



**IMPACT INVESTING**

# About Karandaaz Pakistan

***Our Vision “Financially Included and Economically Empowered Pakistanis!”***

**Promoting  
Financial  
Inclusion**

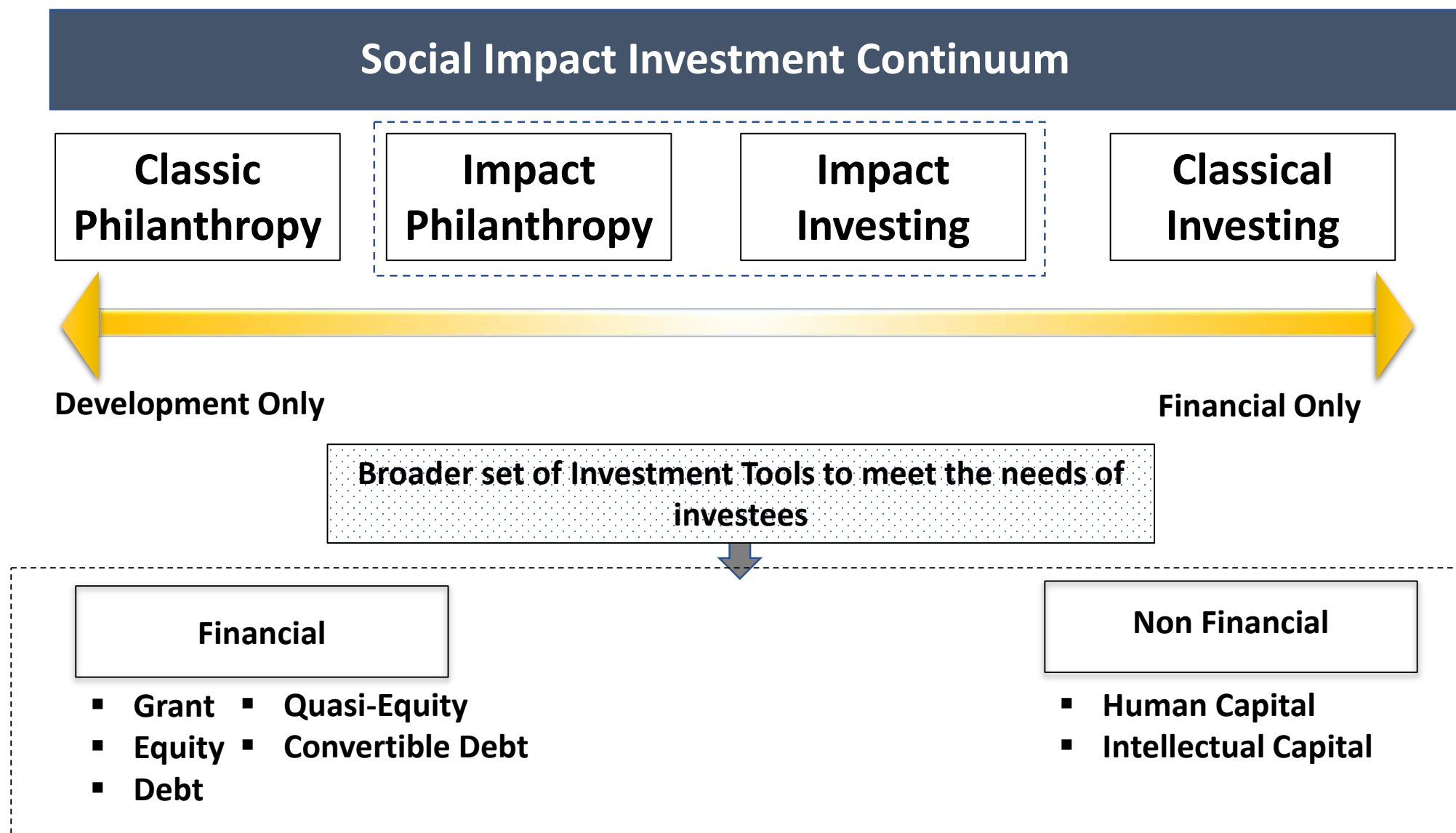
- Supporting MSME Financing Market
- Payment Digitization

