinar

Pakistan Poverty Alleviation Fund collaborated with Deaf Reach on International Day for Persons with Disabilities for a webinar. The purpose of the session was to promote the rights and wellbeing for those who are differently abled and support poverty alleviation through inclusive technology. The Group Head, Institution, Innovation, and Integration, PPAF, Mr. Irshad Khan Abbassi participated as a representative of PPAF, highlighted PPAF's role in bridging the disability divide.

Beyond the Pandemic: Leaving No One Behind

Pakistan Poverty Alleviation Fund collaborated with Sustainable Development Policy Institute (SDPI) on two panel discussions as part of the 24th Sustainable Development Conference on the recovery of Pakistan's poorest rural households impacted by COVID19.

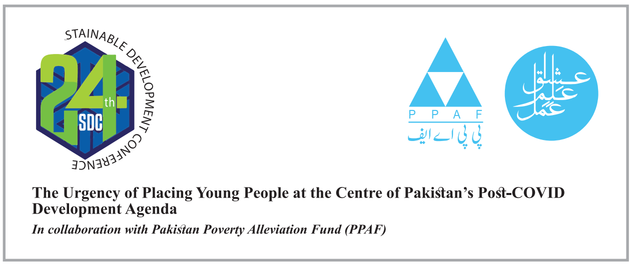
A. Lessons from Impact and Recovery of Pakistan's Most Disenfranchised Families In collaboration with Pakistan Poverty Alleviation Fund (PPAF)



The insightful panel discussion, held on Dec 8th, 2021 focused on the recovery of Pakistan's poorest rural households impacted by COVID19.

The session welcomed views by The session welcomed views by PPAF Chairperson, Ms Roshan Bharucha; Ms Themrise Khan, Independent Researcher; Mr Syed Hassaan Shah, lecturer and entrepreneur specialising in philanthropy, poverty reduction and public relations; and Mr Danyal Ahmed, Communications & Media Strategist, PPAF, Ms Ameena Ilahi, Country Director Relief International conducted this session.

B. The Urgency of Placing Young People at the Centre of Pakistan's Post-COVID Development Agenda



The session held on December 9th, 2021 discussed mainstreaming rural & urban youth in COVID19 recovery, financial & digital inclusion, climate action and governance. Ms Shandana Gulzar, MNA PTI and Chair Commonwealth Women Parliamentarians; Ms Meher Shah, Director – Knowledge Management and Communications, Karandaaz Pakistan; Dr Zunaira Saqib, Founder & CEO, Merafuture.pk; Mr Dawar Hameed Butt, Activist for Climate & Environment, Research, Reforms; and Mr Danyal Ahmed, Communications & Media Strategist, PPAF contributed views in the session. The panel was moderated by Ms Shaheera Jalil Albasit, Research Specialist PPAF.

Only One Earth Webinar

Pakistan Poverty Alleviation Fund organised a webinar for World Environment Day 2022 as part of the global #OnlyOneEarth campaign to restore the planet and tackle the effects of climate change. The dialogue amongst subject matter experts focused on the climate emergency, the adaptation and mitigation measures needed to protect our planet and the need for urgent action locally and on a global scale. Manager - Environment & Social Management, PPAF, Ms. Adnana Rao and Assistant Manager - Environment & Social Management, PPAF, Mr. Rowaid Ullah participated as speaker and moderator respectively in this session.

PEOPLE & CULTURE AT PPAF

At PPAF, we are committed to foster a culture where professional staff can thrive and belong. We remain focused on creating an enabling environment for our staff which aligns with our core values of Transparency, Accountability, Inclusion, Participation and Stewardship. Ensuring diversity and inclusion, we follow the best industry practices and benchmarks to retain, attract and nurture talent.

We believe that diversity in our workplace enables us to deliver the best results. We provide equal access and opportunity to potential employers irrespective of gender, disability, geography, race, religion, and age. Owing to our inclusive policies, we have been able to triple the representation of women in PPAF since 2010. We believe in including women in leadership positions to enable their voices in decision-making, and currently 26% of our senior management at the organisation comprises of women. As an organisation, we value the unique talents and strengths of the persons with special needs and are proud to offer an enabling and a barrier-free culture for their progression. Currently, 3.34% of our staff is represented by those persons with special needs.

This year, we remained invested in advancing a learning culture at PPAF to drive the mission of the organisation forward. To build the capacity of our workforce and to support their career progression, we supported market relevant trainings, seminars, and workshops throughout the year. We provided 23 trainings for 136 employees this year, including on diverse thematic areas including Risk Management, Time and Stress Management, and the Construction of Zero Carbon Structures. Employees also attended open programmes to remain at the cutting edge of knowledge in technical areas like Combating Money Laundering, Terrorism Financing and Proliferation; Labour Laws, and Leadership Development.

We aspire to be an agile organisation, receptive to the dynamic demands of the market. To take stock of our current strengths and emerging challenges, we conducted a consultative Strengths, Weaknesses, Opportunities and Weaknesses (SWOT) workshop with all staff this year. The deep dive sessions on diverse thematic areas will drive the future strategy for organisational transformations to improve efficiency and effectiveness of our work at PPAF.

We have a zero-tolerance policy against workplace harassment and discrimination. With a strong grievance redressal mechanism in place, we maintain the highest standards of accountability and transparency at PPAF. Together, we find strength in our values and ambition in our drive to be a dynamic, responsive and a futuristic organisation which delivers the best results.

26% of our Senior Management comprises women.

23 trainings held for **136** employees.

Zero-tolerance policy against workplace discrimination and harassment.

FINANCIAL HIGHLIGHTS

For the year ended June 30,2022

	2022	2021	2020	2019	2018
Funds deployment - Rs. in million					
Microcredit					
Loans receivable from POs (Gross)	893	928	950	977	1,783
Loan to PMIC	6,689	7,832	8,975	10,118	10,248
Equity investment in PMIC	3,645	3,386	3,183	3,143	2,976
Gurantee facility	-	-	-	-	-
PMIFL	7,190	7,415	2,415	3,100	3,100
	18,417	**19,561**	**15,523**	**17,338**	**18,107**
Grant					
Donor financed	2,093	7,905	2,579	791	1,006
Relief & Reconstruction Operations	1,297	252	534	265	82
	3,390	**8,157**	**3,113**	**1,056**	**1,088**
	24,763	23,177	18,515		
Total funds deployment	**21,807**	**27,718**	**18,636**	**18,394**	**19,195**
Balance Sheet - Rs. in million					
Total assets	32,168	34,228	33,537	31,598	31,942
Endowment Fund	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
Reserves					
Capital adequacy reserve	1,003	1,176	1,349	1,664	1,805
Grant fund	13,032	12,364	12,173	11,259	10,358
Reserve for lending activities	3,645	3,386	2,883	2,883	2,883
General reserve	2,287	2,169	2,134	1,987	1,828
Reserve for grant based activities	2,927	3,026	2,042	640	-
	22,894	**22,121**	**20,581**	**18,433**	**16,874**
Total equity (endowment + reserves)	**23,894**	**23,121**	**21,581**	**19,433**	**17,874**
Lease liabilities	173	195	207	-	-
Long term loans	6,104	7,229	8,509	9,788	11,068
Operational Results - Rs. in million					
Total income	3,399	3,003	3,785	2,845	2,334
General and admin expenses	1,006	863	731	667	605
Surplus before loan loss prov. and relief work	2,073	1,791	2,696	1,835	1,315
Net Surplus	777	1,538	2,162	1,561	1,217
Financial Ratios - Percentage					
Surplus brefore provisions & relief/total income	61%	60%	71%	64%	56%
Return on equity	9%	8%	13%	10%	7%
Return on assets	6%	5%	8%	6%	4%
Debt/equity	21:79	24:76	29:71	33:67	38:62

DIRECTORS REPORT

The Board of Directors of Pakistan Poverty Alleviation Fund (PPAF) is pleased to present the nineteenth Annual Report along with audited financial statements of the Company for the year ended June 30, 2022.

During the year, PPAF deployed additional Rs. 5 billion provided by the Government of Pakistan (GoP) for the provision of Interest Free Loan Program under the umbrella of Ehsaas “Bila Sood Qarz”. These funds were used to support productive microenterprise activities for the poor in rural and urban areas of Pakistan. The Interest Free Loans were made available to households with a score of up to 40 on the Poverty Score Card (PSC), which have a viable business plan or opportunity, but little or no access to banks and microfinance institutions. It is mandated that 50% loans will be disbursed to women. Under this program, PPAF has expanded the outreach to 28 new districts and over 900,000 interest free loans were provided to poor beneficiaries. Over a period of four years, Rs. 23 billion will be disbursed through Partner Organizations (POs) by revolving these funds.

Under the Memorandum of Understanding (MoU) signed between PPAF and International Trade Centre with an overall budget of US$ 14.8 million. This MoU is part of the Growth for Rural Advancement and Sustainable Progress (GRASP) project which aims at creating gender-inclusive employment and income opportunities in the rural areas over a period of four years. PPAF has been given responsibility for (i) rural mobilization – this will be done through POs, the role of which will be to work through their union councils (UCs) and/or village level institutions to help identify micro-entrepreneurs and primary producers, aggregate them into farmers marketing collectives, facilitate their participation in fairs and expos, and support them through business linkages to become sustainable small and medium enterprises (SMEs); (ii) access to finance activities - PPAF will develop and pilot financial products through POs based on needs assessment. The matching grant scheme will be implemented to provide requisite growth capital for SMEs, primary producers, and larger SMEs for each value chain/district. A technical advisory firm will also be taken on board to work with SMEs to build their capacity in financial management and business planning, provide specific support to women entrepreneurs and connect beneficiary SMEs to financial sources (including matching grants); (iii) program monitoring and evaluation across all outputs - while PPAF has created the framework and established protocols for data collection and use, PPAF will also develop the monitoring tools and the integrated MIS system. The project has coverage of a total of 21 districts, 11 in Sindh and 10 in Balochistan.

PPAF ensures financial inclusion through provision of interest free loans to the poor for productive purposes to help them sustain their livelihoods and conventional market-based microfinance through PPAF’s associate company (Pakistan Microfinance Investment Company Limited (PMICL). For the FY 2021-22 (as per the audited financial statements of PMICL for the nine months ended March 31, 2022, and un-audited interim financial statements for the quarter ended June 30, 2022), PMICL generated total comprehensive income of Rs. 529 million. PPAF has recognized a share of profit of Rs. 259 million (as its 49% share) during the year.

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Summary of income statement and assets/labilities of PMICL is as follows:

	June 30, 2022	June 30, 2021
	(Rs. In million)	
Non-current assets	16,199	8,373
Current assets	14,633	20,150
Non-current liabilities	(19,314)	(15,575)
Current liabilities	(3,991)	(5,939)
	7,527	7,009
Capital reserve contribution by shareholder – net of tax Equity	(88)	(98)
	7,439	6,911
The carrying amount of PPAF's investment	**3,645**	**3,386**
	FY 2021-22	**FY 2020-21**
	(Rs. In million)	
Income	3,581	2,645
Administrative expenses	(400)	(350)
Other operating expenses	(27)	(10)
Other income	45	56
Fair value gain / (loss) on derivative	165	(89)
Finance cost	(2,407)	(1,603)
Impairment loss on financial assets	(133)	(54)
Profit before taxation	824	595
Taxation	(290)	(183)
Profit for the year	534	412
Other comprehensive income for the year	(6)	3
Total comprehensive income for the year	529	415
PPAF's share of profit	262	201
PAF's share of other comprehensive income	(3)	2
PPAF's share of total comprehensive income	259	203

The net investment of PPAF in PMICL as of June 30, 2022 is reflected as follows:

	FY 2021-22	FY 2020-21
	(Rs. In million)	
Opening balance	3,386	3,183
Share of profit of the Associate		
Recognized in statement of income and expenditure	262	201
Recognized in statement of other comprehensive income	(3)	2
	259	203
Closing balance	**3,645**	**3,386**

With creation of Associate Company, the lending operations (except for interest free loans) carried out by PPAF are being managed by PMICL. As a result of agreement between PPAF and PMICL, the amounts recovered by PPAF from POs under microcredit facility are disbursed to PMICL as subordinated loan. During the year PPAF had not provided any subordinated loan to PMICL. The total outstanding subordinated loan to PMICL stood at Rs. 6,689 million as of June 30, 2022 (June 30, 2021: Rs. 7,832 million). These subordinated loans carry markup rate of six months KIBOR plus 1% and repayable in instalments by FY 2032.

GRANT OPERATIOS

Grant based interventions during the year decrease by 58% to Rs. 3,390 million (FY 2020-21 – Rs. 8,157 million). Disbursements for water and infrastructure components increased by 169% to Rs 258 million (FY 2020-21 - Rs 96 million). Disbursements for social sector development decreased by 89% and were Rs. 5 million (FY 2020-21 – Rs. 45 million). Disbursements for capacity / institutional building decreased by 85% and were Rs. 141 million (FY 2020-21 – Rs. 940 million). Disbursements for social mobilization decreased by 15% and were Rs. 67 million (FY 2020-21 – Rs. 79

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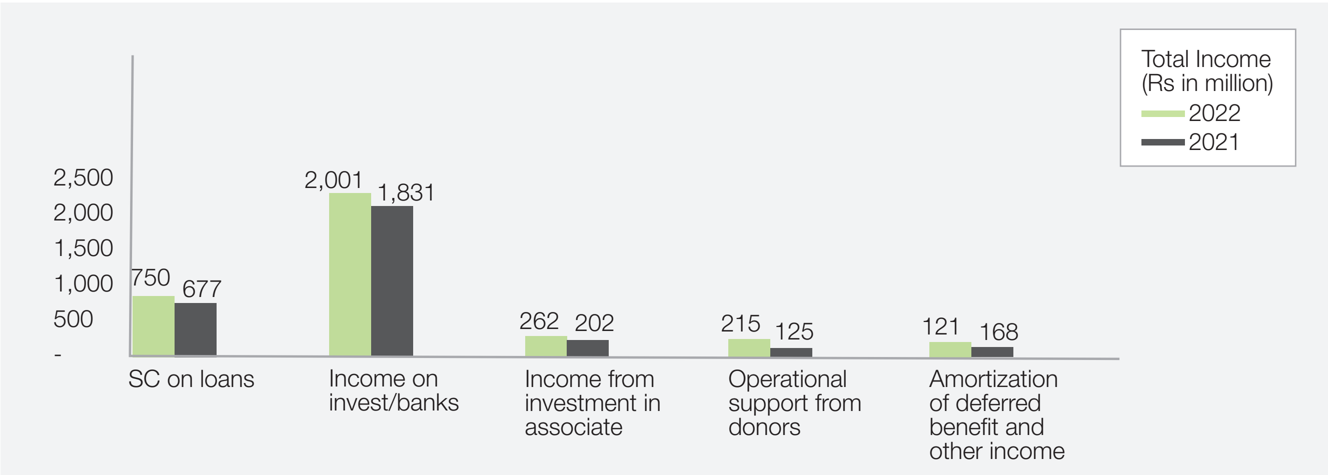
Components	Rupees in millions		Variance (%age)
	2022	2021	
Water and infrastructure	258	96	169
Social sector development	5	45	(89)
Capacity/Institutional building	141	940	(85)
Social mobilization	67	79	(15)
Livelihood enhancement and protection	169	1,758	(90)
Poverty graduation	1,453	4,967	(71)
Emergency response	-	19	100
Project and relief activities	1,297	253	413
Grand Total	**3,390**	**8,157**	**(58)**

million). Disbursements for livelihood component showed a decrease of 90% and were Rs 169 million (FY 2020-21 – Rs. 1,758 million). PPAF disbursed Rs. 1,453 million under NPGP Project (FY 2020-21 – Rs. 4,967 million), showing a decrease of 71%. In addition, Rs 1,297 million (FY 2020-21 – Rs 253 million) were spent on projects activities from PPAF's own resources.

FINANCIAL HIGHLIGHTS

Total income earned during FY 2021-22 was Rs 3,399 million as against Rs 3,003 million in FY 2020-21, an increase of 13% (Rs. 396 million). Service charges on loans to PMICL and POs increased by 11% to Rs 750 million (FY 2020-21: Rs 677 million). Income on investments/saving accounts increased by 9% to Rs 2,001 million (FY 2020-21: Rs 1,831 million). The increase in service charges and investment income was mainly on account of increase in KIBOR which was tied to policy rate. The policy rate remained at 15% for FY 2021-22 (FY 2020-21: 7%). The profit after tax of PMICL for the FY 2021-22 amounted to Rs. 534 million. PPAF has recognized a profit of Rs. 262 million (as its 49% share) during the year showing an increase of 30% (Rs. 60 million) (FY 2020-21: profit of Rs. 202 million). The increase in profit of PMICL was due to lower provision for expected credit losses and increase in KIBOR. Donors' grants in support of operational and other expenses increased by 72% to Rs 215 million in FY 2021-22 (FY 2020-21 – Rs. 125 million). In line with the requirement of International Financial Reporting Standard, loans (payable by PPAF) were carried at present value computed at market-based interest rate. The difference between present value and loan proceed was recorded as deferred benefit which is recognized as income over loan period. Amortized income during the year was Rs. 169 million (FY 2020-21: Rs 163 million). Other income was Rs. 3 million (FY 2020-21 - 5 million).

The general and administrative expenses increased by 17% to Rs 1006 million (FY 2020-21: Rs 863 million). Major increases were in the heads: salaries and benefits which increased by 23% (Rs 133 million) mainly due to impact of staff hiring and annual increment for existing staff to compensate for cost of living; vehicle running, and maintenance expenses which increased by 51% (Rs 13 million) mainly due to increase of fuel prices; legal and BOD meeting fees 85% (11 million); and depreciation and amortization which increased by 9% (Rs. 7 million) mainly due to addition in fixed assets and intangibles. During the year, seminar, workshop and training expenses were Rs 7 million (FY 2020-21 Rs. 11 million). This included Rs 3.3 million (FY 2020-21 Rs 8.5 million) spent on trainings and Rs 3.9 million (FY 2020-21 Rs. 2.6 million) on seminar and workshops. Technical and other studies decreased by 5% (Rs 4 million). Allowance for expected credited losses of Rs. 28 million (FY 2020-21 – Rs. 10 million) is reversed against recovery of loans from POs. The financial charges of Rs 264 million (FY 2020-21 - Rs 268 million) included Rs 59 million as service charges on long term loans; Rs 169 million amortization of deferred benefit of below market interest rate on long term loans, and Rs 36 million interest expense on lease



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Financial results are summarized as follows

Income and expenditure	**2022 Rs. In million**	**2021 Rs. In million**
Service charges on loans to PMICL and POs	750	677
Income on investments and savings accounts	2,001	1,831
Share of profit of Associate	262	202
Amortization of deferred income - grant fund	215	125
Amortization of deferred benefit	169	163
Other income	3	5
Total income	**3,399**	**3,003**
General and administrative expenses	1,006	863
Seminars, workshops and trainings	7	11
Technical and other studies	76	80
Reversal of allowance for expected credit losses	(28)	(10)
Financial charges	264	268
Total expenditure	**1,326**	**1,212**
Surplus before project and relief activities	**2,074**	**1,791**
Project and relief activities	1,297	253
Other comprehensive income (loss) for the year	(3)	2
Surplus for the year	**774**	**1,540**

liabilities. PPAF spent Rs 1,297 million (FY 2020-21 - Rs 253 million) on project activities financed from its own resources. In addition, Rs. 3 million has been recognized as PPAF's share of other comprehensive loss of PMICL during the year (FY 2020-21 - Rs. 2 million for other comprehensive income).

Total expenditure during the year increased by 9% to Rs 1,326 million from Rs 1,212 million in FY 2020-21. Surplus before project and relief activities and actuarial losses was Rs 2,074 million as against 1,791 million in FY 2020-21 showing an increase of 16% (Rs. 283 million). Net surplus for the year decreased by 50% to Rs 774 million (FY 2020-21 – Rs 1,540 million).

Financing Agreements signed with the Government of Pakistan (GoP) required repayment of loan amounts along with service and commitments charges from PPAF on the stipulated rates each year. PPAF remained current in all its repayments to GoP. During the year, Rs. 1,280 million (FY 2020-21 - Rs. 1,280 million) was repaid on account of principal and an amount of Rs 61 million (FY 2020-21 - Rs 71 million) as service charges to the GoP.

Total funds and reserves increased by 3% to Rs 23,894 million (includes Rs 1,000 million endowment fund) as of June 30, 2022 from Rs 23,121 million as of June 30, 2021. Total assets of the Company reached Rs. 32,168 million on June 30, 2022, against Rs 34,228 million as of June 30, 2021. Total loan payable was Rs 7,229 million on June 30, 2022, as against Rs 8,509 million as of June 30, 2021. The debt equity ratio was 21:79 (FY 2020-21 - 24:76).

Deferred liability and deferred income constitute advance amounts received from donors in respect of ongoing projects. Deferred liability is used for disbursements to POs under respective financing agreement and deferred income is available to PPAF to finance operational and other expenses incurred on project activities. The balances for deferred liability and income at the end of year represent amounts to be disbursed to POs and utilized by PPAF respectively for project specific activities. Total funds under these heads decreased by 68% to Rs. 721 million for FY 2021-22 (FY 2020-21: Rs. 2,238 million). The main reason for decrease is the closure of PPR, LACIP-I and NPGP projects.

PPAF invests its surplus funds and reserves in short term, medium term and long-term investments. All the investments are done as per Treasury Management Strategy approved by Board of Directors of PPAF. Total investments as of June 30, 2022 were Rs. 19,149 million (2020-21: Rs. 18,225 million). These investments carry markup rates (Yield) ranging from 7.5% to 16.62% per annum. Out of these investments, endowment fund received from GoP is invested in government securities as per the terms of Endowment Deed and carry markup rate of 9% to 12% per annum (FY 2020-21: 9% to 12% per annum).

During the year, the cash and bank balances specific to project decreased by 69% to Rs 788 million from Rs. 2,529 million (2020-21) mainly due to closure of donor financed Projects. The project funds were utilized for program/operational activities as per the respective financing agreements with donors/GoP, whereas PPAF's own surplus funds were placed as per the Company's policy in short term and long-term investments. The Company's non-project specific cash and bank balances decreased by 35% to 342 million as compared to last year of Rs. 522 million.

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Detailed financial projections are prepared and regularly updated to always ensure availability of adequate funds for operations while generating optimum returns through placement of surplus liquidity in various available investment avenues. The Company actively monitors its funds to ensure that the investment portfolio of the Company is secured and well diversified. Current cash requirements are adequately financed through internal cash generation by Company's sound treasury management without recourse to external financing.

By the end of June 2022, PPAF had deployed resources in both urban and rural areas of 147 districts of the country in over 100,000 villages/rural and urban settlements. Aggregately, PPAF created and supported 146,900 community organizations and 440,000 credit/common interest groups; completed 38,800 water and infrastructure projects benefiting around 2.42 million households; supported 2,800 schools in which 401,800 children were enrolled; financed 950 community health centers benefiting over 15.35 million people; transferred 196,100 assets to ultra and vulnerable poor (64% assets to women) and organized over 18,100 skill development and managerial training events for 1,156,000 (49% women) beneficiaries nationwide. In addition, over 2.21 million interest free loans (53% loans to women) were provided from the funds disbursed PPAF POs and Akhuwat. PPAF also responded to the natural calamity (floods and earthquakes) by facilitating over 1.8 million individuals through provision of relief items followed by rehabilitation and reconstruction. Major activities financed under this initiative included provision of financing to 122,000 households for construction of earthquake resistant homes and building capacities of over 100,000 individuals in seismic construction and related skills in the aftermath of 2005 earthquake.

