PAKISTAN POVERTY ALLEVIATION FUND
Delivering Prosperity

IMPACT ASSESSMENT OF
PRIME MINISTER’S INTEREST-FREE LOAN (PMIFL) PROGRAMME

Final Report

June 2026

CENTER FOR DEVELOPMENT EVALUATION (C4DE)

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ACRONYMS

ADB	Asian Development Bank
AJK	Azad Jammu and Kashmir
BI	Business Intelligence
BISP	Benazir Income Support Programme
BRSP	Balochistan Rural Support Programme
C4DE	Center for Development and Evaluation
CAPI	Computer-Assisted Personal Interviewing
CEO	Chief Executive Officer
CCT	Conditional Cash Transfer
CI / CIs	Community Institution(s)
CNIC	Computerised National Identity Card
COVID-19	Coronavirus Disease 2019
CSC	Community Support Concern
DAC	Development Assistance Committee
DI	Difference-in-Differences
FGD	Focus Group Discussion
GB	Gilgit-Baltistan
GoP	Government of Pakistan
HFCs	High Frequency Checks
HH	Household
ICT	Islamabad Capital Territory
KII	Key Informant Interview
KRM	Karobar Rehnumai Markaz
M&E	Monitoring and Evaluation
MFIs	Microfinance Institutions
MIS	Management Information System
MPI	Multidimensional Poverty Index
NADRA	National Database and Registration Authority

NGO	Non-Governmental Organisation
NPGP	National Poverty Graduation Programme
OECD	Organization for Economic Co-operation and Development
OPHI	Oxford Poverty and Human Development Initiative
PKR	Pakistani Rupee
PMIFL	Prime Minister's Interest-Free Loan
PO	Partner Organisation
PPAF	Pakistan Poverty Alleviation Fund
Power BI	Microsoft Power Business Intelligence
PSC	Poverty Score Card
PVT	Poverty Verification Tool
SMS	Short Message Service
TRDP	Thardeep Rural Development Programme
TVET	Technical and Vocational Education and Training
UC	Union Council
UCP	Ultra-Core Poor
UCT	Unconditional Cash Transfer
UNDP	United Nations Development Programme

ACKNOWLEDGEMENTS

The compilation of the Impact Assessment of the Prime Minister's Interest-Free Loan (PMIFL) Programme was made possible through close and sustained collaboration between Center For Development and Evaluation (C4DE) and Pakistan Poverty Alleviation Fund (PPAF). We would like to take this opportunity to express our sincere gratitude to the implementing partners who worked tirelessly alongside our field teams and provided critical support throughout the data collection process.

We are particularly grateful to the Chief Executive Officer (CEO) of PPAF, Mr. Nadir Gul Barech, for his encouraging leadership, unwavering commitment to institutional learning, and continued emphasis on evidence-based programming. His vision for inclusive development and learning-driven decision-making provided the necessary impetus to conduct this impact assessment with integrity, rigor, and objectivity. We also extend our appreciation to Mr. Arshad Rashid, Chief Programmes, PPAF, for his valuable strategic input, which significantly strengthened the analytical depth and overall quality of the evaluation report.

Our sincere thanks are also due to the Monitoring, Evaluation and Learning (MEAL) team, particularly the Head of MEAL, Mr. Zahid Hussain, whose continuous guidance and technical support were instrumental at every stage of the assessment. The efforts of Mr. Niaz Hussain, Coordinator MEAL, are also appreciated.

Finally, we would like to express our heartfelt appreciation to all beneficiaries, community members, partner organisations, local teams, and field staff who worked under extremely challenging conditions, including floods and torrential rains, to ensure the timely completion of data collection. Their dedication and resilience made this assessment possible.

We are confident that the insights generated through this impact assessment will meaningfully inform ongoing and future programming by PPAF and its partners, with a continued focus on inclusive, participatory, and sustainable development.

EXECUTIVE SUMMARY

The Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution for community-driven development in the country. PPAF was registered in February 1997 as a not-for-profit company. PPAF's mission is to transform the lives of the poor to create a more equitable and prosperous Pakistan. It has an outreach in 150 districts across all four provinces and regions of the country, supporting communities to access improved infrastructure, energy, health, education, livelihoods, finance, and develop resilience to disasters. It serves the poorest and most marginalised rural households and communities across the country, providing them with an array of financial and non-financial services.