***~ USD 290 M committed***



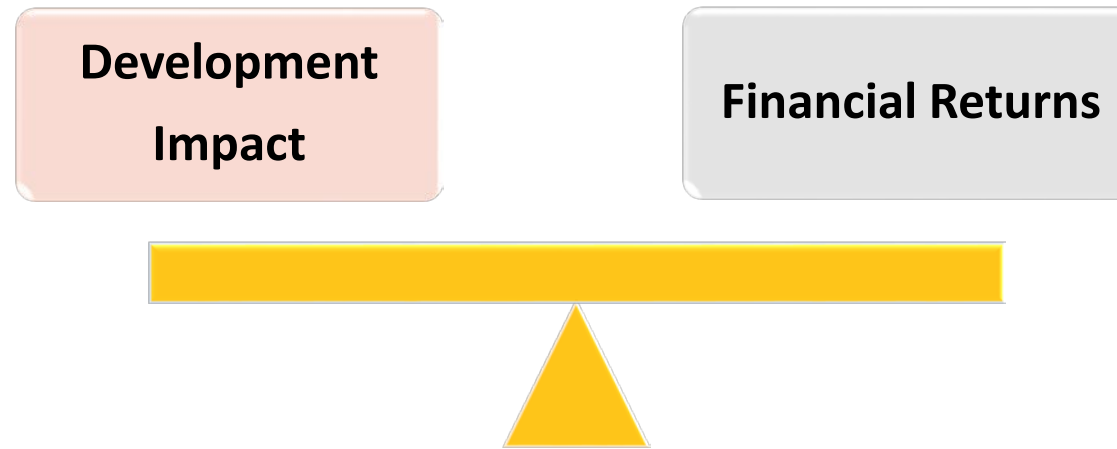
**BILL & MELINDA  
GATES foundation**

# Impact Investment



# Impact Investment

*Striking a balance: Generating Financial Return & Maximizing Development Impact*



***Our Investment Thesis:***

***Double Bottomline Investments which can crowd in commercial & developmental capital or demonstrate viable financing models while generating recyclable capital for Karandaaaz***