Since inception to August 2016, PPAF enumerated a record spread of 8.4 million microcredit loans (60% loans to women), and 80% of the financing extended in rural areas. Since August 2016 the microfinance operations are managed by PMICL.

AUDITORS

Present statutory auditor M/s A. F. Ferguson and Company, Chartered Accountants have completed their assignment for the year ended 30 June 2022 and shall retire on the conclusion of 26th Annual General Meeting. Being eligible, they offered themselves to be re-appointed. The Audit Committee considered and recommended their re-appointment for the financial year ending June 30, 2023. The Board also endorsed the recommendations of the Audit Committee.

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ACKNOWLEDGEMENT

I would like to thank the Board members for their continued effort to improve the policies and governance framework by providing their valuable guidance. The insightfulness fortitude, intensive participation and enduring commitment helped PPAF in reaching heights. I always appreciate their corporation, wisdom, support, able guidance and as well as the assistance and co-operation in benefit of the Company at all levels. I am confident that this relationship will go a long way to reap fruitful prosperity of the Company.

The Board would also like to thank the Government of Pakistan, all financing partners – International Fund for Agricultural Development, the Government of Italy and the Government of the Federal Republic of Germany (through KfW) as well as other civil and private partners for their continued support and their productive contribution.

The Board would also like to acknowledge the contributions made by management in strengthening the image of the Company and for their wholehearted support. The Board would also like to take this opportunity to express its appreciation to the employees for their continuous hard work and dedication and for helping the Company in discharging its responsibilities.

PPAF has established strong institutional networks (from grassroots to the policy level), corporate governance, financial controls, and quality assurance mechanisms to deliver large scale multisectoral programs. The organization will strive to further enhance its effectiveness by aligning its resource mobilization, partnerships, and people capabilities to improve the overall quality of life of poor communities. It will engage with institutional donors and will also diversify its partnerships in the development ecosystem by collaborating with start-ups, social enterprises, and private sector to co-create and co-invest in innovative solutions for poverty alleviation. PPAF will invest in research and advocacy to contribute to national policies and will aspire to become a global influencer in poverty alleviation approaches. The execution of this approach shall be guided by an implementation roadmap with clearly defined milestones and responsibilities. Progress will be regularly tracked by the Board of Directors and the senior management team; and the strategy will be reviewed and updated annually based on the evolving context, implementation experience and lessons learnt. Finally, while PPAF will strive to increase its impact and influence, the organization will staunchly adhere to its core values of inclusion, participation, accountability, transparency, and stewardship as it continues its fight against poverty.

Khawar Mumtaz

Chairperson | Director | Chief Operating Officer

Islamabad
September 07, 2022

1. PPAF STRATEGY 2021-2025

GOAL 1: Foster institutions of and for the poor to reduce inequalities, promote inclusive governance and development

POLICY OBJECTIVES:

- Community institutions are recognised as legal entities.
- Local government institutions are strengthened to effectively coordinate the delivery of quality services to poor communities.
- Civil society organisations have an enabling operating environment.

EXPECTED OUTCOME:

- 1000 Union Councils are organized.

EXPECTED RESULTS:

- At least two-thirds of the community institutions supported by PPAF score above 70% on the community institutions maturity index.
- At least one-third of executive body members of village organizations/third tier organizations (TTO) are women.
- At least 50% of women-identified priorities are included in village development plans.

EXPECTED OUTPUTS:

- 32,000 Community Institutions formed/revitalized.
- Mentoring and technical backstopping support to 1,000 TTOs in high priority districts.

Goal 2: Enhance sustainable and resilient livelihood opportunities to support households to graduate out of poverty.

POLICY OBJECTIVES:

- Mainstream the graduation approach as part of the government poverty alleviation agenda.
- Ensure greater access to finance, especially for women.

EXPECTED OUTCOME:

- Half a million households are supported to graduate out of poverty.

EXPECTED RESULTS:

- The average family income in PPAF-supported households is increased by 50%.
- 50% beneficiaries (of which 40% women) are employed or self-employed as a result of productive asset transfers, interest free loans, and/or skills trainings.
- At least 50% of men and 40% of women beneficiaries have access to some form of formal financial services.
- 75% of female-headed poor households and those with people with disabilities graduate out of poverty in PPAF-supported programmes.

EXPECTED OUTPUTS:

- 320,000 productive assets (50% assets to women) transferred to targeted households.
- 1,000,000 Interest Free Loans (50% loans to women) provided to targeted households.

Goal 3: Address systemic deprivations that exacerbate poverty through local infrastructure development and community wellbeing initiatives.

POLICY OBJECTIVES:

- Local and provincial governments adopt community-driven development approaches to ensure equitable access to sustainable infrastructure for access to energy, water, education, and health.
- Adoption of green technologies, especially renewables in government programmes.

EXPECTED OUTCOME:

- Resilient infrastructure supported and maintained across PPAF's operational areas ensuring access to affordable energy, water, education and health.

EXPECTED RESULTS (in PPAF's intervention areas):

- 60% population has access to safe drinking water.
- At least 50% of population has access to sustainably managed sanitation services.
- 80% of targeted IAUP areas show groundwater levels remain static or are increased to sustainable levels.
- 80% of PPAF-supported irrigation related schemes show reduced / more effective use and management of water.
- At least 50% of off-grid households have access to electricity through renewable energy.
- The learning outcomes for children aged 5-16 years improve by at least 20%.
- 50% of primary and 40% of lower-secondary enrolment is of girls.
- Measurable improvements in mother and child health and nutrition.

EXPECTED OUTPUTS:

- 1,000 infrastructure development initiatives completed.
- At least 10 innovative models of public-private partnerships pursued for access to energy, water, education, and healthcare solutions.

Goal 4: Strengthen organisational effectiveness by aligning resource mobilisation, people capabilities and partnerships to transform into a more agile, responsive and effective institution.

EXPECTED RESULTS:

- A knowledge institution which invests in staff capacity building so that the average annual training hours per employee is increased to 1 week.
- Maintain its workforce diversity balance with respect to provincial representation, ethnic, linguistic, and religious minorities and differently abled people's inclusion and ensure that its gender balance includes at least one-third women.
- Ensure that the institution continues to receive unqualified annual financial audit reports.
- Increase total revenue by 7% per annum to support PPAF's poverty alleviation programs.

2. PROGRAMME OVERVIEW

2.1. DONOR FUNDED PROGRAMME OVERVIEW

2.1.1 GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS (GRASP)

Pakistan Poverty Alleviation Fund (PPAF) is working with the International Trade Centre (ITC) and the Food and Agricultural Organization (FAO) to implement the Growth for Rural Advancement and Sustainable Progress (GRASP) project. Overall financial outlay of the project is USD 48 million. Out of which an amount of USD 14.863 million has been approved for PPAF. The project will be implemented within a time span of around of three and half years starting from April 2021 to September 2024. Funded by the European Union (EU) the Project aims to support gender inclusive income and employment generation opportunities in the livestock and horticulture sectors in Sindh and Balochistan by making improvements at all levels of the value chain. This will include identifying beneficiaries and business intermediary organizations in rural communities and providing them with technical trainings and opportunities to develop business linkages. The project is expected to facilitate access to credit for medium, small, and micro rural enterprises through linkages with financial institutions and relevant market actors in the ecosystem. The project is being implemented in 12 districts of Sindh and in 10 districts of Balochistan. As of June 2022, PPAF has disbursed PKR 170.27 million (USD 0.98 million) under this project. So far, the GRASP Baseline Report has been finalized, 4,522 matching grants applications have been evaluated and 179 Small and Medium Enterprises linked with FAO and ITC for technical and capacity building trainings.

2.1.2 INTEREST FREE LOAN (IFL) PROGRAMME

On 26th June 2014, the Government of Pakistan (GoP) had allocated an amount of PKR 3.86 billion for Prime Minister Interest Free Loan (PMIFL) Scheme to support productive microenterprise activities of poor, vulnerable and marginalized households, not yet tapped by the microfinance sector, so that they may engage in productive economic activities that will improve their lives and allow them to positively contribute to the economy. Based on its experience as an apex institution in the development and microfinance sector, PPAF has been mandated by the GoP to design, mobilize, implement and monitor the IFL Programme, in partnership with organizations that implement poverty alleviation programs through microfinance, interest free loans or livelihoods interventions in Pakistan. The Partner Organization (POs) have established loans centers/branch offices at the Union Council (UC) level and funds are disbursed to beneficiaries as interest free loans as per predefined eligibility criteria.

Based on successful implementation of above-mentioned first phase of the programme, second phase launched in July 2019. For this phase, an amount of PKR 5 billion was received from the GoP. So far, all the amount has been disbursed to the POs. Under this phase, PPAF is entrusted with the responsibility to report progress for the IFL component implemented by its POs (to which funds were channeled through PPAF and are now being revolved by the POs) as well as PKR 9 billion available with Akhuwat from sources other than through PPAF. Implementation progress of the IFL programme (managed from PPAF and Akhuwat funds) as of June 30, 2022, is as follows:

Key achievement indicators	Status as of June 30, 2022 (Number)
No. of POs	26
Outreach (districts)	110
No. of loan centers/branches established	736
No. of loans disbursed to borrowers	1,937,628 (50% loans to women)
Average loan size (PKR)	36,244

2.1.3 PROGRAMME FOR POVERTY REDUCTION (PPR)

PPR (financed through GoP by Italian Government funding) had an allocation of EUR 40 million of which EUR 2 million was for Tied component i.e., funds allocated towards the procurement of goods and services of Italian origin. The goal of the PPR was "population poverty reduction through the creation of sustainable conditions of social and economic development, including income and production capacity increase". The programme has been implemented in 38 UCs of 14 districts of Balochistan, Khyber Pakhtunkhwa (KP) and FATA[1]. The project was completed on December 31, 2021. EUR 40 million were disbursed by PPAF under this programme. All targets planned under the Results Based Framework have been achieved and progress of the programme is as follows:

Indicators with components	Status as of Dec 31, 2021 (Number)
Social mobilization and institution building	
Formation & strengthening of community organizations (COs)	4,232
Formation & strengthening of village organizations (VOs)	648
Formation & strengthening of UC level organizations	42
Community members trained (46% women)	31,633
PO staff members trained (24% women)	1,036
Livelihoods, Enhancement and Protection	
Livelihood Investment Plans developed	9,377
Common Interest Groups formed	309
Community Resource Persons trained (29% women)	623
Individuals received skills/entrepreneurial training (32% women)	34,373
Ultra and vulnerable poor received productive assets (44% women)	9,377
Loan centers established through Community Livelihood Fund	12
Community Physical Infrastructure	
Water and Infrastructure projects completed	1,615
Beneficiary households	133,609
Population benefitted (53% women)	1,080,991
Basic Health & Education Services	
Educational facilities renovated/or equipped	824
Students enrolled (43% girls)	114,260
Health facilities renovated and/or equipped	133
Consultation visits to health facilities (69% to women and children)	1,945,037

2.1.4 LIVELIHOOD SUPPORT AND PROMOTION OF SMALL COMMUNITY INFRASTRUCTURE PROGRAMME (LACIP-I)

LACIP-I (financed through GoP by KfW funding) is an integrated poverty reduction programme that aimed to improve the living conditions and quality of life of the poor by increasing access to, and sustainable utilization of physical infrastructure and increasing income generation opportunities for them. The programme has been implemented in 59 UCs belonging to nine districts (Abbottabad, Buner, Chitral, Charsadda, Dera Ismail Khan, Haripur, Nowshera, Swabi and Upper Dir) of Khyber Pakhtunkhwa. This programme was completed on August 31, 2021. An amount of EUR 29.67 million has been disbursed by PPAF under this project. During the reporting period, all agreed targets according to the Result Based Framework have been achieved and progress of the project is as follows:

1 - FATA has been merged with Khyber Pakhtunkhwa but in compliance with the Programme's financing agreement it is being reported separately.

Implementation progress of LACIP I project as of August 31, 2021 is as follows

Indicators with components	Status as of August 31, 2021 (Number)
Institutional Development & Social Mobilization	
Community organizations formed/revitalized	4,952
Village organizations level formed	410
Union Council level organizations formed	38
Membership in community organizations (35% women)	101,060
Water and Infrastructure	
Water and Infrastructure projects completed	2,024
Beneficiary households	171,564
Population benefitted (52% women)	1,276,440
Livelihood, Employment and Enterprise Development	
Ultra/vulnerable poor received productive assets (44% women)	8,759
Individuals received skills/entrepreneurial training (33% women)	5,315
Education and Health	
Education	
Schools supported	152
Total Enrolment	**32,033**
- Boys	18,150
- Girls	13,883
Health	
BHUs supported	4
Medical Consultation Visits (A+B)	**76,760**
Adults (A)	47,476
- Men	9,955
- Women	37,521
Children (B)	29,284

2.1.5 LIVELIHOOD SUPPORT AND PROMOTION OF SMALL COMMUNITY INFRASTRUCTURE PROGRAMME (LACIP-II)

LACIP-II (financed by KfW) focuses on betterment of living conditions of poor people and contribute to the stabilization of fragile areas in Khyber Pakhtunkhwa. The project budget is EUR 10 million available for implementation of Institutional Development (ID), Community Physical Infrastructure (CPI) and Livelihood Enhancement and Protection (LEP) interventions in 12 UCs of three selected districts (Buner, Lakki Marwat and Shangla) of Khyber Pakhtunkhwa. While all project targets agreed with the donor have been completed in June 2021 and owing to an unspent amount EUR 2.29 million, PPAF and KfW agreed for an extension of one and half year's duration to utilize the remaining funds of the project in district Lakki Marwat. As of June 30, 2022, an amount of EUR 7.37 million was received from KfW by PPAF under this project. Implementation progress of LACIP II project as of June 30, 2022 is as follows:

Indicators with components	Status as of June 30, 2022 (Number)
Component: Institutional Development & Social Mobilization	
Community organizations formed	1,126
Village organizations level formed	148
Membership in community organizations (37% female)	17,115
Community Physical Infrastructure (CPI)	
Infrastructure projects (IAUPs) completed	67
Beneficiary households	21,059
Population benefitted (48% female)	142,709
Livelihoods, Enhancement and Protection (LEP)	
No. of ultra/vulnerable poor received productive assets (50% female)	1,228
No. of individuals received skills/entrepreneurial training (55% female)	1,389

2.1.6 HYDROPOWER AND RENEWABLE ENERGY (HRE) PROJECT

The overall objective of HRE project (financed by GoP through KfW funding) is to contribute to the improvement of the general living conditions and quality of life of the poor in KPK province. The project concerns about the financing of micro/mini hydropower plants, solar lighting systems, integrated water efficient solar irrigation systems and pilot projects in renewable energy in KPK. The project size is EUR 10 million. The project is being implemented in 8 union councils of 6 districts of KPK i.e. Swabi, Chitral, Upper Dir, Buner, Lakki Marwat, and Karak. As of June 30, 2021, Euro 7.29/- million was disbursed by PPAF.

Implementation progress of HRE- I project as of June 30, 2022 is as follows:

Indicators with components	Status as of June 30, 2022 (Number)
Micro Hydropower Project (MHP)	
Projects completed	5
Beneficiary households	1,412
Population benefitted (51% women)	11,680
Solar Lighting Systems (SLS)/ Mini-Grids	
Projects completed	68
Beneficiary households	565
Population benefitted (48% women)	3,802
Solar Drinking Water projects completed	03
Beneficiary households	178
Population benefitted (52% women)	1,337

2.1.7 POVERTY GRADUATION PROGRAMME (PGP) FOR AFGHAN REFUGEES PHASE-II

The Poverty Graduation Programme (PGP) for Afghan Refugees is financed by the United Nations Higher Commissioner for Refugees (UNHCR) implemented in Chaghi district of Balochistan, and Mansehra and Peshawar districts of Khyber Pakhtunkhwa with an overall objective to assist the ultra-poor and very poor Afghan refugee's households in graduating out of poverty through provision of productive assets and rainwater harvesting scheme. Total financial outlay of the project was PKR 331.92 million and it was successfully completed in December 2021. Key achievements of the project are given below:

Indicators with components	Status as of March 31, 2021 (Numbers)
Social Mobilization and Institution Building	
Village Development Plan developed	4
Formation & strengthening of community institutions	4
Livelihoods, Enhancement and Protection	
Formation and Training of CIGs	13
Individuals received skills/entrepreneurial training (46% women)	2,417
Ultra and vulnerable poor received productive assets (37% women)	2,766

2.1.8 POVERTY GRADUATION PROGRAMME (PGP) FOR AFGHAN REFUGEES PHASE-III

Third phase of UNHCR funded PGP initiated in January 2022 aiming to assist the ultra-poor and very poor Afghan refugee's households in graduating out of poverty through provision of productive assets and innovative schemes. The project is being implemented in Upper Dir district of Khyber Pakhtunkhwa and Loralai district of Balochistan over a period of one year (Jan-Dec 2022) with budget of PKR 127.65 million. An amount of PKR 30.19 million has been disbursed as of June 30, 2022. Under this project, the poverty scorecard (PSC) survey of 700 households has been administered in Upper Dir, and this data is shared with UNHCR for verification and approval.

2.1.9 NATIONAL POVERTY GRADUATION PROGRAMME (NPGP)

The National Poverty Graduation Programme (NPGP) is a flagship initiative conceptualized by PPAF, supported by the International Fund for Agricultural Development (IFAD) and the GoP. NPGP programme budget was USD 150 million (GoP USD 50 million and IFAD USD 100 million) to be implemented over a period of six years with an overarching objective to assist the ultra-poor and very poor in graduating out of poverty on a sustainable basis; simultaneously improving their overall food security, nutritional status and resilience to climate change.

The programme components included poverty graduation with the sub-component of asset creation and interest free loans. NPGP aims at transferring livelihood assets and trainings to 176,947 households in 23 districts of 4 provinces of Pakistan. During this reporting year, IFAD conducted its annual supervisory mission to the National Poverty Graduation Programme (NPGP) where it “observed a significant quantitative and qualitative improvement in some of the deliverables since last year” and the overall progress was rated as “4”(moderately satisfactory) which is an improvement from the previous year’s rating which was “3”. Nevertheless, in December 2021, the Project Steering Committee informed PPAF that the NPGP Programme Management Unit will be detached from PPAF and shift under Ministry of Poverty Alleviation and Social Safety (MoPASS).

After PPAF successfully established this project on ground with robust outreach, monitoring and accountability systems and building local partner organizations’ capacities to deliver over the past two and a half years, the Project Monitoring Unit of its dedicated team of technical experts trained over the years has been transitioned to the MoPASS since March 2022. Onward management accountability for NPGP performance therefore rests with MoPASS as of March 2022. PPAF is hopeful for the continued success of this programme and encourages increased investment to scale up this poverty graduation model exponentially to benefit the poorest communities in remote, rural areas as the need is immense.

As of December 31, 2021, USD 51.109 million (USD 31.825 million disbursed from NPGP-IFAD funds and USD 19.283 million from GoP/Counterpart financing) was disbursed by PPAF under this project. Implementation progress of NPGP as of December 31, 2021, is as follows:

Indicators with components	Status as of Dec 31, 2021 (Numbers)
Institutional Development & Social Mobilization	
Village organizations formed/revitalized	3,219
Livelihood, Employment and Enterprise Development	
Ultra/vulnerable poor received productive assets (93% women)	76,507
Individuals received skills/entrepreneurial training (77% women)	26,655
Interest Free Loan	
Loans disbursed	64,103

2.1.10 BUILDING RESILIENCE TO DISASTERS & CLIMATE CHANGE (BRDCC)

PPAF is implementing the Building Resilience to Disasters & Climate Change (BRDCC) Project in eight districts across the country, namely, Nasirabad, Multan, Shangla, Swabi, Dadu, Jamshoro, Naushero Feroze, and overall objective of the project is to promote a culture of safety and resilience by integrating Disaster Risk Reduction (DRR) through mitigation, preparedness, and prevention. As of June 30, 2022, PKR 125.6 million were disbursed by PPAF for this project. Implementation progress of the NDRMF project as of June 30, 2022, is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Institutional Development & Social Mobilization	
Village organizations level formed	101
Membership in village organizations (44% women)	3,769
Community Physical Infrastructure (CPI)	
Proposals submitted by the POs	13 (36 sub-schemes)

2.1.11 DAIRY DEVELOPMENT PROGRAMME (DDP)

PPAF and Engro Foundation are working to establish micro entrepreneurs/ business service providers and livestock extension workers in dairy value chain through diary hub approach, increasing employability and entrepreneurial opportunities of smallholder woman farmers' households. The project will improve milk production efficiency and profitability of smallholder dairy farmers through capacity development in good animal husbandry practices by strengthening the existing dairy value chain and improving milk production capacity. The goal of the project is to assist the poor ultra-poor households in graduating out of poverty on sustainable basis by integrating them into dairy value chain in target district. As of June 30, 2022, PKR 39.61 million was disbursed by PPAF. Implementation progress of Dairy Development Programme as of June 30, 2022, is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Institutional Development & Social Mobilization	
Extension workers trained	25
Farmer training on animal husbandry and nutrition for milking animals (50% women)	2,774
Asset transfer (pregnant cow and nutritious feed to animals)	05

2.1.12 REVITALIZING YOUTH ENTERPRISE (RYE)-II

PPAF in collaboration with financial support of Citi Foundation, initiated the Revitalizing Youth Enterprise (RYE-II) project. The project aims at training 200 youth (aged 16-24) in 4 target locations in Sindh and Punjab on digital, life and financial literacy skills to equip them for online and offline digital markets. The participants will learn new skills and earn income. Each training will be conducted online, over a period ranging from 3 to 6 months. The proposed locations have access to an established market and logistic infrastructure. Under this project, PKR 18.56 million were disbursed as of June 30, 2022.

