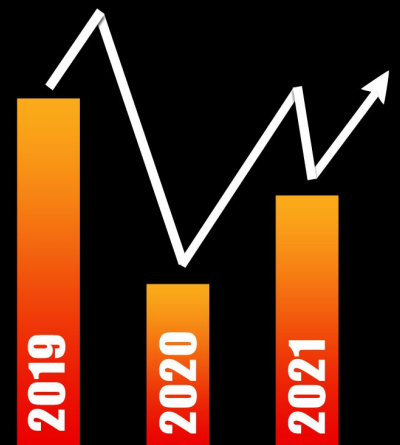


# ANNUAL REPORT 2021



## BUSINESS REVITALIZATION



**SAFCO SUPPORT FOUNDATION (SSF)**

Sustainable Actions to Access Financial Capital Opportunities (SAFCO)





**S**ustainable  
**A**ctions to access  
**F**inancial  
**C**apital  
**O**pportunities

# Annual Report

# 2021



## SAFCO Support Foundation – SSF

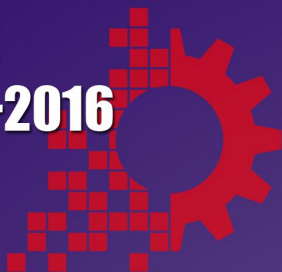
A Non Banking Microfinance Company

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# SAFCO AT GLANCE

## TRANSFORMATION DRIVE 2009-2016



Transforme & Registered with SECP under Section 42 of the companies ordinance & Licensed as NBFC

## GOVERNANCE & MANAGEMENT



Qualified, Experienced, Diversified & Well Reputed Board & Management Team

## 2ND LARGEST MFI (NBFC) IN SINDH PROVINCE



Working in 10 Districts with 100K plus active clients and more then 2.6 Billion OLP

## SUSTAINABILITY



OSS & FSS > 100%  
NPLs under control

## DIGITAL AGE



Borrowers On boarding, Processing, Disbursement, Collection & Internal Controls, Advanced Management Information Systems

## RATING, CERTIFICATION & AWARDS



PACRA Rated MFI, CPC Certified MFI, National & International Recognitions, Certifications & Awards

## SOCIAL PERFORMANCE MANAGEMENT FRAMEWORK



Impact Assessments, Social Audit, SPI4 Audit, ESM Complaint & SDGs Contribution

## DIVERSIFIED BUSINESS PARTNERS



National & International Financial Institutions, Networks, ADCs & Associations

## SOCIO-ECONOMIC IMPACT



60% Clients Improved PSC  
57% Women Clients  
66% Retention of Clients  
88% Rural &  
29% Youth



# Message from the Chairman



**Prof. Muhammad Ismail Kunbhar**  
**Chairman**

Dear All Stakeholders,

The Fiscal Year 2020 became and presented year with the emergence and world widespread of the Covid-19 globally. It was clear for all of us that the year 2020 would be a year unlike anything most of us had ever encountered and this year require some diversification in the business cycles and process optimizations for the sustainability and survival. The most immediate objective and vision of the Safco board and management throughout the year was to protect the health and safety for the staff and clients and preparedness for financial readiness in the institution to face the pandemic economic challenges.

All the institutional strategic approaches, actions, measures process optimizations were conducted considering the above objectives and the effective continual monitoring with management and board oversight were developed throughout the year. Despite of the covid19 challenges, post covid impacts, the progress we achieved in the FY 2020-21 was clearly positive and growth oriented with self-sustainability, this was only made possible by the continual commitment of entire SAFCO team, to whom I give my appreciations and thanks to all SAFCO Family.

We successfully eliminated the irrelevant process and developed the technological based internal controls in our business cycle, updated the existing policies and procedures, improved the transparency by reviewing each and every process in the process optimization, which allowed us to accelerate our business with the in-depth outreach and connectivity with the client and staff with virtually with the cost cutting approaches.

We believe in the technological advancement in the Financial Inclusion and successfully launched the E Credit Mobile Applicable in the market for the potential borrowers for easy loan applying and loan management solutions with virtual connectivity with the institution without any time bonding and restrictions. On behalf of the SAFCO board of directors and Management, I am very much thankful to all of our business partners, investors, clients and Staff for their continual trust and efforts in helping and improving the SAFCO systems and service delivery.

# LEADERSHIP VISION

I feel proud to share another year of success of providing services with a goal to serve the unbanked communities and small entrepreneurs especially rural women of Pakistan by inducting them into the folds of formal financial services.

Twelve years in, our goals remain the same, but its scale, process, policies and approaches has changed tremendously in accordance with the customer and industry need and demand. We have served with our social values while providing the microcredit loans, insurance facilities, business counselling, capacity building, creating market linkages, livelihood scale up measures and emergency support to our valuable clients.

This year, the pandemic created newly emerged challenges for the microfinance sector and especially the rural economy, but despite of the disastrous challenges, SAFCO continued its efforts with the same vision and approach and constituted a Crisis Management Committee. The committee efficiently performed all its roles positively in the pandemic period and faced the numerous challenges which arose and took some hard and fast decisions ensuring the continual collaboration and coordination with the SAFCO board and put the safety of the staff and clients first. The business diversifications initiatives and transformations were the two major achievements of the SAFCO throughout the year evidencing the potential and flexible mindset with the controlled procedures and ability to device the strategies in hard times i.e. the transformation of the SAFCO in the for profit structure and diversification of the loan products by launching the two new loan products i.e. Auto Finance Loan and the Housing Loan. Apart from the business diversification, we continued our past expertise and practices in the existing environment and retained the institutional Credit Rating this year with same Rating of last year despite of all the challenges. As a SMART CERTIFIED institute, we ensure the compliance on all the Client Protection Principles throughout the year with the modification in the CPP policies and code of conduct in the pandemic period.

I must thank to all of the employees, investors, stakeholders especially our valuable clients for their continued support and faith on SAFCO, without which we would not be able to serve with the best in our vision. There is still a long way to go and serve deserving and potential entrepreneurs with advanced services. We look forward to the prosperities in lives of our beneficiaries and sustainable growth of our company.



**Muhammad Suleman G. Abro**  
**Founder and Chief Executive Officer**



# History of SAFCO Support Foundation

## 2009

**13** Branches  
**23430** Active Clients  
**208.46** Millions Outstanding Loan Portfolio



Registration of  
 Safo Support Foundation

## 2010

**15** Branches  
**23123** Active Clients  
**227.70** Millions Outstanding Loan Portfolio



Adoption of  
 Financial Information System  
 (FIS)

## 2011

**21** Branches  
**30856** Active Clients  
**309.29** Millions Outstanding Loan Portfolio



Successful Survival  
 from Natural Calamities

## 2012

**22** Branches  
**32599** Active Clients  
**338.26** Millions Outstanding Loan Portfolio



Completion of the  
 Transformation from SAFWCO to  
 SAFCO SUPPORT FOUNDATION

## 2013

**22** Branches  
**38762** Active Clients  
**413.87** Millions Outstanding Loan Portfolio



SAFCO Client Achieved  
 Global Award for Entrepreneurship  
 by Citi Foundation and PPAF

## 2014

**27** Branches  
**38234** Active Clients  
**422.53** Millions Outstanding Loan Portfolio



Leading MFI to  
 successfully implement 100%  
 ECIB Inquiry  
 and Reporting



Pricing Transparency Award  
 by MF Transparency

## 2015

**33** Branches  
**48009** Active Clients  
**511.66** Millions Outstanding Loan Portfolio



Client Protection  
 Assessment  
 by JCR



Development of  
 ESMS Framework

## 2016

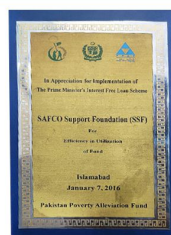
**35** Branches  
**58468** Active Clients  
**759.50** Millions Outstanding Loan Portfolio



First MFI to obtain NBFC License  
 for Microfinance Services in Sindh



Awarded Most Innovative MFI Pakistan  
 by Citi Foundation & PPAF



Achieved Appreciation Award for  
 Efficiency Utilization of Funds of PMIFL

## 2017

**37** Branches  
**64853** Active Clients  
**959.38** Millions Outstanding Loan Portfolio



Adoption of AML/CFT Program  
 in Business Operations



Repayments Collection  
 through ADC Channels



Awarded Most Innovative MFI  
 Pakistan by Citi Foundation  
 & PPAF



Awarded Certificate  
 of Recognition for Social Audit  
 by PMN



CIB Integration with MIS

# History of SAFCO Support Foundation

## 2018

45  
Branches

76699  
1514.15 Millions



Launch of Integrated Audit Program (CAMELS Rating)



E-appraisal Initiative



Launch of the two New Loan Products i.e. SME Loan and Personal Loan



Achieved Price Disclosure Award (Gold) from MFR Rating



Certificate of Recognition for Social Audit by PMN and PMIC



SAFCO Client awarded with Micro Entrepreneurship Award by Citi Foundation and PPAF

## 2019

49  
Branches

103209  
2400.51 Millions



SAFCO borrower awarded the cheque from Honorable PM during launch of Ehsas Program



Developed Robust Grievance Redressal Mechanism



Developed and Implemented In House Credit Scoring Module



Achieved Milestone of 100,000 Active Borrowers



Development and Execution of Business Continuity Plan



Launched Renewable Energy Financing Products and Services

## 2020

50  
Branches

91357  
2233.90 Millions



Awarded Smart Certification for Compliance on CPP by MFR



Integrated AML/CFT Compliance Program



Inaugurated 50th Branch in Business Operations



Awarded Certificate of Achievement for Securing CPP Assessment by PMN

PACRA Assigns Initial Entity Ratings to SAFCO Support Foundation

PACRA, The Pakistan Credit Rating Agency Limited, has assigned initial entity rating of "BBB- Long term" & "A3 Short Term" with outlook "STABLE" to SAFCO Support Foundation SSF.

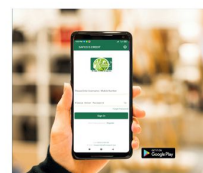
Rating Type	Entity
Current	BBB- (2020-2023)
Outlook	Stable
Rating Watch	YES

Awarded Credit Rating by PACRA Rating

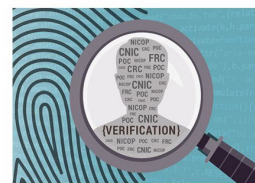
## 2021

52  
Branches

105909  
2619.68 Millions



Launched E-Credit Mobile Application



Adopted Nadra E-Verisys in Customer KYC



Business Transformation and Business Diversification Strategic Planning



Initiated the Livestock Insurance Facility



Inaugurated 52nd Branch in Business Operations



## Launching of NADRA E-Verisys Facility



SAFCO successfully implemented NADRA E-Verisys Facility in Customer KYC (Know Your Customer) information which is conducted for all the new loans





# CORPORATE PROFILE



# ORGANIZATION REVIEW

**Safco Support Foundation (SSF)** is a Non-Banking Finance Company (NBFC) licensed to carry out Investment Finance Services as NBFC by SECP under NBFC rules & regulations, 2015. It is registered under section 42 of the Companies Ordinance 1984, established in May 2009

## VISION

To be the leading financial institute who provides excellent microfinance services to unbanked entrepreneurs and productive poor families in order to create benefits for clients, shareholders and society.

## MISSION

To reach unbanked and low income communities; with financial and business solutions, in a socially, economically and environmentally sustainable approaches, through the efficient use of capital, technology and human resources.

## CORE VALUES



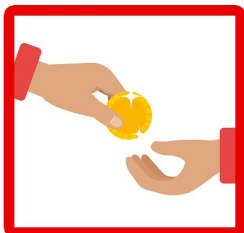
FAIRNESS



INTEGRITY



EXCELLENCE



ACCESSIBILITY



INNOVATION



EFFICIENCY



COMPETENCY

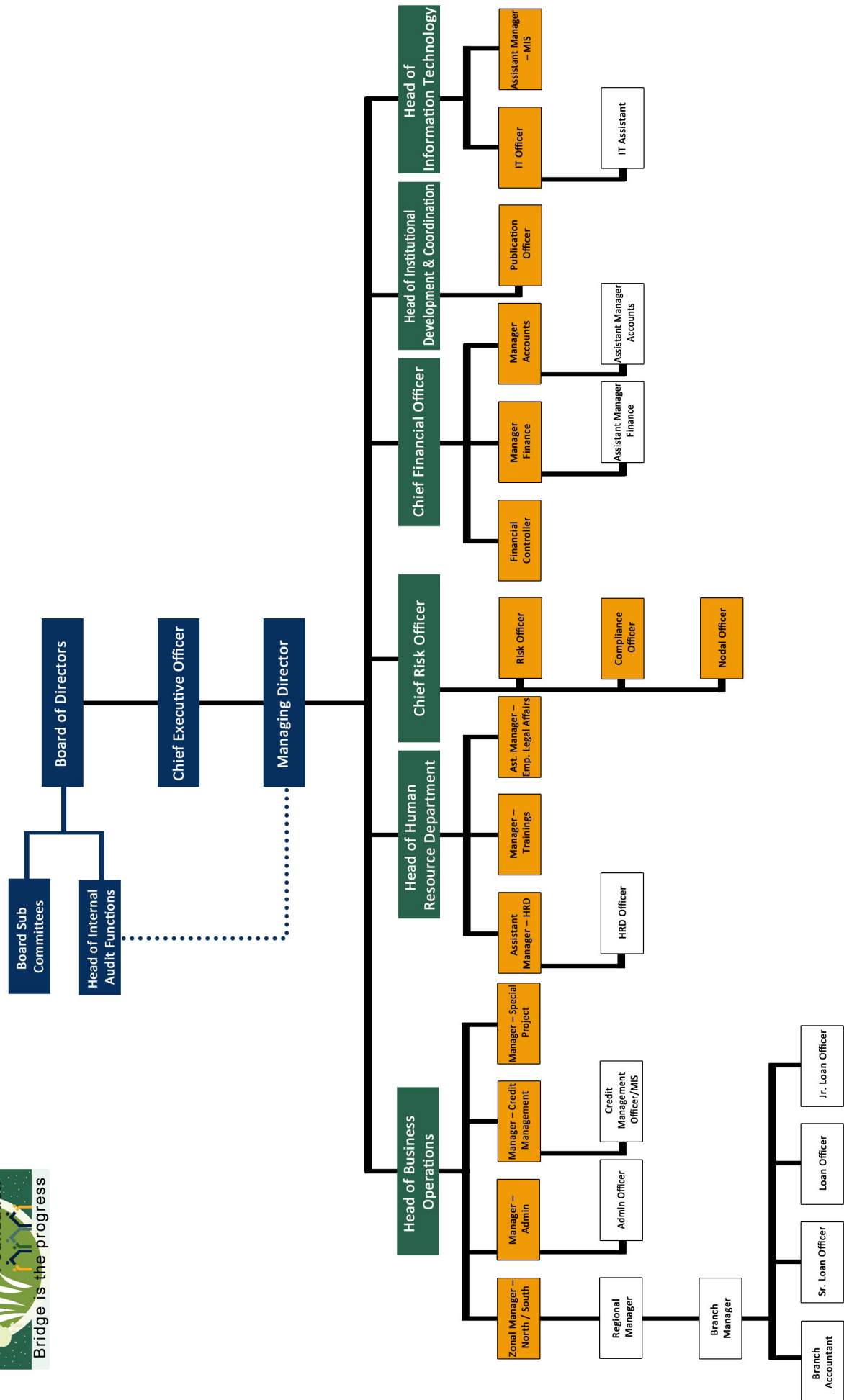
## CULTURE

*"Let's improve together"* is what we believe and work on. SAFCO considers its people the most valuable resource who bring ideas, and also convert ideas into action. We take innovative and passionate people on board who produce creative ideas, are technology experts and always understand the big picture, to remain on the verge of improvement and growth as a whole.