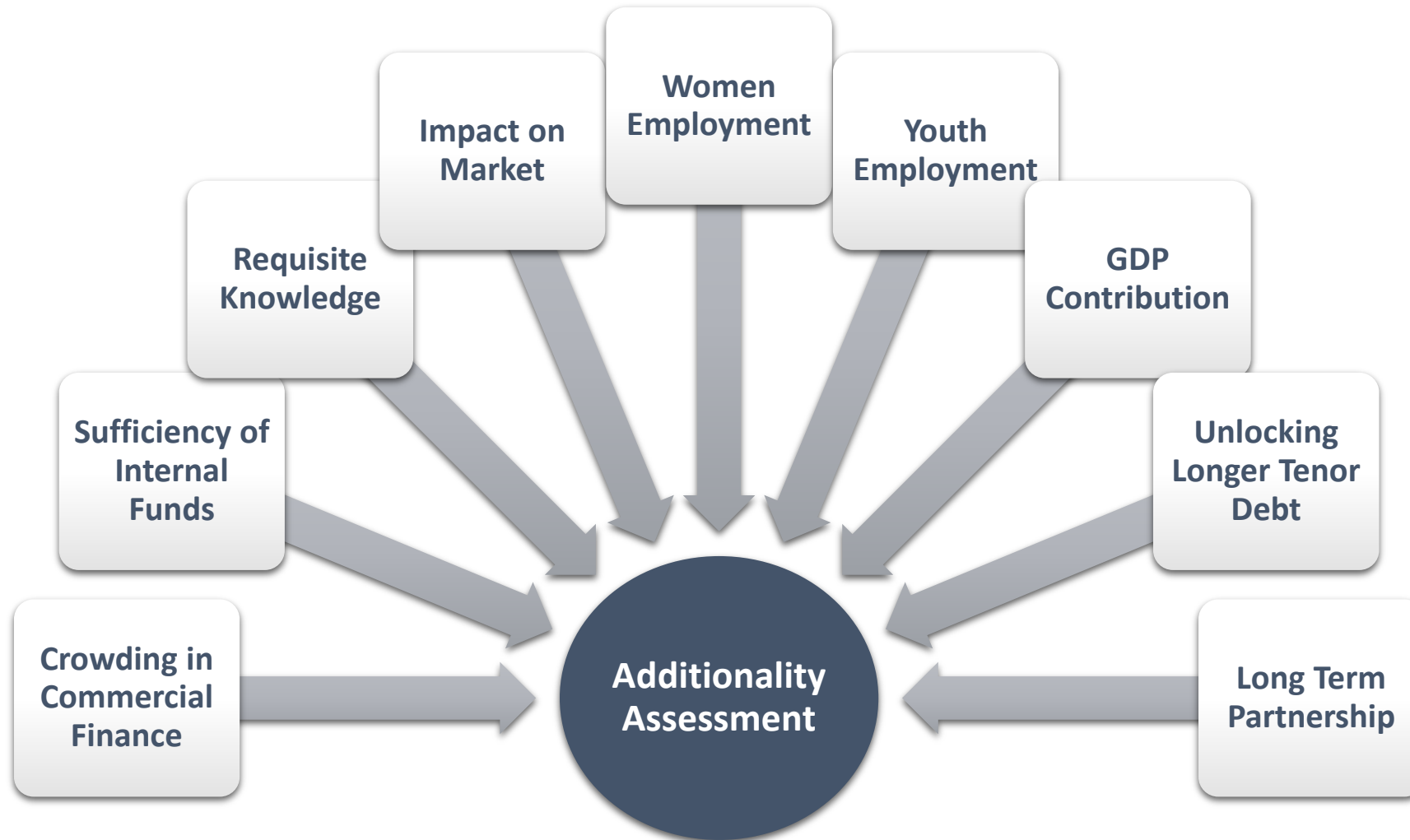
# Karandaaz Approach

*Following Elements are considered for every Investment Decision*



## B. Additionality Assessment

*Karandaz Pakistan has developed an Additionality Assessment Grid; Score is allotted to each factor and projects scoring 50% or more are considered for investments*