2.2. PPAF OWN RESOURCES-FUNDED PROGRAMME OVERVIEW

2.2.1 DERA BUGTI PROJECT

PPAF is undertaking multi-sectoral intervention for the development of tehsil Phelawagh Dera Bugti (financed from PPAF's own resources). Total 4 UCs namely Baiker, Kalchas, Phelawagh and Sham of tehsil Phelawagh where Masuri tribes of Bugti are the origin are part of the relief, rehabilitation, assistance, and development programme of PPAF. Implementation progress of Dera Bugti project as of June 30, 2021 is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Social Mobilization and Institution Building	
Formation/strengthening of community organizations	322
Formation/strengthening of village organizations	64
Formation/strengthening of UC level organizations	4
Community members trained (9% women)	1,109
PO staff trained (1% women)	68
Livelihoods, Enhancement and Protection (LEP)	
Livelihood Investment Plans developed	752
Common Interest Groups formed	8
Community Resource Persons trained (17% women)	12
Individuals received skills/entrepreneurial training (16% women)	1,270
Ultra and vulnerable poor received productive assets (18% women)	752
Community Physical Infrastructure (CPI)	
Water and Infrastructure projects completed	155
Beneficiary households	7,063
Population benefited (48% women)	40,664
Basic Health & Education Services	
Renovation of Education Facilities	8
Health centers renovated and/or equipped	2
Basic Health & Education Services	
Awareness sessions on disease prevention	5
Drinking water tanker	20

2.2.2 ENHANCING FOOD SECURITY THROUGH STRATEGIC INTERVENTIONS IN AGRICULTURE:

PPAF is implementing the Enhancing Food Security through Strategic Interventions in Agriculture Project in district Torghar and Swabi districts of Khyber Pakhtunkhwa. The project aims to develop skills and knowledge of farmers on modern agricultural practices and facilitate setting up agriculture value chains to improve livelihoods of small farmers, diversifying cropping through efficient water management, and optimizing farm income. As of June 30, 2022, an amount of PKR 154.54 million was disbursed by PPAF under this project. Implementation progress of under this project is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Social Mobilization & Institution Building	
Formation & revitalization of community Institutions	56
Strengthening of CIs/Exposure visits and capacity building	47
Farmers Field Schools (FFS) Established	56
Agricultural Schemes Initiated on ground	43
Procurement of Goods for Agricultural schemes	43

2.2.3 CHAMALANG BALOCHISTAN EDUCATION PROGRAMME

Through the Chamalang Education Project, PPAF is providing scholarship to out of school children of coal miners from Loralai and Kohlu of Balochistan. This programme is being implemented in collaboration with Pakistan Army and has improved enrolment tremendously in this lagging region. PPAF has supported more than 3,000 students under this project. Most of the students who are supported are enrolled in secondary schools. As of June 30, 2022, PKR 16.12 million have been disbursed by PPAF under the project. Implementation progress of as of June 30, 2022, is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Education	
Overall students supported	1,212
Girls supported	395
Schools supported	15
Students provided exposure of different cities	22

2.2.4 EDUCATION PROJECT SINDH AND GILGIT BALTISTAN (GB)

The objective of the project is to improve quality of education through provision of services to the community managed schools which have been established/strengthened by PPAF in remote areas of Sindh and GB. These schools are operational in remote areas of Ghizer, Badin, Tharparker, Karachi, Jamshoro, Dadu and Khairpur districts. As of June 30, 2022, PKR 31.73 million were disbursed under the project, whereas implementation progress is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Education	
Overall students supported	7,874
Girls supported	3,733
Schools supported	40
Outreach (six districts in Sindh and one in GB)	7

2.2.5 BALOCHISTAN EDUCATION INITIATIVE

In the wake of poor condition of education in Balochistan, PPAF has signed a Memorandum of Understanding (MoU) with the provincial government of Balochistan to jointly contribute to the cause of education in province. Major activities under this project are provision of computer labs and ICT services at school level, health and hygiene sessions for the students, environment clubs, exposure visits and skill development for the students, minor repair in schools and provision of tool kits. As of June 30, 2022, an amount of PKR 23.83 million was disbursed under the project. Implementation progress of project as of June 30, 2022, is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Education	
Overall students supported	8,938
Girls supported	5,862
Schools supported	22

2.2.6 REHABILITATION & RECONSTRUCTION (R&R) AJK PROJECT

The project aims at reconstruction and rehabilitation of two model villages in district Mirpur and Bhimber of AJK. So far, an amount of PKR 35.64 million has been disbursed by the PPAF. Implementation progress as of June 30, 2022 is as follows:

Indicators with components	Status as of June 30, 2022 (Numbers)
Formation & strengthening of community organizations	59
Formation & strengthening of village organizations	2
Community members trained	46
PO staff trained	6
Community Resource Persons trained	8
Assets Transferred	102

2.2.7 TABEER-O-TAMEER FUND (TTF)

TTF aims to target Union Councils Based Organizations (UCBOs) to strengthen and equip them to take and implement development/self-help initiatives. PPAF has maintained a database of Community Institutions in high priority districts and a total 100 Third Tier Organizations (TTOs) have been taken on board in Balochistan, Khyber Pakhtunkhwa, Sindh, Punjab, and GB. As of June 30, 2021, PKR. 133.11 million were disbursed under the project. The activities under the project include institutional strengthening, registration of UCBOs; establishment of offices, audits; preparation of development plans; and conducting awareness sessions around SDGs.

Indicators with components	Status as of June 30, 2022 (Numbers)
Strengthening of UCBOs	96
UCBOs registered, with final approval	76
UCBOs having institutional bank accounts	94
UCBOs having financial audits	91
Awareness sessions around SDGs	2,195

2.2.8 EMPOWERING THE DEAF COMMUNITY

PPAF has supported and contributed towards sustaining socio-economic status of the Person with Disabilities (PWDs), yet there is enough space and opportunity to uplift their livelihoods. The organization implemented a project for the Empowerment of the Deaf Community Phase-I with CHAL Foundation for the rehabilitation of physically challenged persons in Balochistan. Under this project, the PO provided orthotics and prosthetics to 500 physically challenged persons in Balochistan. As of October 31, 202, PKR 15.5 million were disbursed under the project and this phase was closed on October 31, 2021.

Under Phase-II, PPAF initiated activities through its PO, Family Educational Services Fund (FESF). As of June 30, 2022, PKR 37.88 million were disbursed under the project. The project has several activities centered on providing scholarships to 400 deaf students and developing over 1,000 Pakistan Sign Language (PSL) words for employment purposes.

2.2.9 PLANTATION CAMPAIGN IN DISTRICT KHARAN

The goal of the project was to alleviate poverty through provision of fruit trees serving as subsistence ‘safety nets’/low income ‘gap fillers’ and increasing assets and services around plantation in district Kharan. Through this project, 4,500 trees were distributed to the communities which were planted on time. Total financial outlay of the project was PKR 4.7 million and it was successfully completed in September 2021.

2.2.10 REHABILITATION OF PHYSICALLY CHALLENGED PERSONS

The project aimed at promoting and enhancing the independence and participation of Person with Disabilities (PWDs) ultimately contributing to the SDGs agenda “to leave no one behind”. Under this project, PPAF has provided 500 assistive devices (30% to women) and conducted 15 motivational seminars in district Quetta. Total financial outlay of the project was PKR 15.5 million and it was successfully completed in October 2021.

2.2.11 PROMOTING COMMUNITY BASED TOURISM IN NEELAM VALLEY

The project is being implemented in Neelam Valley with an overall objective to empower poor households with an increased income through introducing them to econ-tourism. Total project budget is PKR 13.1 million. So far, mobilization phase in field has been completed for 669 households belonging to 36 COs and 21 rooms have been successfully renovated.

3. PAKISTAN MICROFINANCE INVESTMENT COMPANY (PMIC)

PMIC, incorporated on August 10, 2016, was setup jointly by PPAF, Karandaaz Pakistan (financed by DFID) and KfW to catalyze and lead the next phase of growth in the microfinance sector of Pakistan. The shareholding percentage and amount of initial investment in PMIC is as follows:

SUBORDINATED DEBT TO PMIC

PPAF agreed to provide the amount received from its POs on account of principal repayment of loan as subordinated debt to PMIC. For provision of shareholder loan PPAF and PMIC signed Master Loan Framework Agreement on November 17, 2017. The total amount provided to PMIC, under 10 (ten) subordinated loan agreements, amounts to PKR 10.70 billion as of June 30, 2022 (amount outstanding with PMIC as subordinated debt was Rs 6.69 billion as of June 30, 2022). The repayment under all these agreements has started and PMIC is current in its repayments to PPAF.

Investor	Share (%age)	Equity Investments (Rs in billions)	Board Nominations (Numbers)	Remarks
PPAF	49%	2.88	3	1 Independent Director
KARANDAAZ	38%	2.16	2	1 Independent Director
KfW	13%	0.82	1	
CEO	0%	0	1	
Total	100%	5.86	7	

FINANCIAL HIGHLIGHTS

Income and expenditure	June 30, 2022 Rs. In million	June 30, 2021 Rs. In million
Financing to MFIs / MFBs (net of provision)	25,739	23,477
Investments	2,809	2,186
Other assets	2,284	2,860
Total Assets	**30,832**	**28,523**
Share Capital	5,884	5,884
Contribution by Shareholder- net of tax	88	98
Accumulated Profit / Loss	1,555	1,027
Equity	**7,527**	**7,009**
Subordinated Loans	10,314	11,234
Other Loans	12,098	9,485
Other liabilities	893	795
Total Liabilities	**23,305**	**21,515**
Total Equity & Liabilities	**30,832**	**28,523**
Net income (Net of Sales Tax)	3,581	2,645
Finance Cost	(2,407)	(1,603)
Allowance for expected credit losses	(133)	(54)
Admin & Operating expenses	(427)	(360)
Other income	45	56
Fair value loss on derivative	165	(89)
Profit before Tax	824	595
Taxation	(290)	(183)
Profit after Tax	**534**	**412**

The microfinance providers and their clients faced challenges since the outbreak of Corona Virus and the resultant macroeconomic instability. The first phase of the pandemic last year was followed by three subsequent waves which further impacted microfinance sector. However, as a result of smart and limited scale lockdowns in the country, businesses and enterprises were impacted on a lower scale. This helped the economic activities to continue at a slower pace.

PMIC remained in close coordination with regulators, financial institutions, different stakeholders of microfinance sector such as Pakistan Microfinance Network, Micro Finance Banks and Micro Finance Institutions, research institutions and universities, internal staff, and team members. The rescheduling of loans in FY 2019-20 allowed by PMIC helped its borrowers in maintaining necessary liquidity for self-sustaining operations. All the borrowers of PMIC are current in their repayments as per the revised loan schedules.

4.CORPORATE GOVERNANCE

PPAF believes that good corporate governance is an essential foundation for long term sustainable corporate success and enhances the stakeholders' confidence. The Company's integrity and credibility is demonstrated by adherence to global best practices, beyond the stipulated regulatory requirements. PPAF has demonstrated continued commitment towards adherence to corporate best practices and to ensure maximum compliance with legal and regulatory framework. PPAF Board and management ensures that all the activities are carried out in line with the Companies Act 2017 and other statutory, regulatory and compliance requirements that are applicable to the companies set up under section 42 of the Companies Act, 2017.

Compliance with the best corporate practices

Key features of PPAF's corporate governance framework are:

- Existence of an appropriate governance framework for Company contained in its Memorandum and Articles of Association.
- Existence of an effective Board which is collectively responsible for the long-term success of the company. The Board promotes the company's and all its stakeholder's interests. The size and composition of the Board reflects the scale and complexity of the company's activities.
- Board structures contain Directors with a sufficient mix of competencies and experiences to act objectively in their opinion and judgment.
- Regular meetings of the Board are held to help discharge its duties. The Board is supplied with appropriate and timely information.
- The Board is responsible for risk oversight and has maintained a sound system of internal control to safeguard company's investment and assets.
- There is a clear division of responsibilities between the running of the Board and the running of the company's business.
- Structure of remuneration is sufficient and appropriate to attract, retain, and motivate executives of the quality required to run company successfully.
- The Board has established four Board Committees (Audit Committee, Compensation/HR Committee, Strategy and Design Committee and Risk Oversight Committee) with terms of reference to allow a more effective discharge of its duties.
- The Board presents a balanced and understandable assessment of the company's position.

- The Management places high priority on true and fair presentation and circulation of periodic financial and non-financial information to governing bodies, donors, and other stakeholders of the Company. Statutory audit of PPAF is conducted by a Chartered Accountant firm having satisfactory QCR rating. In addition to preparing financial statements abreast with statutory requirements, PPAF produces separate financial statements for different donors' projects, duly audited by its external auditors. The annual audited financial statements along with Directors' Report as well as half yearly un-audited financial statements along with Management Reviews, of the Company were approved by the Board of Directors and circulated to the stakeholders. The annual audited financial statements were also made available on the Company website. Other financial and non-financial information to be circulated to governing bodies and other stakeholders were also delivered in a timely manner.

The Directors confirm compliance that:

- The financial statements prepared by the Management, present fairly its state of affairs; the result of its operations; cash flows; and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- The Company's ability to continue as a going concern is well established.
- There has been no material departure from the best practices of corporate governance.

Code of Conduct and Conflict of Interest

PPAF's Code of Conduct aims to ensure that business operations are conducted in accordance with the highest ethical considerations complying with all statutory regulations and standards of good corporate governance. The code provides guidelines on fair employment practices, equitable treatment of the employees and procedures to report financial malpractices, damage to assets and actions likely to harm the reputation of the Company. The Company's commitment to abide by the Code of Conduct along with portraying transparent corporate governance in all business dealings are pivotal in achieving the desired business growth and success.

To avoid any known or perceived conflict of interest, formal disclosure of vested interests is mandatory on all General Body, Board and staff members. The Code defines what constitutes a conflict of interest and how such a conflict will be managed. The directors and employees adhere in letter and spirit to all laws and avoid conflict of interest, which if any (real or perceived) are to be notified to the Company immediately.

Adequacy of Internal Financial Controls

Internal control serves to provide an independent and objective appraisal of the organizational dealings leading to continuous improvement in processes and procedures. Internal control ensures that methods and measures are in place to safeguard the business assets, monitor compliance with the best practices of Corporate Governance, check the accuracy and reliability of accounting data and adherence to prescribed rules and policies.

Board of Directors

The Board exercises the powers conferred to it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company, through Board meetings.

Size and composition of the Board

The present Board comprises of 8 directors. All members of the Board are non-executive Directors. The Board possesses necessary skills, competence, knowledge, and experience to deal with various business issues. The Chairperson of the Board is a non-executive director.

Role and Responsibilities of the Board

The primary role of the Board is that of trusteeship to protect and enhance Company value through strategic direction. As trustees, the Board has fiduciary responsibility to ensure that the Company has clear goals. The Board exercises its duties with care, skill and diligence and exercises independent judgment. It sets strategic goals and seeks accountability for their fulfilment. It also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. A formal schedule of responsibilities has been specifically ordained for the Board by virtue of provisions of the Articles of Association of the Company, the Companies Act, 2017 and other applicable regulations. The Board participates actively in major decisions of the Company.

Meetings of the Board

The Board is required to meet at least every quarter to monitor the Company's performance aimed at effective and timely accountability of its management. During the year eleven (11) meetings of Board of Directors were held. The Board reviewed/approved PPAF's progress against the strategy for year 2021-2025; financial assistance for POs; quarterly progress; annual targets and budget; un-audited financial statements along with Management Reviews; audited financial statements along with Directors' and Auditors' Reports; Project specific audited financial statements.

The notice and agenda of the meetings were circulated in a timely manner beforehand. Decisions made by the Board during the meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary, which were duly circulated to all the Directors for endorsement and were approved in the following Board meetings. It was ensured that all meetings of the Board had the minimum quorum attendance as stipulated in the Articles of Association through arrangements for virtual attendance of the meetings by directors as well.

In view of amendments in the Regulation 7(vi) of the Associations with Charitable and Not for Profit Objects Regulations, 2018 made by SECP vide S.R.O. 131(I)/2021, dated February 1, 2021, the Board of directors of the Company determined that directors shall be entitled for reimbursement or payment of actual expenses incurred by them for attending meetings and they shall also receive fee at the rate of Rs. 70,000 per meeting for attending meetings of the board or a committee of board.

The details of name of Board of Directors, number of Board meetings held and attended by each director during the year is shown below:

Sr.No.	Name	No. of meetings Attended	No. of meetings Eligible to attend
1	Ms. Roshan Khursheed Bharucha	11	11
2	Mr. Muhammad Ali Shahzada	9	9
3	Dr. Muhammad Fakhre Alam	0	2
4	Syed Ahmed Raza Asif	11	11
5	Dr. Naved Hamid	9	11
6	Mr. Kamal Hyat	10	11
7	Mr. Ahlullah Khan	6	8
8	Ms. Khawar Mumtaz	9	11
9	Dr. Ijaz Nabi	11	11
10	Ms. Samar Ihsan	9	11

Appointment of Directors:
As per the Articles of Association of the Company, all Members of the Board, except Government nominees, are appointed for a term of three years, on completion of which they are eligible for re-election through a formal election process. However, no such Member of the Board of Directors shall serve for more than two consecutive terms of three years each except for Government nominees.

Change of Directors:
The Board welcomes the new Director; Dr. Muhammad Fakhre Alam, Secretary, Ministry of Poverty Alleviation and Social Safety on the Board. We look forward to benefit from his vision and valued experience which we are confident will go a long way in the future growth and prosperity of the Company. Mr. Ahlullah Khan resigned during the year.

Board Committees

Board Audit Committee:
The Audit Committee comprises of four non-executive directors, including the Chairman, having relevant expertise and experience. The Chairman is an independent non-executive Director. The Chief Internal Auditor or Company Secretary acts as Secretary of the Committee.

The primary objective of the audit committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity, and quality of financial reporting. The Audit Committee reviews the financial and internal reporting processes, the system of internal control, management of risk and the internal and external audit processes. The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. It assists the Board in discharge of its fiduciary responsibilities. The Audit Committee reviews six monthly un-audited and annual audited financial statements of the Company before their respective presentation to the Board and ensures implementation of relevant controls for the integrity of the information. The Committee recommends to the Board of Directors the appointment of external auditors and discusses major observations highlighted by internal and external auditors.

During the year Audit Committee reviewed the internal control systems and risk management mechanisms in conjunction with the Internal Audit reports presented to the Committee. The Committee also reviewed and approved the Internal Audit plan of the Internal Audit unit. Furthermore, the Committee recommended for the approval of the Board the appointment of external auditors; un-audited condensed interim financial statements along with Management Review; audited financial statements along with Auditors' and Directors' Reports of the company; annual budget of the Company; project specific audited financial statements as per donors' requirements.

As per the best practices under the Code of Corporate Governance, the Committee held separate meeting, with External Auditors.

Board Compensation Committee:
The Board Compensation Committee comprises of three members of the Board including the Chairman who is appointed by the Board from the non-executive Directors while Group Head (Support Services) acts as a Secretary of the Committee. The Committee has a mandate to assist the Board in overseeing Company's HR policies, placing particular emphasis on ensuring a fair and transparent compensation policy and ensuring continuous development and skill enhancement of employees.

During the year the committee recommended for Board approval, Confirmation of appointment of Senior Management positions; Salary revisions and terminal benefits.

Risk Oversight Committee:
The Risk Oversight Committee comprises of four members of the Board including the Chairman who is appointed by the Board from the non-executive Directors. Group Head (Financial Management and Corporate Affairs) acts as Secretary of the Committee.

The Committee reviews/asses effectiveness of overall risk management framework at PPAF; adequacy of risk management policies and procedures in identifying, measuring, monitoring and controlling risks; structure/ composition of PPAF's assets and liabilities overall and advise on maturity gaps, interest rate mismatches and exchange rate risk; Treasury Management Strategy (TMS) including composition of Treasury Management Committee and recommend changes, if any; progress and key issues of Pakistan Microfinance Investment Company.

During the year, the Committee endorsed investment decisions made by Treasury Management Committee; reviewed risk management framework along with key risks and mitigation plans; assessed performance/progress of PMIC.

Strategy and Design Committee:
The Strategy and Design Committee comprises of three members of the Board including the Chairman who is appointed by the Board from the non-executive Directors. The Group Head Quality Assurance Research and Design is Secretary of the Committee.

The Strategy and Design Committee assists the Board in the effective discharge of its responsibilities about approval of concept notes and financing proposals for partners and that of donors. During the year, the Committee recommended financing proposals, concept notes and projects for the approval of the Board.

5. HUMAN RESOURCE MANAGEMENT

The year ended was very challenging which required synergized efforts to sustain the momentum of staff hard work and motivation. PPAF culture revolves around an essential set of values - Inclusion, Participation, Accountability, Transparency, Stewardship that all our employees live by every single day.HR being the central point of the organization channelized all its resources during the year on the areas and activities which could bring the agility and accuracy in existing processes and procedures of the department.

The activities were focused on revitalizing the PPAF philosophy by taking progressive measures to incorporate the global best practices into existing policies. As part of continuous review of policies to ensure they reflect the current operating context and the latest legal requirements, HR policy manual was revised with the technical input of M/s PWC-Pakistan (A.F. Ferguson's &CO). The aim was to align the HR practices and policies with best market practices while ensuring all the applicable compliances.

This year reinforced the importance of being a safe, inclusive and supportive place to work for all our employees. We continued to nurture a culture in which our people can thrive, become future-fit and bring their best selves to work. All staff capacity building was done by hiring an external consultant to drive the staff thinking into positive direction. Therefore, a series of training sessions were conducted to promote the dignity at workplace.

The section remained involved in providing operational support to strengthen the talent acquisition of ongoing projects. Following the vision of HR strategy to capture the best, diverse, and skilled human resource across the country, the efforts were made to bring on board the specific required skills set. Talent acquisition and development at PPAF always centered to the tracing of gender; ethnic; and provincial diversity along with people with par- abilities. As part of leadership transition, a new Chief Operating Officer joined the cadres after retirement of CEO.

To make right use of people's technical skill set in evolving situation at PPAF, the stress was laid on internal mobility of staff. The philosophy behind these movements was to create opportunities in existing situation and to get right utilization of people's capabilities in the best interest of organization. With the intention of continuous investment in staff development, we ensure that our employees undertake trainings that enhance their professional acumen and contributes to efficient delivery of their job responsibilities. It was also to reduce the impact of skills set loss that took place due to staff turnover during the period.

The staff development was remained in focus by strengthening the technical requirements of ongoing projects. Thus, the technical requirement was improved by imparting the technical trainings to project staff. Various virtual, in person and customized national learning opportunities from renowned training institutes were provided to staff during the year.

PPAF strives to ensure a healthy diversity in the team and aims to maintain gender balance and non-discriminatory policies. Diversity and inclusion being an integral part of all of HR practices was traced through various actions. A diversified workforce with wide range of expertise is contributing proactively in achieving PPAF's vision. At the end of financial year, PPAF's staff strength was comprised of a total of 186 employees working at Head Office, and regional office in Quetta and project office in Karachi representing 30% women at PPAF.

To embrace the technological innovation in existing operations of Human Resources function at PPAF the implementation of Human Capital Management (HCM) application of SAP is being underway which will further enhance the efficiency of HR function.

The aim was to ensure an apt and efficient response to staff concerns. Therefore, revisions in Grievance Redressal Procedure, Whistle Below Mechanism and conflict of Interest policy were initiated. PPAF was one of the organizations to adopt the Protection against Harassment of Women at Workplace Act, 2010 and now ensuring compliance. To deal with the concerns on sexual exploitation a committee was notified. It was mandated under the Protection Against Harassment of Women at the Workplace (Amendment) Act, 2022, to investigate the issues objectively and help to improve working relationships fairly and impartially.

6. TREASURY & FUNDS MANAGEMENT

An effective cashflow management system forms the basis for successful treasury management and safeguards the Company from any cashflow risks. The Company maintains a dynamic and flexible portfolio of investments for placement of surplus cash in diversified portfolio. Treasury function is governed by Board approved Treasury Management Strategy (TMS) and managed by a Treasury Management Committee (TMC) which comprises of CEO as its chairman, one Group Heads and a General Manager as its members and Head Treasury Management Unit acts as its secretary.

Key objectives of the TMS are as follows:

- Protection of principal will be given high priority by limiting the company's investments to Government and other high credit rated securities.
- The portfolio will be managed to cater for company's operational, capital, disbursement, and repayment requirements.
- Portfolio is expected to achieve a competitive rate of return keeping in view the risk factor and liquidity requirements.
- Provide support for program activities through own resources in order to ensure continuity of project activities.

Diversification with Expo sure Limits

The TMS revolves around the principles of maintaining liquidity, security of capital & obtaining competitive rate of return. The TMS broadly defines the following:

- Minimum 70% and maximum 100% of the overall portfolio can be invested in securities issued by Government of Pakistan (GoP) and long-term AAA rated banks.
    - TMS also defines per party exposure: (i) full portfolio can be invested in securities issued by Government of Pakistan (ii) a maximum of Rs. 2,500 million per bank with long term AAA rating can be invested (iii) investment in Islamic bank with long term AAA rated banks to a maximum 5% of the portfolio can be invested.
    - Funds can be place for any tenor as per liquidity requirements, except for Islamic banks, where tenor can be a maximum of one year.
- Minimum 0% and maximum 30% of the overall portfolio can be invested in long term AA rated Banks with a maximum cap of Rs. 1,500 million per bank. Investments in long term AA rated Banks can only be made if ceiling of long-term AAA Banks have been exhausted or difference in mark-up rate between long term AAA rated Banks and long-term AA rated banks is minimum 1%. Funds in this category can be placed for a maximum tenor of one year.
- Minimum 0% and maximum 15% of the overall portfolio can be invested in long term A rated Microfinance Banks. Maximum cap per bank is the lower of Rs. 500 million or 15% of bank's equity. Funds in this category can be placed for a maximum tenor of one year.
- The placement of funds is arranged with target maturity dates to ensure availability of sufficient liquidity for working capital / investment requirements, besides generation of maximum returns.

