

2017-18 ANNUAL REPORT

Punjab
Population
Innovation
Fund



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ACRONYMS

ADP: Annual Development Plan

AHKRC: Akhter Hameed Khan Resource Center

BOD: Board of Directors

CPR: Contraceptive Prevalence Rate

DFID: Department for International Development

EOI: Expression of Interest

HANDS: Health and Nutrition Development Society

ICT: Information and Communication Technology

LHVs: Lady Health Visitors

LARC: Long Acting Reversible Method

PPIF: Punjab Population Innovation Fund



Chairman's Message

In light of the alarming Census 2017 and Pakistan Demographic and Health Survey 2017-18, Pakistan has one of the worst population indicators in the region, even worse than the estimations by the 2016 World Bank and Development Statistics reports. With the growth rate of 2.4, Pakistan, currently at 207.8 Million, will double in population by 2050. Punjab, with its growth rate of 2.13%, will be as big as Pakistan by the time. The population of Punjab is 110 million and is expected to rise to 121 million by 2022. Net annual addition of an estimated 2.2 million people in Punjab and approximately 28 million women of reproductive age, and estimated to increase to 30 million by 2020.

Rather than showing progress, the critical driver of fertility, CPR is 38% and the modern Contraceptive Prevalence Rate (mCPR) has gone down to 27% from 29% reported in the previous PDHS in 2012-13. The fertility rate is extremely high as compared to other countries in the region; India, Bangladesh and Iran at 2.3, 2.1 and 1.66 respectively. With this rate of decline, it will take more than 25 years to reduce the fertility by one child. It is startling that the contraceptive prevalence rate (CPR) has decreased for the first time from the previous survey in 2012-13 in both Pakistan and Punjab whereas only 19% of women are informed about all three quality-of-service indicators (side effects,

what to do in case of side effects, and other methods). It is, therefore, inevitable to suggest that population programs need the utmost programmatic and political priority.

Research has also shown that there is a huge gap between the demand and supply of services which needs to be addressed, that too in the most cost-effective manner. The unmet need for Family Planning Services remains high at 15.8% indicating that millions of married couples are unable to receive adequate access to information and services to have the number of children and the spacing they desire. The number of children people have is a complex decision and couples' preference in this regard should be respected. This is a denial of fundamental human rights. This gap between their intent and actual usage of family planning services is associated with long physical distances, costs and social barriers, and in particular with misperceptions about modern contraceptives which are more pronounced in the rural areas. All these access factors affect the poor and uneducated more seriously.

Additionally, there is widespread evidence of unwanted pregnancies as seen in the high incidence of unsafe abortions. Furthermore, alarmingly high infant and maternal mortality rates, malnutrition among children and poor education outcomes also reflect that the society is unwilling or unable to mobilize the resources needed to support the high fertility rate.

Public policy thus aims to lower the fertility rate in order to bring about a balance between the number of children people would want to have and the number of children actually being born. This requires two types of interventions. One that aims to increase awareness of both husbands and wives on available methods for

birth control, be it for limiting or spacing births while the other complements the first by making available family planning services, products and counselling, at the doorstep or at conveniently accessible locations.

Punjab Population Innovation Fund was established to roll out these two types of interventions. It is a non-profit, public sector company incorporated under Section 42 of the Companies Ordinance 1984. It aims to reduce fertility to couples' desired levels by seeding and mainstreaming innovative approaches to delivery of family planning services. The fund spearheads locally responsive, scalable and sustainable family planning and reproductive health initiatives. PPIF aims to play a critical role to accelerate the fertility decline by increasing Contraceptive Prevalence in Punjab, which houses half of the national population of women with unmet need for contraception.

The Funds independent Board of Directors is responsible for providing strategic guidance and stewardship to the management and to ensure that the company remains on course to meeting its strategic objectives. The responsibility of carrying out day to day operations in a smooth and efficient manner lies with the senior management of the company.

Given the above situational synopsis PPIF sets the stage for its organizational and programmatic activities outlined in the 2017-2018 Annual Director's Report.

Dr. Ijaz Nabi

Chief Executive Officer's Review

This year has been marked with many successes despite facing some financial delays and so in this Directors Report I would like to share the many achievements of 2017-2018. I am grateful to the Board's commitment and our team's dedication and patience in their persistent efforts.

In this foundation year, PPIF implemented its first and developed its second programme cycles, had its first external audit and began to lay the ground work and formulate the innovative ideation for several new programmatic partnerships. The PPIF Board of Directors approved a Strategic Framework 2017-2022 to enable the organization to contribute towards the achievement of provincial population goals set in the Punjab Population Policy. In 2017 we set the basis for significant progress against our strategic targets outlined in the Strategic Framework which identifies two approaches toward the achievement of outcomes set for the organization: a) Innovation to scale which entails introducing a pilot intervention, gathering proof of concept, scaling it up and then ensuring that the implementation on scale is sustainable. b) Scaling up best practices whereby best practices are identified, adapted and consolidated and then scaled up through leveraging outreach of strategic partners.

PPIF is an independent organization established to promote innovate family planning methods to tackle the challenges posed by Punjab's escalating population growth. To achieve this, PPIF begun funding programs that are actionable, measurable and accessible in underserved areas with a lens to scalability across Punjab. Making use of existing knowledge and working towards aggregating, synthesizing and disseminating new knowledge. PPIF is envisioned as a key player in the family planning sector and positioning ourselves as a resource for e-networking.

During the year PPIF has successfully developed partnerships with the government, non-profits and academia to spearhead socially relevant and culturally adaptable service delivery solutions using contemporary methodologies. PPIF has aimed to build lasting affiliations yielding long term results strengthening access to family planning services and implemented two projects in its first program cycle with Akhter Hameed Khan Resource Center (AHKRC) and Health and Nutrition Development Society (HANDS) that meet the organizations strategic objectives.

Family planning programs in Pakistan have often been directed at women with very few interventions focused on men to increase the contraceptive prevalence rate. Hence, in October of 2018, PPIF conducted a consultative session with pertinent stakeholders and designed a program amplifying the need to focus on male engagement in family planning initiatives. PPIF launched its second cycle and identified three new partners, DoctHERS, International Rescue Committee and Greenstar Social Marketing.



Commitments were made, however contract signing and allocation of funds experienced delays.

In light of the objectives of the PPIF strategic plan 2017-2022 'Reduce cost related barriers', PPIF designed a voucher scheme aimed at enabling poor women to access family planning services by reducing financial barriers and incentivizing private service providers in their vicinity to offer family planning services through reimbursement against redeemed vouchers. PPIF continues to innovate and developed this scheme in partnership with Population Council and the Benazir Income Support Program. PPIF remains well positioned for long-term innovation creation with its multi-sectoral partners.

Our achievements would not be meaningful if we did not recognize the critical role monitoring, evaluation, accountability, and learning plays in any effective program. We are continually refining our MEAL system with the collaboration of our national and international stakeholders. PPIF follows a multi-tiered monitoring mechanism, involving project partner's M & E team, Third party monitoring firms and technical experts.

We continue to focus on improving the way we innovate, in our programme design, in our monitoring and evaluation, and with our partners. This Director's report is yet another step in further integrating our monitoring and evaluation practices into our core programmatic strategies and the transparency we bring to the family planning sector.

Jawad A. Qureshi



DIRECTORS' REPORT 30 JUNE 2018

On behalf of the Board of Directors of the Company, we are pleased to present PPIF's operational performance together with the Audited Financial Statements and Auditor's Report for the year ended 30th June 2018.



Introduction to PPIF

The Punjab Population Innovation Fund (PPIF) is a non-profit, public sector company incorporated under Section 42 of the Companies Ordinance 1984. It aims to reduce fertility to couples' desired levels by seeding and mainstreaming innovative approaches to delivery of family planning services. The fund spearheads locally responsive, scalable and sustainable family planning and reproductive health initiatives. PPIF-enabled interventions would play a critical role to accelerate the Fertility Decline by increasing Contraceptive Prevalence in Punjab, a province which houses half of the national population of women with unmet need for contraception. The company was registered with the Securities and Exchange Commission of Pakistan on 4th October 2016.

The Fund has an independent Board of Directors responsible for providing strategic guidance and stewardship to the management and to ensure that the company remains on course to meeting its strategic objectives. The responsibility of carrying out day to day operations in a smooth and efficient manner lies with the senior management of the company.



Rationale of PPIF



Uncovered Areas

PPIF enabled interventions would play a critical role to accelerate fertility decline, by increasing private sector involvement in areas that are underserved by the public sector (Family Welfare Centers & Lady Health Workers serve less than < 13% of Married Women of Reproductive Age and 50% of public health facilities are not providing a full range of contraceptive methods). The direct goal of all interventions will be to increase access to services, especially in the underserved urban and rural areas, through innovative approaches in communication and service delivery.



Unmet Need

For a province which houses half of the national population of women with unmet need for contraception, the Punjab Population Innovation Fund is a route for testing out innovative models for serving the unmet need of both men and women (18% Unmet need i.e. 3 Million women), both never users and past users, as well as users of traditional methods (2 Million women) to convert them into modern contraceptive users, with a special emphasis on the poor.



Value for Money

PPIF projects provide a greater value for money as compared to the Public sector.



Performance during the year 2017-18 over programmes



Implementation of Cycle 1 Projects

Execution of projects awarded under project cycle 1 is successfully underway with Akhter Hameed Khan Resource Centre entering the third quarter of project execution in Rawalpindi and Health and Nutrition Development Society (HANDS) due to complete quarter two of implementation in Muzaffargarh in July 2018. The latter faced delays due to more stringent administrative restrictions entailing a longer process for the issuance of a no objection certificate from the Home Department.

However, both projects have been steadily on course to achieving the desired objectives with progress being shared with the PPIF on a monthly and quarterly basis. Results from the projects are also being verified by the third-party process monitors, Ernst & Young.

Akhter Hameed Khan Resource Center (AHKRC)

The AHKRC project aimed at providing doorstep services to the women in urban slums of Rawalpindi. The project is currently being implemented in four Union Councils and aims to improve the uptake of Long Acting Reversible Contraceptive (LARC) methods. The outcomes

Indicators	Achievement
Population Reached	128,012
FP new users	3089
Usage of LARCs	644
Private Providers Trained	9
MWRAs using FP methods	7769
Community Meetings	14224
Behavioural Change Sessions	3417
Noor workers Trained & Providing Doorstep FP Services Dashboard Developed	36

Health and Nutrition Development Society (HANDS)

The HANDS project aimed at introducing the doorstep delivery of family planning services through social entrepreneurs called NOORs in the rural areas of Muzaffargarh that remain uncovered by the Lady Health Worker (LHW) programme.

After selection of community workers for delivery of services, the project has successfully trained these "Noor" workers in mobilizing the community to increase the uptake of family planning. The workers are trained to emphasize on the nexus of maternal and child health and with family planning in their communication with the Married Women of Reproductive Age (MWRAs) that are the primary beneficiaries of the project.

They also refer MWRAs to the mid-level private providers, the trained Lady Health Visitors that have been engaged by HANDS for the purpose. To alleviate the information barriers that exist in these far-flung areas of Muzaffargarh, a series of videos on the importance of family planning and various modern methods available that may be utilized by the consumers for limiting or spacing births as well as the expected side effects of these methods.

Indicators	Achievement
Population Reached	232,006
FP new users	2367
MWRAs using FP methods	6965
Private Providers Trained	15
FP sessions with MWRAs	21499
Noor workers Trained & Providing Doorstep FP Services	160



Launch of Project Cycle 2



Consulting the Stakeholders

The PPIF launched its second projects cycle in October 2018, and multiple organizations applied for the grant of funding for the implementation of family planning projects. The launch of the project was preceded by a consultative workshop that was conducted on the 25th of August, 2015. The following areas of intervention were identified in the consultative project as having the potential of altering consume behaviour and increasing the uptake of family planning services:

- Increasing involvement of the private sector
- Introducing channels for Couple Counseling
- Ensuring the quality of care to prevent dropouts
- Financing Family planning for the poorest communities through voucher schemes
- Utilizing pharmacies for information and referrals
- Provision of adolescent and youth friendly services
- Fostering collaborations with existing programs in the public and private sector
- Developing technology-based solution for greater penetration of services



Thematic Focus

The thematic area selected for the second round of funding was Strengthening of Male Engagement. The area of intervention was selected through a stakeholder consultation process and through secondary research of available literature.



Geographical Area

Proposals were invited for the implementation of the project in the 8 districts identified in the Background Paper as being the districts with the largest population of couples with unmet need. These included Multan, Lahore, Gujranwala, Rahim Yar Khan, Bahawalpur, Faisalabad, Rawalpindi and Muzaffargarh.



Selection of Projects

The Board of Directors for a collective award of Rs. 118.4 million. The projects were approved in March 2018 but contracts have yet to be signed owing to the fact that the funds allocated to the PPIF for the financial year 2017-18 were not forthcoming.