# WE ARE SAFCO FAMILY



# COMPANY ORGANOGRAM



# THE BOARD OF DIRECTORS

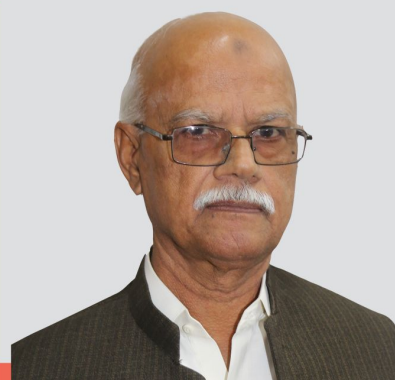


**MR. MUHAMMAD ISMAIL KUMBHAR**  
Chairman

Mr. Kumbhar is a 22 years experienced in rural development as consultant and specialist. His main areas of expertise are development of value chain, land reforms, and livestock management. He with his versatile field of expertise conducts assessments, monitoring and evaluation in development projects as an agro-economics.

**MR. RANA ABDUL SALAM**  
Director

Mr. Rana has about 35 years' experience of banking industry as he has worked for Habib Bank Limited. After that, he joined as Bursar (Head of Accounts and Finance) in Cadet College Sanghar. His vast experience in banking industry helps SAFCO in various aspects of Credit and Risk Management.



**MS. ZAIB UN NISA MALAH**  
Director

Ms. Mallah is renowned social activist and has been working for last 11 years for the development of society. Her expertise are helpful for SAFCO in understanding changing behaviors of clients and the employees on the same time.

**MS. MUMTAZ BANO SHAIKH**  
Director

Ms. Shaikh possesses an experience of 26 years in the field of research and impact assessment. She is Masters in Pakistan Studies along with bachelor in Economics and Sociology. She has a great contribution in the areas of the research on community development, social development and socio-economic impacts, her expertise support SAFCO in devising the institutional strategies for the rural based communities and economies.







### MR. GHULAM ALI JARIKO Director

Mr. Jariko is Phd in the field of Study, Research and development Management from University of Sindh and also MSC in Agriculture economics from Wye College University of London, he has been working since last 26 years in the field of economics and applied research. With his financial and economic background and experience, he provides his valuable input and contributions to SAFCO in the effective risk management, financial analysis, budgeting and forecasting the macroeconomic impacts on the sector and development of the long-term sustainable measures.

### MR. SHOUKAT ALI ABRO Director

Mr. Abro is a 17 years experienced climate change expert and a soil scientist, he has vast experience of soil fertility, quality, health and crop production. He is also the bi products practitioner and have conducted various researches on the bi products development, which are worthy for the local farmers and growers. His versatile experience is utilized in SAFCO in the areas of the product developments and climate effects in the rural and urban economy.



### MS. UROOJ TALPUR Director

Ms. Talpur has a 18 years of experience in the economic growth, she is a PhD in Role of Rural Woman in livestock management in Sindh province of Pakistan. Her areas of expertise are the development economics, macroeconomics, agriculture economics, public finance, monetary economic and development policy. She has substantially strengthened her participation and achievements in various platforms. Her expertise helps SAFCO in developing the sector policies and procedures, the financial forecasting and planning of the institution.

## AUDIT COMMITTEE

The Committee is responsible for independent oversight on the institution business operations and financial activities with systematic and disciplined approach to evaluate internal controls and governance practices.

## RISK MANAGEMENT COMMITTEE

The committee is responsible to review the processes and procedures for ensuring that all material business risks are properly identified, communicated and mitigated adopting appropriate mitigation measures by senior management and Board.

## BOARD COMMITTEES

### HUMAN RESOURCES MANAGEMENT COMMITTEE

The committee is responsible to recommend significant human resource management policies including the selection, evaluation, compensation and retirement benefits to the Board.

### SOCIAL PERFORMANCE MANAGEMENT COMMITTEE

The committee is responsible to guide the Board & senior management on implementation of SPM and to ensure that the management implements best practices where appropriate including using social data in decision making.

# SENIOR MANAGEMENT

## **SULEMAN G. ABRO** **Founder/Chief Executive**

He is a Senior Microfinance and Rural Development professional with more than 37 years of experience in managing organizations and multiple tasks of Rural Development Initiatives which includes inclusive microfinance. He started his career as a volunteer and currently working as Chief Executive in SAFCO Support Foundation. He is a founder member of Pakistan Microfinance Network Pakistan PMN since inception. He also represented the sector at different national and international professional training/courses, workshops, seminars, and international conferences throughout the world.



## **SYED SAJJAD ALI SHAH** **Managing Director**

He is an enlightened professional with experience of multiple senior level managerial positions. He started his career as Management Trainee within a few years of professional career he achieved many successes and is currently leading the team as Managing Director. Mr. Shah possesses more than 16 years of experience with a profound background of serving in financial institutions along with the private sector and successfully implemented various projects. Mr. Shah is recently elected as Member Board of Pakistan Micro Finance Network. He continues contributing and leading the industry towards a sustainable microfinance sector. Mr. Shah has extensive experience in business development, operational and strategic management, monitoring and evaluation, internal controls, governance improvement, human and institutional development, leadership development, and relationship management with national organizations.



## **BASHEER AHMED** **Head of Business Operations**

He has been serving as Head of Business Operations at SAFCO Support Foundation since last 11 years and leading the microfinance business by looking over all the operational network. He is managing overall microfinance portfolio with the remarkable expansion and growth. He has been involved in various strategic planning and execution assignments in the key sectors i.e. Community mobilizations, training and development, Financial Inclusion and Risk Management. Mr. Abro has played the key leadership role in implementing the DFS within SAFCO Support Foundation which has resulted in tremendous growth and major contribution in financial inclusion in the microfinance industry.





# MANAGEMENT COMMITTEES

## CREDIT COMMITTEE

The credit committee is responsible for overseeing credit risk activities by providing guidelines to frontline soldiers to manage the business, establishing standards and benchmarks, reviewing the credit portfolio performance.

### Members:

1. Managing Director – Chairperson
2. Head of Business Operations
3. Chief Risk Officer
4. Manager Credit Management – Secretary

## CLIENT GRIEVANCE COMMITTEE

The Client Grievance Committee ensures and monitors that the complaints received by clients have been treated timely and fairly and recommends appropriate actions and ensure the efficient and effective management of customer complaints. The committee ensures that no-blame culture is created in resolving any complaint and decisions are done on the ground realities

### Members:

1. Managing Director – Chairperson
2. Head of Internal Audit
3. Chief Risk Officer
4. Nodal Officer – Secretary

## CRISIS MANAGEMENT COMMITTEE

The crisis management committee is responsible to ensure the adequacy of business continuity or disaster recovery plans. The committee holds the responsibility for implementing the crisis management plan, assessing an emergency and taking command of crisis response

### Members:

1. Chief Executive Officer – Chair
2. Managing Director
3. Head of Business Operations
4. All the Head of Departments/ Key Executives
5. Head of Internal Audit – Secretary

## STAFF GRIEVANCE COMMITTEE

The staff grievance committee reviews, monitors and recommends to the Board on strategies to resolve issues regarding staffing, compensation, benefits, and related issues of strategic importance that directly affect SSF's ability to recruit, develop and retain the highly-qualified staff needed for it to achieve its mandate.

### Members:

1. Chief Executive Officer – Chairperson
2. Managing Director – Vice-Chairperson
3. Head of Human Resource – Secretary

## DISCIPLINARY ACTION COMMITTEE

The Disciplinary action committee (DAC) is responsible for taking action on any violation of policies and procedures, acts of fraud and forgery, breaches of discipline and code of conduct, ethics and business practices.

### Members:

1. Managing Director – Chairperson
2. Head of Business Operations
3. Chief Financial Officer
3. Chief Risk Officer
5. Head of Internal Audit
6. Head of Human Resources – Secretary

## IT STEERING COMMITTEE

The IT steering committee is responsible for assisting the management in implementing IT and digital strategies and for playing an advisory role to management on technology-related products. ITSC monitors whether the IT strategies are in line with the business objectives of the institute. The committee also reviews significant incidents, major risks and breaches related to Information security.

### Members:

1. Managing Director – Chairperson
2. Chief Financial Officer
3. Chief Risk Officer
4. Head of Internal Audit
5. Head of Human Resources
6. Head of IT- Secretary

## PROCUREMENT COMMITTEE

The Procurement Committee ensures proportionality, transparency, accountability and fairness in the procurement process by ensuring that all necessary procurement procedures are properly followed.

### Members:

1. Manager Administration – Secretary
2. Senior Officer of Relevant Department (As technical support)
3. Senior Officer of any Department (As independent Checker)

## ASSETS AND LIABILITY COMMITTEE

The asset-liability committee (ALCOs) is responsible for overseeing the management of assets and liabilities, by ensuring adequate liquidity while managing the spread between the interest income and interest expense. It provides important information and oversight for effectively evaluating on - and off-balance-sheet risks for the institution

### Members:

1. Managing Director – Chairperson
2. Head of Business Operations
3. Chief Risk Officer
4. Head of Internal Audit
5. Chief Financial Officer – Secretary



# KEY EXECUTIVES



ALEENA MARIA  
CHIEF FINANCIAL OFFICER



RAMEEZ IQBAL MEMON  
CHIEF RISK OFFICER



SYED ZUFIQAR ALI MUTTAQI  
HEAD OF INTERNAL AUDIT



HARISH RAISINGHANI  
HEAD OF HUMAN RESOURCES



NAVEED MEMON  
HEAD OF IT



HALLAR KHAN MUGHAL  
FINANCIAL CONTROLLER



HABIBULLAH KHILJI  
ZONAL MANAGER - NORTH ZONE



MIR ASAD TALPUR  
ZONAL MANAGER - SOUTH ZONE



SUNIL KUMAR  
MANAGER ADMIN



ARSLA ANJUM  
MANAGER CREDIT MANAGEMENT



FAYAZ HUSSAIN JAMALI  
MANAGER FINANCE



SHABANA MALLAH  
MANAGER TRAINING & DEVELOPMENT



WAJID HUSSAIN JUNEJO  
MANAGER ACCOUNTS



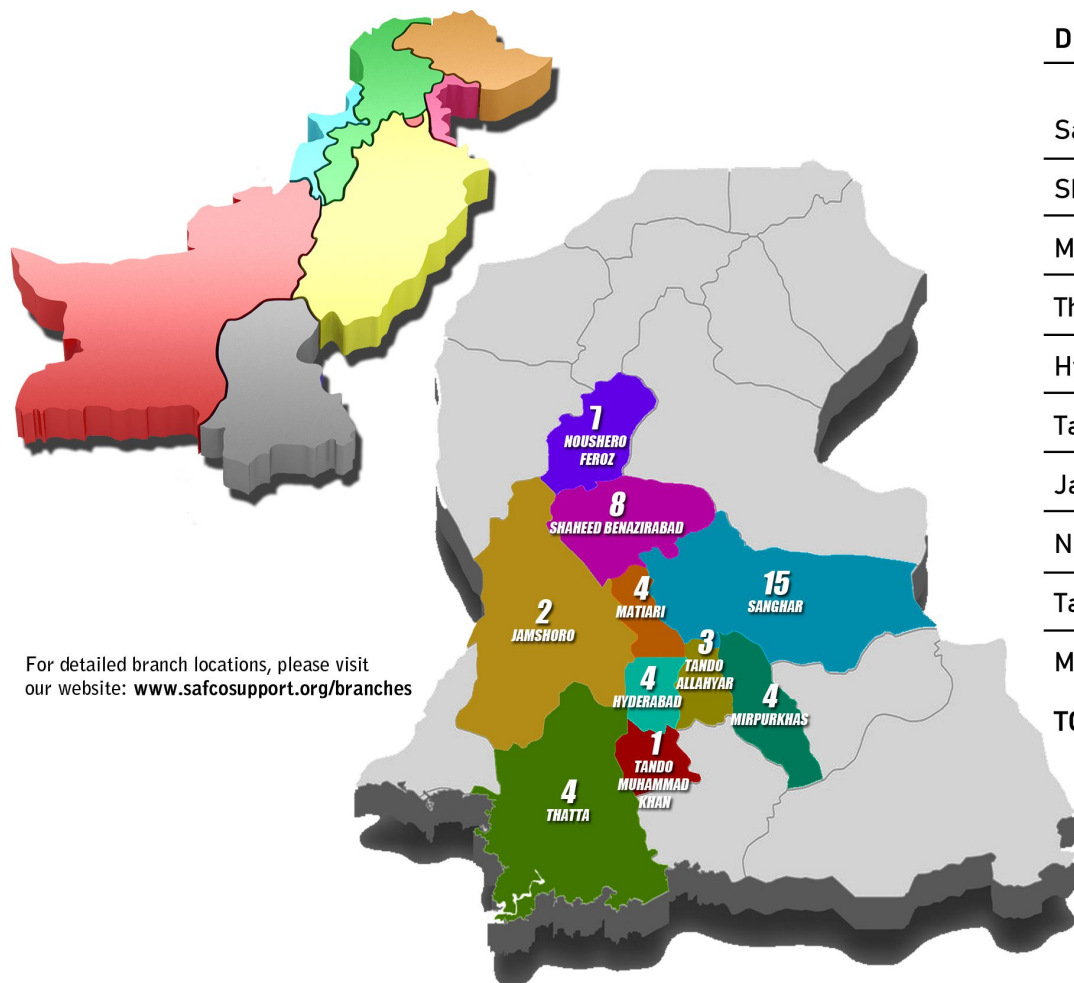
FALAK ALI  
GENDER FOCAL PERSON



MASHOOQUE ALI QURESHI  
MANAGER SPECIAL PROJECTS



# GEOGRAPHICAL OUTREACH



District	Branches
Sanghar	15
Shaheed Benazirabad	08
Matiari	04
Thatta	04
Hyderabad	04
Tando Allahyar	03
Jamshoro	02
Noushero Feroz	07
Tando Muhammad Khan	01
Mirpurkhas	04
<b>TOTAL</b>	<b>52</b>