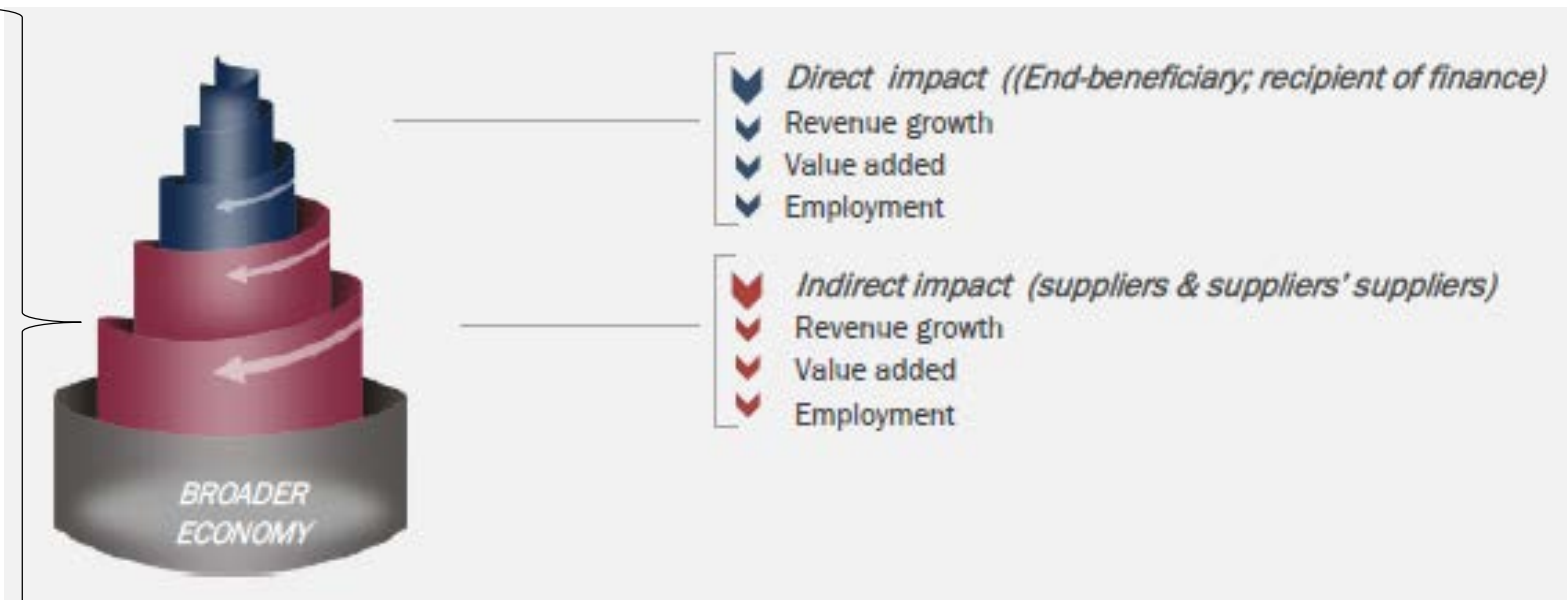


## C. Impact Assessment: Ex-Ante

*We use Social Accounting Matrix (SAM) based to assess Ex-Ante impact of each investment*