Selected Projects

1. Kar Buland

DoctHers is a digital healthcare platform that connects female doctors to health consumers in real-time which has been co-financed by Unilever and Reckitt Benckiser across 18 districts of Punjab and 52 districts of Pakistan.

The project proposed by DoctHers titled Kar Buland would reach both men and women with FP needs at their workplace by including FP in health insurance being offered to the workers in 4 factories in Lahore and Rahim Yar Khan. Meanwhile, the information needs of the community would be met through unemployed LHWs who would act as community mobilizers. The beneficiaries would include consumers from 30 villages in a 5 kilometre radius of the factory area along with the men and women employed by the factories and while insurance would cover the cost of FP services for the latter, the former would also have an option to benefit from these services through specially priced packages.

The project will target a population of around 420,000 people with a grant from the PPIF amounting to Rs 21.233 million.

The learning agenda of the project is as follows:

1. Whether there is growth in profit for all stakeholders making the model self-sustainable
2. Whether increased awareness and strengthened client-provider interaction lead to greater uptake of services.
3. Potential for scalability of low cost technology based solutions

DoctHERs intends to leverage its network of an additional 142 organizations that are linked to corporate value chains (e.g. Nestle and Engro) for scaling up the project in other regions Punjab.

2. Connect4FP: Leveraging technology and Provider Networks to Reduce Unintended Pregnancies in Punjab

International Rescue Committee (IRC) is an international aid group working in 40 countries including Pakistan where it has been providing emergency relief, health care, education and skills trainings to underserved and marginalized communities in since 1980.

The project proposed by IRC aims at creating a digital platform for accessibility of services supplemented by a quality assured network of private providers and demand generation through FP champions in the target communities. Reducing unintended pregnancies among couples by disseminating FP information and increasing access to quality services and ensuring uninterrupted supply of products to pharmacies and private health providers are the main objectives of the project which will cost Rs. 48.5 million to reach a target population of 342,000 in 8 Union Councils of Multan.

The learning agenda for the project is as follows:

1. To assess the decline in cost per CYP through an increased focus on long-term methods.

2. To demonstrate continued market interest in FP services through supply chain visibility and promotional services for manufacturers and distributors. How can this be scaled up?
3. Cost-effectiveness and practicality of technological solutions being offered and increase in client interest through built-in feedback mechanisms.
3. Mil kar Faisla, Khushali ka Waseela

3. Mil kar Faisla, Khushali ka Waseela

An affiliate of Population Services International, Greenstar is a non-governmental organization working for reproductive health and family planning in Pakistan for the past 25 years with annual contributions of 25% to 30% to national CYP. The organization has an extensive outreach in Pakistan, covering almost 107 districts of Pakistan with a network of 6,000 plus private providers, 400 plus IPC field workers, 70,000 pharmacies and retailers and 10 mobile service units.

The project aims at increasing male engagement by incentivizing unconventional service providers such as hakims and homoeopaths to provide counselling and referrals for FP services while also increasing information outlets for men at pharmacies for the provision of 24/7 FP counselling. A quality assured network of male and female service providers in the private sector, including doctors and midlevel providers will be created to render services to clients seeking services and to meet the unmet demand for FP information particularly among men. The project cost is around Rs 48.832 million and will be implemented in nine Union Councils (4 Rural and 5 Urban) in Faisalabad and Bahawalpur, reaching a combined target population of more than 293,000.

Learning Agenda

1. Whether increased male-engagement through increased number of service delivery and information points will affect demand for family planning services.
2. Whether incentivizing non-traditional providers would result in sustainable referral network.
3. Whether creation of a referral network of quality assured providers will ignite a sustainable market for family planning services.



Proposed Projects and Programs for FY 2018-19

a. Project Cycle 3

The thematic areas of the cycle have been finalized after a detailed consultative process and based on the needs of communities as evident from different studies on the subject. The projects in this cycle will combine demand generation activities through effective behaviour change communications with a service delivery mechanism that would increase the accessibility of these services.

Projects will be invited for implementation in all districts of Punjab.

Areas of Intervention

The strategic areas selected for cycle three include Improving accessibility to family planning services and information, promoting positive attitudes and practice through behaviour change communications and using gender-transformative approaches for strengthening male engagement. The selected projects will provide:

- Referral mechanisms to a quality assured aggregated network of public and private healthcare providers
- Access to information on contraceptive choice side effect management and address myths and misconceptions
- Gender transformative communications campaign to promote male responsibility in family planning and facilitate joint decision making by couples
- Integrated technology based mobile and e-health solutions

b. Family Planning Vouchers for Poorest Women Registered under BISP

A voucher scheme is being proposed to be implemented jointly by PPIF, BISP and Population Council that will increase access to family planning services among the poorest women and empowering them in four districts in Punjab with highest levels of unmet need for family planning services. According to the PSLMS 2015 and the latest Census 2017, there are overall 3.1 million women amongst the poorest in Punjab.

The advantage of vouchers is that this approach focuses on clients' financial decision-making while stimulating and incentivizing the private sector to offer better quality services.

Partners

Benazir Income Support Programme, and Population Council

Budget

Rs 100 million (pilot phase)

Geographical Location

The 2 poorest districts with highest unmet need and low CPR.

Target Population

- 10,000 direct beneficiaries of the Voucher
- MWRAs from the target districts for demand generation and awareness campaigns

Voucher Design

The proposed voucher scheme will entitle women with an unmet need who want to adopt a modern method to FP services, follow-up visits and transportation costs. While the beneficiaries will be able to avail the services through a BISP-FP card with their BISP IDs, the management of the voucher scheme is proposed through a voucher management agency (VMA). A mobile app will be developed for managing disbursement of voucher amount to the beneficiaries and providers.

After identification of high-poverty population clusters by the BISP, the location of the project will be determined on the basis of the prevalence of unmet need in Tehsils/ Districts newly surveyed by the BISP. Pregnant women and women with unmet need will be identified through 'mother ambassadors' from BISP Beneficiary Committees or community health workers such as LHWs and CMWs.

The scheme will aim to ultimately benefit 100,000 poorest women in Punjab. However, in the initial phase, which is proposed to be solely financed by the PPIF, it has been propose that the number of beneficiaries would be around 10,000 in two districts.

The approach will use public and private facilities duly mapped for the purpose. The providers will be provided training for counselling and family planning care on all methods with a focus on the long-acting reversible contraceptives (LARCs), such as intrauterine contraceptive devices (IUCDs) and implants.

Responsibilities

The responsibilities of the three collaborators for this project have been delineated below:

i. Population Council (with possible support from the UNFPA)

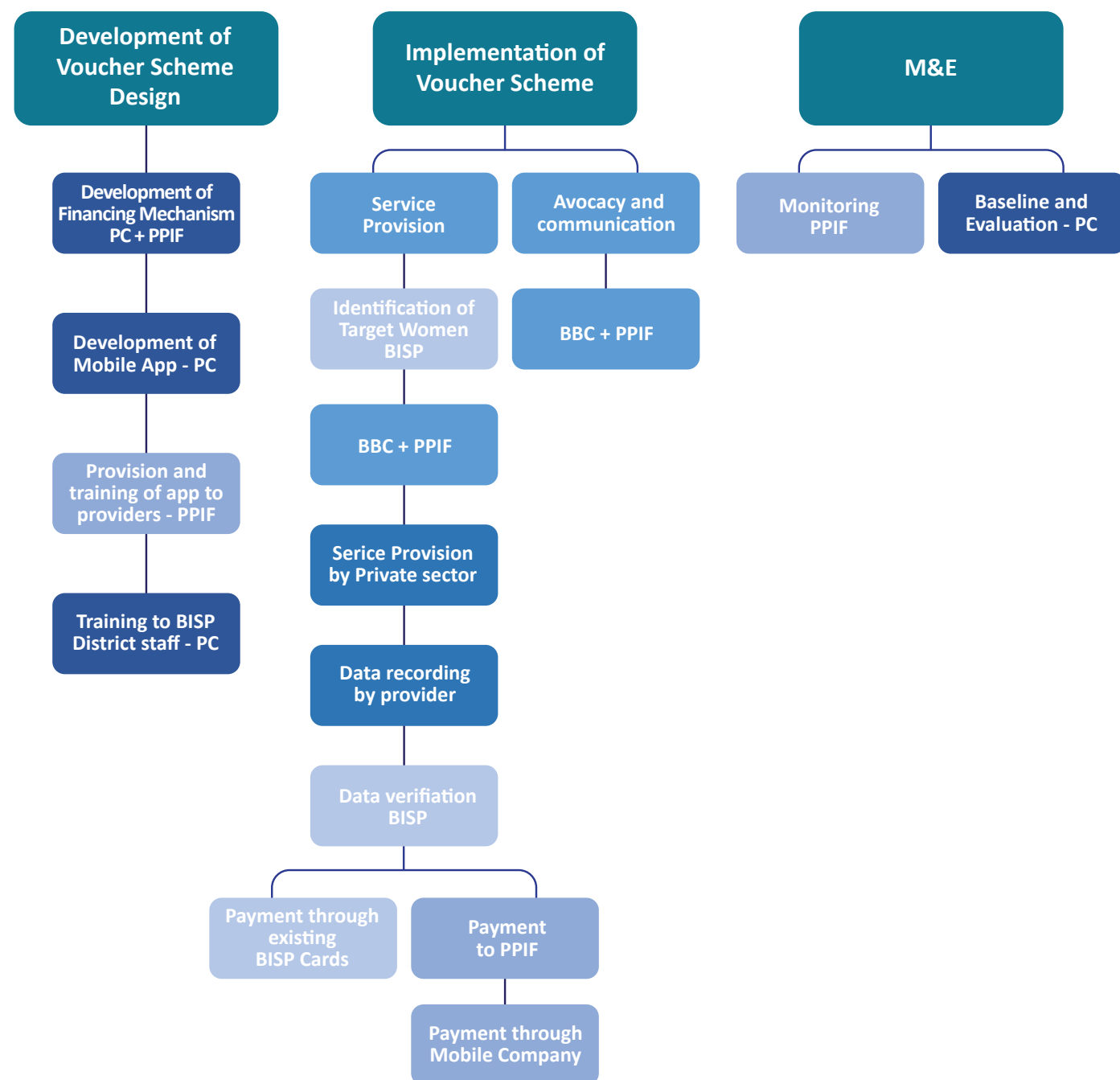
- 1) Finalize the design of the approach and select the most appropriate option
- 2) Facilitate in developing VMA TORs
- 3) Finalize the mechanism for financial re-imbursements
- 4) Develop quality standards and accreditation procedures for service delivery outlets to be included in the scheme
- 5) Train facility staff and VMA staff
- 6) Guide monitoring and validation to make course corrections and improvements and measure the cost effectiveness and uptake of the scheme
- 7) Develop a case for scale up for potential donors and engage with donors for mobilizing resources

ii. Punjab Population Innovation Fund

- 1) Finance the scheme in the initial/pilot phase
- 2) Select a voucher management agency (VMA) or take on the role for distribution, financial management, contraceptive provision and undertaking advertising and communications related activities through and RFQ.
- 3) Ensure co-branding with the BISP to advertise facilities providing a combination of services catered to by the voucher.
- 4) Advocacy and communications for increased uptake.
- 5) Validation of the voucher in collaboration with the BISP.
- 6) Engage with donors for mobilizing resources to increase the scale of the project
- 7) Make arrangements for third-party evaluation of the project.

iii. Benazir Income Support Programme

- 1) Facilitate identification of districts through development and sharing of population clusters on the basis of poverty.
- 2) Share lists of beneficiaries and BBC committee members (mother ambassadors) who will identify beneficiaries and act as voucher distributors.
- 3) Facilitate monitoring and implementation of the scheme through its district and tehsil offices.
- 4) Facilitate validation and verification of data.



Monitoring and Evaluation

The PPIF has put into effect an effective monitoring and evaluation regime to ensure that at the design phase, only those projects that adhere to the objectives defined in the strategic framework are selected and the projects being implemented in the field adhere strictly to the defined outputs and outcomes within the prescribed period.

A Monitoring and Evaluation Framework has been developed which provides guidelines for implementation of the Monitoring regime envisioned by the Board of Directors and provides checks to maintain the validity and veracity of the data collected from the field.

The PPIF funded projects undergo a three-tiered monitoring process:

- o The project partners designing and implementing their own monitoring plans;
- o Process monitoring by third party evaluators engaged by the PPIF; and
- o Indicator tracking and quarterly reviews by the PPIF team.

The following proposed activities corresponding to the phases of the project implementation cycle will be conducted.

- Baseline evaluation: to be conducted prior to active implementation of the project
- Regular process monitoring: during the implementation period starting with the first monthly progress tracking indicator report
- Data collection and analysis to identify trends: during the implementation period
- Project evaluation: at the culmination of project life end of the project
- Program Evaluation over two to three years to assess incremental impact



Baseline Surveys

Baseline surveys were conducted in Rawalpindi and Muzaffargarh in the intervention areas for the PPIF projects. The surveys were conducted as part of the PPIF mechanism for capturing evidence of the effectiveness of the proposed interventions. In the PPIF's testing model the focus is not just on testing the efficacy of services, but also on testing throughout the business model as well as demand generation and community mobilization activities.

