



# Pact Global Microfinance Fund

PGMF envisions a world where those who are poor and marginalized exercise their voice, build their own solutions and take ownership over their future.

### Overview

Pact Global Microfinance Fund (PGMF) was founded in February 2012, as an outgrowth of Pact's 17 years of microfinance operations in Myanmar. With a loan portfolio close to \$108 million USD, PGMF today manages over 80 percent of the NGO-provided microfinance in Myanmar. Since 1997, PGMF's microfinance operations have reached 931,462 individuals, over 99 percent of whom are women, in 9,194 villages from 51 townships.

PGMF's approach utilizes a two-pronged strategy that consists of 1) facilitating access to microfinance services for the poor using a group lending methodology, and 2) stimulating small business ventures through a range of basic small business development support services.

### What We Do

**Institutional Microfinance** - The design and delivery of PGMF's microfinance project is based on its 'Capital Plus' philosophy, which is the belief that long-term poverty alleviation is attained through the combined development of:

- **Financial Capital**, in the form of savings and credit for the poor;
- **Institutions**, in the form of sustainable microfinance organizations; and
- **Human Resources**, in the form of informed and empowered clients.

PGMF's financial services are executed with a client-focused approach that emphasizes the wellbeing and empowerment of its clients. PGMF utilizes the solidarity lending model based on microfinance best practices including the formation of small groups, and village level centers. PGMF offers tailored loan products without collateral and with a focus on poor rural women.

**Non-Financial Services** - PGMF was founded on the principle that credit alone is not enough for the poor to become income secure. Therefore, PGMF educates each of its clients in financial management and planning skills to facilitate their adoption of good financial practices with regard to their savings and income generating activities. PGMF requires all new borrowers to attend five business education training modules,

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which orient new and nascent entrepreneurs to key principles of managing loans and developing or running successful businesses. PGMF also establishes a Beneficiary Welfare Fund that provides a safety net to its clients. To fund the program, clients contribute 1 percent of their business loan value and PGMF contributes a matching 1 percent of gross income.

**Savings** – PGMF requires clients to deposit a small amount of savings in a fortnightly basis and encourages clients to contribute additional voluntary savings. By starting the savings before potential clients receive loans, this identifies individuals who may have trouble meeting even minimal weekly payments while building financial management, planning skills, and a habit of saving. PGMF pays interest on client savings at an annual rate of 15 percent. Savings provide a critical coping mechanism during economic shocks as well as allowing clients to better plan for the future.

**Capacity Development** - PGMF strongly believes that to have sustainable change in the world requires empowering those at the local level to lead. To this end, PGMF supports the capacity development of both government and non-governmental organizations for microfinance. PGMF played a major role in the establishment of the microfinance law and is working to educate new national microfinance institutions on the law. PGMF has been working with nine local NGOs since 2012 to help them start microfinance operations in remote areas. Out of that, seven institutions run the program successfully disbursing loans with grant funds provided by an international donor through PGMF.

**Future Plans** – Demand for microloans in Myanmar is estimated to be at \$1 billion per year; however, only 28 percent of that demand is currently being met. In the next three years, PGMF will add almost 500,000 new borrowers and increase its portfolio by almost \$110 million to begin to bridge Myanmar's large unmet financial services demand. In the future, PGMF plans to maintain the same focus on client protection and well-being.

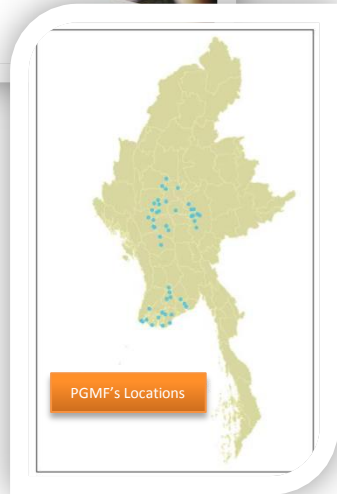
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UNDP Myanmar: Report from the IAM on the Human Development Initiative in Myanmar

*In 2010, an Independent Assessment Mission of Pact's microfinance program stated it "is the best of the three approaches for providing services...efficiency is high...and operating expenses only 14.61%... these are well above best practice indicators and ratios given by CGAP"*



## KEY ACCOMPLISHMENTS

**931,462** clients have gained financial security through the use of credit, savings, and contingency fund resources.

**Women** in PGMF microfinance villages have **higher levels of decision-making authority** in their households.

**255.9 million USD** was disbursed in last 12<sup>th</sup> months **92.86 million USD** of which was in agricultural loans.

**1,012,639** loans were issued in last 12<sup>th</sup> months with a **99.31%** repayment rate.

**52 USD** is the average amount of a member saved as of March 2015.

**Microfinance clients** of PGMF are more **food secure** and have greater nutritional variety.