Repayment of Debts

A portfolio of long term and short-term investments is maintained after thorough financial evaluation of available investment opportunities. The Company has remained current in its repayments of loans to GoP due to effective cashflow projections. The credit risk in short term investments is controlled through diversification in investments among top ranking financial institutions and sovereign guarantee security in the form of Treasury Bills issued by the Government of Pakistan. For the long-term credit risk, the deployed portfolio includes the sovereign guaranteed security in the form of Pakistan Investment Bonds issued by the Government of Pakistan and deposits in long term AAA rated banks.

Investment Objective

The objective is to earn competitive risk adjusted rate of return by investing in a blend of short, medium, and long-term fixed income and debt instruments while ensuring security of funds.

Portfolio Mix

As of June 2022, exposure in Govt Securities & AAA rated banks was Rs. 19,149 million which represented 100% of the invested portfolio (including endowment fund provided by Government of Pakistan Rs. 1,000 million which is invested in PIBs). The portfolio mix at year end constitutes 83% of long term and 17% of short-term investments.

The SBP has raised the policy rate from 7% (2021) to 15% 2022. The monetary policy remained focused in supporting the economic activity, preventing de-anchoring of inflation expectations and providing support to the Rupee in the wake of multi-year high inflation and record imports.

The market yields of Government Securities were positively placed, however, yields improved during the year on a slower pace whereas yields on shorter investments increased exponentially. In order to gain maximum benefit of higher interest rates, 57% of the available funds were placed in short term investments and remaining 43% were invested in long term investment. Under this strategy, PPAF managed to earn average positive returns during the year.

As per Monetary Policy Committee of SBP, despite the dampening effect of fiscal and monetary tightening on demand-pull inflation, inflation is likely to remain elevated around current levels for much of FY23 due to the large supply shock associated with the necessary reversal of fuel and electricity subsidies. As a result, inflation during FY23 is forecast at around 18-20 percent before declining sharply during FY24.

7. RISK MANAGEMENT

Effective risk management is fundamental to the delivery of PPAF's strategic priorities. Vigorous risk management strategies and proactive risk mitigation techniques are cornerstone in accomplishing the strategic objectives and protecting business assets, personnel, and reputation. Since its inception PPAF has seen significant transformation, and this has naturally resulted in heightening of risks related to strategic choices, strategy execution along with traditional operational and compliance related risks. Management at PPAF periodically reviews major financial and operating risks faced by the Company devises and implements measures to mitigate the potential impact of the risks with the aim to ensure quality decision making. The Board of Directors and Risk Oversight Committee of the Board has overall responsibility for establishment and oversight of the Company's risk management framework.

Risk Management Framework

Risk management at PPAF is integral to all aspects of the organization including strategic planning, decision making, operational planning and resource allocation. It clarifies the accountabilities, the reporting and escalation processes, as well as the communication and consultation mechanisms for internal and external stakeholders. The Company's Board of Directors has overall responsibility for establishment of the Company's risk management framework. It is supported by the Risk Oversight Committee which reviews risk framework and risk register of PPAF on an ongoing basis.

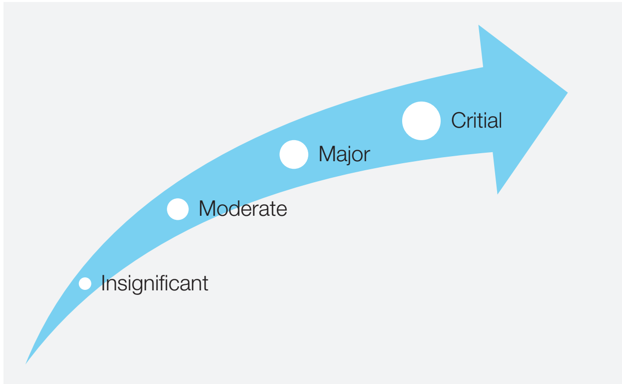
The Enterprise Risk Management framework adopted by PPAF allows linking of risk management process to organization's mission, vision and core values in order to achieve enhanced performance. The stakeholder's value is maximized when management sets strategy and objectives to strike an optimal balance between sustainability and goals and related risks, and efficiently and effectively deploys resources in pursuit of the entity's objectives

PPAF is undertaking number of initiatives for further improving its compliance culture and controls, including enhancing the capacity and scope of the compliance function. The Risk Management Framework (RMF) identifies potential threats and strategy for removing or minimizing the impact of these risks. PPAF's risk management framework is built upon following pillars:

Risk Register

A risk register is maintained by PPAF containing the following categories of information:

1. A description of the main risks facing by the PPAF. Categorization of risks is done and key risks affecting PPAF's objective are identified primarily based on risk identified by donors at the commencement of the projects.
2. The impact shall this event occur. The consequences are defined as:



3. The probability of its occurrence through use of following scale:
   - 3.1 Very Low (may occur only in exceptional circumstances, 20% chance)
   - 3.2 Low (may occur at some time, 20% to 40% chance)
   - 3.3 Medium (likely to occur/reoccur, 40% to 70% chance)
   - 3.4 High (likely to occur/reoccur, 70% to 100% chance)
4. A summary of the planned response when the event occurs; and
5. A summary of risk mitigation (the actions that can be taken in advance to reduce the probability and/or impact of the event).

Risk register is periodically reviewed by Risk Oversight Committee of the Board. Major and significant risks with medium/high likelihood are brought to the attention of the Board of Directors.

Key Sources of Risks and Challenges

PPAF has proactively instilled a culture of risk management and placed effective systems for timely identification, assessment, and mitigation of various risks it is exposed to in the normal course of business. The risks are classified into regulatory, funding, reputational, financial, operational, and hazardous.

International Financial Reporting Standards require judgments, estimates and assumptions while preparing the financial statements which affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. PPAF is taking all necessary steps to remain fully compliant with the International Financial Reporting Standards to meeting its obligations through well managed investment.

Details of significant accounting estimates and judgments including those related to retirement benefits, estimation of useful life of property and equipment, provisions, investment in PMIC have been disclosed in Note 4 to financial statements of the Company.

1. Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rates risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The management of the Company is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

2. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other to incur a financial loss. The Company's credit risk is primarily attributable to loans to the Associate (PMIC) and the POs, receivable from donors, investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

3. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of

Sr.No.		2022 Rupees 000	2021 Rupees 000
1	Long term loans to the Associate	6 ,689,357	7 ,832,293
2	Loans and advances	14,813	34,890
3	Grant fund receivable	181 ,681	158,911
4	Profit / service charges receivable	493,983	570,165
5	Other receivables	2,517	3,291
6	Loans to partner organizations	-	7,760
7	Short term investments	13,000,468	7,599, 899
8	Bank balances specific to projects	788, 124	2,528,684
9	Cash and bank balances	341 ,800	522,337
10	Long term investments	6, 148,444	10,624,743
11	Long term deposits	7, 103	9,431
		27,668, 290	**29,892,404**

extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans. The Company's financial position is satisfactory, and the Company does not have any liquidity problems. The contractual maturities of the financial liabilities are disclosed in note 43 to the financial statements.

4. Market risk

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on bank balances which is denominated in currency other than the functional currency of the Company. The Company exposure to foreign currency risk is Nil (2021: 252,747). A 10 % strengthening/ weakening of the functional currency against foreign currencies on June 30, 2022, with all other variables held constant, would have decreased/ increased surplus for the year by Nil (2021: Rs 25,274 thousand).

ii. Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Variable rate financial assets include balances of Rs. 7,360,438 thousand (2021: Rs. 8,700,736 thousand). Applicable interest rates for financial assets have been indicated in respective notes.

If interest rates had been 1% higher / lower with all other variables held constant, surplus for the year would have been Rs. 73,604 thousand (2021: Rs. 87,007 thousand) higher / lower.

iii. Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end, the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

iv. Fair value of financial instruments

The following table shows the carrying amounts of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is reasonable approximation of fair value.

v. Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objectives, provide benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses in line with the objects of the Company.

Sr.No.	Carrying Amount	2022 Rupees 000	2021 Rupees 000
	Financial assets carried at amortized cost		
1	Long term loans to the Associate	6 ,689,357	7,832,293
2	Loans and advances	14,813	31,948
3	Grant fund receivable	181 ,681	158,911
4	Profit / service charges receivable	493,983	570,165
5	Other receivables	2,517	3,291
6	Loans to partner organizations	-	7,760
7	Short term investments	13,000,468	7,599,899
8	Bank balances specific to projects	788, 124	2,528,684
9	Cash and bank balances	341 ,800	522,337
10	Long term investments	6, 148,444	10,624,743
11	Long term deposits	7, 103	9,431
		27,668, 290	29,889,462

Sr.No.	Carrying Amount	2022 Rupees 000	2021 Rupees 000
	Financial liabilities carried at amortized cost		
1	Lease liabilities	173,644	273,598
2	Long term financing	6,148,105	7,259,072
3	Deferred liabilities - grant fund	721,306	2,237,929
4	Trade and other payables	133,618	56,971
5	Service charges payable	11,820	14,259
		7,188,493	**9,841,829**

Risk Governance

The roles and responsibilities at various levels of our risk management program are outlined in our risk governance structure.

Board and Committees:

Oversees the risk management process primarily through its committees:

- Risk Oversight Committee reviews the effectiveness of overall risk management framework including risk policies, strategies, risk tolerance and risk appetite limits.
- The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.
- Compensation Committee focuses on risks in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk, in addition to succession planning with a view to ensure availability of talented human resources in each area of critical Company operations.

Policies & Procedures

Policies and procedures have been adopted by the Board and its committees and integrated into the Company's risk governance framework to ensure management of financial, operational and compliance risks. These are based on best practices, promoting a culture of ethics and values with authority delegated to senior management for appropriate implementation.

Performance Management

Continuous monitoring is carried out to evaluate the effectiveness of implemented controls and identify areas of weakness to devise strategic plans for improvement, which has enabled aversion of majority of performance risks.

Internal Audit

Internal Audit function provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

Internal Control Compliance

Each Group/Unit identifies and manages risks pertaining to their respective areas of responsibility in addition to ensuring compliance with established internal controls.

8. KEY ACTIVITIES OF PPAF

- Engro Foundation, the social investment arm of Engro Corporation, had signed an MoU with PPAF to contribute Rs 70 million to the Ehsaas Amdan Programme. As part of the commitment, Engro Foundation designed a livelihood programme, focused on smallholder farmers in the livestock sector. This collaboration with PPAF is to support deserving families, whose incomes have been adversely affected by the Covid-19 pandemic. PPAF has engaged Farmer Development Organization as partner through competitive process to implement this project in Toba Tek Singh, over the period of 18 months from September 2021 to February 2023. This project shall support establishment of sustainable livelihoods for 85 poorest woman households through provision of milking animals as asset, strengthening of dairy value chain through 20 microbusinesses around dairy, capacity building of 2700 small holders' dairy framers for increased milk production and training of 77 youth as livestock extension worker for service delivery in the project area. By June 2022, this project has progressed fast in terms of identification of households and designing the interventions for those. A total number of 85 most deserving households have been identified through BISP data duly vetted through a fresh PSC and community validation exercise. These households will be provided with milking cows. Need assessment has been completed for establishment of 20 micro enterprises. 2,774 small holders' farmers (1,392 men 1,382 women) are trained on Improved Animal Husbandry. Out of total 2,774 farmers, 2381 farmers (1,196 men and 1,185 women) who were trained on 1st module are further trained on 2nd module of "Improved Nutrition for Milking Animals". 48 youth have been identified for residential training on Livestock Extension Workers at University of Veterinary & Animal Sciences, Lahore Patooki Campus.

- UNHCR and PPAF has signed Project Partnership Agreement (PPA) for Rs 127 million, to implement third phase of Poverty Graduation Project to further districts, beginning with Lower Dir in Khyber Pakhtunkhwa, and Loralai in Balochistan. Currently phase for the year 2022, is in continuation of the partnership between UNHCR and PPAF and aims to enhance the self-reliance and livelihoods of target populations (Afghan refugees) through the Poverty Graduation Approach. The project will benefit 700 Afghan refugees (Afghan PoR cardholder) in district Lower Dir in Khyber Pakhtunkhwa, and district Loralai in Balochistan. The activities will be focusing on the provision of productive assets to the 700 beneficiaries accompanied by some capacity development trainings to 2000 families.

- PPAF signed an MoU with Engro Fertilizer in November 2018 to start a Pilot project named "Humqadam Program". Under this program Engro provided agricultural inputs (fertilizer & seed) as in-kind IFL loans to small farmers of Sindh and Punjab along with operational cost to partner organizations (POs), whereas PPAF provided facilitation through its POs in terms of identification of crops and location for interventions. After successful implementation of Humqadam Pilot Project for two years, Engro Fertilizer extended the MoU for a period of three years (2020-23). In total, in kind loans worth Rs. 245 million were extended to 5,100 farmers across ten districts.

- In its ongoing programme portfolio, PPAF continued to deliver the Government of Pakistan's (GoP) Interest Free Loan (IFL) Programme in which a total of 132,674 interest free loans amounting to more than PKR 5,367.8 million were disbursed. With the aim of maintaining its strategic engagement with the GoP as a sector leader for financial inclusion, PPAF had also resubmitted its application for the M&E role of the Kamyab Pakistan Programme (KPP) in response to the Ministry of Finance's procurement tender. In this competitive process, PPAF's technical proposal was assessed to score the highest points while the results of the full competition are awaited. In the European Union – funded Growth for Rural Advancement and Sustainable Progress (GRASP) project, a large volume of 4,522 applications from Small and Medium Enterprises (SMEs) for the matching grants scheme component were evaluated. This was followed by trainings and pitching of business plans of 198 selected firms, prior to grant distribution in the following quarter. Under the KfW-funded Livelihood Support and Promotion of Small Community Infrastructure Programme Phase-II Extension (LACIP-II Extension), seven Integrated Area Upgradation Projects (IAUPs) have been completed in District Lakki Marwat. For the next financial year, PPAF management will revise its targets considering current and anticipated funding pipeline.

- A significant level of stakeholder engagement and visibility events were conducted with notable results achieved during this reporting period. The most significant of these was the successful execution of the culminating 14th Citi-PPAF Microentrepreneurship Awards (CMA) held in June which honoured 37 microenterpreneurs by offering them a unique learning experience through a dedicated training programme in business development and cash prizes. The high-profile award ceremony was widely attended by experts and leaders from the business and financial inclusion sectors, government representatives and media. This year's CMA programme saw PPAF substantially exceed its media coverage targets for the event including gaining electronic media coverage for it on diverse channels. This is reflective of the increase in media coverage that PPAF has recorded over the past year, by managing media relations in-house and eliminating the reliance on an external PR agency. Through proactive planning, consistent engagement with key media stakeholders and focused messaging, PPAF's media insertions in this quarter surpassed the cumulative insertions of the previous three quarters. This quarter saw an increase of 27 percent in the number of PPAF twitter followers, while PPAF's social media impressions across all channels exceeded 640,000 (as compared to 500,000 last year). Going forward, the aim is to build on this momentum by positioning PPAF as an authentic voice on a select few priority areas aligned to its Strategy 2021-2025. The stakeholder engagement also extended to holding Partnership Workshops with POs in each province to socialize the PPAF Strategy and to re-align on shared objectives for multiplying impact.

- **NIC Quetta Partnership**

PPAF in collaboration with Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS) and National Incubation Centre of Quetta (NIC Quetta) agreed on a tripartite partnership to support startups through the Incubation Cycle, invest in high - potential SDG - focused startups through grants for seed funding and micro-entrepreneurship bootcamps and hackathons within PPAF communities across Baluchistan.

- **Pilot Digital Hub and Women Strivers Project with PTCL Group**

5PPAF signed an MoU with PTCL Group for the Pilot Digital Hub and Women Strivers Project, under which 100 Women Entrepreneurs will be supported for Digital and Economic Inclusion through digitization, market accessibility and product innovation in district Haripur. Under the project, digital learning and development opportunities to Women Entrepreneurs will be provided, promoting Women Entrepreneurs in successfully launching their virtual businesses through digital platforms.

- **UNDP & PPAF Webinar on Reimagining Development**

PPAF conducted a Webinar with United Nations Development Programme (UNDP) under the theme of Reimagining Development with the key objectives of incorporating and translating Innovation and Social Innovation into development work. The joint Webinar was based on a case study format with the aim of sharing key studies and models of innovation for the development sector.

- **NIBAF MoU**

PPAF signed an MoU with National Institute of Banking and Finance (NIBAF) for a collaboration under the 'National Financial Literacy Program for Youth' (NFLP-Y). The basic aim of the Program is to impart essential Financial Education to Pakistani youth and school going children for strengthening their Money Management Skills and understanding of financial matters. The wider areas of collaboration also include online certifications, financial literacy trainings, development of financial literacy groups and financial literacy galas and exhibitions.

- **Integrated Innovation Development Plan for Neelam Valley and AJK**

PPAF submitted a Concept Note and PC - 1 to the Government of Azad Jammu and Kashmir through the Planning and Development and Social Welfare Departments for an Integrated Innovation Development Plan for Neelam Valley and AJK. Under the Project, PPAF and Government of AJK will focus on Institutional development, Eco -Tourism models using homestays and indigenous resources, Agri - Value Chains, Waste Management and focus on Innovative models including establishment of Incubation Centers.

- **MoU and Integrated Green Development Plan for Underserved Districts of GB**

PPAF and Government of GB signed an MoU to explore mutual areas of interest, including the establishment of the Soni Jawari Centre for Public Policy. PPAF submitted a Concept Note and PC - 1 to the Government of Gilgit - Baltistan through the Planning and Development Department, to be operationalized under the wider MoU signed with the Government of GB. The Integrated Green Development Plan for Underserved Districts of GB, including Institutional development, Eco - Tourism models using homestays and indigenous resources, Agri - Value Chains, Waste Management and a focus on Innovative models including establishment of Incubation Centers.

- **Integrated Innovation Development Project for Targeted Districts in Baluchistan**

PPAF submitted a Concept Note and PC - 1 to the Government of Balochistan through the Planning and Development Department for an Integrated Innovation Development Project for Targeted Districts in Balochistan. Under the Project, PPAF and Government of Balochistan will focus on Institutional development, Eco - Tourism models using homestays and indigenous resources, Agri - Value Chains, Waste Management and on Innovative models including establishment of Incubation Centers.

- **Provincial Advisory Committee of Khyber Pakhtunkhwa (KP)**

After an introductory meeting under the chair of honorable Chief Secretary (CS), Khyber Pakhtunkhwa, a Provincial Advisory Committee has been constituted and notified successfully. The Provincial Advisory Committee will review development interventions in the province including Merged Areas in Tourism sector, Infrastructure development, Social Sector Initiatives, Climate Change and Livelihood improvement.

- **Provincial Advisory Committee of Gilgit - Baltistan (GB)**

After an introductory meeting under the chair of honorable Additional Chief Secretary (ACS) Planning and Development Department GB, a Provincial Advisory Committee has been constituted and notified successfully. The Provincial Advisory Committee will focus on the implementation of the MoU signed between Government of GB and PPAF to review, advise, deliberate and provide feedback/guidance on the programs and extend technical support on provincial strategies and policies regarding PPAF's interventions in the region.

• Celebration of MSMEs International Day

MSMEs International Day was celebrated at Movenpick Hotel in Karachi on June 24, 2022.

The objective was to recognize the importance of MSMEs, discussing the challenges around access to finance, adaptation of green technology and opportunities and the importance of MSMEs for Inclusive and Sustainable economic progress.

Six Panelists, representing Sindh Enterprise Development Fund (SEDF), Women Chamber of Commerce and Industry, Sindh Chamber of Agriculture, SMEDA and Now PDP responded to queries/questions of the participants.

In his closing remarks, COO PPAF, Mr. Nadir Gul Barech stressed that, we should utilize our Human Resource productively if we want to do. We must change the mindsets of MSMEs and tell them that they can do much better and consequently earn more through established businesses rather than jobs. MSMEs must be aware of working in Value Chains and should have knowledge about it. They must be informed about new technologies and how to manage/operate MSMEs, especially, where the population is scattered. He further said that for more than 20 years, PPAF has been working on Skills Enhancement, Capacity Building through trainings/exposure visits, Assets Transfer to MSMEs and has been a pioneer in financial sector. GRASP is a great opportunity, and we should take full advantage of it. He stressed that we can together overcome challenges through developing synergies and building upon each other's strength.

• Moving Towards Inclusive Pakistan

PPAF in collaboration with National Institute of Banking and Finance (NIBAF), organized a high-profile event on 9th March 2022 on the agenda of "Moving Towards Inclusive Pakistan". It was followed by 2 - day training for deaf teachers on Financial Inclusion at NIBAF's auditorium, Islamabad, through facilitation from PPAF's specialized Partner/Institution, Family Educational Services Foundation (FESF). For these trainings to ensure inclusivity, the standard training manuals were converted into Sign Language. Through provision of this training, the teachers were equipped with the knowledge and capacity to impart Financial Literacy Skills to the Deaf students. In relation to above, the following key personnel added value to the Event by sharing their knowledge through active participation, interest and keen involvement:

- Mrs. Samina Arif Alvi ,1st Lady
- Additional Secretary PASS Division Capt ® Mr. Saeed Ahmad Nawaz
- Governor State Bank of Pakistan Dr. Reza Baqir

This will help to create an enabling, competitive, and healthy environment, where the Persons with Disabilities (PWDs) can contribute a lot in the socio - economic development of Pakistan by enhancing their potential, skills, knowledge, and capabilities, to enjoy fair and equal access to financial services at grassroots level.

• Webinar on Poverty Alleviation for Persons with Disability through Technology

To mark the International Day of Person with Disabilities (PWDs), PPAF, Deaf Reach, and Facebook organized a Webinar on "Poverty Alleviation for Persons with Disability through Technology" on 2nd December 2021. This Webinar aimed to explore how educators, activists, policymakers and technology providers can work together to enhance technological skills for poverty alleviation in PWD's. Following were the Panelists:

1. Mrs. Samina Alvi, First Lady of Pakistan
2. Monica Desai, Public Policy Director, Facebook
3. Qassim Naveed Qamar, Special Assistant to Chief Minister of Sindh
4. Mr. Irshad Khan Abbasi – GH III PPAF
5. Richard Geary, Founder/Director FESF
6. Atif Sheikh, Executive Director, STEP

The conversation revolved around the commitment and effective collaboration of diverse Stakeholders, which is a foundational key to improved Digital Inclusion of differently abled people.

• Meeting with the Chief Secretary, Khyber Pakhtunkhwa

An introductory meeting was held on June 14, 2022, under the chair of honorable Chief Secretary (CS) KP in Civil Secretariat.

The purpose of the meeting was to update on PPAF Interventions and Government of KP Programs in Pakistan and in the various parts of KP, plan for a long-term strategic partnership between GoKP and PPAF through formal MoUs and requesting the Chief Secretary for notifying representatives/officials from the relevant departments of the provincial Government on KP revised Provincial Advisory Committee of KP for PPAF.

The CS reiterated the following key actions for further process by PPAF and respective Government of KP departments:

1. Notification of revised KP Provincial Advisory Committee by Planning and Development Department.

2. PPAF future engagements/follow up with the Planning and Development, Social welfare, Agriculture and Tourism Departments for equity based integrated projects on Livelihoods, Institutional Development, Agri Value Chains and PWDs.