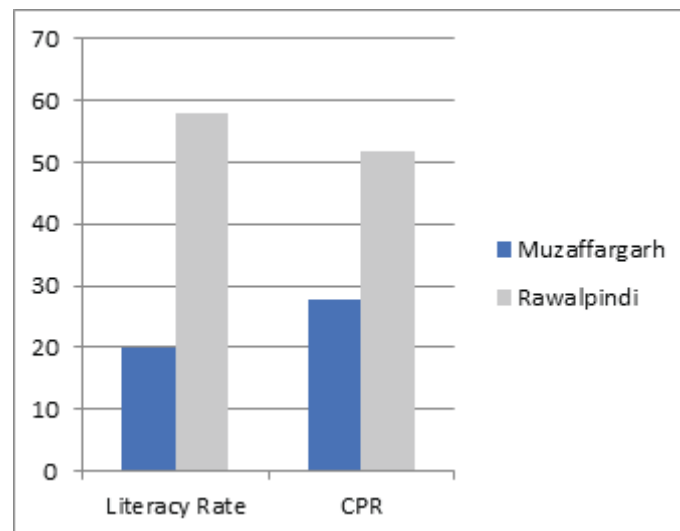
The purpose of the surveys in the intervention areas to gauge the opinions, perspectives, beliefs and attitudes of married women of reproductive age (MWRAs) living in rural Muzaffargarh and the urban slums of Rawalpindi, on family planning (FP) methods and services. While the socio-cultural characteristics of the catchment populations for the survey varied in terms of education and access to mobile technology, similar information and cultural barriers to the uptake of contraceptive services are apparent in both regions.

A majority of MWRAs (80%) are illiterate women, with 83% having no personal income while couples have around six to seven children on average. Around 67% are aware of at least one contraceptive method although only 37.2% of MWRAs surveyed had ever used contraceptive methods while only 27.8% were using any method at the time of survey. Of those not currently using FP methods, 37.2% expressed the intention and need for contraceptive use for limiting or spacing births.

There are 57% MWRA who are either illiterate (42.2%) or have only primary education (14.2%), another 14% have secondary education, 15.8% matriculation level education;

the remaining 13.8% have higher secondary, graduate and post-graduate education. Almost half (46.6%) have mobile phone. Out of which 43.7% own smart phones. Most of the MWRAs use mobile phone for calls with 96.2%. Majority (82.7%) of MWRAs are aware of contraceptive methods; majority of them have gained such knowledge after their first child (49%) from doctors (74.7%). Only 27% MWRA's were aware of IUDs while only 6.3% were aware of implants. and 51.9% of all MWRAs have currently using contraceptive methods while only 6.8% use LARC methods.

Baseline Findings



Increase in CPR relative to literacy



Third Party Monitors

Ernest and Young were hired for conducting the process monitoring of the project being implemented in Muzaffargarh and Rawalpindi through a competitive bidding process.

Third party evaluation reports are received at the end of every quarter and are utilized for the purpose of verification of the progress report shared by the contract partners. A schedule of partner activities is shared with the third-party monitors to facilitate them in carrying out field monitoring activities.

Quality assurance is also a part of the monitoring process and tools like SBMR are being utilized to ensure the quality of care being received by the clients under the projects implemented



Corporate Governance

PPIF, being a public sector enterprise, operates under the framework enshrined in the Public Sector Companies (Corporate Government) Rules, 2013.

Overall superintendence of the Company vests with the Board of Directors which are accountable to the Regulatory Authorities for good corporate governance while the man-



Internal Audit Function

Internal audit function serves as an effective appraisal of internal controls which ensure that methods and measures are in place to safeguard the assets, monitoring compliance with the best practices of Corporate Governance, check the accuracy and reliability of accounting data and encourage adherence to prescribed rules and policies.

In line with this function, PPIF has an independent Internal Audit Company. The scope and role of the Internal Auditor, as defined in the Internal Audit Charter, has been duly approved by the Board of Directors. The role corresponds to the responsibilities envisaged for the Internal Auditor under the Public Sector Companies (Corporate Governance) Rules, 2013. Internal Auditor functionally reports directly to the Audit Committee of the Board.



Composition of the Board

The status of each director on the Board, whether non-executive, executive or independent and ex-officio has been disclosed in this report in accordance with the Public Sector Companies (Corporate Governance) Rules, 2013. The Board members are nominated by the Government of the Punjab. The composition of the Board is as follows:

- Five (05) Directors from amongst the Government Departments in Ex-officio capacity; &
- Eight (08) Directors as independent members;



Casual Vacancy on the Board

Three (3) casual vacancies occurred during 2017-18 on the board due to the resignation of three independent directors.



Board Committees

In line with the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013, the Board has the following five committees:

1. Audit & Finance Committee;
2. Human Resource Committee;
3. Technical & Purchase Committee;
4. Nomination Committee; &
5. Risk Management and Investigation Committee;



Compliance Statement

Specific statements to comply with the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 are as follows:

- a) The Board has complied with the relevant principles of the Corporate Governance and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance;
- b) The Financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in funds and reserves;
- c) Proper books of account of the Company have been maintained;
- d) Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgement;
- e) The system of internal control is sound in design and has been effectively implemented and monitored; and
- f) The appointment of the Chairman and other members of the Board and the terms of their appointment are in the best interests of the Company as well as in line with the best practices. None of the Directors is being paid any remuneration.
- g) Key operating and financial data of last two (2) years in annexed;
- h) During the year under review following five (5) meetings of the Board of Directors were held and the attendance of each Director is as under:

Board of Directors



Dr. Ijaz Nabi
Chairman of the Board



Makhdum Hashim
Director



Naved Hamid
Director



Prof. Dr. Muhammad Tayyab
Director



Mr. Hamid Yaqub Sheikh
Secretary Finance Department



Najam Ahmed Shah
Secretary Specialized Healthcare & Medical Education Department



Faisal Farid
Director



Ali Cheema
Director



Ambreen Raza
Secretary Population Welfare Department



Mr. Saleem Ghouri
Director



Ali Jan
Secretary Primary & Secondary Healthcare Department



Dr. Shabana Haider
Member Health, Planning & Development Department



Dr. Yasmeen Qazi
Senior Technical Advisor,
Family Planning, Bill and Melinda
Gates Foundation, Pakistan

Board Meeting

- 1

4th

Board Meeting

July 20, 2017
- 2

5th

Board Meeting

October 16, 2017
- 3

6th

Board Meeting

December 21, 2017
- 4

7th

Board Meeting

March 21, 2018
- 5

8th

Board Meeting

June 29, 2018

Name of Directors	No. of Meetings Attended
1. Dr. Ijaz Nabi – (Chairman Board)	5
2. Mr. Makhdum Hashim Jawan Bakhat (MPA) – (Chair Audit & Finance Committee)	1
3. Prof. Dr. Muhammad Tayyab	2
4. Mr. Faisal Farid – (Chair Human Resource Committee)	2
5. Dr. Naved Hamid – (Chair Nomination Committee)	4
6. Dr. Ali Cheema – (Chair Technical Committee)	2
7. Dr. Shahbana Haider	4
8. Mr. Ali Jan Khan (Ex-officio)	4
9. Mr. Najam Ahmad Shah (Ex-officio)	2
10. Mr. Hamid Yaqoob Sheikh (Ex-officio)	1
11. Dr. Ambreen Raza (Ex-officio)	5
12. Dr. Yasmeen Qazi	1
13. Mr. Salim Ghauri	2
14. Mr. Jawad Ahmed Qureshi (CEO PPIF)	5

Note:

Following independent board members resigned during the year 2017-18:

- Mr. Faisal Farid resigned on April 27, 2018;
- Mr. Makhdum Hashim Jawan Bakhat resigned on May 31, 2018; &
- Dr. Ali Cheema resigned on June 27, 2018;

Following Ex-officio members transferred during the year 2017-18:

- Dr. Ambreen Raza - Secretary Population Welfare Department;
- Mr. Ali Jan Khan - Secretary Primary and Secondary Healthcare Department; &
- Mr. Najam Ahmad Shah – Secretary Specialized Healthcare and Medical Education Department;

On the behalf of the Board



Mr. Jawad Ahmed Qureshi
 Director/Chief Executive
 Officer

PPIF - Meet the Team



Jawad Ahmad Qureshi
Chief Executive Officer



Abdul Qayyum
Chief Financial Officer



Haroon Ahmed Shabbir
General Manager Operations



Amna Akhsheed
General Manager Grants



Sadia Malik
Communications Manager



Faheem Akhtar
Manager Finance



Jawad Khan
Manager HR



Muhammad Hashim Hussain
Manager Procurement



Imran Ahmed
Manager Monitoring & Evaluation



Muhammad Shoaib Manzoor
Associate Procurement



Amna Humayun
Grants Coordinator



Rehan Tahir
Front Desk Associate



Khadija Ikram
Research Associate



Nida Sheikh
Research Associate



Danish Shahid
Research Associate



M. Mohsin Khan
Asst Manager IT



Minaa Fatima
Organisational Development Expert



Ali Imran
Manager Technical

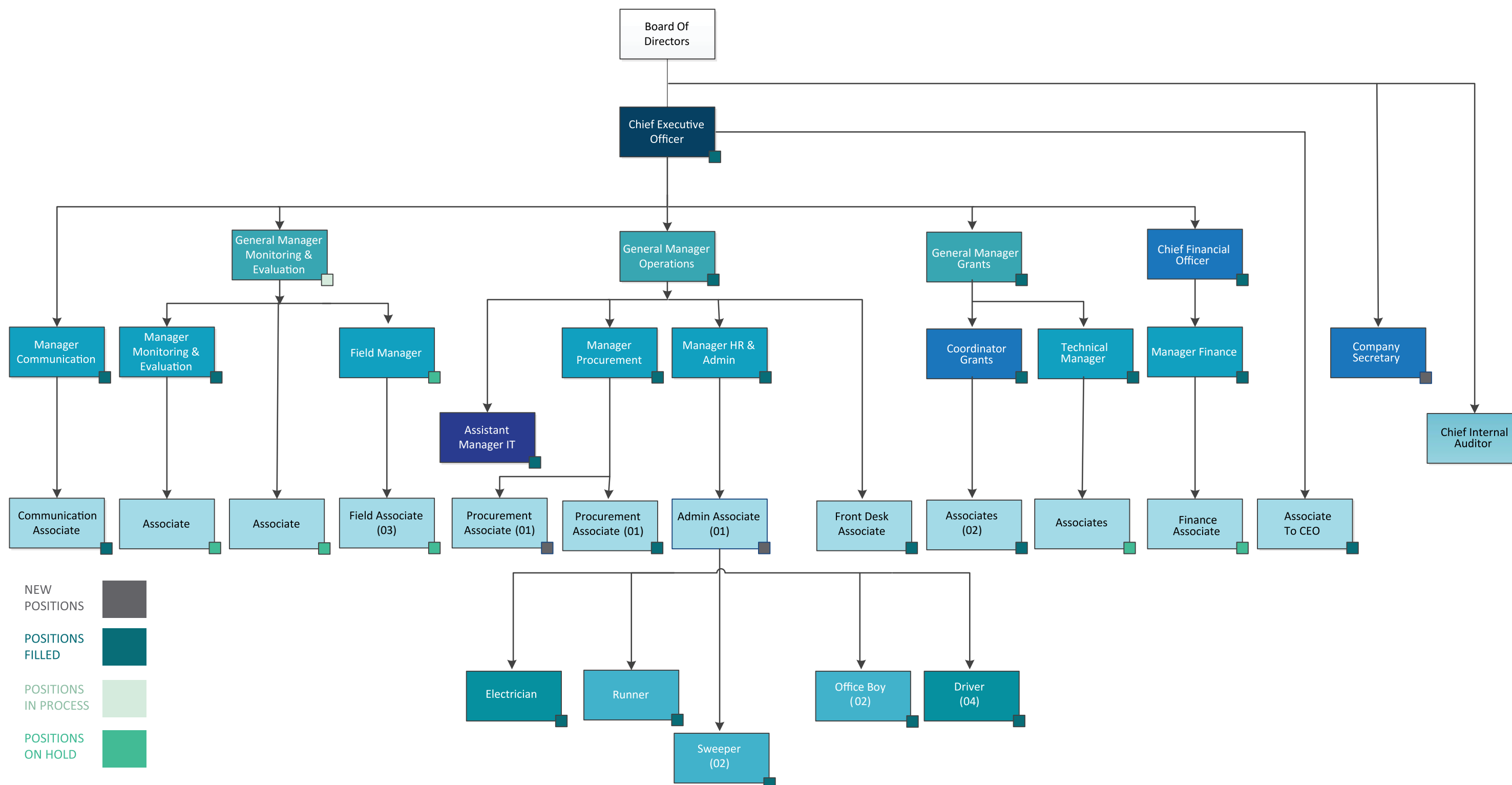


Tania Durrani
Associate to CEO



Bakhtawar
Communication Associate

Organizational Chart*



***(PPIF EMPLOYEE SERVICE RULES)**



Implementing Partners

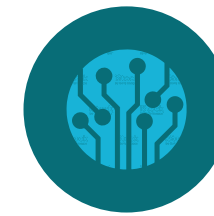
Partner: Health and Nutrition Development Society (HANDS)

Founded in 1979 by a group of volunteers, HANDS has evolved, as one of the largest non-profit organizations of the country with an integrated and holistic development model centred around reproductive health, mental health, nutrition, adolescent health etc. HANDS Pakistan has a network of 31 district branches across the country and has access to more than 23 million population of nearly 21,000 villages and settlements in 48 districts. Major donors for HANDS include the Packard Foundation, DFID and the Government of Sindh. Among these projects, several have been scaled up with the support of development partner and Health & Population Welfare Department such as community health workers (MARVI), community midwifery training, financial assistance through output-based vouchers for maternal and neonatal care, and tele-health care diagnostic. HANDS has been certified by Pakistan Centre for Philanthropy (PCP)-an organization authorized by Govt. of Pakistan for the assessment of management standards in Non-Profit organizations. The organization has also accredited with USAID and European Union.