**10**  
NO. OF DISTRICTS  
COVERED



**90%**  
RURAL PORTFOLIO  
CONCENTRATION



**19.77**  
SERVED LOAN  
(IN BILLION RUPEES)

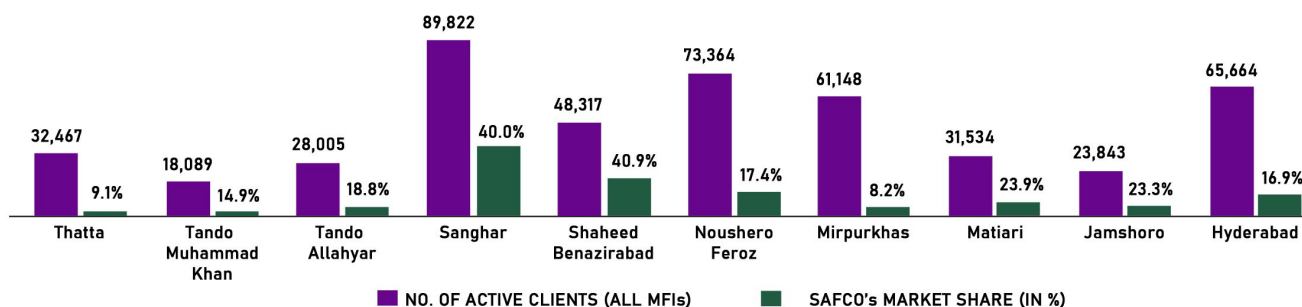


**698,975**  
TOTAL  
SERVED CLIENTS



**232,991**  
NO. OF BUSINESS  
GROUPS SERVED

## SAFCO's District Wise Market Share



Source: MicroWatch Issue 60  
<https://pmn.org.pk/microwatch-issue-60>

Products

Services

## PRODUCTS & SERVICES

SAFCO provides a comprehensive and flexible range of products to its valuable customers, which are designed and developed in a systematic way on the basis of the customer demand through a formal customer satisfaction survey, focused group discussions. All the loan products are comprising of the features which are appropriate in accordance with the customer business specification and nature of business. The loan products are offered to the valuable customers to empower them to enhance their business and livelihood with the complete end to end scalable and pre-defined core microfinance and business counselling system that allows the small entrepreneurs to achieve the high profit margins with the business innovative approaches and cost-effective methodologies. SAFCO's product line comprises of the following products;





# MICROFINANCE PLUS SERVICES

## BUSINESS COUNSELLING

The borrowers are oriented with the business advancements and potential growth opportunities that are available in the market by the SAFCO experienced loan officers which are trained to understand the market scenarios of their client's business and advice their clients with the competitive advantage with their existing resources and skills

## LIVESTOCK INSURANCE FACILITY

This facility is provided in support with the third-party insurance company to protect the livestock client from the unexpected loss of animals through injury, theft or unexpected death while on their farm, home or in transit as in the clients of the rural areas are mostly dependent on the livestock only and the most of the clients do not have any other business to support their income in case of any unusual instance or natural calamities.

## VALUE CHAIN AND MARKET LINKAGES

SAFCO supports its potential clients by creating its linkages and value chains with the market under the crop value chain, enterprise value chain and livestock value chain initiatives. SAFCO has engaged the backward suppliers such as raw material providers and linked with the clients on the competitive rates and forward suppliers and customers to buy the client's products, crops and livestock on the high market rates.

## FINANCIAL LITERACY

The trainings and orientations are provided to the clients for the enhancement of their businesses and understanding the business and personal savings to enhance their livelihood

## EMERGENCY FUND FACILITY

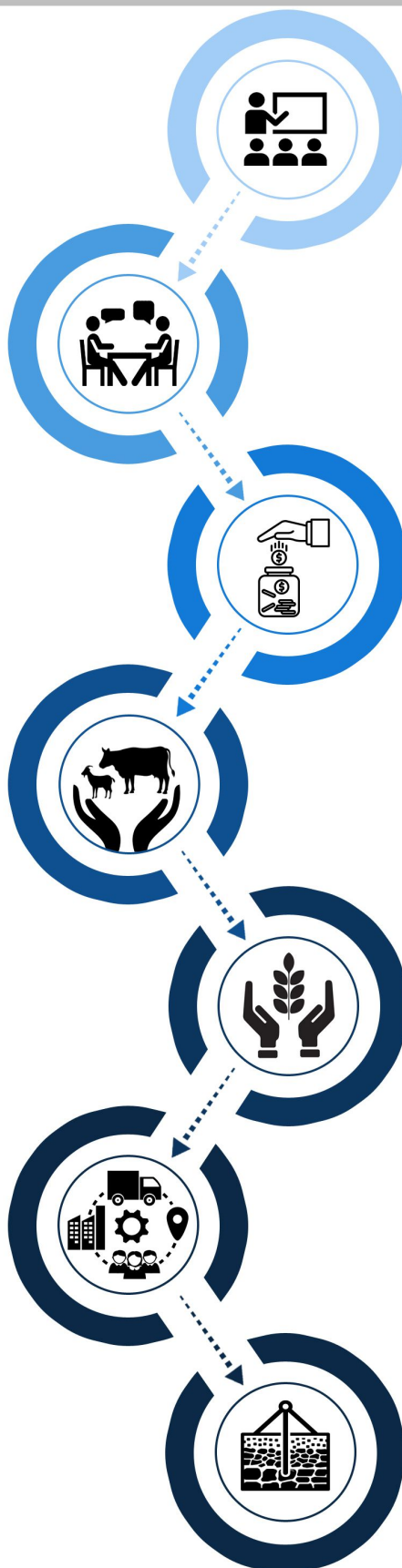
It is the built-in facility provided to all the SAFCO clients to protect themselves in case of death or permanent disability and avoiding the remaining loan burden to their families in hard times. Under this facility, all the remaining loan amount of the borrower is waived off and the principle paid amount is returned to the client nominees for the funeral and other expenses to support the client family.

## CROP INSURANCE FACILITY

The facility is provided to the agriculture clients with the support of third-party insurance company to protect the ready crop of the clients from the unexpected loss due to any natural calamities or unusual instances considering that the small farmers are dependable only on their agriculture crop.

## SOIL TESTING, R & D FOR FARMERS

The agriculture clients are facilitated with the Soil testing and different types of need based research and developments for the farmers free of cost to support the farmers for enhancement in their agriculture yield per acre and also support to decide the cultivation of the suitable crop based on the land test result which can be provide much productivity with less input