PPAF has been implementing the Government of Pakistan's (GoP) funded Prime Minister's Interest-Free Loan (PMIFL) Programme since 2014 to support productive microenterprise activities of poor, vulnerable, and marginalised households in Pakistan. The Programme's objective was to enhance access to financial services for the target population segment, helping them graduate from extreme poverty and to establish connections with formal financial institutions, such as Microfinance Institutions (MFIs) and Microfinance Banks (MFBs), among others.

PMIFL Programme Phase-I was launched by the Government of Pakistan in 2014, with an initial allocation of PKR 4.13 billion[1] to support productive microenterprise activities for the poor in rural and semi-urban areas of the country. Phase-I was implemented in 442 Union Councils (UCs) across Pakistan. It aimed to provide interest-free loans of up to a maximum of PKR 50,000 to households with Poverty Score Card (PSC) scores ranging from 0-40, having viable business ideas or opportunities, but little to no access to financial services.

Based on the successful implementation Phase-I, second phase was launched in June 2021 with an additional allocation of PKR 5 billion from the Government of Pakistan, which was disbursed to Partner Organisations (POs) in the same year. Phase-II has been implemented in 456 UCs across different districts of the country, with 50% of targeted allocation for women. Under this phase, the loan ceiling was increased from PKR 50,000 to PKR 75,000.

[1] *The allocation includes PKR 3.16 billion for on-lending, PKR 948 million for operational costs (including training and monitoring), and PKR 25 million for the one-time establishment of loan centres.*

Overall, the PMIFL Programme has been implemented in 110 districts across Pakistan. Since its inception, until December 2025, PPAF has disbursed 3.65 million loans[2] (57% to women), amounting to PKR 136.23 billion (including reflows) through 26 POs.

PPAF conducted a third-party mid-term evaluation of the PMIFL Programme in May 2018. Now to assess the Programme's impact on the socio-economic status of beneficiaries, PPAF engaged the services of the Center for Development and Evaluation through a competitive selection process. The study assessed the borrowers' level of graduation from poverty, changes in standard of living, asset ownership (well-being and productive or business assets), resilience to economic shocks, job creation (direct and indirect), improvement in access to basic health and educational facilities, financial literacy, access to mobile phones/ smartphones, usage of mobile wallets, women's empowerment, women's financial and numerical literacy, access to finance from other MFIs and borrower satisfaction. The study also aimed to guide PPAF in improving its current and future programming.

The study adopted a mixed-methods design, combining a large-scale quantitative survey with a statistically significant nationwide sample of borrower households, along with qualitative evidence from Focus Group Discussions (FGDs) with men's and women's groups and Key Informant Interviews (KIIs) with POs, loan centres, and PPAF teams in the sampled areas. Findings are structured around the Organization for Economic Co-operation and Development - Development Assistance Committee (OECD-DAC) criteria, including relevance, efficiency, effectiveness, coherence, impact, and sustainability.

SUMMARY OF KEY FINDINGS

PMIFL operates in contexts characterised by large household sizes, low human capital, and reliance on informal and vulnerable income sources. The impact assessment covered a statistically significant sample of 2,411 beneficiary households across ten sampled districts. Female respondents comprised 55% and males 45%. Most respondents (85%) were aged between 30–60, 10% were aged between 18–29, and 5% were above 60. Educational attainment was low: 44% of respondents were illiterate, 10% had primary education, 29% had middle to matric level education, 10% had intermediate, and 7% held graduate-level qualifications.

[2] *It also includes loans disbursed by Akhuwat since July 2019.*

Key findings across the OECD-DAC dimensions are summarised below:

Relevance

PMIFL Programme aligns closely with Pakistan's national priorities for poverty reduction, inclusive growth, and access to affordable finance, particularly for rural and underserved communities. The Programme complements and supplements national frameworks such as URAAN Pakistan, Vision 2025, the Sustainable Development Goals (SDGs), the National Financial Inclusion Strategy (NFIS), the National Poverty Graduation Programme (NPGP) and the Prime Minister's Youth Programme (PMYP). It supports self-employment where formal wage opportunities are limited and contributes to expanding access to productive and affordable finance among underserved households.

The Programme is well aligned with the socio-economic conditions and capacities of its target population. The poverty profile shows that a substantial majority (80%) of sampled beneficiaries fall within the PSC 19–40 range, followed by 14% in the 12–18 band and only 6% in the 0–11 band.