Project: Doorstep Family Planning Services and Mobile Academy

The project consists of creating a class of doorstep service providers called NOORs in the local communities not being served by the LHW Program to deliver FP services while generating income for themselves through the sale of household items. These items are collectively described as a business-in-box as it is a means for the community-based worker to make door-to-door sales. These entrepreneurs are linked to a network of suppliers for continued provision of sale items. The social entrepreneurs called 'Noors' are initially provided a stipend which is gradually withdrawn once they reach a sustainable level of income generation through sale of items. The items include household products of everyday use that women in the communities. The 'Noor' workers also refer clients to lady health visitors and private and public health practitioners for long acting contraceptives.

A total of 160 'Noor' workers have been engaged in the project for an underserved rural population of Muzaffargarh (15 Union Councils) with a total population of around 270,000. The project aims to increase the CPR in the intervention area through an increase in the number of additional users, promote the use of modern contraceptives, particularly the long-acting reversible methods, meet couples' demand for information about family planning services and bring about a reduction in unintended pregnancies.



Integration of Technology

The successful BBC Media Action's 'Ananya' Program in India has provided the basis for integrating technology to enhance the Noor's inter-personal communication skills. It comprises of a family planning specific audio learning course that the 'Noor' worker can access through her mobile device. Visual aids will be developed to assist the 'Noor' in her communication with clients. Additionally, video content will be developed which is used in community awareness sessions by the LHWs linked with the project. A smart ICT-based monitoring system will include maintain a register of all married women of reproductive age of the area, maintain clients data generated through LHWs during their counseling sessions and provide a check-list based verification system for assessing quality of services on standard indicators.



Learning Agenda

An independent post project evaluation will help determine the effectiveness of the project particularly with respect to the following aspects:

- The willingness and capacity of the clients in rural Muzaffargarh to pay for family planning services, particularly the long acting reversible methods.
- Untapped potential of mobile technology for dissemination of information and for capacity building of
- The sustainability of the Business-in-Box model as a self-sustaining income generation model for community workers



Partner: Ahkter Hameed Khan Resource Center (AHKRC)

AHKRC is a renowned development institution, working since 2011, Akhter Hameed Khan is working to empower women in low income urban communities, by undertaking various community-based projects and conducting research studies on social mobilization, family planning choices and uptake, women's empowerment, gender-based violence etc., AHKRC have executed 14 community-based projects in collaboration with prestigious donor and partner organizations including UNFPA, DKT, HANDS, NUST and USAID.

Project: Reducing Informational Obstacles and Social Stigma About Family Planning: Provision of Information in Pocket And Community Mobilization

AHKRC will establish a systems approach that can encompass demand creation and supply of services through a women entrepreneurship model in urban slums of Dhok Hassu and Dhok Mangtal, in Rawalpindi district. Similar to the 'MARVI' project in Sindh, community mobilizers called 'Noors' will provide door-step counselling and short-term contraceptive services to MWRAs. They will also generate income for themselves by selling various household items of everyday use to women at their doorstep and by charging a referral fee from private providers.



Integration of Technology

An innovation introduced by the AHKRC, 'Noor' workers will also be trained to refer clients seeking long acting methods to empaneled private providers, for which they will be paid a referral fee from the provider. The sustainable income generation aspect of the service delivery model will ensure that the services being provided by the 'Noors' continue beyond the duration of the project. The project aims to increase the contraceptive prevalence rate for modern methods (mCPR) by increasing the use of long acting reversible methods (LARC) and addressing the information barriers that cause discontinuation among users of modern contraceptives.

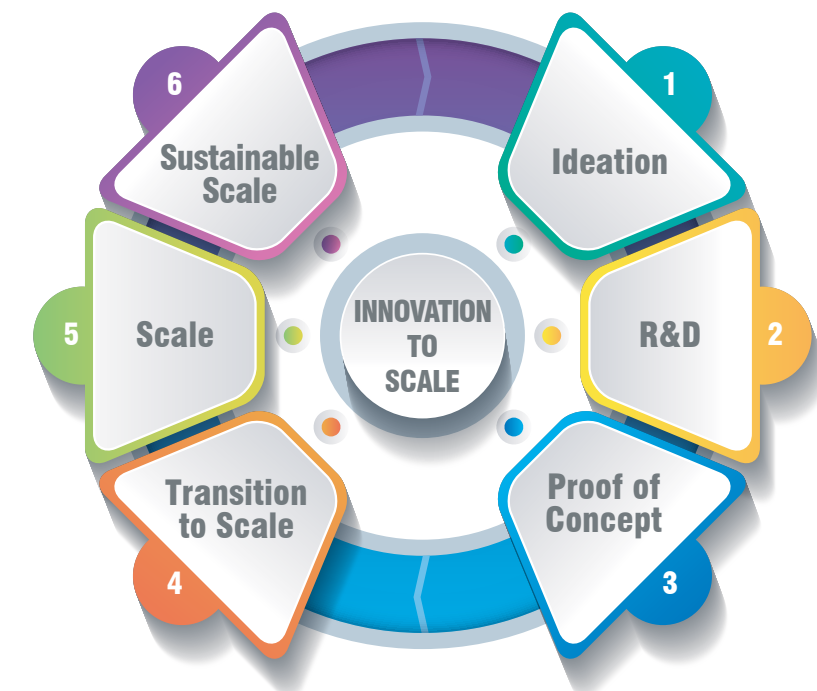
AHKRC will be employing Cognitive Behavior Therapy techniques to bring about behavior change in the communities with respect to contraceptive use for addressing family planning myths and misconceptions. The increase in the use of long acting reversible contraceptives (LARC) will be ensured by addressing misconceptions as well as referring clients to a quality assured referral network of private health providers.



Strategic Framework

The PPIF Board of Directors has approved a Strategic Framework 2017-2022 to enable the organization to contribute towards the achievement of provincial population goals set in the Punjab Population Policy. The Strategic Framework identifies two approaches toward the achievement of outcomes set for the organization:

- Innovation to scale which entails introducing a pilot intervention, gathering proof of concept, scaling it up and then ensuring that the implementation on scale is sustainable.
- Scaling up best practices whereby best practices are identified, adapted and consolidated and then scaled up through leveraging outreach of strategic partners.



The intervention areas identified in the Strategic Framework are as follows:

a) Increase Accessibility of Family Planning Services

The achievement of universal access to FP and RH services remains a major challenge because most segments of the population in Punjab (64%) are rural communities, where the demographic determinants including health infrastructure, human resource, and financial support for health continue to be unfavourable.

PPIF will develop new formal partnerships with public and private providers and invest in bringing family planning services to where people live and work through door- step delivery models such as social franchising and marketing of private providers, social entrepreneurship and mobile services to improve the accessibility for family planning services. It will implement interventions which provide a wide range of FP services through an aggregated network of pharmacies/drug hops and private health service providers and explore the opportunity of integrating with other development programs specifically immunization, post partum & post abortion.

b) Reduce Cost Related Barriers

According to the Punjab MICS 2014 survey, wealth is directly related to fertility rate; fertility for the lowest wealth quintile is 4.5 births per woman as compared to 2.7 for

Learning Agenda

At the completion of the project a third-party evaluation will inter alia assess the success of the project with respect to the following:

- Self-sustainability of the family planning service delivery model based on social entrepreneurship and incentivized referrals.
- Effectiveness of the Positive Deviance Inquiry and Cognitive Behavior Therapy as a behavior change intervention for family planning.
- Increase in uptake of long acting reversible methods (LARC) and willingness of the clients from urban slums to pay for these methods

the highest while the unmet need figures for the lowest and highest wealth quintile stand at 22% and 14.3% respectively.

PPIF will ensure that family planning services are accessible especially for the poor and the marginalized through interventions that focus on clients' financial decision-making for e.g. vouchers that can be redeemed at trained private health service providers and/or family planning included in health insurance. It will further explore the opportunity of integrating with poverty alleviation and other social development programs for enhanced service provision while also reinforcing the message that family planning can be an effective approach contributing to broad development goals of poverty reduction.

c) Strengthen Male Engagement

Research demonstrates that working with men and boys as well as women and girls to promote gender equality contributes to achieving health and development outcomes¹.

Hence, engaging men in family planning programming is critical to address the socio-cultural barriers, which can severely limit their capacity to support their wives' adoption of family planning methods.

PPIF will also work closely with the private and public sector to develop and test innovative business solutions for expanding method choice and creating accessibility for client centered family planning services by integrating family planning into women empowerment and male focused programs that seek to engage men where they live work and recreate.

d) Promote Youth Centered Information and Services

Low levels of information combined with an early age of marriage and low CPR (13% in Punjab) has led to a high incidence of pregnancy among married women of reproductive age (15 to 19 years)².

PPIF is committed to working with young people by expanding access to quality information through increased channels, integration with education programs, knowledge generation on changing youth needs and most importantly creating structures to ensure meaningful and sustainable youth engagement on reproductive health and family planning at all levels.

e) Social and Behaviour Change Communications

Interrelated social norms concerning gender roles, tradition/modernity, religion, social status, age, education and employment status, etc. are important factors influencing decisions regarding contraception and family planning.

PPIF will design future programs with effective SBCC components, paying particular attention to important demographic variables to ensure the appropriateness of SBCC messages. PPIF will strengthen the knowledge base through multiple information channels about FP in communities by identifying and demystifying FP misconceptions, addressing social barriers and increasing channels of access to correct information at all levels for the youth, men and women. PPIF will further advocate by targeting key institutions, engaging parliamentarians and community and religious networks.

Additionally, the following have been included as cross-cutting themes:

a) Quality Assurance

Past users with unmet need in Punjab have been deterred by their experience of poor quality of health services, which has convinced them they will not find adequate support from the healthcare delivery systems should they experience side effects of family planning³.

PPIF will emphasize on quality of service provision through respectful and client-friendly services, adequate counseling and information facilities and greater contraceptive choice by its service providers. It will further ensure that standardized services of an acceptable quality are delivered at all service delivery outlets falling within its purview.