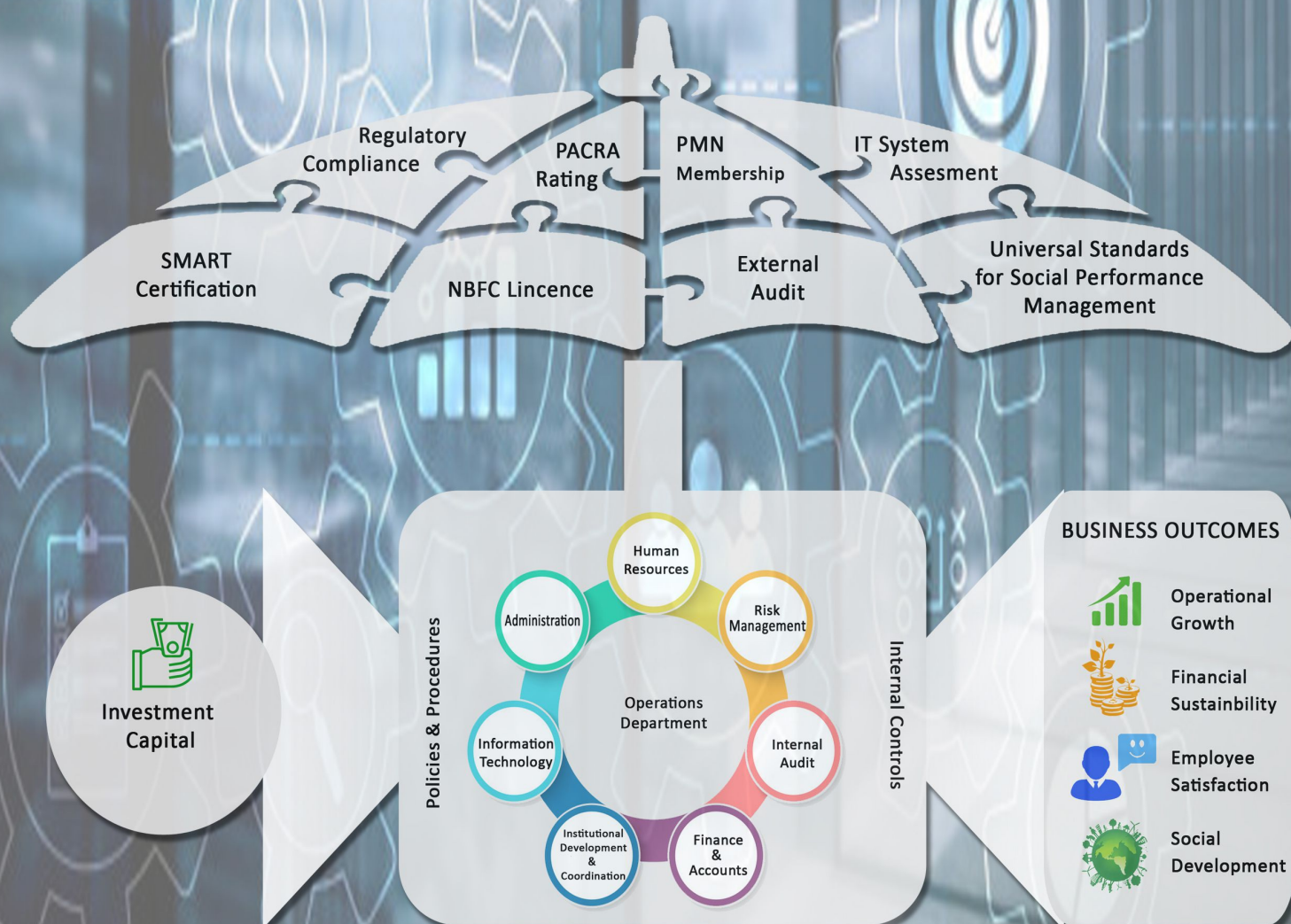


# PARTNERS





# OUR BUSINESS MODULE

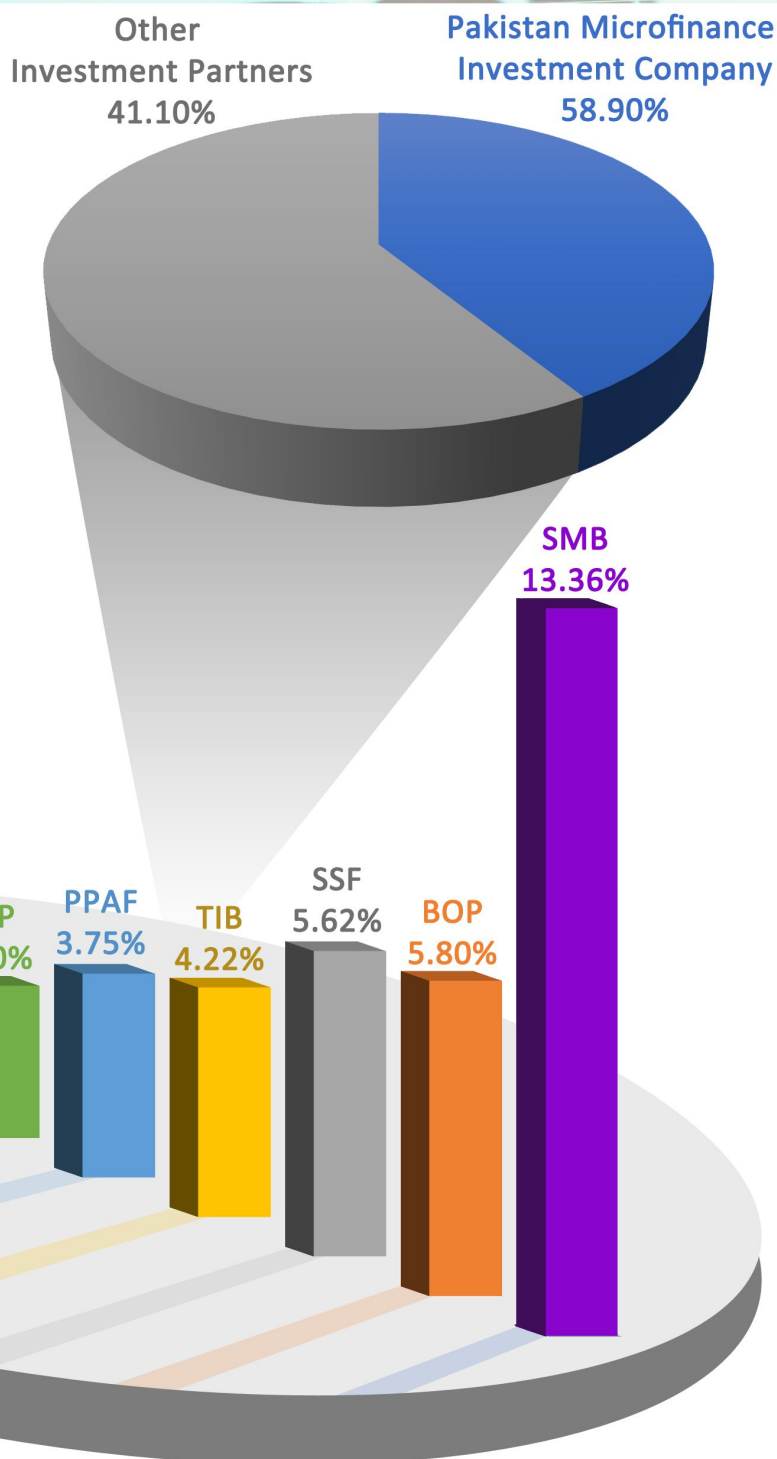


# FUNDING OUTLOOK (INVESTMENT CAPITAL)

The financing structure of SSF encompasses reputable national and international institutes, partners and banks. International investors comprise Triodos Investment Management and Symbiotics Assets Management, whereas; Pakistan Microfinance Investment Corporation (PMIC), State Bank of Pakistan (SBP), National Bank of Pakistan, Muslim Commercial Bank (MCB), United Bank Limited (UBL), Bank Alfalah, Bank of Punjab (BOP), Pakistan Poverty Alleviation Fund (PPAF) are our national investors.

SAFCO's OLP for the year 2020 – 21 is PKR 2.23 Billion, SAFCO's equity capital contribution to the outstanding loan portfolio is around 5.6%. PMIC is the major investor for SSF, contributing more than 58% of the portfolio, followed by Symbiotic with contribution of 13% in Outstanding Loan Portfolio.

Apart from existing investors, SAFCO is under process of agreement with a number of reputational international investors in upcoming period to enhance its portfolio outstanding.



- |                         |                          |                                   |
|-------------------------|--------------------------|-----------------------------------|
| United Bank Limited     | Muslim Commercial Bank   | National Bank of Pakistan         |
| Bank Alfalah            | State Bank of Pakistan   | Pakistan Poverty Alleviation Fund |
| Triodos Investment Bank | SAFCO Support Foundation | Bank of Punjab                    |
| Symbiotics              |                          |                                   |



# BUSINESS OPERATIONS

SAFCO's business operations comprises of all the functions and departments which are operated in compliance with Board approved policies and procedural manuals which are developed in accordance with the best international standards and are reviewed on ongoing basis.

The **OPERATIONS** Department headed by Head of Business Operations, comprising of Zonal managers, Area and Branches Managers and Loan officers is the central front-line force of SAFCO. The department is responsible to ensure the execution of the business operations in lieu with the institute's vision, mission and goals.

An independence check on quality of disbursement activities is ensured by **CREDIT MANAGEMENT** Department of institute comprising of the credit management officers and verification officers who are responsible to independently review all the loans in the under-writing process and take necessary actions to minimize the credit risk of the institution and have adopted certain tools and techniques.

To ensure that there are sufficient controls in place to prevent, detect and control the risks; including but not limited to credit risks, external and operational risks, SAFCO has a full-fledged **RISK MANAGEMENT** Department which systematically assesses, analyses, and reports various risks to the management, risk management committee and ultimately to the Board.

SAFCO has an independent **INTERNAL AUDIT** Department which adds value by assessing the compliance of designed set of policies, and reporting the non-compliances thereof. Internal audit department is further responsible to ensure financial transparency, safeguard of assets and evaluation of the effectiveness of internal controls.

SAFCO considers its **HUMAN RESOURCE** to be the backbone of operational activities. SAFCO's Human resource function is responsible to fulfil the human capital requirements of the institute. Human resource function is responsible for recruitment, selection, compensation, training and development of the institute to ensure that SAFCO's human capital is motivated enough to provide their services with zeal and zest and ensure their retention with the institute.

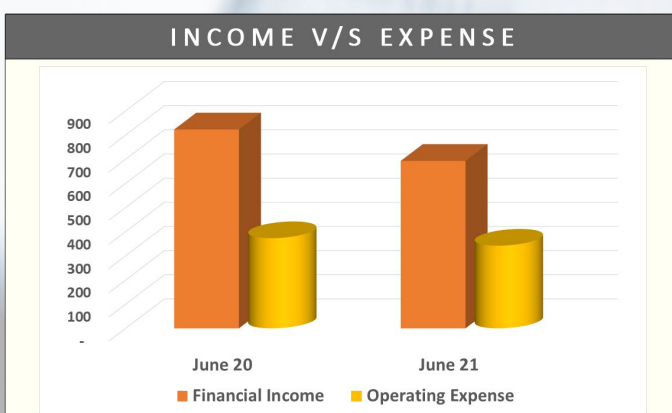
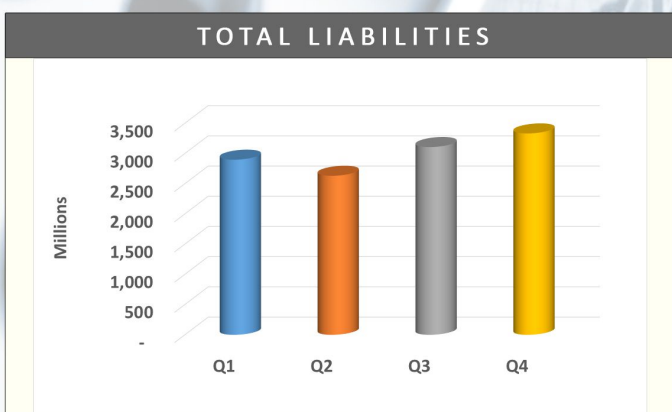
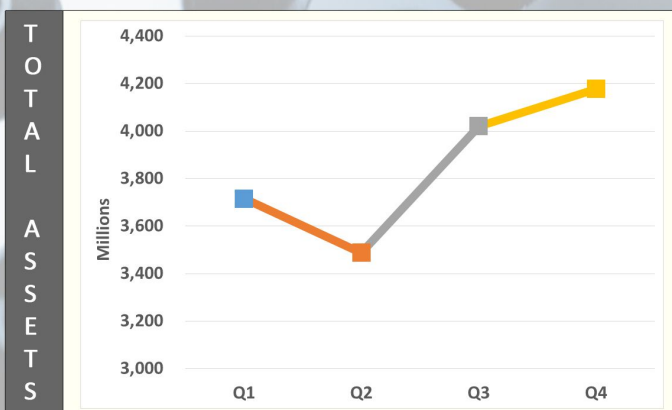
Financial and investment capital at SAFCO is managed by **FINANCE AND ACCOUNT** function. The responsibility of Finance and Accounts department is to ensure that the SAFCO's goal to management relationship with the investors is accomplished effectively by managing their funds and repaying them on timely basis.

SAFCO is the leader in digital technology based micro financing. We have made significant investment in developing the sophisticated systems and internal controls. **INFORMATION TECHNOLOGY** department at SAFCO is responsible to ensure that all the functions are technologically updated, upgraded, integrated and that the data acquired is protected from any loss.

SAFCO's **ADMINISTRATION** department for day to day facilitation, arranging the resources, coordinating with external suppliers and maintaining a socially acceptable office environment.

All the operational policies and procedures of all the above departments includes the developed internal controls, which are measured and tested at all level and this activity is performed by all the department heads on regular basis to assess the effectiveness of the controls, measuring the risk and developing mitigation action plan to minimize the institutional risk and continue business operations with lesser level of Risk.

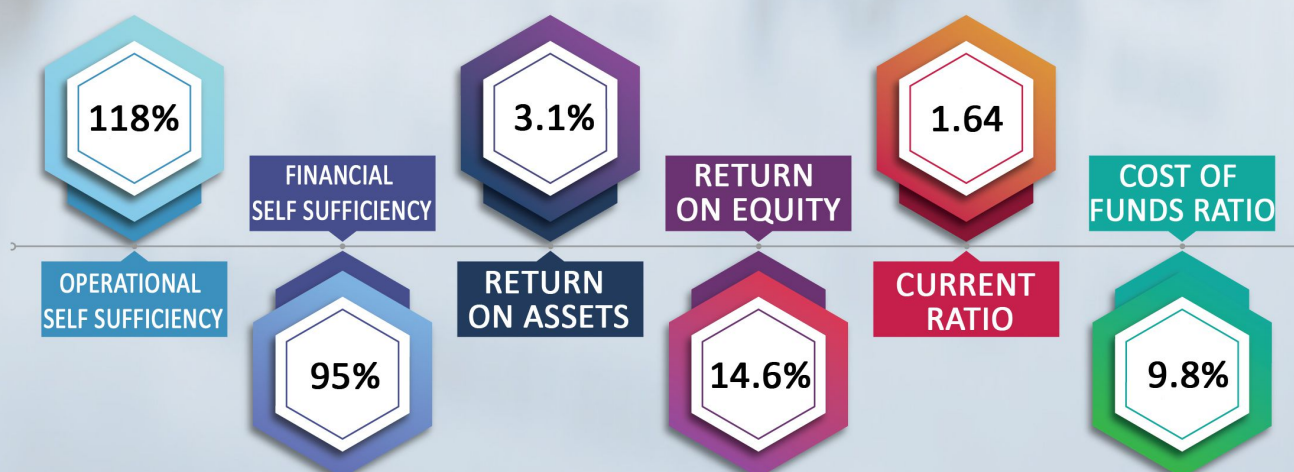
# FINANCIAL HIGHLIGHTS



SAFCO has been growing and remained active in the industry, the shock of pandemic has also effected the growth of SSF at some levels but the leadership of SSF has played vital role and proved to be strong one in order to keep the SSF sustainable. SAFCO's total assets have been on increasing side. We have maintained the growth throughout the year, as compared to last year there is growth of 19% in the total assets of the institute, the increase in assets is described mainly by growth in portfolio. In the year 2020 - 21 the portfolio has elevated up by 17% as compared to last year. Considering the pandemic situation SAFCO has achieved its milestone.

Return on Equity and Return on Assets remained at 14.56% and 3.11%. The Cost of Funds has reduced this year and stands at 9.8% whereas; Debit to Equity raised by 9% and stands at 340.47%.

Institute's financial income has reduced by 16% due to COVID and increased expenses trend. SAFCO applied cost-cutting approach in order to maintain the financial sustainability, and resultantly expenses were reduced by 8%, and Operational self-sufficiency remained 118% which higher than the last year.





# SAFCO PORTFOLIO AT A GLANCE 2020 - 21

PKR  
**3.36**  
Billions  
Disbursement  
This Year

**66,107**  
No. of Clients  
Served  
This Year

**108,581**  
Active Clients

**18%**  
Growth In  
No. of Clients

**698,975**  
No. of Clients Served  
Since Inception

**5.94%**  
Portfolio at Risk  
PAR

PKR  
**50,968**  
Average Loan Size

PKR  
**19.8**  
Billions  
Disbursement  
Since  
Inception

**17%**  
Growth  
In Portfolio

PKR  
**2.62**  
Billions  
Outstanding Loan  
Portfolio

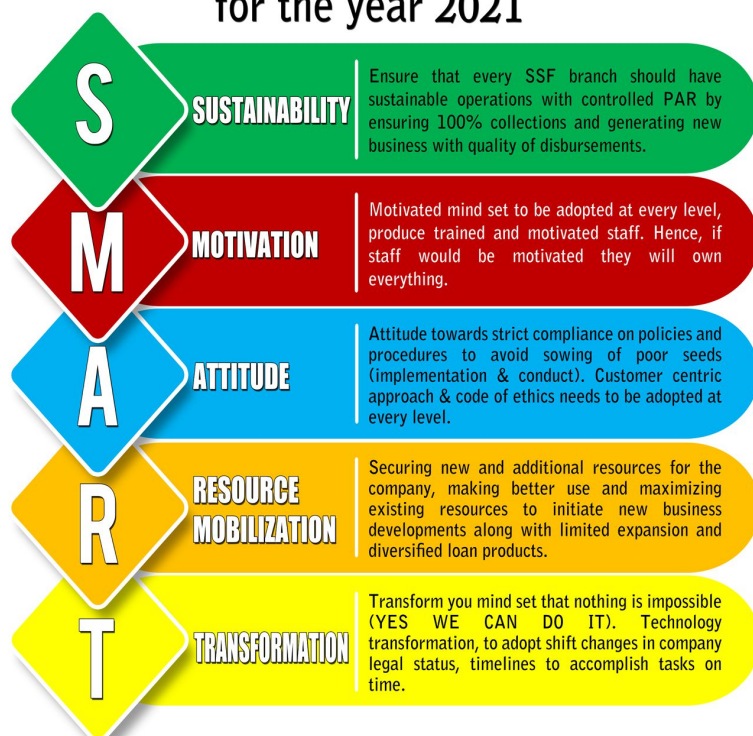
# OPERATIONAL HIGHLIGHTS

The year 2020-21 was predominantly passed in combating the post COVID challenges and recovery. The COVID-19 crisis caused numerous challenges for MFIs: difficulties in disbursements, collection of repayments and meeting with clients face-to-face, and banned field visits, monitoring of loan portfolio, reorganizing internal systems and flow of work. Consequently, portfolio performance deteriorated for many MFIs although at different rates.