- **14th Citi - Micro Entrepreneurship Awards Ceremony**

III Group organized 14th Citi Micro entrepreneurship Awards ceremony at Marriot Hotel, Islamabad on June 10, 2022. The Program aimed at raising awareness about Microfinance, to recognize and celebrate the contributions that Microentrepreneurs bring to the economy and to highlight best practices in the sector, with entrepreneurs and loan officers both recognized for their efforts. The Ceremony is held on yearly basis through collaboration between PPAF and Citi Foundation.

- **Inclusive Development Plan for Balochistan**

III Group prepared a Concept Note on the “Rehabilitation of Persons with Disabilities” and submitted the same to the Government of Balochistan in June 2022. The proposed Project is based on Equity basis. For this purpose, 70% share will be from Balochistan Government and 30% cost will be shared by PPAF. In terms of operational cost, PPAF share is 10% and Chal Foundation will also add equity of around 15%. The total proposed cost of the Project is Rs. 324.88 million. The Concept has been acknowledged by the Social Welfare Department of Baluchistan and further deliberations are under process.

FINANCIAL STATEMENTS

For the year ended June 30,2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Poverty Alleviation Fund
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Poverty Alleviation Fund (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the surplus and other comprehensive loss, the changes in funds and reserves and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.

Chartered Accountants
Islamabad
Date: October 7, 2022

UDIN: AR202210053E5noP7jhS

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
ASSETS		-------- Rupees '000 --------	
NON-CURRENT ASSETS			
Property and equipment	7	**274,058**	359,912
Intangible assets	8	**27,435**	-
Investment in the Associate	9	**3,645,273**	3,386,298
Long term investments	10	**6,148,444**	10,624,743
Long term loans to Associate	11	**5,546,419**	6,689,355
Long term loans and advances	12	**6,147**	14,226
Long term deposits		**7,103**	9,431
		15,654,879	21,083,965
CURRENT ASSETS			
Current portion of long term loans to Associate	11	**1,142,938**	1,142,938
Loans and advances	12	**8,666**	17,722
Grant fund receivable	13	**181,681**	158,911
Short term prepayments		**845**	1,906
Profit / service charges receivable	14	**493,983**	570,165
Advances and other receivables	15	**134,655**	184,408
Loans to partner organizations	16	**-**	7,760
Short term investments	17	**13,000,468**	7,599,899
Tax refunds due from the Government	18	**420,032**	409,613
Bank balances specific to projects	19	**788,124**	2,528,684
Cash and bank balances	20	**341,800**	522,337
		16,513,192	13,144,343
TOTAL ASSETS		**32,168,071**	34,228,308
FUNDS, RESERVES AND LIABILITIES			
FUNDS AND RESERVES			
Endowment fund	21	**1,000,000**	1,000,000
Grant fund		**13,031,426**	12,363,651
Accumulated surplus		**6,935,629**	6,731,415
		20,967,055	20,095,066
Reserve for grant based activities		**2,927,267**	3,025,542
		23,894,322	23,120,608
NON-CURRENT LIABILITIES			
Lease liabilities	22	**173,043**	195,177
Long term financing	23	**5,022,640**	5,979,475
Deferred benefit	23	**1,081,082**	1,249,657
		6,276,765	7,424,309
CURRENT LIABILITIES			
Current portion of lease liabilities	22	**601**	78,421
Current portion of long term financing	23	**1,125,465**	1,279,597
Deferred liabilities - grant fund	24	**721,306**	2,237,929
Deferred capital grant	26	**1,320**	-
Trade and other payables	27	**136,472**	73,185
Service charges payable	28	**11,820**	14,259
		1,996,984	3,683,391
TOTAL FUNDS, RESERVES AND LIABILITIES		**32,168,071**	34,228,308
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes from 1 to 47 form an integral part of these financial statements.

R K Bharuch Khawar Mumtaz

CHAIRPERSON **DIRECTOR** **CHIEF OPERATING OFFICER**

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		-------- Rupees '000 --------	
INCOME			
Service charges on loans to Associate and partner organizations	30	**750,236**	677,269
Income on investments and savings accounts	31	**2,001,188**	1,831,429
Share of profit of Associate	9	**261,830**	201,658
Amortization of deferred income - grant fund	13 & 25	**214,566**	124,679
Amortization of deferred benefit	23.3.1	**168,575**	163,102
Other income	32	**2,840**	5,455
		3,399,235	3,003,592
EXPENDITURE			
General and administrative expenses	33	**1,006,322**	862,722
Seminars, workshops and trainings	34	**7,245**	11,033
Technical and other studies	35	**75,777**	80,383
Reversal of allowance for expected credit losses	36	**(27,690)**	(9,910)
Financial charges	37	**264,107**	267,933
		1,325,761	1,212,161
SURPLUS BEFORE PROJECT AND RELIEF ACTIVITIES		**2,073,474**	1,791,431
Expenditure on project and relief activities	38	**(1,296,905)**	(253,258)
SURPLUS FOR THE YEAR		**776,569**	1,538,173

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHAIRPERSON **DIRECTOR** **CHIEF OPERATING OFFICER**

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		------ Rupees '000 ------	
SURPLUS FOR THE YEAR		**776,569**	1,538,173
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR			
Items that will not be subsequently reclassified to statement of income and expenditure			
Share of other comprehensive income / (loss) of Associate - net of tax	9	**(2,855)**	1,593
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**773,714**	1,539,766

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHAIRPERSON **DIRECTOR** **CHIEF OPERATING OFFICER**

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED JUNE 30, 2022

	Note	FUNDS		RESERVES		
		Endowment fund	Grant fund	Accumulated surplus	Reserve for grant based activities	TOTAL
		Rupees '000				
Balance at July 01, 2020		**1,000,000**	**12,172,504**	**6,366,229**	**2,042,109**	**21,580,842**
Total comprehensive income for the year						
Surplus for the year		-	-	1,538,173	-	1,538,173
Other comprehensive income for the year		-	-	1,593	-	1,593
		-	-	1,539,766	-	1,539,766
Transfer from accumulated surplus to reserve for grant based activities	39	-	-	(983,433)	983,433	-
Transfer from accumulated surplus to grant fund		-	191,147	(191,147)	-	-
Balance at June 30, 2021		**1,000,000**	**12,363,651**	**6,731,415**	**3,025,542**	**23,120,608**
Total comprehensive income for the year						
Surplus for the year		-	-	776,569	-	776,569
Other comprehensive (loss) for the year		-	-	(2,855)	-	(2,855)
		-	-	773,714	-	773,714
Transfer from reserve for grant based activities to accumulated surplus	39	-	-	98,275	(98,275)	-
Transfer from accumulated surplus to grant fund		-	667,775	(667,775)	-	-
Balance at June 30, 2022		**1,000,000**	**13,031,426**	**6,935,629**	**2,927,267**	**23,894,322**

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHAIRPERSON

DIRECTOR

CHIEF OPERATING OFFICER

PAKISTAN POVERTY ALLEVIATION FUND
(A Company Incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		-------- Rupees '000 --------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		776,569	1,538,173
Adjustment for non cash and other items:			
Depreciation of property and equipment	7	76,461	71,186
Amortization of intangible assets	8	1,454	-
Share of profit of Associate	9	(261,830)	(201,658)
Reversal of allowance for expected credit losses	36	(27,690)	(9,910)
Amortization of deferred income - grant fund	13 & 25	(214,566)	(124,679)
Amortization of deferred benefit	23.3.1	(168,575)	(163,102)
Gain on disposal of property and equipment	32	(157)	(114)
Gain on remeasurement of lease liabilities		(1,966)	-
Financial charges	37	264,107	267,933
		(332,762)	(160,344)
		443,807	1,377,829
Working capital changes			
Decrease / (increase) in current assets:			
Loans and advances		9,056	6,883
Short term prepayments		1,061	8,318
Profit / service charges receivable		76,182	321,474
Advances and other receivables		49,753	(112,399)
(Decrease) / increase in current liabilities:			
Trade and other payables		63,287	31,221
		199,339	255,497
		643,146	1,633,326
Disbursements to partner organizations - Grants	24.2	(2,093,333)	(7,905,730)
Deferred liabilities transferred to PASS Division	24.2	(71,651)	-
Repayment of long term loans from Associate	11	1,142,938	1,142,938
Recoveries of loans to partner organizations	16	35,450	21,550
Long term loans and advances		8,079	16,319
Long term deposits		2,328	(8,530)
Income tax paid		(10,419)	(15,212)
Service charges paid		(61,416)	(71,013)
Financial charges paid		(366)	(620)
		(1,048,390)	(6,820,298)
Cash used in operating activities		(405,244)	(5,186,972)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made - net		(926,270)	(1,186,871)
Capital expenditure incurred	7 & 8	(49,875)	(61,981)
Proceeds from disposal of property and equipment		2,273	324
Cash used in investing activities		(973,872)	(1,248,528)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid	22	(105,915)	(737)
Long term financing repaid	23	(1,279,542)	(1,279,598)
Deferred liabilities - grant fund receipts	24	655,843	8,245,788
Deferred income - grant fund receipts	25	185,633	118,408
Cash (used in) / generated from financing activities		(543,981)	7,083,861
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,923,097)	648,361
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,424,021	2,775,660
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	44	1,500,924	3,424,021

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHAIRPERSON	**DIRECTOR**	**CHIEF OPERATING OFFICER**

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. STATUS, BACKGROUND AND NATURE OF OPERATIONS

1.1 Pakistan Poverty Alleviation Fund (the Company/ PPAF) was registered in Pakistan on February 6, 1997 as a public company, limited by guarantee, not having share capital and licensed under section 42 of the Companies Ordinance, 1984 (now replaced by section 42 of the Companies Act, 2017). The registered office of the Company is situated at plot 14, street 12, Mauve Area, G-8/1, Islamabad, Pakistan.

Geographical location and address of business units

	Address
Head Office	Plot 14, Street 12, Mauve Area, G-8/1, Islamabad
Branch Office	House 399/A Gulistan Road, Near Govt Girls College, Quetta

1.2 The Primary object of the Company is to help the poor, the landless and the asset-less in order to enable them to gain access to resources for their productive self-employment and to encourage them to undertake activities of income generation, poverty alleviation and for enhancing their quality of life. In order to achieve its objectives, the Company is mandated to work through Partner Organizations (POs), i.e., Non-Government Organizations (NGOs), Community Based Organizations (CBOs), Rural Support Programmes (RSPs) and other private sector organizations.

1.3 Pursuant to the establishment of the Pakistan Microfinance Investment Company Limited (PMIC), and in accordance with the terms of the Non-Compete Agreement, the Company has ceased to underwrite new loans to its POs, with effect from February 21, 2017.

1.4 The Company's license under section 42 of the Companies Act, 2017, issued by the Securities and Exchange Commission of Pakistan (SECP), expired in January 2015. In accordance with the SECP's SRO 1574(I)/2021 dated November 29, 2021, the requirement of renewal of license by the Company under section 42 of the Companies Act, 2017 has now been omitted from Associations with Charitable and Not for Profit Objects Regulations, 2018. Accordingly, renewal of license is not required to be obtained and the existing license issued by the SECP remains effective.

1.5 During the financial year, the Company's Board of Directors resolved to appoint the new Chief Executive Officer of the Company, and recommended the proposed candidate to SECP for its approval as per requirement of regulation 7(xvi) of Associations with Charitable and Not for Profit Objects Regulations, 2018. The above request was not acceded to by SECP on the basis of opinion provided by Ministry of Law and Justice to follow the procedures defined for "Public Sector Company" under Companies Act 2017 and the Public Sector Companies (Corporate Governance) Rules, 2013 for appointment of new CEO. The Company has contested the matter before the Honourable Islamabad High Court which has directed to maintain status quo in the affairs of the Company. The matter is currently pending adjudication.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under Companies Act, 2017 have been followed.

Also refer note 4.4 for equity accounted investment in associate.

3. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention, except for the fair value of deferred benefit of the below market rate of interest on a long term financing.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Employee benefits

(i) The Company maintains a separate, approved contributory provident fund for all employees for which contributions, at 10% of basic salary, amounting to Rs 30,618 thousand (2021: Rs 27,440 thousand) were charged to income for the year.

(ii) The Company makes defined contributions for all its regular employees, at 10% of basic salary, amounting to Rs 25,955 thousand (2021: Rs 23,854 thousand) to a pension fund manager charged to the income for the year. The Company selected "NBP Fund Management Limited" (NBP Funds) as a fund manager. Employees choose investment plan of pension fund at their own choice as per the rules of pension investment fund offered by the fund manager. The Company has no obligation regarding the performance of the fund selected by the employees.

4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost in relation to property and equipment comprises acquisition and other directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is charged to the statement of income and expenditure, applying the straight line method to write off the cost of an asset over its estimated useful life, at the rates specified in note 7 to the financial statements. Depreciation is charged on additions from the date the asset becomes available for its intended use up to the date on which they are derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the statement of income and expenditure as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired. A gain or loss on sale or retirement of an asset is included in the current year's surplus / loss.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and determined in accordance with note 4.20 to the financial statements.

4.3 Intangible assets

Costs that are directly associated with identifiable intangible assets controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to the statement of income and expenditure, applying the straight line method to write off the cost of an asset over its estimated useful life, at the rates specified in note 8 to the financial statements. Amortization is charged on additions from the date the asset becomes available for intended use up to the date on which the asset is derecognized.

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.4 Investment in the Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of income and expenditure reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in funds and reserves. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The applicable financial reporting framework for equity accounted investee also includes Non Banking Finance Companies (NBFC) Regulations and underlying rules and directives.

The Company's share of profit or loss of an associate is shown on the face of the statement of income and expenditure and represents profit or loss after tax of an associate. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit of Associate' in the statement of income and expenditure.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income and expenditure.

4.5 Investments

These are investments with fixed maturities and the Company has the positive intent and ability to hold the investment till maturity, and are classified at amortized cost where they are initially measured at cost representing the fair value of consideration given. At subsequent reporting dates these are measured at amortized cost using the effective interest rate method. The resultant change in value is reported directly in the statement of income and expenditure.

In order to safeguard against a major default and to provide sufficient capital adequacy an amount equivalent to 15% of the total loans receivable from PMIC and Partner Organizations (refer to notes 11 and 16 to the financial statements) is held in investments. Further, subsequent to the Company's investments in PMIC (refer to note 9 to the financial statements), the amount equivalent to level of Company's investment in PMIC, is deemed to be employed for micro-credit development.

4.6 Long term deposits

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for long term deposits, the Company applies the IFRS 9 simplified approach as explained in detail in note 4.22 to the financial statements, to measure the expected credit losses.

4.7 Advances and other receivables

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for advances and other receivables, the Company applies the IFRS 9 simplified approach as explained in detail in note 4.22 to the financial statements, to measure the expected credit losses.

4.8 Loans to partner organizations

These are recognized at cost, which is the fair value of consideration given. For measurement of loss allowance for loans to partner organisation, the Company applies the IFRS 9 simplified approach as explained in detail in note 4.22 to the financial statements, to measure the expected credit losses.

4.9 Taxation

Pursuant to the promulgation of the Finance Act, 2017, from tax year 2018 onward, the Company's income has been exempted from income tax, under part 1 of the Second Schedule to the Income Tax Ordinance, 2001.

4.10 Grant fund

The grant fund is established to ensure long-term sustainability of the Company and is funded in accordance with the appropriation policy as follows:

i) microcredit reserve (amounting to Rs 3,645,273 thousand as at June 30, 2022, included in accumulated surplus) will be kept at the amount equivalent level of equity investment in PMIC and will grow in line with yearly income from PMIC net of any dividend received;

ii) capital adequacy reserve (amounting to Rs 1,003,404 thousand as at June 30, 2022, included in accumulated surplus) will be kept at 15% of outstanding loan portfolio;

iii) net surplus before project and relief activities will be allocated to reserve for grant-based activities in the ratio of opening balance of grant fund to average investments (other than investment and loans to associate); and

iv) remaining net surplus before project and relief activities along with savings from capital adequacy reserve, if any, will be allocated to grant fund and general reserve in the ratio of their opening balances in equity.

4.11 Reserve for grant-based activities (RGA)

The RGA is used for grant-based health, education, infrastructure, emergency and other activities that fall within the overall strategic framework of the Company's objectives and is funded in accordance with the appropriation policy as mentioned in note 4.10 to the financial statements above.

4.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets

The Company recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the lease term, and are included in the property and equipment as a separate class.

The right of use assets are also subject to impairment (note 4.20 to the financial statements 'Impairment of non-financial assets').

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments in the measurement of the lease liability comprise the following:

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable under a residual value guarantee; and

d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments with a corresponding adjustment to the right of use assets, or is recorded in the statement of income and expenditure if the carrying amount of the right of use asset has been reduced to zero.

Variable lease payments are recognized in the statement of income and expenditure in the period in which the condition that triggers those payments occurs.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

4.13 Long term financing and deferred benefit

Long term financing, whose disbursement commenced before June 30, 2009, are measured at amortized cost. In accordance with IAS 20, long term financing at a below market rate of interest whose disbursement commenced on or after July 1, 2009 are carried at present value and the difference between the present value and loan receipts is treated as a Government grant and recorded as a deferred benefit. The benefit is recognized as income using the effective interest method over the period of the loan. A corresponding charge at the market rate of interest on the carrying value of the loan is recognized as an interest expense.

4.14 Receipts - loans and grants

The Government of Pakistan has executed various agreements with multiple donors for the execution of poverty alleviation projects. Amounts are received from the Government of Pakistan, on account of these donors' projects, the Prime Minister's Interest free loan scheme and other donors on the basis of Financial Monitoring Reports, advance requests and statements of expenses etc., raised by the Company on a periodic basis, under the relevant categories, as specified in the Financing schedules under the respective Financing Agreements.

The Company has no obligation (contractual or constructive) in respect of the funds received from the donors and transferred to partner organizations under the above mentioned donor agreements, except for the monitoring of the execution of the projects against which the Company is entitled to receive certain percentages of the respective approved budgets of the Projects. The Company has adopted the deferral method of accounting instead of fund accounting.

4.15 Deferred liabilities - grant fund

Receipts related to grants specific to partner organizations (POs) are presented as deferred liabilities, and the related disbursements to POs, during the year, are netted off there against.

4.16 Trade and other payables

Liabilities for trade and other payables are carried at amortized cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.18 Contingent liabilities and assets

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is disclosed, which is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

4.19 Income recognition

Service charges on loans and profit / mark-up on investments and bank accounts are recognized using the effective interest method.

Grants related to income are recognized as deferred income and amortized over the periods necessary to match them with the related costs, which these are intended to compensate, on a systematic basis. Grants that compensate the Company for cost of an asset are recognized in the statement of income and expenditure on a staright line basis over the expected life of the related asset, upon capitalization.

4.20 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the extent, that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of income and expenditure.

4.21 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All borrowing costs are recognized as an expense in the year in which these are incurred.

4.22 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 "Revenue from Contract with Customers".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i) Financial assets at amortized cost (debt instruments),

ii) Financial assets at fair value through OCI (debt instruments),

iii) Financial assets designated at fair value through OCI (equity instruments), and

iv) Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the statement of income and expenditure when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and expenditure and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to the statement of income and expenditure.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of income and expenditure.

The Company does not have any investment in equity instrument and financial instrument at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the statement of financial position at fair value with gains or losses recognized in the statement of income and expenditure.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

i) The rights to receive cash flows from the asset have expired; or

ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Loans to partner organizations are considered as trade debts of the Company and it applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the Partner Organizations and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Company's policy to measure ECLs on investment grade debt instruments at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

b) Financial liability

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes lease liabilities, long term financing, deferred liabilities - grant fund, trade and other payables and service charges payable.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income and expenditure.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

This is the category most relevant to the Company. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest (EI) method. Gains and losses are recognized in the statement of income and expenditure when the liabilities are derecognized as well as through the EI method amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EI method. The EI method amortization is included as finance costs in the statement of income and expenditure.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income and expenditure.

c) Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.23 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees (Rs), which is the Company's functional currency.

Transaction and balances

Transactions in foreign currencies are translated in Pak Rupees at the monthly average rate of exchange. Monetary assets and liabilities expressed in foreign currencies are translated into Rs at the official rate prevailing on the reporting date. Gains and losses on foreign currency transactions are included in the statement of income and expenditure, except exchange differences related to disbursements against Special Drawing Rights (SDR) for micro credit loan, community physical infrastructure grant, social sector development, social mobilization, disability, livelihood enhancement and protection and capacity building grant which are included in their respective balances.

4.24 Related party transactions

All transactions with related parties arising in the normal course of business are conducted at arm's length at normal commercial rates, on the same terms and conditions as third party transactions, using valuation modes, as admissible, except in rare circumstances where, subject to the approval of Board of Directors, it is in the interest of the Company to do so.

4.25 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position in case of local currency balances and at closing exchange rate, in case of foreign currency balances. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term investments that are highly liquid and readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

4.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Company does not measure any of its assets or liabilities at fair value.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

The estimates / judgements and associated assumptions that have significant effect on financial statements are as follows:

i) Determining the useful lives, residual value, and method of depreciation of property and equipment - note 4.2 and note 7 to the financial statements;
ii) Assessment of significant influence in the Associate - note 4.4 and note 9 to the financial statements;
iii) Estimate of recoverable amount of investment in the Associate - note 4.4 and note 9 to the financial statements;
iv) Expected credit loss allowance- note 4.22 to the financial statements;
v) Right of use asset and corresponding lease liabilities - note 4.12, note 7 and note 22 to the financial statements;
vi) Fair value of the deferred benefit of the below market rate of interest on a long-term financing - note 4.13 and note 23 to the financial statements;
vii) Provisions and contingencies - note 4.17, note 4.18 and note 29 to the financial statements;
viii) Impairment of non-financial assets - note 4.20 to the financial statements.

6. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

6.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company are:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

6.2 Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

IFRIC 12 Service Concession arrangements issued by IASB has been waived off by SECP.

7. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Right of use asset (note 7.2)	Total
	Rupees in '000					
At July 01, 2020						
Cost	28,731	77,766	52,873	99,779	285,917	545,066
Accumulated depreciation	(21,564)	(47,569)	(44,395)	(77,530)	(33,385)	(224,443)
Net book value	7,167	30,197	8,478	22,249	252,532	320,623
Year ended June 30, 2021						
Opening net book value	7,167	30,197	8,478	22,249	252,532	320,623
Additions	2,559	18,321	15,481	25,620	45,830	107,811
Remeasurement of lease liability	-	-	-	-	2,874	2,874
Disposals						
Cost	-	-	-	(6,608)	-	(6,608)
Accumulated depreciation	-	-	-	6,398	-	6,398
	-	-	-	(210)	-	(210)
Depreciation charge	(2,543)	(9,392)	(4,428)	(12,095)	(42,728)	(71,186)
Closing net book value	7,183	39,126	19,531	35,564	258,508	359,912
At June 30, 2021						
Cost	31,290	96,087	68,354	118,791	334,621	649,143
Accumulated depreciation	(24,107)	(56,961)	(48,823)	(83,227)	(76,113)	(289,231)
Net book value	7,183	39,126	19,531	35,564	258,508	359,912
Year ended June 30, 2022						
Opening net book value	7,183	39,126	19,531	35,564	258,508	359,912
Additions	124	-	5,027	15,834	-	20,985
Remeasurement of lease liability	-	-	-	-	(28,262)	(28,262)
Disposals						
Cost	(1,957)	-	(204)	(6,321)	-	(8,482)
Accumulated depreciation	1,957	-	184	4,225	-	6,366
	-	-	(20)	(2,096)	-	(2,116)
Depreciation charge	(2,432)	(11,186)	(5,818)	(15,054)	(41,971)	(76,461)
Closing net book value	4,875	27,940	18,720	34,248	188,275	274,058
At June 30, 2022						
Cost	29,457	96,087	73,177	128,304	288,788	615,813
Accumulated depreciation	(24,582)	(68,147)	(54,457)	(94,056)	(100,513)	(341,755)
Net book value	4,875	27,940	18,720	34,248	188,275	274,058
Annual rate of depreciation (%)	20	20	20	25	11 - 25	

7.1 Depreciation for the year is charged to general and administrative expenses (refer to note 33 to the financial statements).