The Programme demonstrates strong responsiveness to financial needs and demand patterns. A significant proportion of beneficiaries (52%) accessed one loan, while 48% engaged in repeat borrowing, reflecting sustained demand, business growth and continued relevance. The average loan size increased across cycles from PKR 30,419 in the first cycle to PKR 40,345 in the second, and PKR 43,632 in the third indicating responsiveness to business growth and evolving household needs. Additionally, most borrowers (85% in first loan cycle and 90% in third loan cycle) reported receiving the loan amount they applied for.

The Programme demonstrated strong alignment with beneficiaries' livelihood strategies. Across three loan cycles, borrowers mainly invested in micro-enterprises and livestock, poultry, or fish farming. In the first cycle, 34% of loans supported micro-enterprises and 27% supported livestock; in the second cycle, these shares rose slightly to 42% and 30%, respectively. By the third cycle, these two sectors accounted for 39% and 32% of investments, highlighting a sustained focus on productive income-generating activities. The proportion of loans used for productive purposes increased from 89% in the first loan cycle to 96% in the third, while reliance on personal use declined markedly, reflecting progressively stronger alignment with effective livelihood strategies.

Gender inclusion is a notable strength of the Programme. Women constitute 57% of beneficiaries, exceeding the programme target of 50%, and their participation increased across loan cycles from 51% in the first cycle to 61% in the third. This trend reflects sustained engagement of women and reinforces in the programme's relevance in promoting women's economic participation.

From an accessibility and facilitation perspective, the Programme design is well-suited to the target population. A large majority of borrowers (88%) received assistance during the application process primarily from loan centre staff (68%), highlighting the importance of facilitation in overcoming procedural and literacy barriers. Furthermore, 97% of beneficiaries reported no issues during loan processing, indicating that procedures are user-friendly and accessible across gender groups.

Efficiency

The study confirms that the programme's strategy and delivery approach were efficient and well-aligned with the local and national contexts. Leveraging POs and loan centres for outreach and community engagement reduced transaction costs, built trust, and ensured local responsiveness. The Programme targets were achieved within planned timelines, supported by a lean management structure and disciplined implementation. The Programme demonstrated cost-efficiency relative to comparable poverty alleviation and financial inclusion interventions, delivering strong outreach and livelihood outcomes with minimal overhead and high value for money. Notably, seed investments revolved six times, enabling a significantly larger share of the target population to benefit.

PPAF efficiently utilised both government-allocated and its own resources. The Programme was primarily financed by the Government of Pakistan during 2014–2025, with a total allocation of PKR 9.13 billion across two phases (PKR 4.13 billion in Phase I and PKR 5 billion in Phase II), including provisions for partner operational costs and loan centre establishment. In addition, in order to ensure the success of the Programme, PPAF contributed approximately PKR 2.47 billion from its own resources, largely to support POs' operations and programme management, reflecting its commitment to ensuring Programme success.

Transaction cost analysis indicates a decline in time-related costs alongside an increase in nominal monetary costs. Average travel time to loan centres decreased from 48 minutes at midline to 37 minutes at endline, while time spent at centres reduced from 54 to 44 minutes per visit, reflecting improved service efficiency and streamlined processes. Monetary costs increased, with travel expenses rising from PKR 94 to PKR 273 and documentation costs from PKR 120 to PKR 341, consistent with broader inflationary trends rather than the Programme inefficiencies. Importantly, there is no evidence of informal payments or unofficial charges, indicating transparency in service delivery.

Communication strategies also contributed to efficiency. Approximately 66% of respondents reported receiving detailed Programme information, delivered primarily through orientation sessions (over 90%), ensuring clarity and minimising follow-up costs. The content focused on core operational elements, with over 79% of beneficiaries informed about the application process, payment procedures, and loan return processes. Communication was mainly in local languages (80%) and Urdu (43%), ensuring accessibility and comprehension for low-literacy, rural populations.

Effectiveness

The PMIFL Programme proved its effectiveness by achieving its core objectives and intended outcomes. Operational resources were used efficiently and targeted accurately, reaching eligible low-income households and ensuring high inclusion of women and youth. The intervention contributed to job creation, income diversification, and business expansion, confirming its utility as a catalytic tool for financial inclusion and upward socio-economic mobility.

Overall, satisfaction levels were high for the Programme's core operational processes. Majority of the beneficiaries (84%) reported satisfaction with information and updates, loan processing (83%), and the loan payment process (81%), with negligible levels of dissatisfaction (1%). A majority 97% of beneficiaries reported no issues during loan processing, indicating that procedures are user-friendly and accessible across gender groups. These results indicate that the Programme's administrative and procedural mechanisms functioned efficiently and largely met beneficiary expectations

Incidence of issues reported was low, with only 3% of beneficiaries reporting problems during loan processing, primarily concentrated in early stages, including documentation preparation (61%) and application processing (43%). The most common challenges included were difficulty in preparing documents (reported by 63% beneficiaries) and financial constraints (reported by 57% beneficiaries).