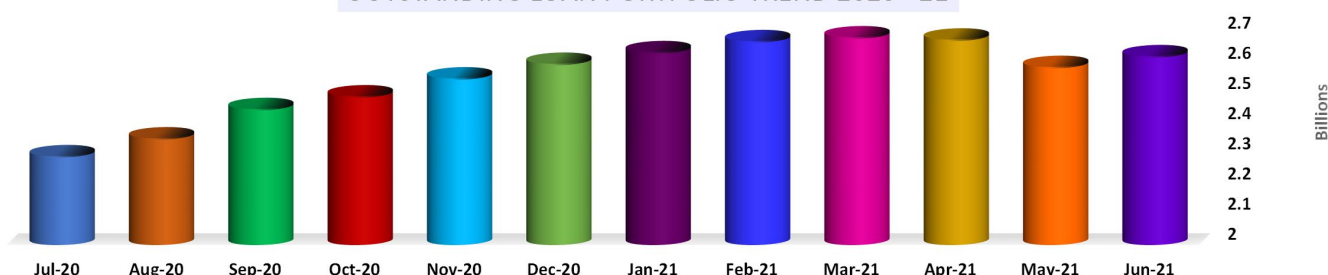
## Emerging From the Crisis– SAFCO Strategy

Return to the pre-COVID situation and the longer-term growth of the SAFCO portfolio depended on the extent of damage that the crisis has inflicted on the portfolio and the type of economic activities of borrowers that SAFCO can or will support. If SAFCO clients were mostly engaged in the businesses which are most severely affected by the lockdowns, such as retail business, livestock, agriculture, transportation and food services, they may face huge or permanent loss to their activities which will negatively impact the loan portfolios of SAFCO as most of the clients are engaged either in retail or livestock businesses.

## SMART Goals for the year 2021

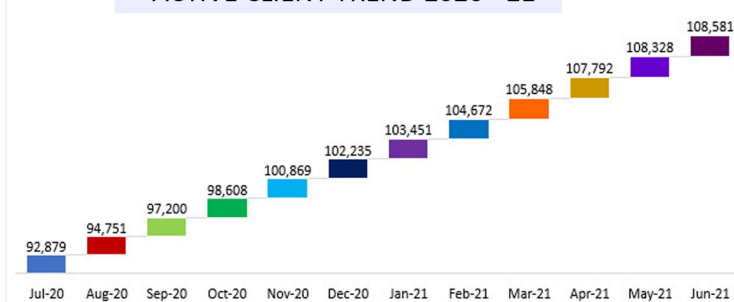


OUTSTANDING LOAN PORTFOLIO TREND 2020 - 21



A careful study of loan portfolio was required at the earliest though 50% of the clients were requested for deferring their scheduled installments.

ACTIVE CLIENT TREND 2020 - 21



From the start of year SAFCO adopted Phase-II strategy of aggressive mode of business with productivity with fewer resources. High productivity implies that aggressive collection approach aggressive disbursement to overcome the backlog of growth whereas 'Less Resources' implies that aggressive work essential staff and essential resources only. SAFCO had to reduce all the non-essential expenses to reduce operational cost.

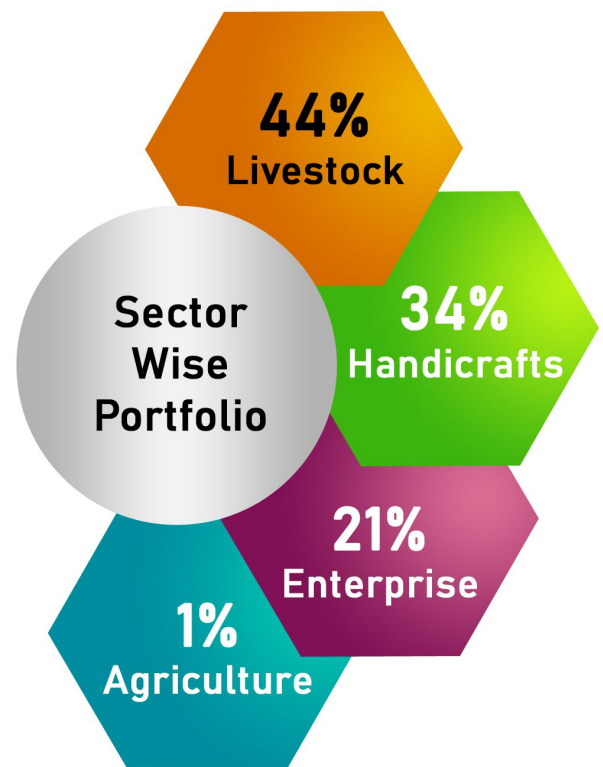




Capacity Building Session Conducted by Founder & CEO on Performance Management & Appriciation Inquiry in Post Pandemnic Era



## EHSAAS PROGRAM HIGHLIGHTS



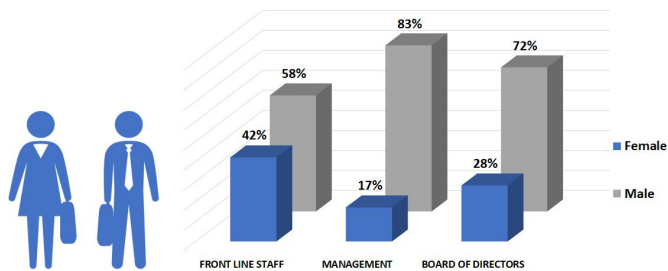




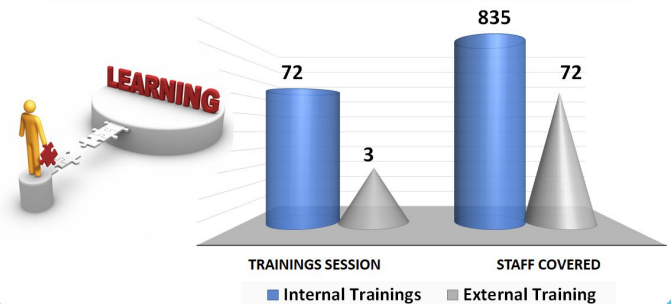


# HUMAN RESOURCES HIGHLIGHTS 2020 - 21

## GENDER BALANCE IN EMPLOYMENT



## LEARNING & DEVELOPMENT



### TOTAL EMPLOYEES

545

### FIELD STAFF

277

### NEW INDUCTIONS

178

### NEW FEMALE INDUCTIONS

69

### TRAINED STAFF

96%

### FRESH GRADUATES EMPLOYED

64

### STAFF RETENTION RATIO

81%

### COVID-19 VACCINATED STAFF

85%

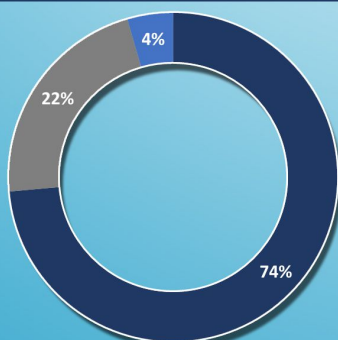
### STAFF GRIEVANCES RESOLVED

100%

### STAFF PROMOTIONS

07

## INDUCTION DURING THE YEAR



■ FIELD EMPLOYEES ■ HEAD OFFICE EMPLOYEES ■ OTHERS

## TECHNOLOGICAL AHEADS IN HUMAN RESOURCE MANAGEMENT SYSTEM

- ✓ SYSTEMATIC PERSONAL DATA MANAGEMENT
- ✓ BIOMETRIC ATTENDANCE
- ✓ ANDROID HR APPLICATION
- ✓ SYSTEMATIC RECRUITMENT & SELECTION
- ✓ SYSTEMATIC PERFORMANCE MANAGEMENT







# SOCIAL PERFORMANCE 2021 AT A GLANCE

## CLIENT SERVED

We believe to serve female with higher client ratio to empower woman for income generating activities.

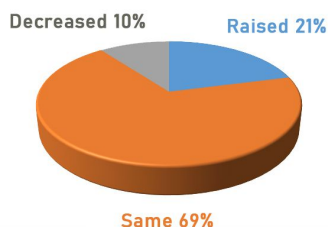


**MALE 39%**

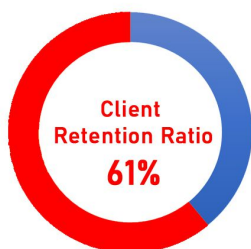


**FEMALE 61%**

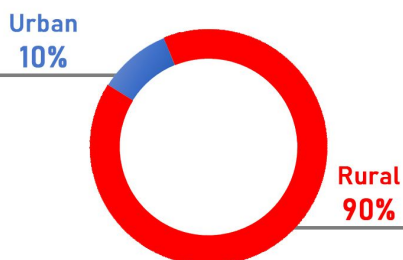
## PSC WISE GRADUATION



## RETENTION RATE



## PORTFOLIO SEGMENTATION



## WOMEN RATIO IN STAFF

**28%**

BOARD OF DIRECTORS



**43%**

FRONT LINE STAFF

**17%**

MANAGEMENT

## WE SERVED FOR

### RENEWABLE ENERGY RESOURCES



We provided **2962** loans for the installation of Solar Power Systems at home place/household to make the environment clean and green by renewable energy resources

### EDUCATION FINANCE



We provided **55** Educational Loans to Educational Institutes and Teachers to level up the education standards for providing the quality education in rural and semi urban areas.

## WE SERVED TO

### 114 DISABLED PERSON



We disbursed Disabled Persons as our Social Core Responsibility by motivating to generate their own income by utilizing the provided finance for their sustainable living.

### 11% MINORITY COMMUNITIES



We believe in the rights of minorities are as a local citizen in a social group and provide the quality financial services for their business/financial sustainability.

### 28% YOUTH



We encourage Youth to achieve their dream careers in business/education by financial shoulder and business counseling.

### 1259 WIDOWS



We help widows set up a business or tide over difficult times until such time they can take up gainful employment and adapt to the new circumstances.

## OUR INITIATIVES

E-CREDIT MOBILE APPLICATION



ESMS RISK MANAGEMENT FRAMEWORKS



LOAN TOP-UP FACILITY



ROBUST GRIEVANCE REDRESSAL MECHANISM



## OUR ACHIEVEMENTS





# OUR STRENGTHS



**PROTECTIVE  
FOR  
CUSTOMERS**



**INNOVATIVE  
IN DIGITAL  
TRANSFORMATION**



**EFFECTIVE  
IN RISK  
MANAGEMENT**



**SUPPORTIVE  
IN EMPLOYEE  
SATISFACTION  
& CAREER  
DEVELOPMENT**



**ADEPT AT  
ESCALATING  
INVESTORS'  
CONFIDENCE**

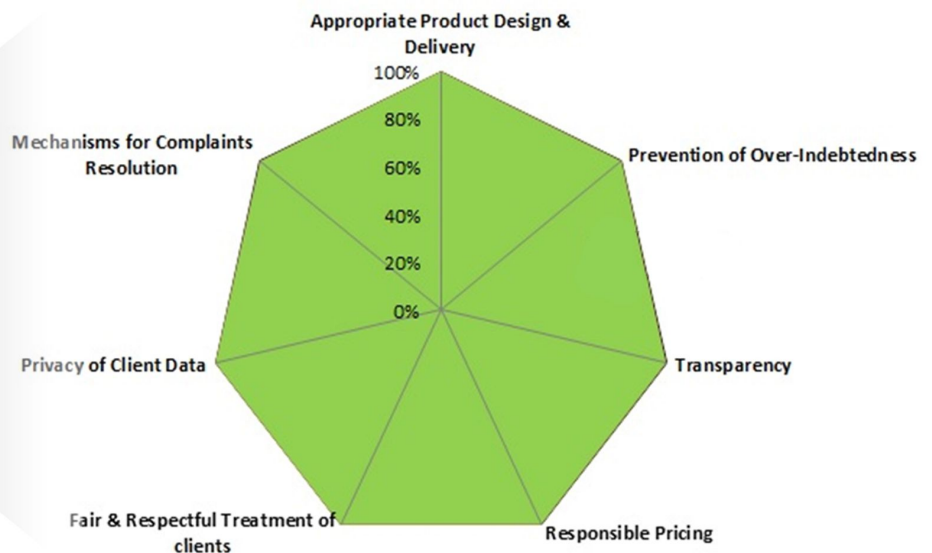
# Protective for Customers



- 1 - Define and monitor social goals
- 2 - Commitment to social goals
- 3 - Design products that meet clients' needs
- 4 - Treat clients responsibly
- 5 - Treat employees responsibly
- 6 - Balance social and financial performance

SAFCO has a strong customer base of more than 100,000 active clients. We endeavor our best to protect the clients' interests by following client protection principles. SAFCO designs and delivers the appropriate products tailored to the needs of clients such as SME financing and personal loans at a reasonable pricing model, and not causing them over-indebted.

SAFCO has maxim to remain transparent towards its clients and protect the privacy, security, and integrity of their information. We have a real-time grievance mechanism to listen, respond and resolve the clients' complaints and queries promptly. We have a wide range of branch network over the south region of province Sindh with in-depth outreach and access to rural marginalized communities of the society. SAFCO is undoubtedly the best for its customers as the retention ratio of customers is more than 60% and have adopted the Universal Standards of Social Performance Management and is compliant with the Client Protection Principles.









# Innovative In Digital Transformation

SAFCO has always been conspicuous in the microfinance industry to execute the paper-less micro-credit model. With the consistent efforts on improving digital services, SAFCO has achieved market leadership in launching the E-Credit application to facilitate its clients to apply and track their real-time loan status. We are the leading microfinance institute to digitize all the activities of micro financing from loan applications to recovery at the convenience of clients and maintains a continuous focus on widening the range of services through digital financing, and for that, we have been continuously investing in the development of sophisticated IT infrastructure to deliver the best in digital services. We have developed digitized processes, digitized channels and digitized loan products to execute the business operations, create and sustain relationships with our valuable clients.