7.2 Right of use asset represents office premises obtained on rent by the Company.

7.3 No fixed assets having net book value in excess of Rs 5,000 thousand were sold during the year.

8. INTANGIBLE ASSETS

	Note	Satellite imageries	Computer Softwares	Total
		---------------- Rupees in '000 ----------------		
At July 01, 2020				
Cost		19,078	19,157	38,235
Accumulated amortization		(19,078)	(19,157)	(38,235)
Net book value		-	-	-
Year ended June 30, 2021				
Opening net book value		-	-	-
Additions		-	-	-
Disposals		-	-	-
Amortization charge	8.1	-	-	-
Closing net book value		-	-	-
At June 30, 2021				
Cost		19,078	19,157	38,235
Accumulated amortization		(19,078)	(19,157)	(38,235)
Net book value		-	-	-
Year ended June 30, 2022				
Opening net book value		-	-	-
Additions		-	28,889	28,889
Disposals		-	-	-
Amortization charge	8.1	-	(1,454)	(1,454)
Closing net book value		-	27,435	27,435
At June 30, 2022				
Cost		19,078	48,046	67,124
Accumulated amortization		(19,078)	(20,611)	(39,689)
Net book value		-	27,435	27,435
Annual rate of amortization (%)		25	25-33	

8.1 Amortization charge for the year has been taken to general and administrative expenses.

9. INVESTMENT IN THE ASSOCIATE

	2022	2021
	--------- Rupees '000 ---------	
Balance at the beginning	**3,386,298**	3,183,047
Share of profit / (loss) of the Associate		
Recognized in the statement of income and expenditure	**261,830**	201,658
Recognized in the statement of other comprehensive income	**(2,855)**	1,593
	258,975	203,251
Balance at the end	**3,645,273**	3,386,298

9.1 The Company has a 49% interest (2,883,256 shares) in Pakistan Microfinance Investment Company Limited (PMIC), an unlisted public company registered with SECP on August 10, 2016, and licensed to act as an Investment Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The registered office of PMIC is situated at 21st Floor, Ufone Tower, 55 C, Main Jinnah Avenue, Blue Area, Islamabad, Pakistan.

9.2 The Company's interest in PMIC is accounted for using the equity method in the financial statements, as the Company has significant influence over PMIC's operational and financial policies but does not have control over PMIC. Control is achieved when the Company is exposed, or has right to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. The aforesaid investment in the associate have been made in accordance with the requirements under the Companies Act, 2017.

9.3 The following table illustrates the summarized financial information of the Company's investment in PMIC, based upon the audited financial statements of PMIC for the period ended March 31, 2022, and un-audited interim financial information for the three month period ended June 30, 2022:

	2022	2021
	--------- Rupees '000 ---------	
Percentage ownership interest	**49%**	49%
Non-current assets	**16,198,639**	8,373,148
Current assets	**14,633,214**	20,150,055
Non-current liabilities	**(19,313,605)**	(15,575,193)
Current liabilities	**(3,991,195)**	(5,939,469)
	7,527,053	7,008,541
Capital reserve contribution by shareholder - net of tax	**(87,719)**	(97,728)
Net assets	**7,439,334**	6,910,813
The Company's share of net assets (49%)	**3,645,273**	3,386,298
Income	**3,581,380**	2,644,593
Administrative expenses	**(400,018)**	(350,012)
Other operating expenses	**(26,831)**	(10,277)
Other income	**45,025**	56,348
Fair value gain / (loss) on derivative	**165,321**	(89,167)
Finance cost	**(2,407,156)**	(1,602,603)
Impairment loss on financial assets	**(133,276)**	(54,114)
Profit before taxation	**824,445**	594,768
Taxation	**(290,097)**	(183,221)
Profit for the year (100%)	**534,348**	411,547
Other comprehensive income for the year	**(5,827)**	3,252
Total comprehensive income for the year (100%)	**528,521**	414,799
The Company's share of profit (49%)	**261,830**	201,658
The Company's share of other comprehensive income (49%)	**(2,855)**	1,593
The Company's share of total comprehensive income (49%)	**258,975**	203,251

9.4 PMIC has received from KfW (shareholder) a below market interest rate loan amounting USD 5.5 million, out of non-revolving subordinated loan of USD equivalent Euro 15 million, under the agreement between KfW and PMIC dated December 30, 2019 with prior approval of SECP for disbursement of each tranche to the Company. The receipt was translated at the exchange rate of Rs. 159.75/USD; i.e. Rs. 878.6 million. Markup rate is 1% per annum. The agreement tenure is 10 years with principal and markup bullet repayment at the time of maturity on December 30, 2029. The fair value of the subordinated loan has been calculated with reference to the present value of future cash outflows using a discount rate of 5.46%, being the Company's estimate for market rate of interest for a similar instrument (in respect of currency, term, type of interest rate and other factors) with a similar credit rating.

The difference between the present value and the loan proceeds, is recognized as a capital contribution by the KfW in PMIC financial statements. The contribution is transferred to accumulated profit using the effective interest method over the period of the loan. The Company's management has considered the capital contribution as notional and accordingly not accounted for in these financial statements.

10. LONG TERM INVESTMENTS

	Note	2022	2021
		--------- Rupees '000 ---------	
At Amortized cost			
Specific to Endowment fund			
Pakistan Investment Bonds (PIBs)	10.1	**1,000,000**	1,000,000
Unamortized premium on purchase of PIBs		**3,626**	4,055
		1,003,626	1,004,055
Specific to others			
Pakistan Investment Bonds (PIBs)	10.2	**15,533,700**	10,066,500
Unamortized discount on purchase of PIBs		**(562,914)**	(245,812)
		14,970,786	9,820,688
Term Deposit Receipt (TDR)	10.3	**-**	600,000
		15,974,412	11,424,743
Less: amount due within twelve months shown under short term investments			
Pakistan Investment Bonds (PIBs)		**(9,825,968)**	(200,000)
Term Deposit Receipt (TDR)		**-**	(600,000)
		(9,825,968)	(800,000)
		6,148,444	10,624,743

10.1 Represents investments in PIBs as follows:

Principal Rupees '000	Issue date	Purchase Date	Maturity date	Coupon rate (per annum)	Payment terms (Coupon)
400,000	July 19, 2012	April 29, 2014	July 19, 2022	12.0%	Semi annually
400,000	September 19, 2019	July 23, 2020	September 19, 2022	9.0%	Semi annually
200,000	September 19, 2019	August 20, 2021	September 19, 2024	9.5%	Semi annually
1,000,000					

10.2 Represents investments in PIBs as follows:

Principal Rupees '000	Issue date	Purchase Date	Maturity date	Coupon rate (per annum)	Payment terms (Coupon)
2,186,000	September 19, 2019	September 24, 2019	September 19, 2022	9%	Semi annually
613,000	September 19, 2019	October 2, 2019	September 19, 2022	9%	Semi annually
175,000	September 19, 2019	November 13, 2019	September 19, 2022	9%	Semi annually
175,300	September 19, 2019	November 22, 2019	September 19, 2022	9%	Semi annually
2,747,300	September 19, 2019	November 29, 2019	September 19, 2022	9%	Semi annually
1,124,000	September 19, 2019	December 4, 2019	September 19, 2022	9%	Semi annually
2,051,200	September 19, 2019	March 27, 2020	September 19, 2022	9%	Semi annually
994,700	September 19, 2019	March 27, 2020	September 19, 2024	9.5%	Semi annually
922,200	September 19, 2019	November 26, 2021	September 25, 2024	9.5%	Semi annually
3,987,000	October 15, 2020	December 22, 2021	October 15, 2025	7.5%	Semi annually
558,000	October 15, 2020	December 22, 2021	October 15, 2025	7.5%	Semi annually
15,533,700					

10.3 These funds were invested in Term Deposit Receipt (TDR) with Habib Bank Limited, had original tenure of two years, matured on March 27, 2022, at per annum mark-up rate of 11.95%.

11. LONG TERM LOANS TO ASSOCIATE

	Note	2022	2021
		---------- Rupees '000 ----------	
PMIC - unsecured	11.1 & 11.2	**6,689,357**	7,832,293
Less: Amount receivable within next twelve months shown as a current portion of long term loan to Associate		**(1,142,938)**	(1,142,938)
		5,546,419	6,689,355

11.1 The Company and PMIC signed a Master Subordinated Loan Framework Agreement, on November 17, 2016, for the provision of subordinated loans to PMIC, up to a total amount of Rs 12,347,520 thousand, utilizing funds available to the Company for lending activities, under the Financing Agreements with the Government of Pakistan (GoP). The subordinated loans were disbursed under separate subordinate loan agreements as and when the related repayments were received by the Company, against the Company's loans to its POs, within fifteen days after the end of each calendar quarter. These loans were unsecured and fully subordinated to all other indebtedness of PMIC, carrying service charges at the rate of six months KIBOR plus 100 basis points, unless otherwise agreed by both parties, pursuant to the occurrence of specified conditions. The due dates of these loans will not be later than January 7, 2032.

11.2 After obtaining appropriate approvals from SECP, pursuant to a special resolution passed by the Company's members in accordance with the requirements of section 199 of the Companies Act, 2017, the Company has disbursed ten separate loans in prior years. The pertinent information regarding these loans is as follows:

Date of disbursement	Principal amounts disbursed (Rupees '000)	First instalment date	Last instalment date	Outstanding principal amount (Rupees '000)	Remaining no of instalments
June 1, 2017	824,000	October 7, 2018	October 7, 2031	496,835	30
June 29, 2017	994,000	January 7, 2019	January 7, 2032	622,696	31
August 8, 2017	1,663,000	January 7, 2019	January 7, 2032	1,041,798	31
November 3, 2017	2,869,000	January 7, 2019	January 7, 2032	1,797,304	31
December 28, 2017	350,000	January 7, 2019	January 7, 2032	219,260	31
January 29, 2018	2,131,000	January 7, 2019	January 7, 2032	1,334,978	31
May 3, 2018	1,000,000	January 7, 2019	January 7, 2032	626,456	31
June 4, 2018	417,000	January 7, 2019	January 7, 2032	261,233	31
August 13, 2018	395,000	January 7, 2019	January 7, 2032	247,451	31
December 11, 2018	66,000	January 7, 2019	January 7, 2032	41,346	31
	10,709,000			6,689,357	

No new loan was disbursed to the associate during the year ended June 30, 2022 and June 30, 2021.

11.2.1 The first 33 unequal instalments will be payable at quarterly intervals, with the remaining unequal instalments payable at semi-annual intervals.

11.2.2 The effective interest rate ranges from 8.67% to 12.47% (2021: 7.95% to 8.35%) per annum.

11.3 The maximum aggregate amount outstanding at the end of any month during the year was Rs 7,832,293 thousand (2021: Rs 8,975,231 thousand).

12. LONG TERM LOANS AND ADVANCES	**Note**	**2022**	**2021**
		----- Rupees '000 -----	
Loans - considered good			
Employees - secured	12.1	**14,813**	31,948
Less: amount due within twelve months shown as current loans and advances		**(8,666)**	(17,722)
	12.2	**6,147**	14,226

12.1 This represents interest free salary loans and car loans given to the employees of the Company. The principal amounts are repayable in a maximum of 60 equal monthly instalments.

12.2 Management considers that the impact of recognizing loans and advances at present value of future cash flows would be immaterial, in context of overall financial statements.

13. GRANT FUND RECEIVABLE	**Note**	**2022**	**2021**
		----- Rupees '000 -----	
International Fund for Agriculture Development (IFAD) - National Poverty Graduation Programme	13.1	**181,681**	153,019
United Nations High Commissioner for Refugees (UNHCR) Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan		**-**	5,892
		181,681	158,911

13.1 This balance represents the amounts utilized for operating expenses from the Company's own financial resources, in respect of the "National Poverty Graduation Programme" (refer to note 24.9 to the financial statements). On February 15, 2022, the Project has been transferred to Poverty Alleviation and Social Safety Division (PASS Division) under the Ministry of Poverty Alleviation & Social Safety, Government of Pakistan. Accordingly the Company has invoiced for the operating expenses to PASS Division.

14. PROFIT / SERVICE CHARGES RECEIVABLE	**Note**	**2022**	**2021**
		----- Rupees '000 -----	
Profit on Investments:			
Specific to Endowment Fund		**36,896**	40,374
Specific to others		**457,087**	366,236
		493,983	406,610
Service charges receivable on loans to Associate	14.1	**-**	163,555
Service charges receivable on loans to POs		**149,536**	149,536
Less: allowance for expected credit losses		**(149,536)**	(149,536)
		-	-
		493,983	570,165

14.1 This represents service charges receivable on long term loans to PMIC and are neither past due nor impaired. The maximum aggregate amount outstanding at the end of any month during the year was Rs 163,555 thousand (2021: Rs 325,111 thousand).

15. ADVANCES AND OTHER RECEIVABLES	Note	2022	2021
		----- Rupees '000 -----	
Advances to suppliers		**136**	17,721
Advances to partner organizations	15.1	**77,279**	108,673
Considered good, unsecured			
Withholding tax withheld by FBR	15.2	**54,723**	54,723
Employees		**2,517**	2,942
Others		**-**	349
		134,655	184,408

15.1 It represents advances given to POs for the implementation of various projects sponsored from PPAF own resources against which utilization will be reported as expense.

15.2 In 2018, FBR created a demand via letter dated September 19, 2017, under section 161/205 for the tax year 2014, whereby, an amount of Rs 61,727 thousand was determined to be payable by the Company. On October 4, 2017, the Company filed an appeal with the Commissioner Inland Revenue - Appeals [CIR(A)] against the demand and for grant of stay. The application for stay being dismissed, an amount of Rs 61,727 thousand was withdrawn by FBR on October 27, 2017 from the Company's bank account. The Company filed new appeal with CIR (A) who remanded back on April 23, 2018. On June 30, 2019 a new order reducing the demand to Rs 16,348 thousand was issued. The Company again filed an appeal on July 31, 2019, for which a order was received on June 23, 2021, reducing the demand to Rs 3,268 thousand along with default surcharge of Rs 3,736 thousand. The Company has accepted the order and is not pursuing it as per the recommendation by the Company's legal advisor. The Company is in a process of filling a refund application for the remaining amount.

16. LOANS TO PARTNER ORGANIZATIONS	Note	2022	2021
		----- Rupees '000 -----	
Unsecured			
Considered good	16.1	**-**	8,000
Considered doubtful	16.2	**892,647**	920,097
		892,647	928,097
Less: allowance for expected credit losses	16.4	**(892,647)**	(920,337)
		-	7,760

16.1 The Company has disbursed loans to POs for utilization in micro-credit operations, under various Financing Agreements, with applicable service charges based upon a range of benchmarks including KIBOR. These loans are repayable on a quarterly basis within two years, under the respective Financing Agreements signed between the Company and the POs.

Rates for service charges were determined on the basis of classification of POs into "for-profit" and "not-for-profit" and further sub-categories according to geographical areas. All financing facilities are charged service charges at the standard rates based on KIBOR, with a floor of 8% per annum, for facilities to "for-profit" POs and "not-for-profit" POs utilizing facilities in remote geographical areas; the floor is 9% per annum for all other facilities to "for-profit" POs.

The Company has ceased to underwrite new loans with effect from February 21, 2017.

16.2 The Company recognizes ECL for loans to partners organisation using simplified approach as explained in note 4.8 to the financial statements. As per aforesaid approach, the loss allowance was determined as follows:

	Upto 59 days	60 - 89 days	90 - 179 days	More than 180 days	Total
June 30, 2022					
Gross carrying amount	-	-	-	892,647	892,647
Loss allowance	-	-	-	(892,647)	(892,647)
June 30, 2021					
Gross carrying amount	8,000	-	-	920,097	928,097
Loss allowance	240	-	-	920,097	920,337
Loss allowance - %	**3%**	**25%**	**50%**	**100%**	

		Note	2022	2021
			-------- Rupees '000 --------	
16.3	Movement in loans to partner organizations:			
	Balance at the beginning		**928,097**	949,647
	Recoveries during the year		**(35,450)**	(21,550)
			892,647	928,097
	Allowance for expected credit losses	16.4	**(892,647)**	(920,337)
	Balance at the end		**-**	7,760
16.4	Movement in allowance for expected credit losses is as follows:			
	Balance at the beginning		**920,337**	930,247
	Charge/ (reversal) for the year			
	Charge		**-**	-
	(Reversal)		**(27,690)**	(9,910)
		36	**(27,690)**	(9,910)
	Balance at the end		**892,647**	920,337
17.	**SHORT TERM INVESTMENTS**			
	Current portion of long term investments			
	Pakistan Investment Bonds (PIBs)		**9,825,968**	200,000
	Term Deposit Receipt (TDR)		**-**	600,000
		10	**9,825,968**	800,000
	At Amortized cost			
	Specific to others			
	Term Deposit Receipts (TDRs)	17.1	**3,174,500**	2,831,700
	Government Treasury Bills	17.2	**-**	3,968,199
			13,000,468	7,599,899

17.1 These funds are invested in Term Deposit Receipts (TDRs) maturing within one month to one year from the date of investment, at per annum mark-up rates ranging from 11.48% to 15.62% (2021: 7.54% to 8.7%) per annum.

17.2 These funds were invested in Government Treasury Bills maturing within one month to one year from the date of investment, at effective rates ranging from 7.55% to 7.59% per annum.

18. TAX REFUNDS DUE FROM THE GOVERNMENT

18.1 This represents tax refunds in respect of withholding tax deducted on behalf of of the Company, relating to tax years 2003 to 2022. Management is confident that the tax department will allow the refunds as these are valid refund claims of the Company under the Income tax Ordinance, 2001. All the related evidences are available and verifiable.

19. BANK BALANCES SPECIFIC TO PROJECTS

	Note	2022	2021
		------- Rupees '000 -------	
Current accounts - In local currency			
Government of Pakistan:			
- KfW Renewable Energy (RE)		**102,153**	74,612
- KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP I)		**32,320**	32,320
- Prime Minister's Interest Free Loan (PMIFL I) Scheme		**276,777**	276,419
Government of Italy - Poverty Reduction through Rural Development Activities in Baluchistan, Khyber Pakhtunkhwa and Federally Administered Tribal Areas (PPR)		**-**	24,598
IFAD - National Poverty Graduation Programme (NPGP)		**-**	1,642,753
NDRMF - Building Resilience to Disasters and Climate Change (BRDCC)		**47,572**	48,734
	19.1	**458,822**	2,099,436
Current accounts - In foreign currency			
Government of Pakistan - KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP II)		**-**	252,747
Saving accounts - In local currency			
Government of Pakistan - KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP II)		**20,556**	6,443
UNHCR - Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan (PGR)		**34,169**	12,142
International Trade Center - Growth for Rural Advancement and Sustainable Progress (GRASP)		**230,371**	55,554
Citi Foundation - Revitalizing Youth Enterprise (RYE)		**13,819**	32,362
Engro Foundation - The Dairy Development Program (DDP)		**30,387**	70,000
	19.2	**329,302**	176,501
		788,124	2,528,684

19.1 Under the financing agreements signed with the donors, the Company is allowed to draw funds from these special accounts for carrying out eligible activities.

19.2 These balances carry mark-up ranging between 5.5% to 12.5% (2021: 5.5% to 5.9%) per annum.

20. CASH AND BANK BALANCES

	Note	2022	2021
		------- Rupees '000 -------	
Cash at banks in:			
- Current accounts		**21**	1,710
- Deposit accounts	20.1	**341,779**	520,627
		341,800	522,337

20.1 These balances carry mark-up ranging between 5.5% to 12.5% (2021: 5.5% to 5.9%) per annum.

21. ENDOWMENT FUND

This represents the amounts paid by GoP for the Endowment Fund under the Subsidiary Financing Agreements (SFAs) for IDA I and IDA II projects, directly credited in the statement of changes in funds and reserves. Under the SFA, the fund is to be invested in government schemes / bonds, and the income generated there from shall be utilized for revenue and capital expenditure of the Company.

22. LEASE LIABILITIES

	2022	2021
	------- Rupees '000 -------	
Balance at the beginning	**273,598**	207,664
Additions during the year	**-**	27,994
Remeasurement of lease liabilities	**(30,228)**	2,874
Unwinding of interest on lease liabilities	**36,189**	36,180
Payments during the year	**(105,915)**	(1,114)
Balance at the end	**173,644**	273,598
Less: transferred to current portion of lease liabilities	**(601)**	(78,421)
	173,043	195,177

22.1 The undiscounted maturity analysis of lease liabilities as at June 30, 2022 is as follows:

	Up to 1 year	Between 2 to 5 years	Over 5 years	Total
	------- Rupees '000 -------			
Lease payments 2022	**10,237**	**279,542**	**-**	**289,779**
Lease payments 2021	103,641	292,987	-	396,628

23. LONG TERM FINANCING - unsecured

	Note	2022	2021
		------- Rupees '000 -------	
Unsecured from Government of Pakistan - a related party:			
- PPAF - I (IDA financing)	23.1	**-**	219,234
- PPAF - II (IDA financing)	23.2	**3,222,534**	3,938,691
- PPAF - III (IDA financing)	23.3	**2,410,122**	2,540,372
- IFAD financing - MIOP	23.4	**496,951**	573,405
- IFAD financing - PRISM	23.5	**1,099,580**	1,237,027
		7,229,187	8,508,729
Less: Deferred benefit of below market rate of interest on long-term financing - Government of Pakistan - PPAF-III (IDA financing)	23.3.1	**(1,081,082)**	(1,249,657)
		6,148,105	7,259,072
Less: amount due within the twelve month shown as a current liability		**(1,125,465)**	(1,279,597)
		5,022,640	5,979,475

		2022	2021
		------- Rupees '000 -------	
23.1	Government of Pakistan - PPAF - I (IDA financing)		
	Balance at the beginning	**219,234**	438,523
	Amount repaid	**(219,234)**	(219,289)
	Balance at the end	**-**	219,234

A Development Credit Agreement (DCA) was signed between International Development Association (IDA) and the Government of Pakistan (GoP) on July 7, 1999 in respect of PPAF - I. Under the agreement IDA made available to the GoP, a sum of Special Drawing Rights (SDR) of 66.5 million over a period of five years, to be utilized by GoP, through the Company.

Under a Subsidiary Financing Agreement (SFA) dated August 18, 1999, executed between the GoP and the Company, 50% of the amount was disbursed as a loan to the Company and the balance as a grant, on a non-reimbursable basis. The principal amount of the loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual instalments, payable on each May 15 and November 15, commencing from November 15, 2007 and ending on May 15, 2022. Each instalment, up to and including the instalment payable on May 15, 2013, was equal to 2.083% of such principal amount, and each instalment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75 % per annum, on the principal amount of loan withdrawn and outstanding from time to time, and a commitment charge at the rate set by the IDA, on the principal amount of the loan not withdrawn from time to time. The service and commitment charges are payable on May 15 and November 15 each year. This loan has been paid in full during the year.

		2022	2021
		------- Rupees '000 -------	
23.2	Government of Pakistan - PPAF - II (IDA financing)		
	Balance at the beginning	**3,938,691**	4,654,848
	Amount repaid	**(716,157)**	(716,157)
	Balance at the end	**3,222,534**	3,938,691

A second DCA was signed between IDA and the GoP on January 20, 2004, in respect of PPAF II. Under the agreement IDA made available to GoP a sum of SDR of 168.1 million, over a period of four years, to be utilized by the GoP, through the Company.

