

## Pakistan Microfinance Network

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### Brief History

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The Pakistan Microfinance Network finds its origins in 1995 as an informal association based on the exchange of thoughts and experiences between microfinance providers operating in Pakistan. In 1999 this loose collaboration, the Microfinance Group Pakistan, sought and received financial support from the Aga Khan Foundation and the Asia Foundation. Through its expanding and more formalised operations it continued to build confidence and trust amongst donors, government and microfinance institutions. In 2001 it moved successfully to become a separate legal entity under the name of the Pakistani Microfinance Network (PMN).

### Activities

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PMN is a network of organisations engaged in microfinance and dedicated to improving the outreach and sustainability of microfinance in Pakistan. PMN acts as a disseminator of microfinance information with the aim of enhancing the scale, quality, diversity and sustainability of microfinance providers in Pakistan.

PMN pursues three objectives:

1. *Enhancing the capacity of retail MFIs*

Through training courses, the network seeks to build up technical expertise and disseminate operational best practices. During training events, members are also encouraged to present historical overviews of their organisations, illustrate key issues in their current operations and divulge financial information on their organisations.

In the past, PMN has organised training courses in market research, credit methodologies, management skills, business planning and financial modelling and others. For 2004, it proposes nine training courses, run by Pakistan practitioners and international trainers in gender, financial management, credit operations, business development services.

2. *Developing and disseminating the use of performance measures and promoting financial transparency in retail MFIs.*

PMN started in 1999 to promote transparency among its members, asking them to self-report their performance indicators, which are then aggregated, analysed and published bi-annually as a nation-wide report, the Performance Indicators Report. It is widely acknowledged that PMN is one of the leading national networks in the world in managing and producing performance indicators for the microfinance industry.

3. *Helping to create an enabling environment for retail MFIs.*

PMN organises policy seminars on regulatory issues as well as nation-wide conferences, and has representation on the Consultative Group for Microfinance run by State Bank of Pakistan. In addition, PMN publishes position papers on issues reflecting a consensus among its members.

### Membership

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PMN is comprised of 12 microfinance providers, including most of the largest and better-established microfinance institutions in the country, representing a regional balance and approximately 90% of the outreach in Pakistan.

PMN members:

- First MicroFinanceBank Ltd. (FMBL)
- Development Action for Mobilization and Emancipation (DAMEN)
- Kashf Foundation
- National Rural Support Programme (NRSP)
- Orangi Pilot Project (OPP)
- Sarhad Rural Support Programme (SRSP)
- Sindh Agricultural & Forestry Workers' Cooperative Organization (SAFWCO)
- Sungi Development Foundation
- Taraqee Foundation (TF)
- Thardeep Rural Development Programme (TRDP)
- Punjab Rural Support Programme (PRSP)
- The Bank of Khyber (BOK)

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### **Contribution to innovation and to the dissemination of best practices**

The PMN has been innovative in establishing national standards and benchmarking for its members. To promote transparency, PMN members provide performance indicators which are collated and presented in the PMN bi-annually Performance Indicators Report (PIR). By working to improve the quality and consistency of the PIR data, the PMN looks to enhance the capacity of its members to track best practice performance indicators.

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### **Funding**

The PMN was initially established using funds donated by the Aga Khan Foundation (AKF) and the Asia Foundation. Currently PMN is operating through continued support from the AKF, DFID and income generated from its training courses.

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### **Management and Governance**

PMN is headed by a Chief Executive Director, assisted by a Network Coordinator and a Finance Manager / Company Secretary. The board of directors is representative of the membership base, with most of the ten directors coming from member organisations.

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### **Challenges and Development Plans**

PMN is currently recruiting a new CEO and has commissioned work on the development of a credit bureau.

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### **Interaction with financial sector**

One of PMN members, its newest member, is a commercial bank, the Bank of Khyber. PMN also collaborates with the State Bank of Pakistan on various issues related to the development of the microfinance sector in Pakistan.

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### **Partnerships**

PMN has close collaboration with the MIX, a CGAP affiliate running the leading benchmarking tool in microfinance, the Microbanking Bulletin.

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### **Sources**

PMN web site: [www.pmn.org.pk](http://www.pmn.org.pk)

PMN promotional documents