Electronics Credit Appraisal on Android Application



Integrated CIB Inquiry & Reporting Module



Automated AML/CFT KYC Module



Credit Scoring Module



Automated Grievance Redresal Mechanism



System Based Controls



Nadra E Verisys



Multiple Disbursement and Recovery Channels Integrated with MIS System



70% Recovery through ADC Channels



Real Time Disbursement and Recovery Reporting



E-Credit Application



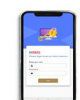
Emergency Loan Product



Automated SMS Services for Information Update (Loan Disbursement, Recovery)



Loan Tracking Service on SMS



Human Resource Management System & Android Application (For Employees)







**SAFCO Support Foundation**  
*is now introducing*

## **SAFCO E-CREDIT MOBILE APP**



**Now you may apply for loan from anywhere  
to enhance your business !**

### **KEY FEATURES OF E-CREDIT APP ARE:**



APPLY FOR THE NEW LOAN



REALTIME LOAN STATUS TRACKING



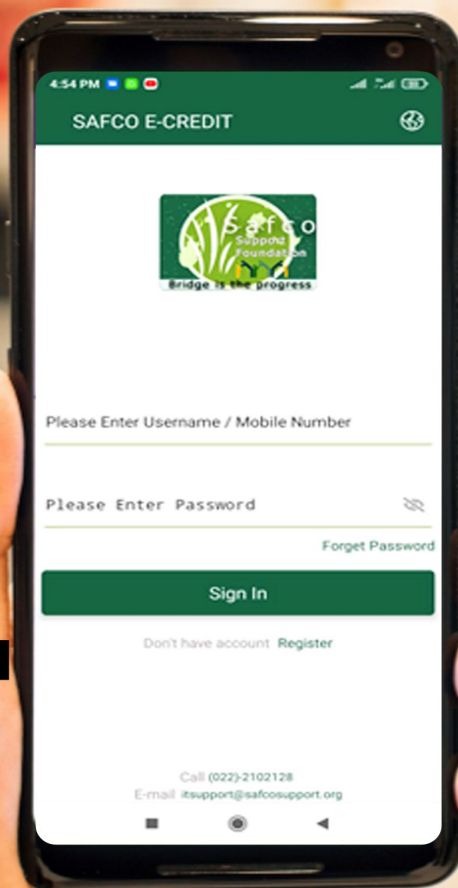
REPAYMENTS INFORMATION OF EXISTING LOAN



PREVIOUS LOANS INFORMATION



COMPLAINTS AND SUGGESTIONS



CLICK THIS APP ICON TO DOWNLOAD

OR



SCAN TO DOWNLOAD THE APP



THIS APPLICATION CAN BE DOWNLOADED FROM GOOGLE PLAY STORE "FREE"

**DOWNLOAD THE APP**

**APPLY FOR LOAN**

**OUR LOAN OFFICER WILL CONTACT YOU**

+92-22-2102128 info@safcosupport.org www.safcosupport.org



/ Safco Support Foundation

# Effective In Risk Management

Pandemic brought a sudden recessionary situation in the entire economy of the world, people suffered, businesses suffered, and microfinance industry suffered undoubtedly. As borrowers' repayment capacity declined, SAFCO's business declined and portfolio related risks rose. But the consistent efforts by SAFCO staff under the board and management leadership made the business revitalization possible. SAFCO's portfolio growth increased by 17.3% and clients outreach increased by 18.9% than last year.

SAFCO opted for cost cutting approach and decreased the unnecessary expenditures and improved its Operational Self Sufficiency (OSS).

## OUR KEY SYSTEMS & CONTROLS INPLACE



**Effective Management Controls and Board Oversight**



**Risk Management Ecosystem**



**CAMELS Rating and Integrated Internal Audit Tool**



**Business Continuity Management Plan**



**Independent Credit Management Functions**



**AML/CFT Compliance Program**



**Grievance Redressal Mechanism**

Despite pandemic outbreak, SAFCO has been successful in maintaining its credit rating. SAFCO obtained its first ever credit rating by PACRA - one of the prominent credit rating agencies in Pakistan in 2020. PACRA assigned SAFCO Support Foundation initial ratings of "BBB – Long Term" & "A3 Short Term" with outlook "STABLE". Whereas, in 2021, the rating was revised and surprisingly; notwithstanding pandemic and loss of business, credit rating has remained constant and stable.

### SAFCO Support Foundation Maintains Entity Ratings of PACRA

Rating Type	Entity	
	Current (05-May-2021)	Previous (05-May-2020)
Action	Maintain	Initial
Long Term	BBB	BBB
Short Term	A3	A3
Outlook	Stable	Stable
Rating Watch	YES	YES





# RISK MANAGEMENT OUTLINE

## ACCOMPLISHMENTS:

- Setup policies and procedures for risk identification, assessment, analysis Developed metrics used to gauge the adequacy and effectiveness of the risk culture
- Established risk communication mechanisms
- Developed dashboards for management's oversight on credit portfolio
- Worked as a help desk to provide the risk opinion to avoid potential areas of risks
- Risk management inclusion in end-of-year performance evaluations

## FUTURE PROSPECTUS:

- Setting an institute wide risk appetite
- Risk identification through risk assessment process for each activity of the institute Developing consolidated risk register and dashboard for the institute
- Embedding and encouraging risk management mind-set amongst the employees of SSF

The outbreak of pandemic caused significant economic disruptions for the organizations, especially financial sector. SAFCO being a microfinance institute also suffered from the pandemic in various aspects and countered those risks as a reactive approach as of course the pandemic was novel. However, lessons learned from such depression compelled SAFCO to initiate risk management activities prudentially and proactively. Resultantly, SAFCO established a full-fledged risk management function with wide scope to look after SAFCO's overall risks that incur into the business and contribute in developing the strategies with the mitigation measures enabling the risk-free work environment.

Risk management activities at SAFCO involve carefully analyzing or assessing processes to determine the potential risks, identifying drivers of risks to understand the root cause, assessing probability and impact to prioritize risks and accordingly preparing a contingency plan. The risk management committee aims to develop a "risk culture" in the organization. The roles and responsibilities of risk identification in SAFCO has not been limited to only a single function but each individual has been assigned the responsibility to identify the risks related to operational activities performed by them. Hence, the Board also oversee and owns that responsibility. The specific board committee for risk management is required to set, communicate and enforce a risk culture that consistently influences and directs the strategy and objectives of the business. This starts with their own risk behaviors, attitudes and culture, and translates into concrete actions throughout the organization. Ever since its formal inception, the risk management function has been able to broaden its scope to identify, evaluate and mitigate the risks at different levels including but not limited to Credit, Compliance, Regulations, Financial, technological, strategic and Operations.

**Chairman**  
**Risk Management Committee to BOD**

# INTEGRATED INTERNAL AUDIT OUTLOOK



An Independent objective assurance and consulting activity



An Important part of the internal control framework



A systematic, disciplined approach to evaluate risk management, internal controls and governance processes

## Performance & Insight



- Range of quantitative and qualitative measures established
- Reporting frequencies remain in accordance with policy & standards
- Department provides a comprehensive quarterly performance report to the audit committee
- Internal audit insights, systematic issues and trends have been reported to Audit Committee.

## ABOUT SSF INTERNAL AUDIT FUNCTION



Provides Assurance that key risk are appropriately addressed



Dual reporting structure ensure operational independence



The Head of Audit Function is the most senior position in Audit Functions



Roles and responsibilities are defined in the internal audit charter

## Key Area Focused



- All portfolio departments/Branches
- Assessed how well they use their internal resources

- The role and position, independence and objectivity
- Alignment of plans with departmental goals and risk
- Quality assurance and resourcing
- Performance against stakeholder expectations and communication of outcomes and insights

## Management of Internal Audit



- Fundamental aspects of internal audit are well managed
- Charter reflects better practices elements
- Established dual reporting lines
- Strong relationship between Head of Audit and Audit Committee
- Approved Risk Based Audit Plan
- Execution of Planned Activities by establishing recourses and processes
- Performance monitoring is executed

## Quality & Delivery



- Plans align with goals and risks
- Strong internal culture focused on quality audits and professional skepticism.
- Applied appropriate resources, experience and expertise to audits
- Effective internal supervision and review
- Robust accountability mechanisms.
- Identifying and addressing audit risks and issues on a timely basis

## Program Quality & Execution



- Department monitors regularly report against the plan
- No Significant delays communicating findings
- Department has processes to monitor and report on status of recommendations.
- Follow-up to recommendation is taken regularly

## Department Initiatives

- Participated in Crises management Committee
- Identify and reconsidered new Threats and Risk
- Produced Risk Assessment Report Amid Covid -19
- Produced Impact Assessment Amid Covid -19
- Business Continuity Plan Implementation
- Assist Audit Committee during COVID-19
- Execution of Remote Audit Program Amid Covid 19
- Performed Stress Testing and Vintage Analysis with departments

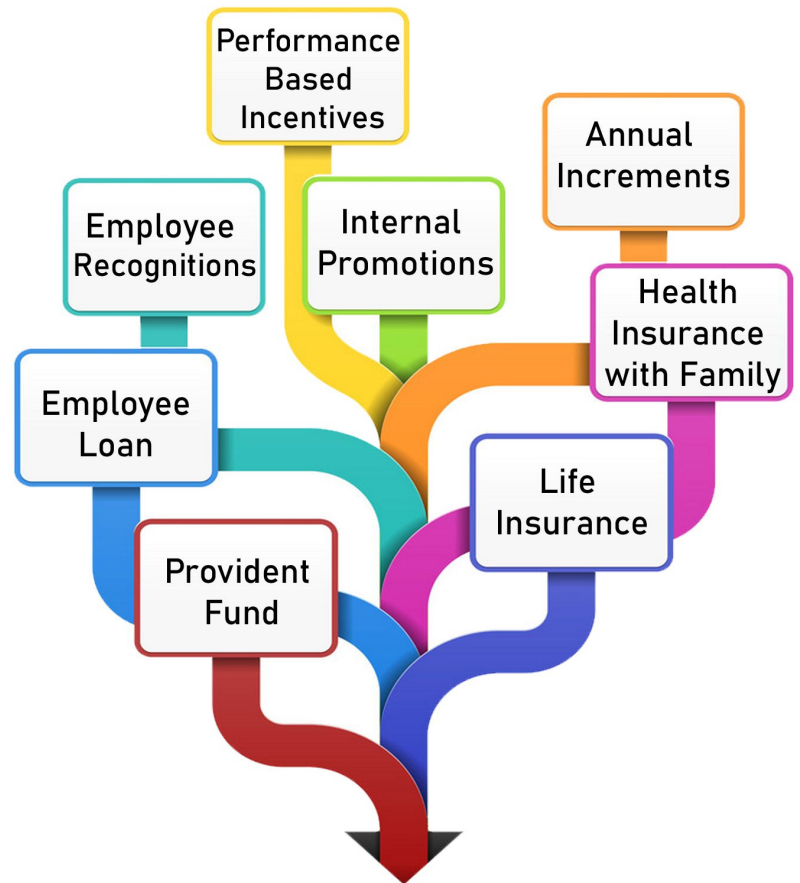


# Supportable in Employee Protection

SAFCO considers its employees, their growth and development as the key to success of institute. SAFCO has always taken initiatives to ensure the job security of its employees. Despite high operational costs and lower profit margins during pandemic, the institute maintained the employee strength of 545 employees, and took 178 employees on board.

SAFCO remained successful in sustaining the trust of safety and security of the employees with its overall mitigation measures and continual compliance on the SOPs. SAFCO ensured the enhanced connectivity with its staff virtually during the pandemic period to boost the employee's morale. We created social media groups and other instant measures to ensure that the field staff challenges and problems are listened and resolved effectively and there is no any hurdle faced by staff.

## Rewards & Benefits



ORGANIZATION  
DEVELOPMENT

TRAINING &  
DEVELOPMENT

CAREER  
DEVELOPMENT

CRITICAL HUMAN  
RESOURCE DEVELOPMENT



DIVERSITY, EQUITY &  
INCLUSION IN HRD

CROSS-CULTURAL HUMAN  
RESOURCE DEVELOPMENT

EVALUATION IN HUMAN  
RESOURCE DEVELOPMENT

STRATEGIC HRD

## Adept At Escalating Investors' Confidence

SAFCO, despite of the reduced performance outcomes and liquidity challenges, prioritized the investors' trust and confidence on SAFCO as top most priority. Apart from this, SAFCO continued interaction, coordination, support and guidance from all of its investors virtually time to time and welcomed all the due diligence and monitoring of the investors with Satisfactory remarks.

SAFCO enhanced its communication with the investors and prioritized to provide the regular up to date institutional information and reports to sustain the investor trust for the long term relationship with its business partners. Despite of declining performance and lower profit margins, SAFCO has been able to continuing the repayments to its investors and has remained successful in maintain the relationship with its exiting investors.



Safco has been an integral partner of PMIC in Sindh and has done a commendable effort in providing financing to end clients. Safco's staff has able expertise and has managed all of PMIC's financing facilities and projects in an effective and efficient manner. Safco's leadership has shown great commitment to the agenda of Financial Inclusion in Pakistan, which trickles down to their team as well. PMIC appreciates the role Safco has played in the improving financial inclusion numbers in Pakistan. We aim to further strengthen our relationship with Safco in the coming years, which will ultimately benefit the end clients including small farmers, young entrepreneurs, women beneficiaries and other clients by providing them with sustainable access to finance and deploying value addition initiatives.



"Triodos Investment Management has been a partner with SAFCO for the last 3 years. We strongly align with the institution's mission and vision to support sustainable entrepreneurial spirit in the country. Furthermore, the fact that SAFCO has been able to show stable performance over the last years, even during more challenging times, not only shows the strength of its management and staff, but also the resilience of its customers. We are very much looking forward to continuing our partnership in the years to come.