b) Electronic and Mobile Health

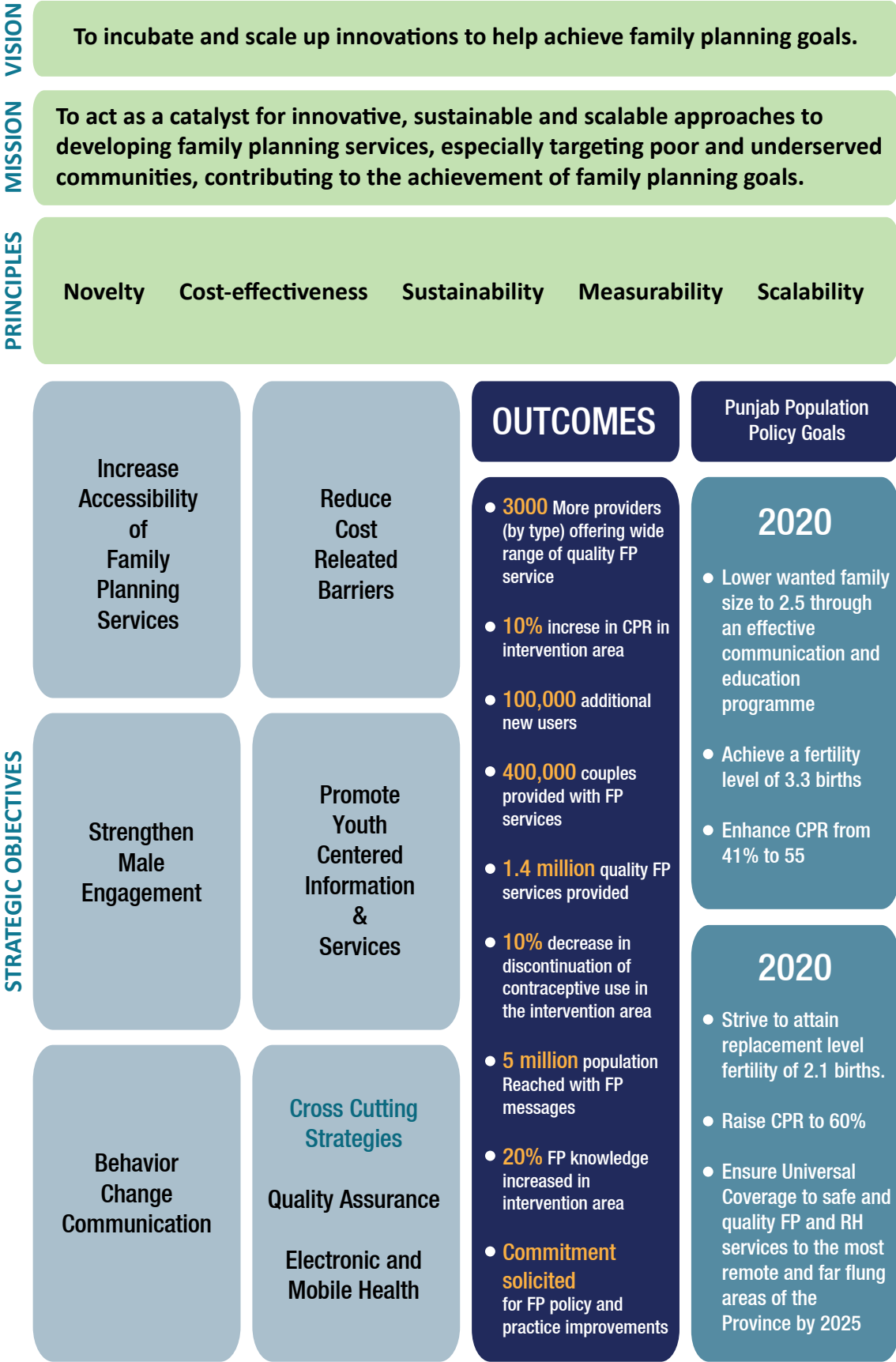
PPIF will utilize social media, mobile apps, and other routes of communicating that could form the basis of solutions that are easy to implement and upscale. The apps or communications platforms could become the "go to" for improving knowledge of individual contraceptive methods with the additional possibility of linkages with pharmacies, helpline and service delivery points which make services more acceptable for the consumers.



¹. Engaging Men and Boys: A Brief Summary of UNFPA Experience and Lessons Learned, January 2013
². MICS Survey Punjab 2014

³. Landscape Analysis, Population Council 2016

PPIF Strategic Framework 2017-2022



Third Party Monitors

Ernest and Young were hired for conducting the process monitoring of the project being implemented in Muzaffargarh and Rawalpindi through a competitive bidding process. Third party evaluation reports are received at the end of every quarter and are utilized for the purpose of verification of the progress report shared by the contract partners. A schedule of partner activities is shared with the third party monitors to facilitate them in carrying out field monitoring activities.

Quality assurance is also a part of the monitoring process and tools like SBMR are being utilized to ensure the quality of care being received by the clients under the projects implemented by the PPIF.

Quality Assurance Implementation Plan

PPIF also provides the implementing partners the opportunities to continuously improve on the quality of care standards through capacity building of the technical staff as to how to evaluate their respective health facilities against the QOC standards. It also requires the partners to carry out the assessments and to share the findings with the providers. This will help the latter to point out the lacking in their own assessments. Partners will be obligated to develop and subsequently submit an Action Plan to fill the gaps within certain timelines. PPIF will follow it up. In order to gauge the client satisfaction, partners will conduct a certain number of Client Exit Interviews.

PPIF, on the other hand, will monitor the Quality of Care & data being given/ generated at the health facilities by using QTV and SBMR tools. PPIF, with the help of third party process monitoring organization, will conduct spot & back checks to validate the activities and data. PPIF will also carry out an Overall Performance Evaluation exercise to measure the impact of an intervention in the area.

Responsibilities of Implementing Partner	Responsibilities of PPIF
1. Self-Assessment by Health Service Providers	1. QOC & Data Validation Quality Theme Visit (QTV) monthly
2. Internal Assessment by Implementing Partner	2. Medical Audit Standard Based Management Recognition (SBMR) biannually
3. Develop and implement plan of action	3. Beneficiary Feedback Mechanism (BFM) Client Exit Interview.
4. Beneficiary Feedback Mechanism.	4. Communication Effectiveness SBBC-CAT Quarterly
	5. Overall assessment – LQAS Annually
	6. Internal audit annually

Anticipated Donor Funding

The PPIF projects are funded by the Government of the Punjab as the latter continues to allocate money to the company through the provincial Annual Development Plan.

The Strategic Framework approved by the Board of Directors allows for reaching out to traditional donors as well as to underutilized resources such as corporate philanthropy for generating resources, considering the scale of the population problem in the province.



AUDITORS

Quality of financial reporting continues to be of prime concern to the stakeholders-sponsors, Board of Directors and Management. Therefore, the company will continue to exercise due diligence and care in the selection of Auditor as it had done in the past.

In line with the provisions of the Companies Act, 2017 as well as Public Sector Companies (Corporate Governance) Rules, 2013, the Board of Directors has recommended to appoint of M/S Grant Thornton Anjum Rahman, Chartered Accountant, as the External Auditor of PPIF for the year ending 30th June, 2019.



Annual General Meeting

The board has conducted its first annual general meeting during the year 2017-18 and resolved the followings:

- a) The Company's audited financial statements for the year ended June 30, 2017, together with Reports of the Auditors and Directors thereon be and the same are hereby received, considered and adopted; &
- b) The retiring auditor M/S Grant Thornton Anjum Rahman, Chartered Accountants be and hereby re-appointed as Statutory Auditor of the Company for the year ending June 30, 2018 and to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration fixed by the Board of Directors;

Following board members attended the first annual general meeting either through in person or proxy:

In Person Appearance:

- a) Dr. Ijaz Nabi (Chairman Board);
- b) Mr. Makhdum Hashim Jawan Bakhat (Chair Audit & Finance Committee);
- c) Dr. Yasmeen Qazi;
- d) Mr. Faisal Farid;
- e) Mr. Jawad Ahmed Qureshi (CEO PPIF);

Appearance through Proxy:

- a) Dr. Zareen Fatima (Add. Sec Tech PWD) instead of Dr. Ambreen Raza (Sec. PWD);
- b) Mr. Hammad-ur-Rub instead of Mr. Najam Ahmad Shah (SEC. SHME);
- c) Dr. Fauzia instead of Mr. Ali Jan Khan (SEC. P&SHD);
- d) Ms. Mehwish Tariq instead of Mr. Salim Ghauri (Director);

External Auditor – M/S Grant Thornton Anjum Rahman, Chartered Accountants:

- a) Mr. Imran Afzal – Deputy Partner;
- b) Mr. Naeem Sarwar – Senior Manager;

Company Secretary – PPIF

Abdul Qayyum



Key Operating and Financial Data

Punjab Population Innovation Fund
Key Operating and Financial Data for the last Two (2) Years

Financial Data as per audited accounts (Amount in Rupee)

Particulars	2017-18	2016-17
Fixed Assets	24,175,276	2,897,217
Long term Security deposit – Office Rent	1,545,716	1,275,000
Prepayments including Office Rent	4,389,466	538,333
Cash and bank balance	69,806,045	184,685,910
Total Assets	99,916,503	189,396,460
Deferred Grant	90,118,860	189,121,481
Trade and other payables	9,797,643	274,979
Total Funds and Liabilities	99,916,503	189,396,460

Key Operation data as per audited accounts (Amount in Rupee)

Particulars	2017-18	2016-17
Program Expenses	42,356,880	3,845,133
Operational Expenses	60,990,741	7,033,386
Total Expenses	103,347,621	10,878,519
Surplus of Income over Expenses		



Anticipated Donor Funding

The PPIF projects are funded by the Government of the Punjab as the latter continues to allocate money to the company through the provincial Annual Development Plan.

The Strategic Framework approved by the Board of Directors allows for reaching out to traditional donors as well as to underutilized resources such as corporate philanthropy for generating resources, considering the scale of the population problem in the province.



Chief Executive Officer



Director



STATEMENT OF ACCOUNTS

Statement of Accounts

01

Independent Auditor's Report

Statement of Financial Position
as at June 30, 2018

02

03

Review Report to the Members
On Statement of Compliance with the
Public Sector Companies (Corporate
Governance) Rules, 2013

Statement of Compliance with the
Public Sector Companies (Corporate
Governance) Rules, 2013

04

05

Audit of Financial Statements of
Punjab Population Innovation Fund
Pakistan for the Year Ended June
30, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Punjab Population Innovation Fund [A Company setup under section 42 of the Companies Ordinance, 1984 (repealed)]

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Punjab Population Innovation Fund - A Company setup under section 42 of the Companies Ordinance, 1984 [repealed]** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the income and expenditure statement, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the surplus, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention towards note 17.1 to the financial statements which describes that the company is in process seeking approval under section 2 (36) of the Income Tax Ordinance, 2001 and the management is confident of getting such approval, and accordingly, no provision of taxation has been made in these financial statements. Our opinion is not qualified in respect of this matter.

GTAK

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

GTAK

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the income and expenditure statement, the statement of changes in equity and the statement of cash flows statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Afzal.

Grant Thornton Ayaz Ali Khan
Chartered Accountants
Lahore

Dated: November 2, 2018

PUNJAB POPULATION INNOVATION FUND

(A Company set up under section 42 of the repealed Companies Ordinance, 1984)

Statement of Financial Position


As at June 30, 2018

	Note	2018 Rupees	2017 Rupees
Assets			
Non-current assets			
Property, plant and equipment	5	23,051,683	2,897,217
Intangible assets	6	1,123,593	-
Long term security deposit	7	1,545,718	1,275,000
Total non-current assets		25,720,992	4,172,217
Current assets			
Prepayments	8	307,501	538,333
Advances	9	3,955,958	-
Income tax refundable		126,007	-
Cash and bank balances	10	69,806,045	184,685,910
Total current assets		74,195,511	185,224,243
Total assets		99,916,503	189,396,460
Funds and liabilities			
Funds			
General fund		-	-
Total funds		-	-
Liabilities			
Non current liabilities			
Deferred grant - restricted fund	11	85,773,860	189,121,481
Deferred liability	12	4,345,000	-
Total non current liabilities		90,118,860	189,121,481
Current liabilities			
Trade & other payables	13	9,797,643	274,979
Total current liabilities		9,797,643	274,979
Total funds and liabilities		99,916,503	189,396,460
Contingencies and commitments	14		

The annexed notes 1 to 23 form an integral part of these financial statements.

CA


CHIEF EXECUTIVE OFFICER


DIRECTOR

PUNJAB POPULATION INNOVATION FUND

(A Company set up under section 42 of the repealed Companies Ordinance, 1984)

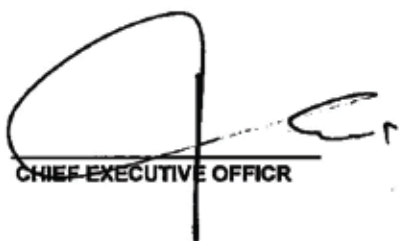
Income and Expenditure Statement

For the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
Grants income	11	103,347,621	10,878,519
Program expenses	15	(42,356,880)	(3,845,133)
Administration expenses			
Salaries and other benefits		(39,691,161)	(4,970,092)
Other expenses	16	(21,295,779)	(2,081,569)
		(60,986,940)	(7,031,661)
Bank charges		(3,801)	(1,725)
Surplus before tax		-	-
Taxation	17	-	-
Net surplus for the year		-	-

The annexed notes 1 to 23 form an integral part of these financial statements.

GR



CHIEF EXECUTIVE OFFICER



DIRECTOR
PUNJAB POPULATION INNOVATION FUND

(A Company set up under section 42 of the repealed Companies Ordinance, 1984)

Statement of Changes in Funds

For the year ended June 30, 2018

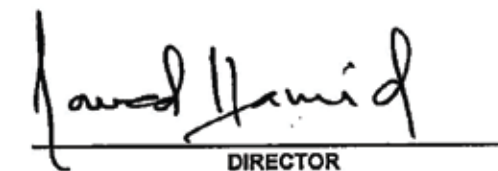
	General Fund Rs.
Opening balance as on October 04, 2016	-
Net surplus for the period	-
Balance as at June 30, 2017	-
Net surplus for the year	-
Balance as at June 30, 2018	-

The annexed notes 1 to 23 form an integral part of these financial statements.

