

Pakistan

FY2018 Ex-Post Evaluation of Private Sector Investment Finance
“Private Sector Investment Finance for the First MicroFinance Bank - Pakistan”

Conducted by: JICA Private Sector Partnership and Finance Department

1. Project Description



FMFB-P’s client engaged in livestock and dairy farming business



FMFB-P Kamalabad Branch

1.1 Project Outline

This project aims for expanding the business and achieving the stable management of The First MicroFinanceBank Ltd.-Pakistan (hereinafter referred to as “FMFB-P”) through investment in order to enlarge financial service delivery to the poor in Pakistan, thereby contributing to stabilizing the sustainable livelihood of the low income population in Pakistan.

2. Outline of the Evaluation Study

2.1 External Evaluator

JICA Private Sector Partnership and Finance Department

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted with the following schedule.

Duration of the Study: December 2018 – December 2019

Duration of the Field Study: Field survey: April 23-30, 2019

2.3 Constraints during the Evaluation Study

None in particular

3. Conclusion

This project is highly consistent with Pakistan's development policy as the Government of Pakistan has government policy to improve access to finance for both private sector development and poverty reduction. This project also clearly aligns with Pakistan's development needs as actual and potential demands of microfinance continues to be at a high level in Pakistan, thanks to FMFB's meticulous service to clients and FMFB's digitization. This project is consistent with Japan's ODA policy too at the time of appraisal.

The number of borrowers and gross loan portfolio indicated as key indicators have improved year by year, and the targets have been achieved at the time of the ex-post evaluation. As a result of financial and economic analysis, the business situation of FMFB-P is rapidly improving and expanding, and its profitability and economic benefits are improving although Return on Invested Capital (ROIC) and Economic Return on Invested Capital (EROIC) are below Weighted Average Cost of Capital (WACC). In addition, the service provided by FMFB-P generally satisfies their clients, according to the interviews. Their small businesses have been expanded and thereby their income has been increased.

It is difficult to evaluate efficiency of the project because JICA has not exited at the time of the ex-post evaluation. Therefore, evaluation of efficiency is excluded from the evaluation.

FMFB-P has a sufficient number of employees and a strong governance and risk management system. FMFB-P is working to improve operational efficiency, such as the introduction of Core Banking System. The loan officer has sufficient business capability by human resource development. Thanks to strengthened business condition of FMFB-P, financial condition has also been improved.

END

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