Triodos  Bank

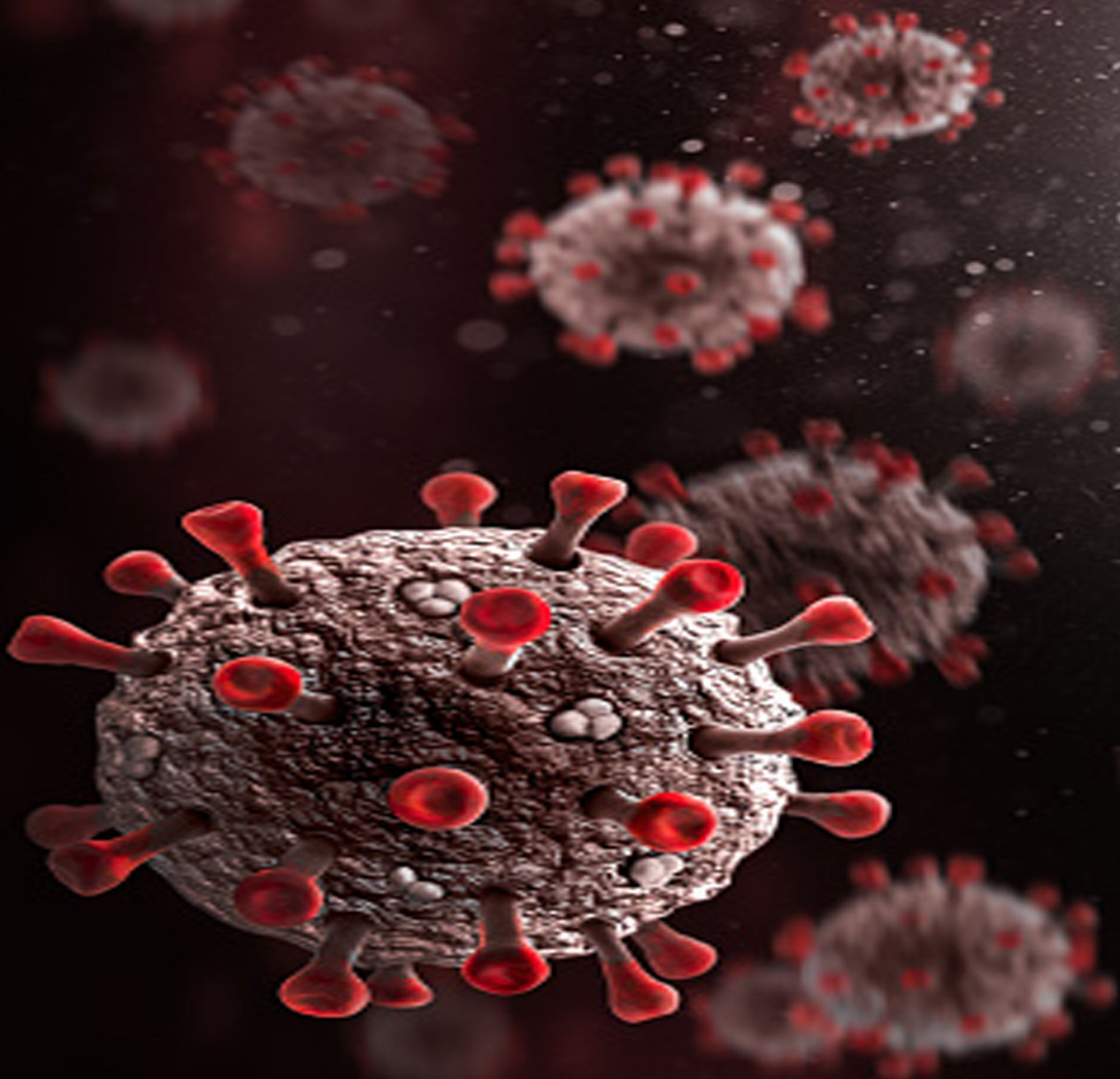


SAFCO is one of Symbiotics first partners in Pakistan as we launched our partnership in 2017. We believe that SAFCO is playing an important role in supporting micro entrepreneurs and marginalized populations in Sindh. Also, we do appreciate the transparency and professionalism of SAFCO management which successfully managed to navigate the institution during challenging times. Symbiotics is looking forward to strengthening our partnership and supporting SAFCO further.





# SAFCO's RESPONSE TO COVID-19 PANDEMIC



# EFFORTS FOR OUR VALUABLE CUSTOMERS

## HEALTH AND SAFETY MEASURES

To avoid the contagious disease SAFCO developed and implemented the in branch assistance protocols, guidelines and allocated budgeted for clients' safety, conducted clients orientation on the pandemic situation and precautionary measures, suspended customer undertaking on biometric devices in e-appraisal procedure to mitigate the risk of virus spread, limited of the social appraisals and suspension of the group meetings in pre and post disbursement procedures, ensured credit risk assessment by adopted virtual verification measures.

## ENABLED DIGITAL ACCEPTANCE

SAFCO Launched E Credit Mobile App for the loan management and remote access of customers. We also enhanced coordination with telecom partners to discourage the dependence on cash. SAFCO also ensured close coordination and communication with the system developers in regard with the system integration, reporting and resolving the issues to avoid hurdles to customers in repayments through digital channels

## SUPPORT IN LOAN REPAYMENT ABILITY

SAFCO continued to serve clients by providing the financial opportunities by conducting customer base segmentation, introducing loan top up facility, providing loan restructuring, providing consultancy services to motivate the entrepreneurs in lockdown situation, and eliminating unessential steps for betterment of services. We also provided the cash assistance to 1,667 households in support with National Bank of Pakistan



# EFFORTS FOR OUR EMPLOYEES

## BOOST EMPLOYEE MORALE

SAFCO continued to boost the employee morale during tough time by providing advance salaries to fulfill their essential requirements in lockdown periods. Staff's Key Performance Indicators were revised as per necessity. Staff was encouraged staff to take initiatives to help the customers and stand with the company in crisis time with true spirit.

## REMOTE WORK CHALLENGES MANAGEMENT

SAFCO provided the work from home facilities to the staff. Staff was provided leave and travel relaxations. Our management ensure connectivity and engagement with staff through informal communication channels like WhatsApp, by implementing the staff reporting and monitoring mechanism from off locations and by providing the system connectivity to the staff at their home places to continue their work on systems with defined roles.

## SAFETY & SECURITY MEASURES FOR EMPLOYEES

Employees' health and safety was our top priority. We proactively oriented staff about specific guidelines provided by WHO for safety and security. SAFCO ensured the deep cleaning and sanitation of office areas by distributing sanitizers, frequent hand washing, social distancing, avoiding touching face and staying informed.



# EFFORTS FOR BUSINESS OPTIMIZATION & BUSINESS CONTINUITY

## DISASTER PREPAREDNESS

SAFCO reacted to pandemic by proactively identifying of the possible situations and scenario planning and determination of the key trigger point scenarios in corresponding actions. We revised the business continuity plan by establishing the mechanisms by forming different working groups to rapidly collect information from reliable sources to inform key decisions.

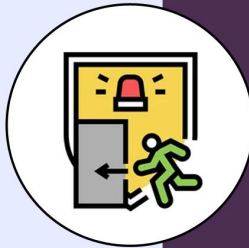
## REGULATORY COMPLIANCE & CHALLENGES

SAFCO ensured the adherence of the instructions by the relevant government administration department i.e. Sindh Government, Commissioner Officer etc. in the local areas of operations.

The management stayed close to the regulator and government for the guidance and support and preparation to act in case of serious crisis and ensured the understanding of loan deferment and rescheduling provision provided by the regulator and developed the timely strategies to implement and deliver to the client.

## DIGITAL CHANNELS & CYBER SECURITY

We ensured that the robustness of existing digital channels remapping of the agent networks in the lockdown and crisis situation. Continual testing and monitoring of the digital channels took place. SAFCO developed backup plans for any system failures and ensure the multiple backups at different locations and ensured effective use of technology in establishing non-face to face, flexible work and collaboration solutions with the employee and clients for the business continuity



# EFFORT FOR FINANCIAL READINESS & SUSTAINABILITY IN PANDEMIC

## PORTFOLIO STABILIZATION

SAFCO developed the operational business continuity plan and strategic approach for the portfolio stabilization and serving to the clients by recalibrating the risk limits to lower risk appetite for the specific business segments, geographic and products. We focused on providing the loan facilities to the repeat clients rather disbursement to new clients. Loan top-up and loan rescheduling facility was also initiated for the clients to sustain the portfolio stability.

## INSTITUTIONAL REVENUE & PROFIT STREAM

We optimized the revenue streams by projecting the revenue and expenses plans and analyzing the institutional sustainability in the worst-case scenario of a long-lasting pandemic situation considering the economic impacts high returns from the capital and human resources in the performance with limited resources and by ensuring the institutional sustainability approaches without increasing any interest rate charges to avoid over burden to client in the crisis situation. In order to sustain financially during the pandemic, SAFCO conducted reevaluation of the operational expenses by prioritizing and trimming all the non-essential expenses for all the expense heads.

## REPAYMENT TO LENDERS/INVESTORS & THE FUNDING COST

SAFCO continued to approach the investors and lenders and initiated negotiations on existing investments, repayments, interest payment schedules was successful to get the maximum interest rate relief in the existing scenario from the investors.

## HOW COVID CHANGED SAFCO'S MANDATE?

The world's response to COVID-19 resulted in the most rapid transformation of the workplace, hence we have catapulted forward and adopted the fast-tracking trends such as automation, digitalization, and innovation. SAFCO has undergone digitizing the relationship between the institute and our stakeholders, especially clients during the pandemic.

To come out of decline caused by pandemic, SAFCO's mandate has been to focus on 5 key principles:

01. PUT CLIENTS FIRST

02. FOCUS ON SAFETY

03. EMPHASIS ON THE CULTURE OF TRUST, TRANSPARENCY AND OPENNESS WITH EMPLOYEES

04. DIGITIZE THE PROCESS: TRANSITION FROM DESIGNING FOR EFFICIENCY TO DESIGNING FOR RESILIENCE

05. PROCESS OPTIMIZATION





# CLIENTS' DIARIES





# Mother of Three Daughters

*“Since the basic needs of my family have been regularized; now I can return to the aim of educating my daughters”*

**Shahnaz - Owner**



No one would better understand the worth of small business loan for the working class except the one really in need. And Shahnaz Ansari is one of such people.

It was not later than few years ago, Mr. Sarwar – Shahnaz’s husband who was the only bread earner for the family, lost his job because the factory he worked in, moved its facility to other province. In a society where female child is considered as burden, and male child is considered to be the supporter of the family, Shahnaz was the mother of three daughters and no son. In spite of social pressures she always aimed to provide a good education to her daughters. But as her husband lost job, educating her daughters could not be the first priority for the family, but the bread was. However, she did not lose hope.

Initially, Shahnaz and her husband managed to start a small tuck-shop at the corner of the nearby courtyard, however, it was not sufficient to meet the basic needs of the family.

It was the day full of hope, when she was informed by her neighborhood friend about the micro-loan provided by SAFCO on easy installment conditions. Shahnaz and her husband immediately approached the SAFCO office, and received a group loan of PKR 25,000, which she utilized to purchase a vegetable cart for her husband. Now, Shahnaz had dual income source, she and her daughters continued running the tuck shop at home, while her husband started selling vegetables at the stall. The income was sufficient enough to cover the family needs and loans repayments on time. After clearing the loan, she again obtained the further loan of PKR 40,000 and bought two sewing machines for her daughters who used their tailoring skills - taught to them by their mother - and they started being the bread-earners for their family too.

Things were going smoothly, and after successful completion of her second loan cycle, she acquired a third cycle loan of PKR 50,000 for expanding her tuck-shop to the confectionary product. But, the sudden outbreak of pandemic impacted her business negatively, and her cash-flows started fluctuating. It was this time, when SAFCO provided her loan rescheduling facility for months. Abiding by her promise, she repaid her full loan as soon as her extended period completed. She has been a trustworthy client for SAFCO and knows how to exploit the external opportunities. Taking the opportunity of summer season, she obtained PKR 70,000 loan for capital investment in deep-freezer machine to sell the cold items such as Ice-cream, Juices etc.

“Since the basic needs of my family have been regularized; now I can return to the aim of educating my daughters.”, said Shahnaz. It was the proud moment for SAFCO to hear that one of her daughters has completed graduation from University of Sindh, and the remaining two are on their way to education and prosperity, as this is how you educate a nation.



# Mariam of Gharibabad



"Because of the lockdown, where other financial institutions refused to lend, SAFCO trusted me and provided me financing facility. I am grateful to SAFCO for this, with its help I have embarked on a journey of prosperity"

Mariam - Owner

Mariam, a resident of Kotri city's 'Gharibabad Colony' (the poor's colony), had an economic background that reflected the name of her colony. But Mariam thought that whether it was Gharibabad or Amirabad, our living standards depend upon the consistency of the hard work we do, and the timely decision making and willing to actually act upon it. It was June-2020, after the outbreak of corona virus pandemic, a situation of complete lockdown of all the commercial businesses when she decided to initiate clothing business. As a woman, she knew how lucrative the clothing business would be for her. She finalized the decision, but she lacked the financial resources to put her business plan into practice.

**Where will the money come from?** The question was also important because of the uncertainty surrounding the Corona virus and the lockdown. No one was willing to trust anyone. But she did not give up. She and her husband approached the SAFCO office, discussed various loan products with the SAFCO staff and soon obtained a loan of PKR 100,000 under the Small and Medium Enterprise loan product. As soon as lockdown eased somewhat, she started buying clothes at wholesale rates from Hyderabad, the twin city of Kotri, and started selling them at home. While the Corona epidemic did upset many, it has also created opportunities for some. As the markets were deserted, the shop inside Mariam's home began to thrive. Darwesh (Mariam's husband), who was unemployed due to the lockdown, also got rid of the hassle as the shop started running profitably.