GR



CHIEF EXECUTIVE OFFICER



DIRECTOR

PUNJAB POPULATION INNOVATION FUND

(A Company set up under section 42 of the repealed Companies Ordinance, 1984)

Statement of Cash Flows

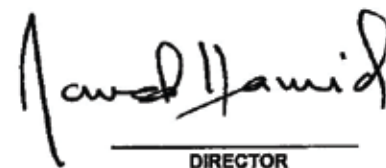
For the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
Cash flows from operating activities			
Net surplus for the year		-	-
Adjustments for non-cash items:			
Depreciation		3,564,429	22,235
Bank charges		3,801	1,725
Provision for gratuity		4,345,000	-
		7,913,230	23,960
Net cash flows before working capital changes		7,913,230	23,960
(Increase) / decrease in current assets			
Prepayments		230,832	(538,333)
Advances		(3,955,958)	-
Increase in current liabilities			
Accrued liabilities		8,399,071	274,979
Cash generated from / (used in) operations		12,587,175	(239,394)
Grants received / utilised during the year - net		(103,347,621)	189,121,481
Tax deducted		(126,007)	-
Net cash (used in) / from operating activities		(90,885,453)	188,882,087
Cash flows from investing activities			
Purchase of fixed assets		(23,718,895)	(2,919,452)
Increase in long term deposits		(270,716)	(1,275,000)
Net cash used in investing activities		(23,989,611)	(4,194,452)
Cash flows from financing activities			
Bank charges paid		(3,801)	(1,725)
Net cash used in financing activities		(3,801)	(1,725)
Net (decrease) / increase in cash and cash equivalents		(114,879,865)	184,685,910
Cash and cash equivalents at beginning of the year		184,685,910	-
Cash and cash equivalents- at the end of the year	10	69,806,045	184,685,910

The annexed notes 1 to 23 form an integral part of these financial statements.

GAAR


CHIEF EXECUTIVE OFFICER


DIRECTOR

PUNJAB POPULATION INNOVATION FUND

(A Company set up under section 42 of the repealed Companies Ordinance, 1984)

Notes to the financial statements

For the year ended June 30, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1 Punjab Population Innovation Fund (PPIF) is incorporated in Pakistan under Section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on October 04, 2016 as a public company limited by guarantee having registered office at 125, Abu Bakar Block, Garden Town, Lahore.
- 1.2 The principal object of the Company is to support the Government of the Punjab in improving the quality of life of the people of the Punjab, particularly the vulnerable and marginalized areas and sections of the population, by assisting service delivery organization in the public, non-governmental and private sectors to improve access, and the quality of family planning services in Punjab.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- Due to the applicability of Companies Act, 2017, certain disclosures of the financial statements have been presented in accordance with the Fifth Schedule notified by the Securities and Exchange Commission of Pakistan vide S.R.O 1169 dated 7 November 2017.
- Certain petitioners of civil society filed a petition in the Lahore High Court against incorporation of the company, along with other companies operating in Punjab u/s 42 of the Companies Ordinance, 1984. Currently, proceedings of the Court are in process.
- The Company made addition amounting to Rs. 25,706,636 in its fixed assets.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017 and provisions of and directives issued under Companies Act, 2017. Wherever the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of approved accounting standards, the requirements of Companies Act, 2017 or the requirements of the said directives take preference.

3.2 Standards, amendments or interpretations that became effective during the year

The third and fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. This has resulted into disclosure of certain additional disclosures in these financial statements. The Company has also adopted following new standards and amendments to published standards:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 7 Amendments to 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	1-Jan-17
IAS 12 Amendments to 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	1-Jan-17

The adoption of above amendments to IFRS did not have any significant effect on the financial statements of the Company.

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3.3 Standards and Interpretations to the published standard that are relevant but not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 2 Share based Payments - Classification and Measurement of Share based Payments Transactions (Amendments)	1-Jan-18
IFRS 4 Insurance Contracts: Amendments regarding the interaction of IFRS 4 and IFRS 9.	1-Jan-18
IFRS 9 Financial Instruments - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	1-Jul-18
IFRS 9 prepayment features with negative compensation and modifications of financial liabilities.	1-Jan-18
IFRS 15 Revenue from Contracts with Customers	1-Jul-18
IFRS 16 Leases	1-Jan-19
IAS 19 Amendments to 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	1-Jan-19
IAS 28 Amendments to 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to	1-Jan-19
IAS 40 Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration: Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	1-Jan-18
IFRIC 23 Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty	1-Jan-19

The Company is in process of assessing impact of these Standards, IFRICs and amendments to the published standards on the financial statements of the Company.

3.4 Standards, amendments and Interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

In addition to the above, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan ;

Standard or Interpretation	IASB Effective date (Annual periods beginning or after)
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 17 Insurance Contracts	January 1, 2021

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For the year ended June 30, 2018

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

4.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements related to the useful life of depreciable assets, provisions for doubtful receivables, taxation and gratuity. However, assumptions and judgements made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amount of assets and liabilities in the next year.

4.3 Revenue

Revenue is recognised to the extent that the economic benefits will flow to the entity and revenue can be reliably measured. Grants related to income are accounted for in accordance with the requirement of IAS-20 "Accounting for Government Grants and Disclosure of Government Assistance" i.e. Grants are recognized as income over the periods necessary to match them with the related cost which they are intended to compensate, on a systematic basis.

4.4 Borrowings

Loans and borrowings are recorded on the cash basis. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Financial charges are accounted for on accrual basis and are included in current liabilities to the extent of amount remaining unpaid, if any.

4.5 Taxation

Current

Provision for current taxation is made in accordance with tax laws of Pakistan.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period, when the difference reversed based on tax rates that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax is charged or credited in the income and expenditure statement except in case of items credited or charged to equity in which case, it is included in equity.

The company has not provided deferred taxation in these financial statements as income of the company is not taxable as the company is in process of getting registered as not for profit organization under 2 (36) of Income Tax Ordinance, 2001 and management expects approval with retrospective effect.

4.6 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequently, property, plant and equipment are stated at cost less accumulated depreciation and any identifiable impairment loss. Subsequent costs are included in the assets' carrying amounts or recognized as a separate cost, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the

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organization and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income and expenditure statement during the year in which they are incurred.

Depreciation is charged to the Income and Expenditure statement on straight line method by applying the depreciation rates as disclosed in Note 5 so as to write off the depreciable amount of assets over their estimated useful lives. Depreciation on additions is charged from the date of such addition or as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of assets (calculated as the difference between the net disposal proceed and carrying amount of the asset) is included in the income and expenditure statement in the year the asset is derecognized.

The assets' residual values and estimated useful lives are reviewed at least at each date of statement of financial position and impact on depreciation is adjusted, if significant.

4.7 Post retirement benefit

The Company operates unfunded defined benefit gratuity plan for all permanent employees who meet the qualifying service period of one year. The amount of obligation that an employee will receive on retirement is defined by reference to the employee's length of service and final salary.

4.8 Grants

Grants received for capital expenditure are presented in the statement of financial position as "Deferred Income" that is recognized as income in line with depreciation charged on respective assets over the useful life of the assets.

Grants received for revenue expenditure are recognized as grant income as per terms of agreement with donors/ govt.

4.9 Trade and other payables

Trade and other payables are stated at cost which is the fair value of consideration to be paid in the future for goods and services.

4.10 Advances, prepayments and other receivables

These are stated at their nominal values net of any allowance for uncollectable amounts. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.20 Short term investments - held to maturity

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition these are measured at amortised cost using the effective interest method.

4.21 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For purpose of statement of cash flows, cash and cash equivalents include cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

4.22 Provisions

Provisions are recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

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For the year ended June 30, 2018

4.23 Financial instruments

Financial assets and liabilities are recognized at fair value of consideration given or received at the time when the Company become party to contractual provisions of the instrument. Financial asset or part thereof is derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets or part thereof. Such control is deemed to be lost if the Company realizes the rights to the benefits specified in the contract, the right expires or the Company surrender those rights. A financial liability or part thereof is removed from the statement of financial position when it is extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. A financial asset and financial liability is set off and the net amount is reported in the statement of financial position if the Company has the legal enforceable right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

4.24 Impairment of financial asset

The Company assesses at each date of statement of financial position whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed recoverable amount, assets are written down to their recoverable amount and the difference is charged to the income and expenditure statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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	Note	June 2018 Rupees	June 2017 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	23,051,683	908,717
Capital work in progress	5.2	-	1,987,500
Total		23,051,683	2,897,217

5.1 Operating fixed assets

2018								
DESCRIPTION	COST			DEPRECIATION			WDV	RATE %
	As at July 1, 2017	Addition during the year	As at 30 June, 2018	As at July 1, 2017	Charge for the year	As at 30 June, 2018	As at 30 June, 2018	
		Ru.						
Furniture and fixtures	183,749	5,771,395	5,955,144	803	881,804	882,007	5,293,137	10%
Computer equipments	20,341	5,941,899	5,962,240	691	1,338,124	1,338,715	4,823,825	20% - 33%
Lease hold improvements	727,962	1,336,632	2,064,484	21,141	378,901	399,742	1,664,782	20%
Office equipments	-	1,924,080	1,924,080	-	140,220	140,220	1,783,860	10%
Motor vehicles	-	7,401,899	7,401,899	-	899,764	899,764	6,741,936	20%
Generator equipments	-	3,130,899	3,130,899	-	286,228	286,228	2,844,671	10%
As at 30 June, 2018	931,962	25,706,385	28,638,347	22,235	3,564,429	3,696,644	23,061,683	

DESCRIPTION	2017							RATE %
	COST			DEPRECIATION		WDV		
	As at October 01, 2016	Addition during the year Rs.	As at 30 June, 2017	As at October 01, 2016	Charge for the year	As at 30 June, 2017		
Furniture and fixtures	-	183,749	183,749	-	503	503	183,246	10%
Computer equipment	-	20,241	20,241	-	591	591	19,650	33%
Lease hold improvements	-	727,962	727,962	-	21,141	21,141	706,821	20%
As at 30 June, 2017	-	931,952	931,952	-	22,235	22,235	908,717	

5.2 Capital work in progress

Advance for purchase of vehicles	-	1,987,500
Total	-	1,987,500

6 INTANGIBLE ASSETS

Software - (Capital work in progress)	1,123,593	-
Total	1,123,593	-

7 LONG TERM DEPOSITS

Long term security deposits	7.1	1,545,716	1,275,000
Total		1,545,716	1,275,000

7.1 This amount represents fixed security deposit paid for office building amounting to Rs. 1,275,000, hiring of security guards with arms amounting to Rs. 112,500 and fuel security amounting to Rs. 158,216.

	June 2018 Rupees	June 2017 Rupees
8 PREPAYMENTS		
Prepaid rent	-	538,333
Prepaid insurance	307,501	-
Total	307,501	538,333

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	Note	June 2018 Rupees	June 2017 Rupees
9 ADVANCES - unsecured & considered good			
Mobilization advances			
Opening balance		-	-
Add: Advances extended during the year		5,009,731	-
Less: Charged to income and expenditure statement		1,252,434	-
9.1		3,757,297	-
Advances to employees		192,661	-
Total		3,955,958	-

9.1 Mobilization advances have been extended to partners for implementation of program activities.

	June 2018 Rupees	June 2017 Rupees
10 CASH AND BANK BALANCES		
Cash in hand	-	-
Cash at banks	-	-
Current account - Bank of Punjab (related party)	69,805,045	184,685,910
Total	69,805,045	184,685,910
Total	69,805,045	184,685,910

10.1 Cash at bank is free of lien and charges.

	Note	June 2018 Rupees	June 2017 Rupees
11 DEFERRED GRANTS			
Opening balance		189,121,481	-
Grants received from Govt. of the Punjab - related party	11.1	-	200,000,000
Less: Grant income amortised during the year		103,347,621	10,878,519
Closing balance		85,773,860	189,121,481

11.1 During the year 2017, Government of the Punjab had extended grant of Rs. 200,000,000/-.

	June 2018 Rupees	June 2017 Rupees
12 DEFERRED LIABILITY		
Gratuity	4,345,000	-
Total	4,345,000	-

13 TRADE & OTHER PAYABLES

Creditors	4,208,085	-
Accrued liabilities	8,991,548	274,979
Closing balance	9,797,543	274,979

14 CONTINGENCIES AND COMMITMENTS

14.1 During the year, certain petitioners of civil society filed a petition in the Lahore High Court against legal incorporation of the company alongwith other companies operating in Punjab u/s 42 of the Companies Ordinance, 1984. Currently, proceedings of the court are in process and legal advisor assured us that such petition would be dismissed.

14.2 Commitments as on date of statement of financial position amounts to Rs. 585,000 for software development. (2017:Rs. 1,239,029).

