

## PROJECT FACTSHEET

<b>Title of project</b>	<b>SCBF 2013-04: Fine-tuning of Advans Pakistan products to increase financial inclusion</b>
<b>Country / region</b>	<b>Pakistan / Karachi</b>
<b>Financial Intermediary</b>	<b>Advans Pakistan Microfinance Bank.</b> Microfinance bank in the province of Sindh licensed by the State Bank of Pakistan
<b>Competence Centre mandated for execution</b>	<b>Horus Development Finance.</b> 39, rue La Fayette, 75009 Paris, France
<b>Overall project budget</b>	CHF 196,534.50 (25% self-contribution by partner)
<b>SCBF contribution</b>	<b>CHF 146,700</b> (75% SCBF funding share)
<b>Date of project approval</b>	04.06.2013
<b>Project period</b>	07.2013 until 06.2014
<b>Context</b>	<p>According to the national microfinance association (PMN), the Pakistani microfinance industry is composed of 18 providers. Latest available statistics (end of 2010) shows that the total outreach of Pakistani MFIs is of about 1.6 million borrowers and 700k depositors for a total outstanding portfolio of PKR 20.3 billion (CHF 189 million). The industry is therefore tiny when compared to the size of the country (176m) as well as to the development of the microfinance industry in neighbouring India. Microfinance banks in Karachi, a city of over 21 million inhabitants, are only 6. To those, one needs to add 4 NGOs with microfinance programs.</p> <p>The market study carried out by Advans Pakistan (AP) with micro and small entrepreneurs in the state of Sindh (664 field interviews) concluded that only 15% of them have access or had a loan in the past. Half of them had to use informal sources such as family members or moneylenders to get capital, while only 3% managed to get a loan from a microfinance bank. Results obtained by AP's survey match the conclusions of the study carried out by Advans SA back in January 2009, whose qualitative market study revealed that only 10% of people interviewed had ever had a loan, showing a clear need in the Pakistani market for a greenfield institution targeting micro and small entrepreneurs. Requested amounts range from as low as PKR 10k (CHF 90) to PKR 500k (CHF 4.7k).</p>
<b>Current status</b>	Advans Pakistan has been incorporated as a limited liability company in the Islamic Republic of Pakistan in April 2012. It has been granted a licence to operate as a microfinance bank for the province of Sindh by the State Bank of Pakistan (SBP). Headquartered in Karachi, AP opened the doors to the public on January 09, 2013 and it will initially look at expanding rapidly throughout the disadvantaged areas of Karachi, the commercial hub of the country. Its range of simple and adapted credit products will complement rather than compete with the existing supply of financial services for poorer segments of the population. AP currently employs 60 staff. The microfinance bank is currently managed by a pool of expatriates (CEO, COO, deputy COO and branch expansion specialist) seconded by Horus/Advans SA as well as by a Pakistani CFO.
<b>Objective and main activities</b>	The project aims at increasing and fine-tuning the menu of financial products currently offered by Advans Pakistan in view of expanding its outreach beyond current levels. SCBF resources will be deployed for the following activities: i) improving the productivity of the existing microloan products; ii) setting up collection and recovery process for loan products; iii) introducing a new enterprise loan product for semi-informal enterprises (up to PKR 500,000, about CHF 4,700). The project will focus on training of young Pakistani graduates on the international best-practices of microlending which will in turn enable Advans Pakistan to count on a solid group of professionals both at head office and at its first branches. Through intensive capacity building activities, the project will enable AP to strengthen the technical skills of its young staff on all the various phases of the credit cycle. This will in turn allow Advans Pakistan to grow quickly and in a sustainable manner.