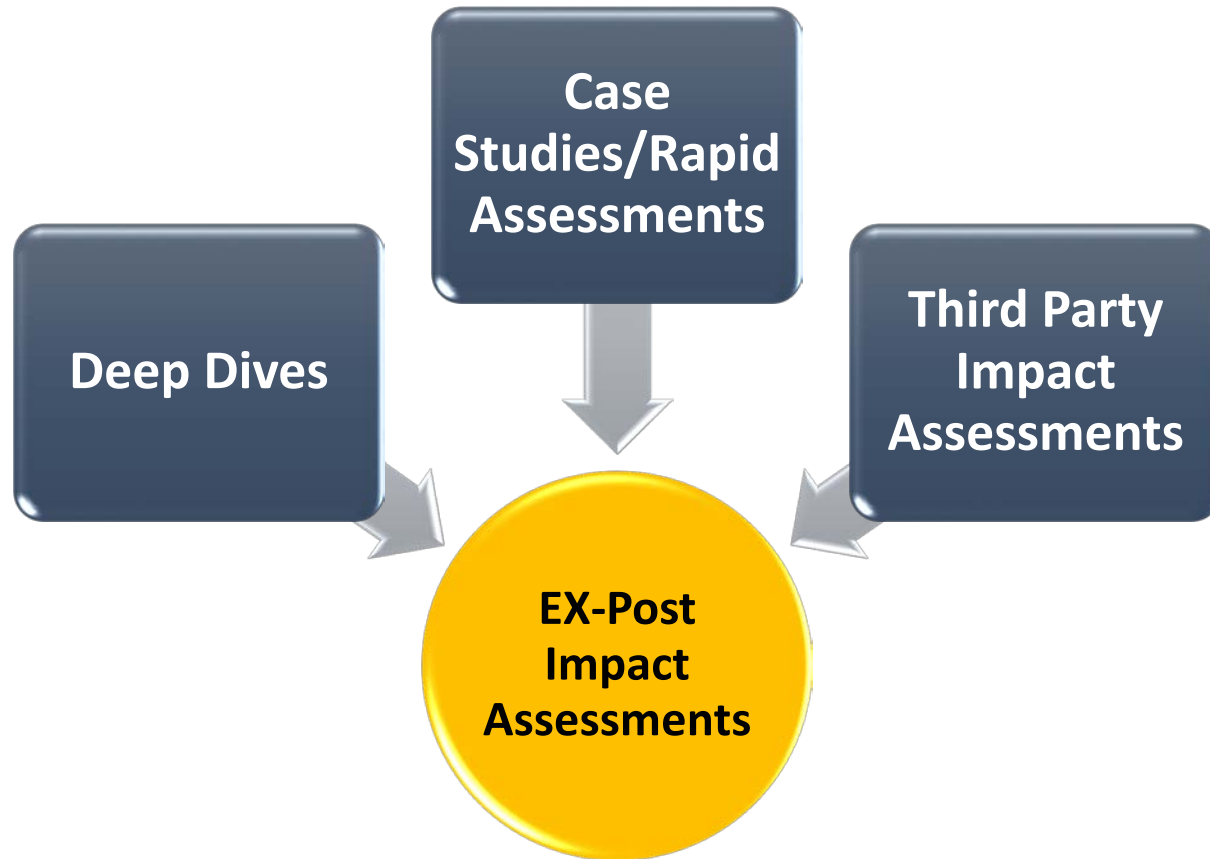
Please make your selection

Capital intensity	Aggregate
End-beneficiary type	SME
Gender	Female
Will the investment be made through a financial intermediary?	No
Intended disbursement (in PKR)	100,000,000
Sector	Public Services



**A score is assigned from 1 to 3 is assigned based on jobs supported**

## C. Impact Assessment: Ex-Post



KRN's Impact Assessment similar to the ones deployed by International Development Finance Institutions (DFIs) such as *CDC Group*

Ex-post results are within 10-15% of results predicted by the IO model



# Bringing it Together

## Financial Return

Inflation



Loss



Operational  
Expense

## Additionality Assessment

Additionality Score  
(From Assessment  
Grid)

## Impact Assessment

Development  
Impact Grid

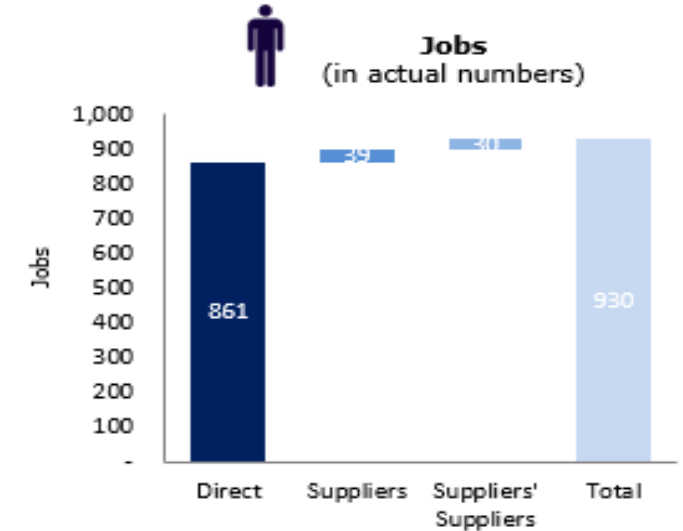
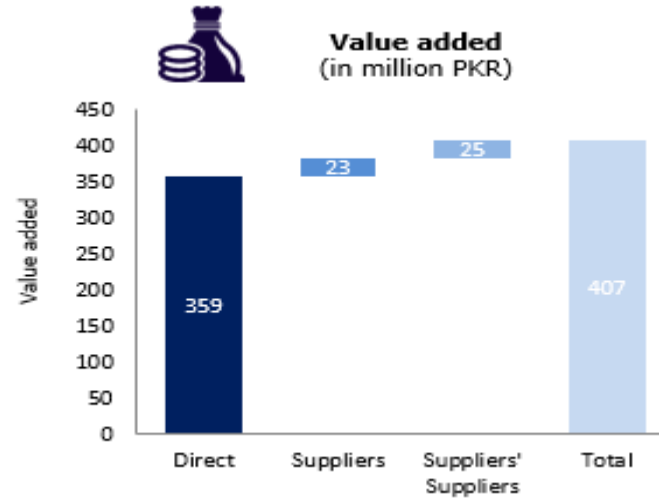
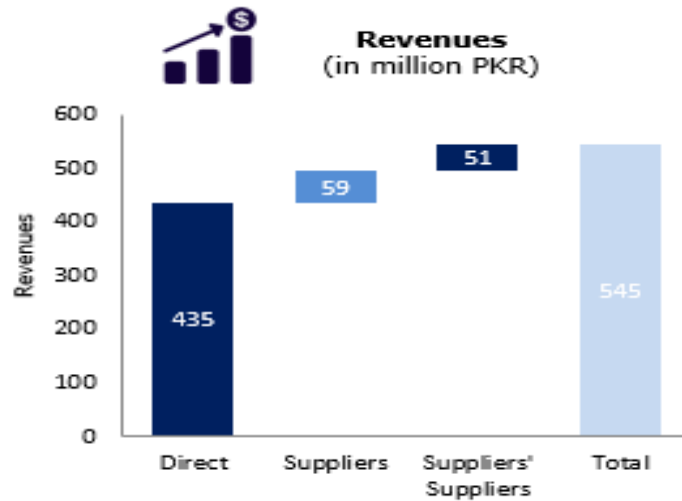
Jobs Supported