Under an SFA dated March 24, 2004, executed between the GoP and the Company, 56% of the amount was disbursed as a loan to the Company and the balance as a grant, on a non-reimbursable basis. The principal amount of the loan is repayable over a period of twenty three years, including the grace period of eight years, in thirty semi-annual instalments, payable on each February 1 and August 1, commencing from February 1, 2012 and ending on August 1, 2026. Each instalment, up to and including the instalment payable on August 1, 2017, shall be equal to 2.083% of such principal amount, and each instalment thereafter, shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, and a commitment charge at the rate set by IDA, on the principal amount of the loan not withdrawn from time to time. The service and commitment charges are payable on February 1 and August 1 each year.

		Note	2022	2021
23.3	Government of Pakistan - PPAF - III (IDA financing)		------- Rupees '000 -------	
	Balance at the beginning		**2,540,372**	2,670,622
	Amount repaid		**(130,250)**	(130,250)
	Balance at the end		**2,410,122**	2,540,372
	Less: Deferred benefit of below market rate of interest on long-term financing	23.3.1	**(1,081,082)**	(1,249,657)
			1,329,040	1,290,715

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A financing agreement was signed between IDA and the GoP on June 9, 2009 in respect of PPAF III. Under the agreement, IDA shall make available to GoP a sum of SDR of 167.2 million over a period of 5 years to be utilized by GoP through the Company.

Under a Subsidiary Loan Agreement (SLA) dated June 15, 2009 executed between the GoP and the Company, the GoP agreed to provide 13% of the amount as a loan to the Company, and the balance as a grant on a non-reimbursable basis. The principal amount of the loan is repayable over a period of twenty three years, including the grace period of eight years, in thirty semi-annual instalments, payable on each June 15 and December 15 commencing from June 15, 2017 and ending on December 15, 2031. Each instalment, up to and including the instalment payable on December 15, 2022, shall be equal to 2.083% of such principal amount, and each instalment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, and a commitment charge at the rate set by IDA, on the principal amount of the loan not withdrawn from time to time. The service and commitment charges are payable on June 15 and December 15 each year.

23.3.1 The loan is carried at its present value computed at a market based interest rate i.e. 15% per annum. The difference between the present value and the loan proceeds, is recognized as a deferred benefit. The deferred benefit is recognized as income using the effective interest method over the period of the loan. The movement in the deferred benefit during the year is as follows:

	2022	**2021**
	------- Rupees '000 -------	
Deferred benefit		
Balance at the beginning	**1,249,657**	1,412,759
Amortization during the year	**(168,575)**	(163,102)
Balance at the end	**1,081,082**	1,249,657

23.4 Government of Pakistan - (IFAD financing - MIOP)

Balance at the beginning	**573,405**	649,859
Amount repaid	**(76,454)**	(76,454)
Balance at the end	**496,951**	573,405

A programme loan agreement was signed between the International Fund for Agriculture Development (IFAD) and the GoP on January 18, 2006, in respect of the Micro-finance Innovation and Outreach Programme (MIOP). Under the agreement IFAD shall make available to GoP a sum of SDR of 18.30 million over a period of five years to be utilized by GoP through the Company.

Under a Subsidiary Loan and Grant agreement (SLGA) dated April 18, 2006, executed between the GoP and the Company, the GoP agreed to provide 50% of the amount as a loan to the Company, and the balance as a grant on a non-reimbursable basis on account of capacity building. The principal amount of the loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual instalments, commencing on June 1, 2014 and ending on December 1, 2028. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, payable on June 1 and December 1, each year.

		2022	2021
		------- Rupees '000 -------	
23.5	Government of Pakistan - (IFAD financing - PRISM)		
	Balance at the beginning	**1,237,027**	1,374,475
	Amount repaid	**(137,447)**	(137,448)
	Balance at the end	**1,099,580**	1,237,027

A programme loan agreement was signed between the International Fund for Agriculture Development (IFAD) and the GoP on November 22, 2007 in respect of the Programme for Increasing Sustainable Microfinance (PRISM). Under the agreement IFAD shall make available to GoP a sum of SDR of 22.85 million over a period of five years, to be utilized by the GoP, through the Company.

Under an SFA dated January 12, 2008, executed between the GoP and the Company, the GoP agreed to provide 65% of the amount as a loan to the Company and the balance as grant, on a non-reimbursable basis, on account of capacity building. The principal amount of the loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty equal semi-annual instalments, commencing on December 1, 2015 and ending on June 1, 2030. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, payable on June 1 and December 1, each year.

23.6 The undiscounted maturity analysis of long term financing as at June 30, 2022 is as follows:

	Up to 1 year	Between 2 to 5 years	Over 5 years	Total
	------------ Rupees '000 ------------			
Long term financing payments 2022	**1,177,696**	**4,524,837**	**1,727,746**	**7,430,279**
Long term financing payments 2021	1,340,959	4,853,404	2,576,874	8,771,237

		2022	2021
24.	**DEFERRED LIABILITIES - GRANT FUND**	------- Rupees '000 -------	
	Government of Pakistan		
	- KfW Renewable Energy (RE)	**84,760**	67,508
	- KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP I)	**-**	14,297
	- KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP II)	**11,696**	27,352
	- Prime Minister's Interest Free Loan (PMIFL I) Scheme	**273,730**	273,371
	Government of Italy - Poverty Reduction through Rural Development Activities in Baluchistan, Khyber Pakhtunkhwa and Federally Administered Tribal Areas (PPR)	**-**	1,609
	UNHCR - Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan (PGR)	**30,630**	-
	IFAD - National Poverty Graduation Programme (NPGP)	**-**	1,642,790
	Citi Foundation - Revitalizing Youth Enterprise (RYE)	**13,818**	32,362
	NDRMF - Building Resilience to Disasters and Climate Change (BRDCC)	**46,977**	53,086
	International Trade Centre - Growth for Rural Advancement and Sustainable Progress (GRASP)	**229,309**	55,554
	Engro Foundation - The Dairy Development Program (DDP)	**30,386**	70,000
		721,306	2,237,929

24.1 Deferred liabilities - grant fund represents amounts payable to POs on a non-reimbursable basis under respective financing agreements.

24.2 Movement during the year:

	Note	RE (note 24.3)	LACIP I (note 24.4)	LACIP II (note 24.5)	PMIFL I (note 24.6)	PPR (note 24.7)	PGR (note 24.8)	NPGP (note 24.9)	RYE (note 24.10)	BRDCC (note 24.11)	GRASP (note 24.12)	DDP (note 24.13)	Total 2022	Total 2021
		Rupees '000												
Balance at the beginning		67,508	14,297	27,352	273,371	1,609	-	1,642,790	32,362	53,086	55,554	70,000	2,237,929	1,891,979
Receipts during the year		64,968	-	211,582	-	-	117,616	-	-	-	435,466	-	829,632	8,348,690
Profit on project account		-	-	6,852	-	-	1,761	-	-	-	3,231	-	11,844	15,506
Transfers to:														
- deferred income	25	(12,486)	-	(13,438)	-	-	(17,229)	(49,395)	-	-	(93,085)	-	(185,633)	(118,408)
- deferred capital grant	26	-	-	-	-	-	-	-	-	-	(1,590)	-	(1,590)	-
		119,990	14,297	232,348	273,371	1,609	102,148	1,593,395	32,362	53,086	399,576	70,000	2,892,182	10,137,767
Less: Disbursements / (recovery) for														
Water and infrastructure		35,230	-	217,158	-	-	-	-	-	6,109	-	-	258,497	96,291
Social sector development		-	-	-	-	4,610	-	-	-	-	-	-	4,610	44,754
Capacity/Institutional building		-	14,297	2,465	-	-	-	105,370	18,544	-	-	-	140,676	940,354
Social mobilization		-	-	-	-	-	-	67,247	-	-	-	-	67,247	79,114
Livelihood enhancement and protection		-	-	1,029	-	(3,001)	-	698	-	-	170,267	-	168,993	1,758,419
Poverty graduation		-	-	-	(359)	-	65,626	1,348,429	-	-	-	39,614	1,453,310	4,967,349
Emergency response		-	-	-	-	-	-	-	-	-	-	-	-	19,449
		35,230	14,297	220,652	(359)	1,609	65,626	1,521,744	18,544	6,109	170,267	39,614	2,093,333	7,905,730
		84,760	-	11,696	273,730	-	36,522	71,651	13,818	46,977	229,309	30,386	798,849	2,232,037
Less: Transferred (from)/ to grant fund receivable		-	-	-	-	-	(5,892)	-	-	-	-	-	(5,892)	5,892
Balance transferred to PASS Division		-	-	-	-	-	-	(71,651)	-	-	-	-	(71,651)	-
Balance at the end		84,760	-	11,696	273,730	-	30,630	-	13,818	46,977	229,309	30,386	721,306	2,237,929

24.3 Grants from Government of Pakistan - KfW - Renewable Energy (RE)

On June 22, 2012, the Company and the German Financial Cooperation - KfW signed a financing and project agreement, under which KfW has agreed to make available an amount of EUR 10 million to the Company as a grant on a non-reimbursable basis for the development of mini/micro hydro power plants, solar lighting systems, integrated water efficient solar irrigation systems and pilot projects in renewable energy in Khyber Pakhtunkhwa (North West Frontier Province-NWFP). The agreement was to expire on December 31, 2017, however, the project duration has now been extended to December 30, 2021.

24.4 Grants from Government of Pakistan - KfW - Livelihood Support and Promotion of Small Community Infrastructure (LACIP I)

On June 12, 2010, the Company and German Financial Cooperation - KfW signed a loan financing and project agreement, under which KfW has agreed to make available an amount of EUR 31.563 million to the Company, as a grant on a non-reimbursable basis, for the support of livelihood measures and the promotion of small community economic and social infrastructure, in Khyber Pakhtunkhwa (North West Frontier Province-NWFP). The Company has entered into separate financing agreements with twenty three POs for the implementation of the project. The agreement was to previously expire on December 31, 2015, however, the project duration was extended up to December 31, 2016 and June 30, 2017, and then extended up to December 31, 2017 and then final extension upto January 31, 2022. During the year the Project was completed at its final completion date.

24.5 Grants from Government of Pakistan - KfW - Livelihood Support and Promotion of Small Community Infrastructure Programme (LACIP-II)

On August 18, 2017, the Company and German Financial Cooperation - KfW signed financing and project agreements under which KfW has agreed to make available an amount of EUR 10 million to the Company, as a grant on a non-reimbursable basis, for the support of (i) public physical infrastructure (CPI) schemes inclusive of disaster management and climate adaptation aspects (ii) livelihood development on group-based approach inclusive of skills and enterprise development training and related asset transfer and (iii) beneficiaries will be mobilized and organized in a variety of groups in three districts, Lakki Marwat, Shangla and Buner, of Khyber Pakhtunkhwa. The Company has entered into financing agreements with three POs for the implementation of the project. The project will be completed on December 31, 2022.

24.6 Government of Pakistan - Prime Minister's Interest Free Loan (PMIFL I) Scheme

On May 14, 2014, the Government of Pakistan entered into a Memorandum of Understanding (MoU) with the Company to provide a non-repayable grant of Rs 3,500 million, of which Rs 3,159 million was for the provision of interest free loans to the poor and marginalized communities and those lacking access to financial services, through POs, in the form of a revolving fund; Rs 316 million was for operating costs of POs, and Rs 25 million for the establishment of Loan Centers by POs. The objective of the scheme is to reach marginalized men, women and youth not tapped by the micro-finance sector, support female participation by disbursing 50% of the loans, encourage behavioral change of beneficiaries and strengthen community-based institutions. The loans (revolving funds) amount is transferred to POs under respective agreements for on-lending of funds under the PMIFL I Scheme to eligible beneficiaries. The funding to POs is secured through letters of hypothecation on receivables of POs created out of funds provided by the Company. Upon expiry of the terms of the agreement with the Company, the revolving fund loans will continue to be administered by the POs. The project will be completed on December 31, 2023.

24.7 Government of Pakistan - Prime Minister's Interest Free Loan (PMIFL II) Scheme

On October 14, 2020, Economic Coordination Committee approved the technical supplementary non-repayable grant of Rs 5 billion for the provision of interest free loans to the poor and marginalized communities and those lacking access to financial services, through POs, in the form of a revolving fund. The objective of the scheme is to reach marginalized men, women and youth not tapped by the micro-finance sector, support female participation by disbursing 50% of the loans, encourage behavioral change of beneficiaries and strengthen community-based institutions. The loans (revolving funds) amount was transferred to POs under respective agreements for on-lending of funds under the PMIFL Scheme to eligible beneficiaries in 2021. Upon expiry of the terms of the agreement with the Company, the revolving fund loans will continue to be administered by the POs. The project will be completed on June 30, 2025.

24.8 Project for Poverty Reduction Through Rural Development Activities in Baluchistan, Khyber Pakhtunkhwa, and Federally Administered Tribal Areas (Italian Project) (PPR)

On January 14, 2011, the Government of Italy and the Government of Pakistan signed a program agreement for the Italian Project. A financing agreement was signed between GoP and Artigiancassa S.p.A. (on behalf of Government of Italy) on March 21, 2011, under which the Government of Italy has agreed to make available an amount of EUR 40 million to Company on a non-reimbursable basis. A Subsidiary Financing Agreement was signed between the GoP and the Company on December 2, 2011. The project focuses on poverty reduction through rural development in Baluchistan, Khyber Pakhtunkhwa, Federally Administered Tribal Areas and neighboring areas. Under the Agreement, the World Bank would act as a Supervision Body, the Company as Project Executing Agency, and interventions will be operated through POs. The financing part of the agreement was to expire on September 30, 2016, however, the project duration was extended to December 31, 2021. During the year the Project was completed at its final completion date.

24.9 Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan (PGR)

On December 18, 2019, UNHCR and the Company signed a financing and project agreement for implementation of a graduation programme, under continuation of "Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan" (the Project). The Project implementation period has been revised to January 1, 2022 to December 31, 2022. The Company will implement the Project, which will target 2,000 households including male and female young adults living in Mansehra and Peshawar in KPK and Chaghi in Baluchistan. The Project focuses on Afghan refugees acquiring transferable skills so that refugee families are able to support themselves in a dignified manner for the duration of their stay in Pakistan and after their voluntary repatriation to Afghanistan. The same skills training will be provided to their Pakistani hosting families to enable them to participate in the formal labour market to achieve a steady income, support their families empowering the targeted poor with increased incomes, improved productive capacity and access to services to achieve sustainable livelihood. This would include stronger approaches to building institutions of the poor and to livelihood enhancement that would enable poor households and communities to be more successful at attracting financial and other service providers. The project will be completed on December 31, 2022.

24.10 National Poverty Graduation Programme (NPGP)

On November 14, 2017, the Government of Pakistan (GoP) and International Fund for Agricultural Development (IFAD) signed project and financing agreements for "National Poverty Graduation Programme "(NPGP), under which IFAD agreed to make available an amount of USD 80.60 million, to the Company, as a grant on a non-reimbursable basis over a period of six years. On January 10, 2018, GoP and the Company signed a subsidiary financing agreement for the implementation of the Project. This project is expected to be completed on June 30, 2024. On February 15, 2022, the Project has been transferred to PASS Division under the Ministry of Poverty Alleviation & Social Safety, Government of Pakistan.

24.10 Revitalizing Youth Enterprise (RYE)

On December 4, 2018, the Company received funds from Citi Foundation for the project "Revitalizing Youth Enterprise" which is aimed at skills and vocational training of beneficiaries with an initial budget of US$ 240 thousand. In the year ended June 30, 2021, Citi Foundation provided another US$ 200 thousand. The project was to be implemented in the areas of Ziarat and Kila Saifullah in Balochistan Province, and is extended till January 31, 2023.

24.11 Building Resilience to Disasters and Climate Change (BRDCC)

On November 25, 2019, National Disaster Risk Management Fund (NDRMF) and the Company signed Grant Implementation Agreement for "Building Resilience to Disasters and Climate Change. The total cost is Rs 824 million, out of which Rs 575 million is the grant amount by NDRMF and Rs 249 million is the Company's contribution. The Project implementation period is from November 25, 2019 to November 30, 2021 with the aim to strengthen readiness of the communities in proposed districts through establishing and institutional framework to mobilize and organize communities, understand their specific vulnerabilities to natural hazards and conduct capacity analysis, ensuring that sound structural measures are taken to reduce and protect against community vulnerabilities. Eight districts from NDMA district priority list in 4 provinces and Gilgit-Baltistan region have been selected for nationwide coverage.

Subsequent to the year end, NDRMF vide its letter ref no. 000/10/P&OG/PB006/009 dated August 11, 2022, informed PPAF that the Board of Directors of NDRMF in their 29th meeting held on June 29, 2022 have decided to terminate the project considering PPAF requested for change in scope (from 100 to 12 flood mitigation schemes) and resulting cost re-appropriation in the project. PPAF on August 30, 2022, issued a request of reconsideration of the decision taken by board of directors for termination of the project. The final decision on the matter is still under consideration by NDRMF.

24.12 Growth for Rural Advancement and Sustainable Progress (GRASP)

On April 13, 2021, International Trade Centre (ITC) and the Company signed a Memorandum of Understanding (MoU) on a Grant under Project B466 - Pakistan: "Growth for Rural Advancement and Sustainable Progress" (GRASP). The purpose of this is to create gender-inclusive employment and income opportunities in the rural areas through targeted support to both the public and private sectors. ITC will grant under the project up to a maximum of US$ 14.9 million. The agreement will expire on September 30, 2024.

24.13 The Dairy Development Program under Ehsaas Amdan Program (DDP)

On March 5, 2021, Engro Foundation (EF) and the Company signed a Memorandum of Understanding (MoU) for the implementation of "The Dairy Development Program under Ehsaas Amdan Program". EF has disbursed grant of Rs 70 million under the MoU. The duration of this project will be for two years from March 2021 to March 2023. The purpose of the project is to enhance incomes of women through promoting and supporting entrepreneurship and developing women farmers to improve productivity and income in the dairy sector.

24.14 Breakup of disbursements to / (recovery from) POs

	RE (note 24.3)	LACIP I (note 24.4)	LACIP II (note 24.5)	PMIFL I (note 24.6)	PPR (note 24.7)	PGR (note 24.8)	NPGP (note 24.9)	RYE (note 24.10)	BRDCC (note 24.11)	GRASP (note 24.12)	DDP (note 24.13)	Total 2022	Total 2021
	Rupees '000												
Association of Gender Awareness and Human Empowerment Pakistan	-	-	-	-	-	-	-	-	-	-	-	-	570,745
Akhuwat	-	-	-	-	-	-	-	-	-	-	-	-	1,195,735
Aga Khan Rural Support Programme	-	-	-	-	-	-	-	-	-	-	-	-	6,725
Bunyad Literacy Community Council	-	-	-	(359)	-	-	-	-	-	-	-	(359)	(5,655)
Baluchistan Rural Development Society	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Baluchistan Rural Development and Research Society	-	-	-	-	-	-	-	-	-	-	-	-	1,198
Baluchistan Rural Support Programme	-	-	-	-	-	-	38,512	(18)	-	18,651	-	57,145	134,224
Center of Excellence for Rural Development	-	-	-	-	-	-	-	-	-	-	-	-	49,990
Community Mobilization and Development Organization	-	-	-	-	-	-	-	-	-	-	-	-	12,895
Farmers Development Organization	-	-	-	-	-	-	-	-	-	-	39,614	39,614	150,000
Farmers Friend Organization	-	-	-	-	-	-	-	-	-	-	-	-	660,250
Ghazi Brotha Taraqiatee Idara	-	-	-	-	-	-	-	-	-	-	-	-	275,000
Goth Seengar Foundation	-	-	-	-	-	-	-	-	-	25,702	-	25,702	-
Health and Nutrition Development Society	-	-	-	-	-	-	-	-	-	-	-	-	8,245
Human Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	1,426
Initiative for Development and Empowerment Axis	-	-	-	-	-	59,335	-	-	-	-	-	59,335	216,162
Kashf Foundation	-	-	-	-	-	-	-	-	-	-	-	-	(26,996)
Khwendo Kor Women and Children Development Programme	-	14,297	-	-	-	-	-	-	-	-	-	14,297	85,814
Lasoona Society for Human and Natural Resource Development	-	-	-	-	-	-	147,220	-	-	-	-	147,220	199,565
National Integrated Development Association	-	-	-	-	-	-	-	-	-	-	-	-	(15,660)
National Rural Support Programme	13,174	-	(5,193)	-	-	-	781,986	18,562	-	-	-	808,529	1,393,275
Punjab Rural Support Programme	-	-	-	-	-	-	-	-	-	-	-	-	180,000
Participatory Integrated Development Society	-	-	-	-	-	-	-	-	-	-	-	-	7,040
Research & Development Foundation	-	-	-	-	-	-	-	-	-	23,630	-	23,630	-
Rural Community Development Program	-	-	-	-	-	-	-	-	-	-	-	-	8,800
Social Action Bureau for Assistance in Welfare and Organization Network	12,014	-	222,313	-	-	-	40,149	-	-	-	-	274,476	7,257
Sindh Agricultural & Forestry Workers Co-ordinating Organization	-	-	-	-	-	-	-	-	-	16,128	-	16,128	-
Sarhad Rural Support Programme	10,042	-	3,532	-	1,609	-	-	-	-	-	-	15,183	3,682
Sayya Microfinance Company	-	-	-	-	-	-	-	-	-	-	-	-	1,235
Society for Empowering Human Resource	-	-	-	-	-	-	-	-	-	-	-	-	(2,500)
Sindh Rural Support Organization	-	-	-	-	-	-	334,044	-	-	-	-	334,044	809,009
Strengthening Participatory Organization	-	-	-	-	-	-	-	-	-	18,205	-	18,205	-
Taraqee Foundation	-	-	-	-	-	6,291	-	-	-	42,708	-	48,999	49,338
Thardeep Rural Development Programme	-	-	-	-	-	-	179,833	-	-	25,243	-	205,076	191,715
Organization for Poverty Reduction and Community Training Programme	-	-	-	-	-	-	-	-	-	-	-	-	350,000
Direct expenses on project activities	-	-	-	-	-	-	-	-	6,109	-	-	6,109	167,216
	35,230	14,297	220,652	(359)	1,609	65,626	1,521,744	18,544	6,109	170,267	39,614	2,093,333	7,905,730

25. DEFERRED INCOME - GRANT FUND

	RE	LACIP-II	PGR	NPGP	GRASP	Total 2022	Total 2021
	Rupees '000						
Balance at the beginning	-	-	-	-	-	-	9,031
Amount received/ transferred from deferred liabilities	12,486	13,438	17,229	49,395	93,085	185,633	118,408
Expenditure from grant recognized as income	(12,486)	(13,438)	(17,229)	(49,395)	(93,085)	(185,633)	(127,439)
Balance at the end	-	-	-	-	-	-	-

		Note	2022	2021
			------ Rupees '000 ------	
26.	**DEFERRED CAPITAL GRANT**			
	Balance at the beginning		-	-
	Assets purchased from restricted grants	24.2	1,590	-
	Income recognized during the year		(270)	-
	Balance at the end		1,320	-
27.	**TRADE AND OTHER PAYABLES**			
	Trade liabilities			
	Payable to employees		4,019	4,387
	Accrued liabilities		5,383	9,584
	Consultancy fee payable		-	793
	Payable to service providers		31,180	20,930
	Withholding tax payable		2,854	16,214
			43,436	51,908
	Other payables			
	Payable to partner organizations		81,296	-
	Provident fund and pension fund payable	27.1	-	-
	CMA awards payable		-	15,651
	Others		11,740	5,626
			93,036	21,277
			136,472	73,185

27.1 The Company maintains a separate, approved contributory provident fund and contributory pension fund for all employees. All the investments out of aforementioned funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

		2022	2021
		------ Rupees '000 ------	
28.	**SERVICE CHARGES PAYABLE**		
	Unsecured from Government of Pakistan - a related party:		
	- PPAF - I (IDA financing)	-	206
	- PPAF - II (IDA financing)	10,043	12,159
	- PPAF - III (IDA financing)	793	781
	- IFAD financing - MIOP	306	353
	- IFAD financing - PRISM	678	760
		11,820	14,259

28.1 These represent service charges payable to GOP at the rate of 0.75% per annum (2021: 0.75% per annum) on the principal amount of long term financing outstanding withdrawn from time to time.