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	June 2018 Rupees	June 2017 Rupees
16 PROGRAM EXPENSES		
Salaries and benefits	22,546,023	3,799,871
Program support (Implementing Partners)	7,305,821	-
Event dissemination / bi-annual stake holder meeting	4,937,821	-
Base line surveys (Monitoring and Evaluation)	2,436,000	-
Advertisement	1,597,328	-
Meetings and workshops	489,821	45,262
Printing and stationery	45,845	-
Travelling expenses	1,577,037	-
Digital print media	270,761	-
Community Outreach	44,000	-
Printing of annual reports & quarterly newsletters	109,423	-
Third party monitoring	997,600	-
Total	42,356,880	3,845,133
16 ADMINISTRATIVE EXPENSES		
Salaries & benefits	39,691,161	-
Printing & stationery	555,617	101,471
Repair & maintenance	311,713	19,835
Travelling & conveyance	1,459,232	1,490
Legal & professional charges	2,478,290	408,781
Utilities	890,548	30,156
Communication expenses	2,323,163	231,295
Rent, rates & taxes	5,258,472	835,725
Entertainment	1,163,443	54,787
Advertisement expenses	1,266,934	155,814
Auditors' remuneration	16.1	200,000
Insurance	445,630	-
Security charges	1,371,288	-
Depreciation	5.1	22,235
Total	60,898,940	2,061,569
16.1 Auditors' remuneration		
Audit fee	173,250	173,250
Other certification	26,750	26,750
Total	200,000	200,000

17 TAXATION

17.1 The Company is in process of getting itself approved under section 2 (36) of the Income Tax Ordinance, 2001 for getting entitlement of tax relaxation of section 100C (100% credit of tax liability). The Company has not made any provision for taxation as its management and tax advisor are confident of getting such approval retrospectively.

17.2 Numerical reconciliation between average effective tax rate and applicable tax rate is not required due to above mentioned fact.

17.3 As per the management's assessment, there is no need of provision in these financial statements. The comparison of tax provision as per the financial statements vis-a-vis tax assessment for last three years is as follows:

Year	Provision as per financial statements	Tax assessment
	Rupees	Rupees
2016	-	-
2017	-	-

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18 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

The directors of the company except CEO are not charging any remuneration or benefits from the Company. Benefits of Chief Executive Officer and Executives are as follows:

Benefits	2018		
	CEO (Related party) Rs.	Executives (Related party) Rs.	Other Directors (Related party) Rs.
Salaries	8,710,484	23,184,871	-
Gratuity	1,000,000	1,400,000	-
Reimbursement of medical expenses	125,000	283,179	-
Reimbursement of mobile bills	120,000	134,760	-
Total	9,955,484	26,002,800	-
Number of persons	1	4	-
Benefits	2017		
	CEO (Related party) Rs.	Executives (Related party) Rs.	Other Directors (Related party) Rs.
Salary	1,241,935	4,770,667	-
Gratuity	-	-	-
Reimbursement of medical expense	-	-	-
Reimbursement of mobile bill	-	-	-
Total	1,241,935	4,770,667	-
Number of persons	1	4	-

18.1 The Executives and CEO have also been provided with mobile phones by the company while CEO is also provided with a Company's maintained 1300 CC car with a fuel limit of 350 liters per month.

19 FINANCIAL RISK MANAGEMENT

Financial instruments comprise long term deposits, advances prepayments and other receivables, cash and bank balances and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

19.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises principally from long term deposits, advances and bank balances. Out of total financial assets of Rs. 71,351,761 (2017: Rs. 186,499,243), the financial assets that are subject to credit risk amounted to Rs. 71,351,761 (2017: Rs. 186,499,243).

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings.

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Bank	Short term rating	Long term rating	Rating agency	2018 (Rupees)	2017 (Rupees)
The Bank of Punjab- related party	A1+	AA	PACRA	69,806,045	184,885,910
Total				69,806,045	184,885,910

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19.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assist it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation. The company is not exposed to any significant liquidity risk.

The following are contractual maturities of financial liabilities as at 30 June 2018:

Description	2018			
	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Trade and other payables	9,797,643	9,797,643	-	-
Total	9,797,643	9,797,643	-	-

Description	2017			
	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Trade and other payables	274,979	274,979	-	-
Total	274,979	274,979	-	-

19.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to any currency risk.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to any interest rate risk.

19.4 Financial Instruments by categories

Security deposits and receivables 2018 (Rupees)	
Financial assets	
Long term deposits	1,545,716
Cash and bank balances	59,805,045
Total	71,351,761

Liabilities at amortised cost 2018 (Rupees)	
Financial liabilities	
Trade & other payables	9,797,643
Total	9,797,643

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19.5 Fair values of financial assets and liabilities

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amounts and fair values of financial assets according to their respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value:

	Carrying amount				Fair Value			
	Cash and cash equivalents	Loans and receivables	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
June 30, 2018	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Financial assets not measured at fair value								
Non-current assets								
Long term security deposits	-	1,545,716	-	1,545,716	-	-	-	-
Current assets								
Cash and bank balances	59,805,045	-	-	59,805,045	-	-	-	-
Total	59,805,045	1,545,716	-	71,351,761	-	-	-	-
Financial liabilities not measured at fair value								
Current liabilities								
Trade and other payables	-	-	9,797,643	9,797,643	-	-	-	-
Total	-	-	9,797,643	9,797,643	-	-	-	-
June 30, 2017								
Financial assets not measured at fair value								
Non-current assets								
Long term security deposits	-	1,275,000	-	1,275,000	-	-	-	-
Current assets								
Cash and bank balances	184,885,910	-	-	184,885,910	-	-	-	-
Total	184,885,910	1,275,000	-	186,160,910	-	-	-	-
Financial liabilities not measured at fair value								
Current liabilities								
Trade and other payables	-	-	274,979	274,979	-	-	-	-
Total	-	-	274,979	274,979	-	-	-	-

19.6 Capital risk management

The Company's objectives when managing capital are to safeguard entity's ability to continue as a going concern, so that it can continue to provide benefits to stakeholders.

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For the year ended June 30, 2018

20 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, Government of Punjab, departments of Government of Punjab, companies where directors also hold interest, directors and key management personnel including CEO. Transactions with related parties other than remuneration of CEO and executives are as follows:

Party	Nature of relationship	Nature of transaction	2018 Rupees	2017 Rupees
The Bank of Punjab	Government of Punjab owned company	Bank charges	3,801	1,725
Directorate General Public Relations	Department of Government of Punjab	Advertisement expense	2,564,262	155,814
Key management personnel	Employee	Loan obtained Loan repaid	500,000 500,000	-

Balances with related parties are disclosed in respective notes.

	June 2018 Rupees	June 2017 Rupees
21 NUMBER OF EMPLOYEES		
Total number of employees at the year end	28	13
Average number of employees during the year	28	9

22 GENERAL

22.1 Figures have been rounded off to the nearest rupee.

22.2 Corresponding figures are not comparable as these represent figures of less than 12 months.

23 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on NOV 02, 2018 by the Board of Directors of the Company.

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Grant Thornton Anjum Rahman

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43-Jail Road, Lahore 54000,
Pakistan.
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Review Report to the Members

On Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Punjab Population Innovation Fund - A Company setup under section 42 of the Companies Ordinance, 1984 [repealed] (the Company) for the year ended June 30, 2018.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Karachi & Islamabad

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2018.

Grant Thornton Ayman Balwan
Chartered Accountants
Engagement Partner: Imran Afzal
Lahore

Dated: *November 2, 2018*

SCHEDULE I

[See paragraph 2(1)]

Statement of Compliance with the

Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: Punjab Population Innovation Fund

Name of the line ministry: Population Welfare Department - Population

For the year ended: June 30, 2018

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner

S. No.	Provision of the Rules	Rule no.	Y	N																																	
			Tick the relevant box																																		
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	Y																																		
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	Y																																		
	<table><tr><th>Category</th><th>Name</th><th>Date of Joining</th></tr><tr><td rowspan="8">Independent Directors</td><td>Dr. Ijaz Nabi</td><td>07-11-2016</td></tr><tr><td>Dr. Yasmeen Qazi</td><td>30-01-2018</td></tr><tr><td>Mr. Salim Ghauri</td><td>30-01-2018</td></tr><tr><td>Prof. Dr. Muhammad Tayyab</td><td>07-11-2016</td></tr><tr><td>Dr. Naved Hamid</td><td>07-11-2016</td></tr><tr><td>Dr. Ali Cheema</td><td>Resigned on June 27, 2018</td></tr><tr><td>Mr. Faisal Farid</td><td>Resigned on April 27, 2018</td></tr><tr><td>Mr. Makhdum Hashim Jawan Bakht</td><td>Resigned on May 31, 2018</td></tr><tr><td>Executive Director</td><td>Mr. Jawad Ahmed Qureshi (CEO, PPIF)</td><td>08-05-2017</td></tr><tr><td rowspan="5">Non-Executive Directors</td><td>Member Health, Nutrition & Population, P&D Board</td><td>19-08-2016</td></tr><tr><td>Secretary Finance</td><td>19-08-2016</td></tr><tr><td>Secretary PWD</td><td>19-08-2016</td></tr><tr><td>Secretary Specialized Health Care and Medical Education</td><td>19-08-2016</td></tr><tr><td>Secretary Primary & Secondary Health Care</td><td>19-08-2016</td></tr></table>	Category	Name	Date of Joining	Independent Directors	Dr. Ijaz Nabi	07-11-2016	Dr. Yasmeen Qazi	30-01-2018	Mr. Salim Ghauri	30-01-2018	Prof. Dr. Muhammad Tayyab	07-11-2016	Dr. Naved Hamid	07-11-2016	Dr. Ali Cheema	Resigned on June 27, 2018	Mr. Faisal Farid	Resigned on April 27, 2018	Mr. Makhdum Hashim Jawan Bakht	Resigned on May 31, 2018	Executive Director	Mr. Jawad Ahmed Qureshi (CEO, PPIF)	08-05-2017	Non-Executive Directors	Member Health, Nutrition & Population, P&D Board	19-08-2016	Secretary Finance	19-08-2016	Secretary PWD	19-08-2016	Secretary Specialized Health Care and Medical Education	19-08-2016	Secretary Primary & Secondary Health Care	19-08-2016		
Category	Name	Date of Joining																																			
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	Secretary PWD	19-08-2016																																			
	Secretary Specialized Health Care and Medical Education	19-08-2016																																			
	Secretary Primary & Secondary Health Care	19-08-2016																																			

3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)		N
	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	Y	
5.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	Y	
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	Y	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	Y	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated " www.ppif.org.pk ") (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	Y	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	Y	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	Y	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	Y	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	Y	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	Y	
		5(6)	Y	

14.	The Board has developed a vision or mission statement and corporate strategy of the company.			
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)		N
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	Y	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	Y Y Y	
19.	The Board has monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. * Strike out whichever is not applicable	8 (2)		N
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Y	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (B)The Board has placed the annual financial statements on the company's website.	10	Y Y	
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11		N

23.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors:	12	Y																
			Y																
			Y	N															
	<table><tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>3</td><td>Resigned</td></tr><tr><td>Risk Management & Investigation Committee</td><td>All Board Members</td><td>Chairman</td></tr><tr><td>Human Resources Committee</td><td>3</td><td>Resigned</td></tr><tr><td>Technical & Procurement</td><td>7</td><td>Chair + 1 Resigned</td></tr></table>	Committee	Number of Members	Name of Chair	Audit Committee	3	Resigned	Risk Management & Investigation Committee	All Board Members	Chairman	Human Resources Committee	3	Resigned	Technical & Procurement	7	Chair + 1 Resigned			
Committee	Number of Members	Name of Chair																	
Audit Committee	3	Resigned																	
Risk Management & Investigation Committee	All Board Members	Chairman																	
Human Resources Committee	3	Resigned																	
Technical & Procurement	7	Chair + 1 Resigned																	

24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13		N
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	Y	
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	Y	
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	Y	
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	N/A (No Share Capital)	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors have been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	N/A	
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	Y	

31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21(1) and 21(2)		N N												
	<table><tr><th>Name of Member</th><th>Category</th><th>Professional background</th></tr><tr><td>To nominate</td><td>Chair Independent</td><td>To nominate</td></tr><tr><td>Dr. Naveed Hamid</td><td>Member Independent</td><td>Economist</td></tr><tr><td></td><td>Member Non-Executive</td><td>Secretary. Primary & Secondary Health Care</td></tr></table>	Name of Member	Category	Professional background	To nominate	Chair Independent	To nominate	Dr. Naveed Hamid	Member Independent	Economist		Member Non-Executive	Secretary. Primary & Secondary Health Care			
Name of Member	Category	Professional background														
To nominate	Chair Independent	To nominate														
Dr. Naveed Hamid	Member Independent	Economist														
	Member Non-Executive	Secretary. Primary & Secondary Health Care														
	The chief executive and chairman of the Board are not members of the audit committee.															
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	Y	N N												
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	Y	N N												
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	Y													
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	Y													

Chief Executive Officer

Director

SCHEDULE II

See Paragraph 2(3)

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year 30-06-2018.

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	3(5)	For ex-officio board members: In case of Secretary Finance, it is not possible to comply with the rule 3(5) of PSC rules 2013, because he is the board member in almost all the Public Sector Companies. In case of Secretary PSHD and Secretary SSHMED, request has already been made on June 19, 2018 to provide information on their directorship in other companies, still no information received so far.	Follow up will be ensured in due course of time.
2	5(7)	Policies mentioned under point j, l, and o are not relevant, however, protection of public interest is the part of memorandum & articles of the company and also the part of monitoring framework. Monitoring framework presently is not approved by the Board.	Approved monitoring framework shall be ensured in due course of time.
4	8 (2)	The board shall carry out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria. The board shall also monitor and assess the performance of senior management on annual/half-yearly/quarterly basis.	Compliance will be ensured during next year.