Development Impact Grid		Jobs Supported		
		Low	Med	High
Credit/ GDP Share	High	1	1	2
	Med	1	2	3
	Low	2	2	3

## ESG Framework

- Category A – High Risk** (Not Permissible)
- Category B – Medium risk (Permissible with Mitigants)
- Category C – Low risk** (Favorable)

# Snapshot of KRN Impact Assessment



Development Impact Grid		Jobs Supported		
		Low	Medium	High
Credit to GDP Contribution ratio	High	1	1	2
	Medium	2	2	3
	Low	2	2	3

## Credit to GDP Contribution Ratio- Low

- Contribution to the GDP vs Credit Extended to the Sector
- Reasons for low penetration and type of KRN's intervention.
- Impact in productivity due to KRN's Investments

## Employment Contribution- Medium

- Details on Permanent Direct employment
- Details on Temporary Direct employment
- Details on Indirect employment.

## ESG Considerations

- Category 'B'
- Mitigation measures include:
  - Approval from Environmental Protection Agency (EPA) and other registrations are included as part of CPs

# Our Portfolio

Sectoral Focus – KRN Capital (PKR 7,467mn)

## Financial Services



Infra Credit  
Enhancement Facility

SME Focused  
SPV

Agriculture

Livestock

Health

I.T Services

Logistics

Renewable



Long Haul &  
Distribution

Distributed Solar  
Solution



- SME (IFC definition)
- GBP 1-5 M
- 5-7 year holding period
- Seeking growth capital

———— Completed  
- - - - In Progress

# Our Portfolio

Segment Focus - Women led Businesses (PKR 257 M deployed)

Avg Ticket ~ PKR 20M; Convertible



*First Online Store for Handmade Products*



*Manufacturer of Aero Space engines*



*Online retailer for organic food products*



*E-commerce based fashion and lifestyle products retail platform*



*Flour Mill in Peshawar*



*High-end Clothing Designer*



*E-Commerce Solution Provider*



*Textile Manufacturing*



*Facility Management Services Provider*



*Textile Trading*



*High Quality Furniture Manufacturer*

**7 more deals about to close.  
Total commitment to 19 firms  
~ PKR 362 M**



*Ceramic Manufacturer*



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