Beneficiaries primarily associate PMIFL with financial and poverty-related benefits. While broader social and capacity-building objectives are less widely recognised, 35% of women reported receiving peer support or mentoring, indicating some reach of empowerment and enterprise components.

Coherence

PMIFL aligns well with beneficiary needs, national social protection objectives, graduation interventions and, greater operational integration with complementary programmes particularly, market systems, and formal financial institutions would enhance synergy, expand impact pathways, and strengthen the overall efficiency of the poverty alleviation ecosystem.

Internal coherence is reflected in the close alignment between design, delivery mechanisms, and beneficiary outcomes. A substantial 91% of beneficiaries rely exclusively on PMIFL as their primary source of business finance, while only 9% accessed external loans in the past three years.

Among those accessing external credit, borrowing patterns showed mix of informal (75%) and formal sources (25%), mainly from relatives/friends (40%) and family (35%). Importantly, 67% of external loans were used for business purposes, reinforcing the functional complementarity of PMIFL with other financing sources rather than duplication.

The programme delivery systems further reinforce internal coherence. High satisfaction levels 73% with POs support and 85% with loan-related information indicate consistent service provision and effective communication. This is supported by programme documentation, highlighting structured delivery through community organisations and POs, ensuring predictable and transparent beneficiary experiences.

Internal coherence is also evident in the complementarity of programme components, including social mobilisation, targeting, and credit provision. Although training and advisory services were not universally accessed, observed improvements in financial management, household expenditure capacity, and access to services suggest alignment between design and behavioural outcomes.

From an external coherence perspective, the Programme is reasonably aligned with Pakistan's broader social protection and financial inclusion ecosystem, though integration remains partial. Approximately 32% of households also received Benazir Income Support Programme (BISP) support, indicating targeting convergence. This demonstrates moderate complementarity between PMIFL and conditional cash transfer programmes.

Cash transfers and interest-free loans are complementary: cash transfers support consumption smoothing and human capital investment, while PMIFL provides productive capital, strengthening household resilience and supporting progression along a social protection-to-livelihoods continuum.

Within the PPAF Graduation Model, PMIFL played a critical role as the financial inclusion component. The programme data showed strong performance, with 302,585 loans disbursed against a target of 228,926 (132% achievement) under National Poverty Graduation Programme (NPGP)-linked interventions, including 22,382 loans to asset-transfer beneficiaries and 57,297 to BISP beneficiaries. Additionally, 10% of sampled beneficiaries reported engagement in additional interventions, indicating linkages due to PMIFL interventions.

Impact

The Programme generated meaningful socio-economic impacts at household and community levels. Beneficiaries reported improvements in standard of living, ownership of productive economic assets, and stronger resilience to economic shocks. The intervention contributed to poverty graduation, employment generation, and income diversification, with positive spillovers for health and education. Women's empowerment outcomes were also evident, with increased participation in economic decision-making and enhanced mobility. Overall, borrower satisfaction was high, confirming PMIFL as a credible and valued instrument for improving welfare and supporting upward socio-economic mobility.

Poverty category distribution shifted positively. At the household level, 85% of households recorded improvement in PSC scores. The share classified as extremely poor declined from 6% to 3%, chronically poor from 14% to 5%, transitory poor from 18% to 6%, and transitory vulnerable from 37% to 18%. The fully non-poor category rose sharply from 0% at the first loan to 50% at endline. Consistent with this, the cumulative PSC distribution of HHs showed a share below PSC 32 declining from 75% to 32% HHs, while roughly 51% HHs exceed PSC 40 at endline (compared to 0% before).

The share of businesses employing additional workers increased from 3% at midline to 4.8% at endline, with employees per 100 businesses rising from 5.8 to 8.9. Gender-disaggregated data showed a notable shift: female employment rose from 0.2 to 8 per 100 businesses, reflecting the Programme's emphasis on gender inclusion.

Average monthly household income increased from PKR 23,350 at midline to PKR 48,112 at endline, reflecting an average change of PKR 24,762 (106%). The lower income bracket (PKR 10,001–20,000) declined from 38% to 7%, while higher income brackets increased significantly: PKR 40,001–50,000 rose from 5% to 17% and above PKR 50,000 from 5% to 33%.