5	11	All the board members shall undergo with an orientation course to apprise them of the material developments and information. Furthermore, orientation course shall be arranged for directors to acquaint about the wider scope of responsibilities in concerning the use of public resources.	All the directors will be requested to attend such courses in future.
6	13, 21(3), 22	PPIF is partially compliant. Board has approved appointment of CFO & Company Secretary. The appointment of Chief Internal Auditor is in process.	Appointment of Chief Internal Auditor will be ensured during next year.
7	12(d), 21(1) & 21(2)	Audit and Finance committee chair has resigned on May 31, 2018.	Audit and Finance committee chair shall be appointed in due course of time.


Chief Executive Officer


Director

Ref: BAS-470-18
October 25, 2018

The Board of Directors

Punjab Population Innovation Fund
125-Abu Bakar Block,
New Garden Town,
Lahore.

Honorable Members of the Board:

**AUDIT OF FINANCIAL STATEMENTS OF PUNJAB POPULATION INNOVATION FUND
PAKISTAN FOR THE YEAR ENDED JUNE 30, 2018**

We are pleased to enclose the draft financial statements of Punjab Population Innovation Fund (the Company) for the year ended June 30, 2018 prepared by management together with draft auditors' report thereon. These financial statements have been initialed by us for the purpose of identification only.

May we apprise the Board of Directors (the Board) that until the auditors have signed their report on the financial statements, such financial statements will remain and be deemed unaudited.

We shall be pleased to sign the audit report as well as review report on Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 in the present or modified form after the Board has considered the matters raised in this letter and approved the financial statements in their present or modified form and we have received the following:

- a) the financial statements, with or without adjustments, approved by the Board and signed by the Chief Executive Officer and Director duly authorized in this behalf;
- b) signed copy of minutes of the meeting of the Board in which the financial statements are approved;
- c) signed Director's report alongwith Statement of Compliance of Code of Corporate Governance;
- d) representation letter signed by the Chief Executive Officer and the Chief Financial Officer of the Company;
- e) specific approval regarding items in paragraph 2 below; and
- f) outstanding information stated in "Annexure -A".

GRN

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Karachi & Islamabad

Grant Thornton Anjum Rahman

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Pakistan.
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1. Responsibilities of the Auditors and the Board of Directors in relation to the financial statements

The responsibilities of the independent auditors in a usual examination of the financial statements are explained in the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for their preparation is primarily that of the Company's Board of Directors. The Board's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and safeguarding of the assets of the Company. The audit of the financial statements does not relieve the Board of its responsibilities. Accordingly, our examination of the books of account and records should not be relied upon to disclose all the errors or irregularities, which are not material in relation to the financial statements.

The inclusion, publication, or reproduction by the Company of our reports in documents containing information in addition to the financial statements and our report thereon may require us to perform additional procedures to fulfill our professional responsibilities. The management shall provide such additional information for our review. Our responsibility for other information in documents containing the Company's audited financial statements and our auditors' report thereon (for example, Management's Discussion and Analysis of Financial Condition and Results of Operations) does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate such other information contained in these documents. However, in accordance with ISA 720, we have to review/read the other information and consider whether such information, or the manner of its presentation, was materially inconsistent with information appearing in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact.

The Company may wish to place its financial statements and auditors' report on its website. It is responsibility of the management to ensure that any such placement properly presents the financial information and the auditors' report. The management of the Company would advise us of any intended electronic placement before it occurs. We reserve the right to withhold consent to the electronic placement of the report if the audited financial statements or the auditors' report are to be placed in an inappropriate manner. Management is responsible for the controls and security with regard to the website. Review of controls over the maintenance and integrity of the Company's website does not fall within the scope of the audit of the financial statements.

GRN

2. Specific approvals

Before issuing our report, we request the Board to consider and specifically approve the followings:

- a) additions in operating fixed assets during the year (Note-5);
- b) legal and professional charges;
- c) salaries of employees;
- d) transactions with related parties (Note-20); and
- e) adoption of new standards and Companies Act, 2017 during the year.

3. Matters for specific attention of the Board

We would like to draw attention of the Board to following matters:

- 3.1** During the year, certain petitioners of Civil Society had filed a petition in the Honorable Lahore High Court against incorporation of the company along with certain other companies incorporated u/s 42 of the Companies Ordinance, 1984 which are operating in Punjab. Currently, proceedings of the Honorable Court are in process. The management and legal advisor are of the view that such petition would be dismissed and accordingly, there would be no impact on going concern status of the company.

We trust that the Board is in agreement with such views of management and legal advisor of the Company;

- 3.2** During the year, National Accountability Bureau (NAB) has started inquiry of officials of the Company which is still in process. The management of the Company has apprised us that such inquiry mainly consist of inquiries relating to salaries & benefits paid to government employees who have been seconded from Government of Punjab or Federal Government to the Company. In this regard, the company has also shared a recent notification of NAB and an order of Honorable Supreme Court of Pakistan which has advised to obtain undertaking from concerned officials for deposit of excessive salaries & benefits beyond Rs. 300,000/- per month, if any, in a bank account opened by NAB by such official himself. Mr. Jawad Ahmad Qureshi (CEO) falls in this category and has agreed to deposit excessive salary at his own and accordingly, there is no financial impact on these financial statements.

We trust that the Board is in agreement with the views of management. We also request management to arrange direct confirmation from CEO;

- 3.3** The Company has not been registered under section 2 (36) of the Income Tax Ordinance, 2001 for getting entitlement of section 100-C (100% credit of tax liability) so far. In absence of such approvals, business income of the Company is taxable. The Company, however, has not made any provision for income taxation as its management is confident of getting such approval in near future with retrospective effect and has also ensured compliance of tax laws in all material aspects. However, there is material

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uncertainty about retrospective approval. Accordingly, we have included an emphasis of matter para in our draft audit report;

- 3.4** The company has paid sales tax on purchase of certain goods and services, which has not been claimed as input tax from FBR/PRA. In this regard, management of the company has apprised us that the company has no plans for rendering taxable services in future and accordingly, the same cannot be claimed.

We trust that the Board is in agreement with views of the management;

- 3.5** In accordance with conditions of license under section 42, the Company is required to state that, "A company set up under section 42 of the Companies Ordinance 1984" mention on its letterheads, documents, signboard and other modes communication. However, the Company has not mentioned on certain documents.

We suggest the Board to advise the management to ensure compliance of conditions of license;

- 3.6** In accordance with Articles of Association (AOA) of the Company, the quorum of the General Meeting is majority of the members present in person or proxy with at least two members personally present. However, Mr. Najam Ahmed Shah and Mr. Ali Jan Khan were attending such meeting through proxy and no other member were present personally. Such practices may result into imposition of level 1 penalty (may extend to Rs. 500 per day during which default continues with maximum limit of Rs. 25,000).

We suggest the Board to obtain legal opinion as well as to ensure compliance with corporate laws;

- 3.7** We have noticed that certain Forms 29 have not been filed with SECP on timely basis. Such practice may result into imposition of level 1 penalty (may extend to Rs. 500 per day during which default continues with maximum limit of Rs. 25,000).

Appropriate steps should be taken to ensure compliance of all applicable laws.

- 3.8** As referred in note 4.7 to the financial statements, employees of the Company are entitled for gratuity provided they have served the company for one year. In this regard, management of the Company has made provision in these financial statements without considering actuarial assumptions required for such computation by IFRS.

We request the Board to advise management to get actuarial valuation of such plan from an actuary and make necessary adjustments in these financial statements;

- 3.9** The Company is investing its surplus funds in Current Account rather than Saving Account.

We suggest the Board to advise management for framing investment policies for investing surplus fund;

- 3.10** During the year, the Company has hired a consultant for third party validation of monitoring activities performed by partners. In accordance with Punjab Procurement Rules 2014, such agreement may fall in scope of consultancy services. However, management is of the view that such services do not fall in definition of consultancy

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services and fall in definition of routine services and accordingly, relevant PPRA compliances have been complied in all material aspects. We trust that Board is in agreement with views of management. We also suggest the Board to advise management to obtain opinion from its legal advisor.

During our audit, we have noticed that limited bidders are being qualified technically in most procurement due to conditions in bidding documents, which is non-compliance of Sec 34 of Punjab Procurement Rules 2014 "Save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or which is difficult to meet".

We suggest the Board to advise management of the Company to obtain legal opinion on this issue;

- 3.11** We have reported certain non-compliances with CCG in our review report on statement of compliance with best practices of CCG. Such non-compliances are mentioned in Annexure B. Such practice may result into imposition of penalties.

We request the Board to ensure compliance of the Code;

- 3.12** During the year, through SRO 733/2018 dated June 7, 2018, SECP has enacted new regulations for section 42 Companies (the Association with Charitable and Not for Profit Object Regulations 2018). These are applicable w.e.f date of enactment of such regulations.

We understand that the Board is aware of these regulations for enforcing compliance; and

- 3.13** As part of our audit procedures, we have circularized confirmations to the Company's related parties, bank, donors and creditors. Few confirmations have not been received by us yet. However, we have performed alternative audit procedures for verification of account balances. We request that responses to these outstanding confirmations are followed up and sent to us directly.

4. Fraud & Error

We have been informed by the management that no case of fraud and error has been brought to their knowledge which would have occurred during the year and which could have material effects on these financial statements.

5. Related Party Transactions

We have been informed by the management that there have been no transactions with the related parties during the year other than that disclosed in note 20 to the annexed financial statements.

6. Contingencies & Commitments

We have been informed by the management that there were no contingencies and commitments as on reporting date except those disclosed in note 14 to the annexed financial statements.

YPR

7. Management Letter

A management letter highlighting weaknesses in the internal control systems which have come to our knowledge will be forwarded to the management in due course time.

8. Engagement Quality Control Review

The engagement quality control review of draft financial statements and other relevant working papers, which required to be carried out by professional standards, is currently in progress. We expect complete this process over the next few days and will communicate you significant issues, if any, as highlighted during such review.

We take the opportunity to express our appreciation of the courtesy and co-operation extended to us during the course of audit by the staff and management of the Company.

Yours truly


Grant Thornton Anjum Rahman
Chartered Accountants

"Annexure- A"

- I. Actuarial valuation as on 30 June, 2018
- II. Legal opinion on compliances of PPRA Rules & Regulations.
- III. Confirmation from CEO regarding deposit of excessive salary

"Annexure- B"

Sr. No	Provisions of the Rules	Rule #												
1	Few directors have not confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)												
2	The Board has not developed few policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)												
3	The Board has not monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)												
4	All Board members has not attended orientation course to apprise them of the material developments and information as specified in the Rules.	11												
5	The committees could not chaired by following non-executive directors due to resignation of chairman of following committees : <table border="1"> <thead> <tr> <th>Committee</th><th>Number of Member</th><th>Name of chair</th></tr> </thead> <tbody> <tr> <td>Audit Committe</td><td>3</td><td>Resigned</td></tr> <tr> <td>Human Resources Committee</td><td>3</td><td>Resigned</td></tr> <tr> <td>Technical & Procurement</td><td>7</td><td>Chair + 1 Resigned</td></tr> </tbody> </table>	Committee	Number of Member	Name of chair	Audit Committe	3	Resigned	Human Resources Committee	3	Resigned	Technical & Procurement	7	Chair + 1 Resigned	12
Committee	Number of Member	Name of chair												
Audit Committe	3	Resigned												
Human Resources Committee	3	Resigned												
Technical & Procurement	7	Chair + 1 Resigned												
6	The Board has not approved appointment of Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13												
7	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table border="1"> <thead> <tr> <th>Name of Member</th><th>Category</th><th>Professional Back ground</th></tr> </thead> <tbody> <tr> <td>To nominate</td><td>Chair independent</td><td>To nominate</td></tr> <tr> <td>Dr. Naveed Hamid</td><td>Member Independent</td><td>Economist</td></tr> <tr> <td></td><td>Member Non- executive</td><td>Secretary. Primary & Secondary Health Care</td></tr> </tbody> </table>	Name of Member	Category	Professional Back ground	To nominate	Chair independent	To nominate	Dr. Naveed Hamid	Member Independent	Economist		Member Non- executive	Secretary. Primary & Secondary Health Care	21(1) and 21(2)
Name of Member	Category	Professional Back ground												
To nominate	Chair independent	To nominate												
Dr. Naveed Hamid	Member Independent	Economist												
	Member Non- executive	Secretary. Primary & Secondary Health Care												
8	(a) The chief internal auditor, and a representative of the external auditors did not attend all meetings of the audit committee at which issues relating to accounts and audit were discussed. (c) The audit committee did not meet the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21 (3) (a & c)												
9	(b) The chief internal auditor has not been appointed.	22 (b) &												

	(c) The internal audit reports have not been provided to the external auditors for their review.	(c)
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