Mariam is a skillful lady, she also purchased a sewing machine with the profit from shop. The women who acquired clothes from her also got those stitched from her, thus creating a dual income source for Mariam from single financial capital, and her valuable skills. As her earnings grew, Mariam not only took care of the family's livelihood, but also timely paid the installments of SAFCO's loan. She has recently established a general store at home with a loan of PKR 200,000, to expand her business. Along with the clothes, she has started selling cosmetics and other accessories popular among women. Her daily sales of clothes and other items range from PKR 4,000 to PKR 5,000, with the savings of PKR 1,000 to PKR 1,400.

Mariam now intends to move her shop from a small storeroom to a larger room. Looking at her two-and-a-half-year-old son, she says, "I'll make him a doctor with the proper education." "Because of the lockdown, where other financial institutions refused to lend, SAFCO trusted me and provided me financing facility. I am grateful to SAFCO for this, with its help I have embarked on a journey of prosperity", she cherished.

Mariam is hopeful and determined, that the journey, which started from a small road, will take her to the main highway and her family will cross the milestones of development day by day in future.



# Skills Changing Lives

Tando Soomro, a village with 5,000 residents is located in Tehsil Jhando Murree Tehsil of Tando Allahyar District, is a unique model village of its kind in Sindh. Clean infrastructure, pure drinking water, fertile agriculture land, excellent health and education facilities with the 90% literacy rate make this village distinct and distinguished. Though prosper for many, this village also shelters some poor families too, living below the poverty line.

Sarichand also belongs to a poor family of the same village. Due to a lack of enough financial resources, he could not continue his education after matriculation, and was forced to work as a laborer to support his family. He had to endure many hardships as a laborer as many times he had to return home empty-handed. Soon After he started working in a tailor's shop where his income was low but he got an opportunity to learn skills there. Due to his passion and dedication, he soon learned the art of sewing clothes. After acquiring skills, he decided to buy a sewing machine and opened his shop with the little money he saved. With every passing day, his needs increased after getting married his income from a single sewing machine seemed not enough.

To cope with the ascending financial crisis he planned to increase the number of sewing machines and tailors in his shop so that he could earn as much as possible by sewing clothes within a minimum period, but arranging finances to acquire sewing machines remained a question mark for him.

In the middle of perplexed darkness, one of the SAFCO's loan officers emerged as candle in his life and introduced him to SAFCO's credit facility. After understanding SAFCO's easy loan method as well as low markup rates, he decided to obtain a loan. He formed a group with the shopkeepers around him and received a loan of Rs. 10,000 in 2011. With the loan money, he added two more sewing machines to his shop, which not only increased his income but also provided employment to two more tailors of his vicinity.

Sarichand has so far availed 8 times loans from SAFCO with a total value of Rs 316,000. Due to his hard work, dedication, and proper use of the loan, he has expanded and strengthened his business and has repaid all the loan installments on time. He not only added goods to his shop but also expanded the shop by constructing two floors and providing accommodation to his tailors.

*"Today I have five sewing machines with which I am not only supporting my two children and family but also providing employment to five tailors of families like mine. If the loan is used properly and the business is done diligently, then of course success will be your destiny. The future is secure and I am on a journey of success with heartfelt satisfaction."*

**Sarichand - Tailor Master**





# EVENTS CALENDAR 2020 - 21



## SAFCO'S 12TH FOUNDATION DAY CELEBRATION



# SAFCO EVENTS CALENDAR 2020 - 21

JULY - 2020



**Management Visit  
(Founder & CEO)**

📍 SAFCO Qasimabad & Kotri Branch

JULY - 2020



**Boad of Directors' Quarterly Meeting**

📍 SAFCO Head Office Hyderabad

JULY - 2020



**Pakistan Microfinance Network Delegation**

📍 SAFCO Head Office Hyderabad

SEPTEMBER - 2020



**Business Counseling & Cheques Distribution**

📍 SAFCO Kotri Branch

OCTOBER - 2020



**Election of Board of Directors' Chairman**

📍 SAFCO Head Office Hyderabad

OCTOBER - 2020



**CEO Conducted Meeting with SAFCO Core Team**

📍 SAFCO Head Office Hyderabad

OCTOBER - 2020



**Training on the post pandemic situation & client cashflow.**

📍 SAFCO Noushero Feroz Branch

NOVEMBER - 2020



**Pakistan Poverty Alleviation Fund (PPAF) Monitoring & Field Visit**

📍 Achro Thar District Sanghar

JANUARY - 2021

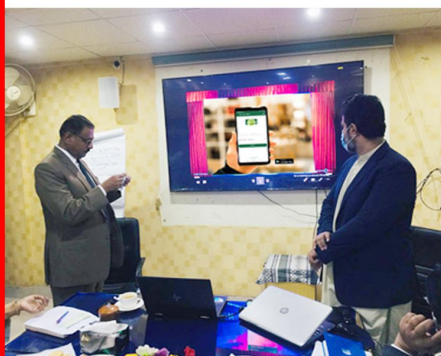


**New Year celebration by SAFCO Management**

📍 SAFCO Head Office Hyderabad



**JANUARY - 2021**



**Lauching of E-Credit  
Mobile Application**

📍 SAFCO Head Office  
Hyderabad

**JANUARY - 2021**



**Meeting regarding NPGP  
beneficiaries in  
colloboration with NSRP**

📍 Mirpur Sakro  
District Thatta

**JANUARY - 2021**



**Management Committee  
Meeting on Product  
Diversification Planning  
& Execution**

📍 SAFCO Head Office  
Hyderabad

**FEBRUARY - 2021**



**1st client disbursement  
on Munsalik Platform  
by SAFCO**

📍 SAFCO Head Office  
Hyderabad

**FEBRUARY - 2021**



**Chief Operating Officer  
BOPA visited SAFCO**

📍 SAFCO Head Office  
Hyderabad

**FEBRUARY - 2021**



**MCB Management visited  
SAFCO**

📍 SAFCO Head Office  
Hyderabad

**MARCH - 2021**



**Womens' Day  
Celebration Event**

📍 SAFCO Head Office  
Hyderabad

**APRIL - 2021**



**Capacity Building Session  
on AML/CFT for  
Operational Heads &  
Managers**

📍 SAFCO Head Office  
Hyderabad

**MAY - 2021**



**Drilling Excersise  
by BCP Coordinator**

📍 SAFCO Hyderabad Rural  
Branch Office





## 52nd Board of Directors Meeting Beach Luxury Hotel, Karachi



# FINANCIAL STATEMENTS



**SAFCO SUPPORT FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 ----- (Rupees) -----	2020 -----
<b>Assets</b>			
<b>Non current assets</b>			
Property and equipment	4	138,483,973	122,104,359
Right of use assets	5	35,094,055	38,397,485
Intangible assets		1	1
Security deposits	6	1,668,000	2,028,000
Long term loans	7	29,627,993	24,529,475
Micro credit loan portfolio	8	66,624,339	50,352,563
Loan to enterprises	9	-	1,145,846
		<b>271,498,361</b>	<b>238,557,729</b>
<b>Current assets</b>			
Current maturity of long term loans	7	18,970,127	17,953,191
Current maturity of micro credit loan portfolio	8	2,361,899,012	2,018,951,479
Current maturity of loan to enterprises	9	3,103,336	1,957,490
Investments	10	273,700,000	209,700,000
Accrued financial charges		138,212,141	145,160,785
Advances and prepayments	11	3,158,599	3,463,651
Other receivables	12	19,977,180	19,858,472
Grant receivable from a donor	13	8,845,759	5,635,507
Cash and bank balances	14	1,092,476,640	863,144,973
		<b>3,920,342,794</b>	<b>3,285,825,548</b>
<b>Total assets</b>		<b>4,191,841,155</b>	<b>3,524,383,277</b>
<b>Accumulated funds and liabilities</b>			
<b>Funds and surplus</b>			
Accumulated fund		817,544,999	712,007,861
Endowment fund - restricted		12,847,835	6,125,014
Surplus on revaluation of property - capital reserve		33,658,927	28,986,282
		<b>864,051,761</b>	<b>747,119,157</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred grant for fixed assets - restricted	15	627,815	734,769
Lease liabilities	16	32,877,622	33,997,661
Revolving fund	17	118,531,914	118,531,914
Long term financing - secured	18	746,066,667	1,832,285,000
		<b>898,104,018</b>	<b>1,985,549,344</b>
<b>Current liabilities</b>			
Current portion of deferred grant for fixed assets - restricted	15	126,934	157,076
Current portion of lease liabilities	16	10,186,877	9,688,995
Current portion of long term financing - secured	18	2,192,233,333	517,600,000
Running finances - secured	19	100,000,000	145,000,000
Accrued financial charges	20	69,952,612	90,610,636
Emergency fund	21	20,878,493	19,800,502
Accrued and other liabilities	23	36,307,127	8,857,567
		<b>2,429,685,376</b>	<b>791,714,776</b>
<b>Total accumulated funds and liabilities</b>		<b>4,191,841,155</b>	<b>3,524,383,277</b>
<b>Contingencies and commitments</b>			
	24		

The annexed notes from 1 to 41 form an integral part of these financial statements.

YH

Chief Executive Officer

Director

Chief Financial Officer



**SAFCO SUPPORT FOUNDATION**  
**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		2021			2020		
		Unrestricted	Restricted deferred grant for fixed assets	Total	Unrestricted	Restricted deferred grant for fixed assets	Total
Note		(Rupees)					
Financial income earned	25	693,307,081	-	693,307,081	822,731,482	-	822,731,482
Financial charges expense	26	(254,093,359)	-	(254,093,359)	(329,197,537)	-	(329,197,537)
Net financial charges income		439,213,722	-	439,213,722	493,533,945	-	493,533,945
Provision against loan losses for the year	8.4.1	(39,375,809)	-	(39,375,809)	(56,915,732)	-	(56,915,732)
Net financial charges income after loan losses provision		399,837,913	-	399,837,913	436,618,213	-	436,618,213
EXPENDITURE							
Operational expenses	27	(302,556,643)	-	(302,556,643)	(314,067,149)	-	(314,067,149)
Administrative expenses	28	(39,504,732)	-	(39,504,732)	(58,461,407)	-	(58,461,407)
Net surplus from operations		57,776,538	-	57,776,538	64,089,657	-	64,089,657
Other income	29	41,265,353	-	41,265,353	16,034,839	-	16,034,839
Grant income	30	12,868,038	137,096	13,005,134	21,743,657	215,416	21,959,073
Surplus for the year before taxation		111,909,929	137,096	112,047,025	101,868,153	215,416	102,083,569
Taxation	31	-	-	-	-	-	-
Surplus for the year after taxation		111,909,929	137,096	112,047,025	101,868,153	215,416	102,083,569
Other comprehensive income for the year							
Surplus on revaluation of property		4,885,580	-	4,885,580	-	-	-
Total comprehensive income for the year		116,795,509	137,096	116,932,605	101,868,153	215,416	102,083,569

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

**SAFCO SUPPORT FOUNDATION  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Revenue reserve / Unrestricted Accumulated fund	Restricted deferred grant for fixed assets	Restricted Endowment fund	Capital reserve Revaluation surplus on property	Total
	----- (Rupees) -----				
<b>Balance as at June 30, 2019</b>	611,908,903	3,730,653	-	29,396,031	645,035,587
<b>Total comprehensive income for the year end June 30, 2020</b>					
-Surplus for the year after taxation	101,868,153	215,416	-	-	102,083,569
-Other comprehensive income	-	-	-	-	-
	101,868,153	215,416	-	-	102,083,569
Incremental depreciation on revaluation of property	409,749	-	-	(409,749)	-
Endowment fund contribution	(6,125,014)	-	6,125,014	-	-
<b>Balance as at June 30, 2020</b>	708,061,791	3,946,069	6,125,014	28,986,282	747,119,156
<b>Total comprehensive income for the year end June 30, 2021</b>					
-Surplus for the year after taxation	111,909,929	137,096	-	-	112,047,025
-Other comprehensive income	-	-	-	4,885,580	4,885,580
	111,909,929	137,096	-	4,885,580	116,932,605
Incremental depreciation on revaluation of property	212,935	-	-	(212,935)	-
Endowment fund contribution	(6,722,821)	-	6,722,821	-	-
<b>Balance as at June 30, 2021</b>	<b>813,461,834</b>	<b>4,083,165</b>	<b>12,847,835</b>	<b>33,658,927</b>	<b>864,051,761</b>

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer





Thank you for your worthy reading

## EDITORIAL BOARD

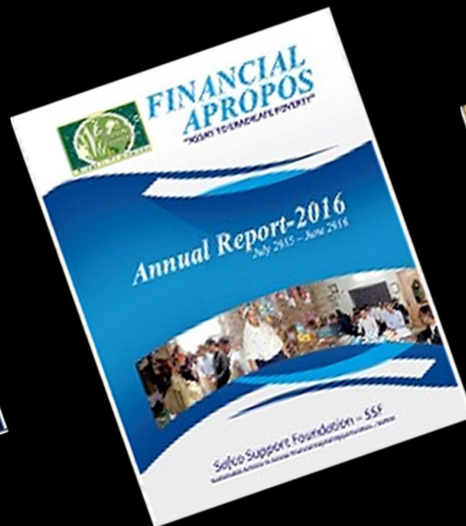
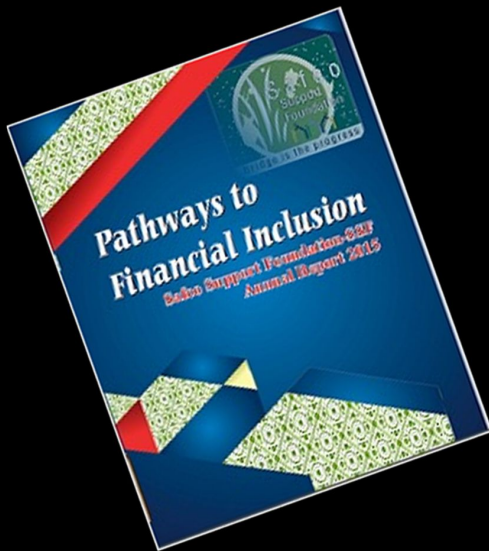
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