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

The Company has no material contingencies other than disclosed in respective notes as at June 30, 2022 (2021: Nil).

		2022	2021
29.2	**Commitments**	------ Rupees '000 ------	

29.2.1 Aggregate commitments under Financing Agreements with Partner Organizations for Grants:

	2022	2021
Community physical infrastructure	**622,980**	670,529
Capacity building	**695,492**	622,613
Livelihood enhancement and protection	**331,812**	6,278,529
	1,650,284	7,571,671

29.2.2 Investment in the Associate

a) The Company has granted separate put options to other shareholders of PMIC, for sale of their shares in PMIC, individually, to the Company, between 2024 to 2026, at the higher of the aggregate net book value of the shares held by these shareholders and the total capital invested by them (strike price), on the option exercise date.

Management estimates that, as of reporting date, estimated fair value of the shares (spot price) held by these shareholders is not less than their aggregate net book value. Management's assessment is based upon PMIC's performance till date as against projections at the time of initial investment and growth in the market in which PMIC operate. Accordingly, as of reporting date, the put option does not have any intrinsic value (Out of money) to other shareholders of PMIC. Management is highly confident, considering the track record of management of PMIC, that this pattern will hold during the option exercise period. Fair value of out of money put option is zero. Effect of probability of any adverse developments is not expected to be significant, considering the time value component of put options. Accordingly, no liability in this regard has been recognized in the financial statements.

As at June 30, 2022, the aggregate net book value of shares held by other shareholders of PMIC is Rs 3,794,077 thousand (2021: Rs 3,524,530 thousand) at Rs 1,264 per share (2021: Rs 1,174 per share) and the capital invested by them is Rs 3,000,964 thousand (2021: Rs 3,000,964 thousand).

b) Without the consent of all other shareholders of PMIC, holding at least 10% of PMIC's shares, the Company cannot sell or pledge, for a period of five years commencing from the date of incorporation of PMIC, its shares in PMIC. The Company has also granted other shareholders of PMIC, the right of first offer and tag-along rights, in case it receives a bona fide binding offer for the sale of shares held by it.

30. SERVICE CHARGES ON LOANS TO ASSOCIATE AND PARTNER ORGANIZATIONS

These represent service charges on long term loans to Associate and partner organizations, under the Financing Agreement at the rate disclosed in note 11.1 and note 16.1 to the financial statements, respectively.

31. INCOME ON INVESTMENTS AND SAVINGS ACCOUNTS

	2022	2021
	------ Rupees '000 ------	
Income on investments		
Specific to Endowment Fund	**99,462**	105,367
Specific to others and savings accounts	**1,901,726**	1,726,062
	2,001,188	1,831,429

32. OTHER INCOME

	2022	2021
Gain on disposal of property and equipment	**157**	114
Miscellaneous income	**2,683**	5,341
	2,840	5,455

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33. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2022	2021
		------ Rupees '000 ------	
Salaries, wages and other benefits	33.1	**711,928**	579,276
Repairs and maintenance		**18,648**	17,777
Traveling, lodging and conveyance		**66,934**	73,040
Communication		**9,256**	11,494
Printing and stationery		**3,388**	4,268
Insurance		**15,480**	13,781
Vehicles running and maintenance		**38,496**	25,540
Utilities		**16,163**	15,203
Legal and professional charges		**13,027**	9,926
Auditors' remuneration	33.2	**7,660**	11,755
Fees for BOD/ committee meeting		**10,360**	2,730
Advertisement		**2,753**	4,352
Media projection		**1,317**	2,852
Newspapers, books and periodicals		**58**	108
Depreciation of property and equipment	7	**76,461**	71,186
Amortization of intangible assets	8	**1,454**	-
Security services		**5,437**	5,059
Others		**7,502**	14,375
		1,006,322	862,722

33.1 This includes Rs 30,618 thousand and Rs 25,955 thousand (2021: Rs 27,440 thousand and Rs 23,854 thousand) in respect of contribution to the provident fund and pension fund respectively.

33.2 Auditor's remuneration

	2022	2021
	------ Rupees '000 ------	
Statutory audit	**1,698**	1,544
Projects' audit	**3,721**	7,826
Tax services	**2,241**	2,385
	7,660	11,755

33.3 General and administrative expenses include Rs 189,704 thousand (2021: Rs 110,924 thousand) incurred on different donors' sponsored programme activities.

34. SEMINARS, WORKSHOPS AND TRAININGS

	Note	2022	2021
		------ Rupees '000 ------	
Training		**3,345**	8,474
Seminars and workshops		**3,900**	2,559
	34.1	**7,245**	11,033

34.1 Seminars, workshops and trainings include Rs 1,392 thousand (2021: Nil) incurred on different donors' sponsored programme activities.

35. TECHNICAL AND OTHER STUDIES

This include Rs 19,544 thousand (2021: Rs 13,756 thousand) incurred on different donors' sponsored programme activities.

		Note	2022	2021
			------ Rupees '000 ------	
36.	**REVERSAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES**			
	Reversal of allowance for expected credit losses against:			
	Loans to partner organizations	16.4	**(27,690)**	(9,910)

37. FINANCIAL CHARGES

	Note	2022	2021
Service charges on long term financing		**58,977**	68,408
Imputed interest on long term loan at below market interest	23.3.1	**168,575**	163,102
Unwinding of interest on lease liabilities	22	**36,189**	36,180
Bank charges		**366**	243
		264,107	267,933

38. EXPENDITURE ON PROJECT AND RELIEF ACTIVITIES

	2022	2021
Institutional Development - Social Mobilization	**76,505**	45,098
Poverty Graduation	**885,656**	32,486
Health and Educational Interventions	**222,638**	76,160
Infrastructure Schemes	**38,184**	34,040
Operational cost - NDRMF	**35,311**	30,168
COVID-19 Emergency Response	**(6,764)**	19,269
Other program activities	**45,375**	16,037
	1,296,905	253,258

39. MOVEMENT IN RESERVE FOR GRANT BASED ACTIVITIES

	Note	2022	2021
Surplus allocated to reserve for grant based activities		**1,198,630**	1,236,691
Less: Expenditure on project and relief activities	38	**(1,296,905)**	(253,258)
		(98,275)	983,433

39.1 The expenditure on project and relief activities incurred in excess of surplus earned during the year was financed from accumulated reserve for grant based activities.

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVES AND DIRECTORS

	Chief Executive Officer		Executives	
	2022	2021	2022	2021
	-----Rupees '000-----		-----Rupees '000'-----	
Managerial remuneration	**35,338**	29,604	**360,489**	286,596
Contribution to staff Provident Fund	**2,136**	2,128	**19,035**	15,712
Contribution to staff Pension Fund	**2,136**	2,128	**16,212**	14,068
	39,610	33,860	**395,736**	316,376
Number of persons	**2***	1	**85**	75

*Including those who served partially during the year.

40.1 In addition to the above, the Chief Executive Officer is provided with medical and life insurance benefit, as per Company's policy.

40.2 The aggregate amount charged in the financial statements for the year as fees to Directors is Rs 10,360 thousand (2021: Rs 2,730 thousand) for attending Board of Directors meetings and sub-committee meetings. Rs 70 thousand per director per meeting was paid during the year.

41. TRANSACTIONS WITH RELATED PARTIES

The Company has related parties which comprise of the Government of Pakistan, the Associate, Employees Provident Fund, Pension Fund, directors and key management personnel. Amounts due from / (to) related parties are disclosed in the relevant notes to the financial statements. The carrying value of investment in associate is disclosed in note 9 to the financial statements. The Company in the normal course of business pays for electricity, gas and telephone (utility bills) to entities controlled by the Government of Pakistan. Unless otherwise stated, the transactions with related parties are carried out at arms length basis. The transactions with related parties not disclosed elsewhere are:

41.1 Details of remuneration of key management personnel is disclosed in note 40 to the financial statements.

41.2 Following are the pertinent details of a related party with whom the Company had transactions during the year or have agreements/ arrangements in place:

Name of the related party and transactions	Nature of relationship	%age of holding	2022	2021
			------Rupees '000-------	
Government of Pakistan	Significant influence	N/A		
Repayments of principal amount of long term financing			**1,279,542**	1,279,598
Service charges paid			**61,416**	71,013
Balance of long term financing at year end			**7,229,187**	8,508,729
Service charges payable at year end			**11,820**	14,259
Telephone			**252**	257
Electricity			**15,138**	14,039
Gas			**148**	97
PMIC	Associate	49%		
Repayments of principal amount			**1,142,938**	1,142,938
Service charges received			**913,417**	837,229
Service charges receivable at year end			**-**	163,555
Balance of loan receivable at year end			**6,689,357**	7,832,293
Share of profit of the Associate			**258,975**	203,251
Investment in associate at year end			**3,645,273**	3,386,298
Employees Provident Fund	Contribution Plan	N/A		
Employee contribution			**30,618**	27,440
Employer contribution			**30,618**	27,440
Pension Fund	Contribution Plan	N/A		
Employer contribution			**25,955**	23,854

41.3 No remuneration was paid to the directors during the year except reimbursement of actual expenses and meeting fees for attending the meetings of Board of Directors.

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Long term financing	Deferred liabilities - grant fund	Deferred income - grant fund
	-----------------------Rupees '000-----------------------			
Balance at July 01, 2021	**273,598**	**7,259,072**	**2,237,929**	**-**
Changes from financing activities				
Long term financing repaid	-	(1,279,542)	-	-
Grant fund receipts	-	-	655,843	185,633
Lease liabilities paid	(105,915)	-	-	-
Total changes from financing cash flows	(105,915)	(1,279,542)	655,843	185,633
Other changes				
Lease liability related	5,961	-	-	-
Amortization of deferred benefit	-	168,575	-	-
Disbursements to partner organizations - Grants	-	-	(2,164,984)	-
Grant fund receivable	-	-	(5,892)	-
Expenditure from grant recognized as income	-	-	-	(185,633)
Transferred to deferred capital grant	-	-	(1,590)	-
Balance at June 30, 2022	**173,644**	**6,148,105**	**721,306**	**-**
Balance at July 01, 2020	207,664	8,375,568	1,891,979	9,031
Changes from financing activities				
Long term financing repaid	-	(1,279,598)	-	-
Grant fund receipts	-	-	8,245,788	118,408
Lease liabilities paid	(1,114)	-	-	-
Total changes from financing cash flows	(1,114)	(1,279,598)	8,245,788	118,408
Other changes				
Lease liability related	67,048	-	-	-
Amortization of deferred benefit	-	163,102	-	-
Disbursements to partner organizations - Grants	-	-	(7,905,730)	-
Grant fund receivable	-	-	5,892	-
Expenditure from grant recognized as income	-	-	-	(127,439)
Balance at June 30, 2021	**273,598**	**7,259,072**	**2,237,929**	**-**

43. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	2022	2021
	------Rupees '000-------	
Financial Assets:		
At amortized cost		
Maturity up to one year:		
Long term loans to Associate	**1,142,938**	1,142,938
Loans and advances	**8,666**	17,722
Grant fund receivable	**181,681**	158,911
Profit / service charges receivable	**493,983**	570,165
Other receivables	**2,517**	3,291
Loans to partner organizations	**-**	7,760
Short term investments	**13,000,468**	7,599,899
Bank balances specific to projects	**788,124**	2,528,684
Cash and bank balances	**341,800**	522,337
Maturity after one year:		
Long term investments	**6,148,444**	10,624,743
Long term loans to Associate	**5,546,419**	6,689,355
Long term loans and advances	**6,147**	14,226
Long term deposits	**7,103**	9,431
	27,668,290	29,889,462
Financial Liabilities:		
At amortized cost		
Maturities up to one year:		
Lease liabilities	**601**	78,421
Long term financing	**1,125,465**	1,279,597
Deferred liabilities - grant fund	**721,306**	2,237,929
Trade and other payables	**133,618**	56,971
Service charges payable	**11,820**	14,259
Maturity after one year:		
Lease liabilities	**173,043**	195,177
Long term financing	**5,022,640**	5,979,475
	7,188,493	9,841,829

43.1 Credit quality of financial assets

The credit quality of the Company's financial assets has been assessed below by reference to external credit ratings of counterparties. The counterparties for which external credit ratings were not available have been assessed by reference to their historical information for any defaults in meeting obligations.

	Credit Rating Agency	Long-term rating	Short-term rating	2022	2021
				------- Rupees '000 -------	
Long term loans to Associate:					
Counterparties with external credit rating:					
Loans to Associate	PACRA	AA	A-1+	6,689,357	7,832,293
Loans and advances:					
Counterparties without external credit rating:					
Loans and advances				14,813	31,948
Grant fund receivable:					
Counterparties with external credit rating:					
Grant fund receivable	Fitch Ratings	AA+	F1+	181,681	153,019
Counterparties without external credit rating:					
Grant fund receivable				-	5,892
				181,681	158,911
Profit / service charges receivable:					
Counterparties with external credit rating					
	PACRA	AAA	A-1+	99,473	-
	VIS	AAA	A-1+	7,838	95,837
	PACRA	AA	A-1+	-	163,555
Securities issued / supported by:					
Government of Pakistan				386,672	310,773
				493,983	570,165
Other receivables:					
Counterparties without external credit rating:					
Other receivables				2,517	3,291
Loans to partner organizations:					
Counterparties without external credit rating:					
Counterparties with no default in the past					
Loans to partner organizations				-	7,760
Short term investments:					
Counterparties with external credit rating					
	VIS	AAA	A-1+	715,500	2,245,000
	PACRA	AAA	A-1+	2,459,000	1,186,700
Securities issued / supported by:					
Government of Pakistan				9,825,968	4,168,199
				13,000,468	7,599,899

				2022	2021
				------- Rupees '000 -------	
Bank balances - specific to projects:					
Counterparties with external credit rating					
	PACRA	AAA	A-1+	**441,478**	2,120,702
	VIS	AAA	A-1+	**67,464**	307,925
	PACRA	AA	A-1+	**279,182**	100,057
				788,124	2,528,684
Cash and bank balances:					
Counterparties with external credit rating					
	PACRA	AAA	A-1+	**242,311**	487,195
	VIS	AAA	A-1+	**76**	2,470
	PACRA	AA	A-1+	**94,089**	27,660
	PACRA	AA+	A-1+	**3,049**	2,855
	PACRA	AA-	A-1+	**1,244**	1,171
	PACRA	A	A-1	**43**	40
	VIS	AA	A-1	**14**	13
	VIS	A+	A-1	**973**	933
	PACRA	A+	A-1	**1**	-
				341,800	522,337
Long term investments					
Securities issued / supported by:					
Government of Pakistan				**6,148,444**	10,624,743
Long term deposits					
Counterparties without external credit rating:					
Long term deposits				**7,103**	9,431

43.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rates risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The management of the Company is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other to incur a financial loss. The Company's credit risk is primarily attributable to loans to Associate and partner organizations, receivable from donors, investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	------- Rupees '000 -------	
Long term loans to Associate	**6,689,357**	7,832,293
Loans and advances	**14,813**	31,948
Grant fund receivable	**181,681**	158,911
Profit / service charges receivable	**493,983**	570,165
Other receivables	**2,517**	3,291
Loans to partner organizations	**-**	7,760
Short term investments	**13,000,468**	7,599,899
Bank balances specific to projects	**788,124**	2,528,684
Cash and bank balances	**341,800**	522,337
Long term investments	**6,148,444**	10,624,743
Long term deposits	**7,103**	9,431
	27,668,290	29,889,462

Geographically, there is no concentration of credit risk

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit rating. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings and with Government of Pakistan, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

The ageing of loans to partner organizations at the reporting date is given in note 16.2 to the financial statements.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans. The Company's financial position is satisfactory and the Company does not have any liquidity problems.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

	Carrying amount	Within 1 year	1 to 5 years	More than 5 years
		Contractual amount		
June 30, 2022		------- Rupees '000 -------		
Lease liabilities	173,644	10,237	279,542	-
Long term financing	6,148,105	1,177,696	4,524,837	1,727,746
Deferred liabilities - grant fund	721,306	721,306	-	-
Trade and other payables	133,618	133,618	-	-
Service charges payable	11,820	11,820	-	-
	7,188,493	2,054,677	4,804,379	1,727,746
June 30, 2021				
Lease liabilities	273,598	103,641	292,987	-
Long term financing	7,259,072	1,340,959	4,853,404	2,576,874
Deferred liabilities - grant fund	2,237,929	2,237,929	-	-
Trade and other payables	56,971	56,971	-	-
Service charges payable	14,259	14,259	-	-
	9,841,829	3,753,759	5,146,391	2,576,874

The contractual cash flows relating to long term financing have been determined on the basis of expected markup rates.

c) **Market risk**

(i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on bank balances which is denominated in currency other than the functional currently of the Company. The Company's exposure to foreign currency risk is as follows:

	2022	2021
	------- Rupees '000 -------	
Bank balances	-	252,747

The following significant exchange rate applied during the year:

	2022	2021
Rupees per Euro		
Average rate	201.28	191.16
Reporting date rate	215.23	186.75

A 10 % strengthening/ weakening of the functional currency against foreign currencies at June 30, 2022, with all other variables held constant, would have decreased/ increased surplus for the year by Nil (2021: Rs 25,274 thousand).

(ii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investments, loans to the Associate, grant fund receivable, loans to Partner Organizations, deposits with banks, lease liabilities and long term financing.

As at the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments is:

	2022	2021
	Carrying Amount	
	------- Rupees '000 -------	
Fixed rate instruments		
Financial assets	19,642,895	18,631,252
Financial liabilities	6,333,569	7,546,929
Variable rate instruments		
Financial assets	7,360,438	8,700,736
Financial liabilities	-	-

Applicable interest rates for financial assets have been indicated in respective notes.

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to variations in interest rates on its fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) surplus by the amounts shown below. This analyzes assumes that all other variables remain constant.

	100 basis points increase	100 basis points decrease
	------- Rupees '000 -------	
June 30, 2022		
Financial assets	73,604	(73,604)
Financial liabilities	-	-
June 30, 2021		
Financial assets	87,007	(87,007)
Financial liabilities	-	-

(iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end, the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

d) Fair values

The following table shows the carrying amounts of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is reasonable approximation of fair value.

Carrying amount	**2022**	**2021**
	--------- Rupees '000 -----------	
Financial assets carried at amortized cost		
Long term loans to Associate	**6,689,357**	7,832,293
Loans and advances	**14,813**	31,948
Grant fund receivable	**181,681**	158,911
Profit / service charges receivable	**493,983**	570,165
Other receivables	**2,517**	3,291
Loans to partner organizations	-	7,760
Short term investments	**13,000,468**	7,599,899
Bank balances specific to projects	**788,124**	2,528,684
Cash and bank balances	**341,800**	522,337
Long term investments	**6,148,444**	10,624,743
Long term deposits	**7,103**	9,431
	27,668,290	29,889,462

Carrying amount	2022	2021
	--------- Rupees '000 ------------	
Financial liabilities carried at amortized cost		
Lease liabilities	**173,644**	273,598
Long term financing	**6,148,105**	7,259,072
Deferred liabilities - grant fund	**721,306**	2,237,929
Trade and other payables	**133,618**	56,971
Service charges payable	**11,820**	14,259
	7,188,493	9,841,829

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

As at the reporting date, the Company does not hold any financial assets at fair value.

43.3 Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objectives, provide benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses in line with the objects of the Company.

44. CASH AND CASH EQUIVALENTS

	Note	2022	2021
		------ Rupees '000 -------	
Short term investments	17	**371,000**	373,000
Bank balances specific to projects	19	**788,124**	2,528,684
Cash and bank balances	20	**341,800**	522,337
		1,500,924	3,424,021

45. NUMBER OF EMPLOYEES

	2022	2021
Number of employees	**186**	219
Average number of employees during the year	**209**	211

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46. GENERAL

46.1 Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

46.2 Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation. However no significant reclassification have been made in corresponding figures, except for following:

Particular	Reclassified from	Reclassified to
Advances to employees - unsecured amounting to Rs 2,942 thousand	Long term loans and advances	Advances and other receivables
Saving accounts of GRASP, CF and EF amounting to Rs 157,916 thousand	Cash and bank balances	Bank balances specific to projects

47. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 07 OCT 2022.

CHAIRPERSON **DIRECTOR** **CHIEF OPERATING OFFICER**

PHOTOGRAPHS

Pg 13
Strengthening the Small and Medium Enterprises (SMEs) to enable sustainable livelihoods in Balochistan, Quetta

Pg 14
Providing interest free loans to the poor households to set-up small scall sustainable businesses in district Shangla, Khyber Pakhtunkhwa

Pg 15
Supporting livelihoods for communities through setting up state-of-the-art olive processing unit in district Lower Dir, Khyber Pakhtunkhwa

Pg 16
a. Developing physical infrastructure to improve standards of living in the underserved areas in district Swabi, Khyber Pakhtunkhwa

b. Enabling access to better education, healthcare, and income generation opportunities through improved infrastructure facilities in district Shangla, Khyber Pakhtunkhwa

Pg 17
Providing low-cost hydro-power to rural communities in district Chitral, Khyber Pakhtunkhwa

Pg 18
a. Supporting livelihood opportunities for Afghan Refugees through providing productive assets in district Chaghi, Balochistan

b. Providing sustainable income generation opportunities through assets distribution in district Lower Dir, Khyber Pakhtunkhwa

Pg 19
Creating income generation opportunities for the ultra-poor to graduate out of poverty through provision of assets in district Tharparkar, Sindh

Pg 20
Strengthening readiness to natural hazards in vulnerable communities in

Pg 21
a. Providing assets and skills training to strengthen dairy value chain for poor and ultra-poor households in district Toba Tek Singh, Punjab

b. Providing vocation training to young people to increase their employability and entrepreneurial potential in district Pishin, Balochistan

Pg 22
a. Improving infrastructure facilities to improve standards of living in the underserved district in Dera Bugti, Balochistan

b. Enhancing food security and sustainable livelihoods through investing in tunnel farming in district Swabi, Khyber Pakhtunkhwa

Pg 23
Facilitating awareness sessions to strengthen community institutions for sustainable development in district Tharparkar, Sindh

Pg 24
a. Supporting inclusion and financial independence for the differently abled students in Karachi, Sindh

b. Rehabilitating the physically challenged person through provision of assistive devices in Quetta, Balochistan

Pg 25
a. Enhancing learning outcomes for children from the underserved districts in Loralai and Kohlu, Balochistan through an exposure visit to the Governor House in Lahore, Punjab

b. Improving the access and quality of education for the children of the poorest families in district Ghizer, Gilgit Baltistan

c. Supporting the physical learning environment and the quality of education for children in Gwadar, Balochistan

Pg 26
a. Supporting rehabilitation of a model village to improve living conditions for earthquake affected communities in district Bhimber, AJK

b. Financially empowering poor households through supporting rooms renovations for tourism in Neelum Valley AJK

c. Investing in tree plantation to tackle climate change and income generation opportunities communities in district Kharan, Balochistan

عشق، علم، عمل

پی پی اے ایف کی بنیادی اقدار اور اس کے کام کی اصل روح ہیں

The emblem denotes three words: Ishq, Ilm, Aml
meaning profound love, knowledge and action
the core values of PPAF.

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