Women's economic outcomes showed meaningful improvements. Women reporting control over business rose from 61% to 67%, and those controlling business finances from 48% to 54%. Perceived influence increased most in household finances (91%) and children's education (77%), with community leadership at 13%. Bank account holding among women beneficiaries increased from 15% to 29%. Digital finance use remains low, shaped more by trust, access, and social constraints than by usability alone.

Sustainability

PMIFL Programme demonstrates strong prospects for sustainability, supported by PPAF's institutional capacity, experienced POs, and structured operational processes. Loan utilisation, income generation, repayment behaviour, and beneficiary feedback indicate durable economic and social impacts, supporting financial independence, income stability, and household resilience.

Loan repayment patterns further reflect economic sustainability. Out of 2,411 sampled borrowers, 98% fully repaid their loans, while only 2% had outstanding payments, most of which were partial. This high repayment rate demonstrates that the majority of beneficiaries generated sufficient income from their businesses to meet financial obligations, preserving the revolving nature of the fund and enabling continued support for new beneficiaries.

Despite strong outcomes, beneficiaries and partners identified several potential risks to its long-term sustainability. The adequacy of the loan amount emerged as a key concern, as rising inflation and fluctuating market prices have reduced the real value of loans, limiting beneficiaries' ability to sustain and expand their businesses. Climate and economic shocks, including floods, droughts, pandemics such as COVID-19, and other emergencies, have also disrupted income generation and repayment capacity.

Transition challenges were noted, with communities hesitant to adopt conventional loans due to high interest rates and prevailing cultural norms, underscoring the need for carefully planned transition strategies.

BEST PRACTICES AND LESSONS LEARNED

PMIFL demonstrates several best practices relevant to future scaling and redesign:

- **Complementarity with social protection where overlap exists:** BISP overlap (32.35%) suggests a workable "social protection plus financial inclusion" sequence where consumption support can reduce pressure to divert productive credit toward immediate needs.
- **Interest-free design as the core enabling feature:** Beneficiaries consistently described the interest-free structure as the key factor driving acceptability, uptake, and repayment feasibility under financial stress.
- **Community-embedded outreach and assisted access:** Awareness is driven largely through social networks (65.1%) and community institutions (21.9%), with staff-mediated application support functioning as a practical inclusion mechanism for low-literacy households.
- **Operational strengthening through digitisation and standardisation:** MIS use, CNIC verification, standardised appraisal and monitoring, and a gradual shift toward digital repayment channels improved feasibility and reduced operational risks over time.

Key lessons include the importance of (i) loan adequacy under inflation, (ii) consistent delivery of supplementary components (training, mentoring, market linkages), (iii) structured pathways to acceptable formal finance (especially Islamic products), and (iv) Sustainable financing of operational costs in remote districts.

RECOMMENDATIONS

The assessment confirms that the programme is relevant, well-received by beneficiaries, and largely effective, but targeted refinements are needed to deepen graduation outcomes and align with national priorities. The following priority actions are recommended for future programme interventions:

- **Increase Loan Size to Reflect Current Economic Conditions:** Adjusting loan ceilings to account for inflation and rising input costs will allow beneficiaries to make meaningful investments in livestock, productive economic assets, and equipment. A two-tier loan ceiling, updated annually using a transparent price index, will strengthen micro-enterprise viability, income stability, and graduation trajectories.
- **Strengthen Operational Budgets for Hard-to-Reach Areas**: Modest increases in operational allocations for remote and sparsely populated districts will enable partners to maintain regular field presence, retain local female staff, and serve dispersed communities without compromising monitoring or client support. A hardship top-up formula and dedicated funding for female outreach are recommended.
- **Establish a Dedicated Administrative and M&E Funding Line**: A specific budget line for administration and monitoring will cover partner operations, supervision, digital data systems, and periodic third-party assessments.
- **Strengthen Accessibility and Programme Coordination:** Ensure a seamless household pathway linking NPGP (or other similar programme) asset transfers, coaching, and PMIFL lending, with shared tracking and joint case management between partners. Expand physical and digital access through local facilitation points, agent-assisted intake, or mobile applications to improve uptake, especially for women and remote households.
- **Preserve and Strengthen the Interest-Free Revolving Fund Model:** Keeping PMIFL interest-free and regularly replenished fund will help maintain its acceptance and ensure sufficient funds for lending. Monitoring a few key performance indicators will help keep the fund sustainable and support beneficiaries in improving their incomes over the long term.
- **Develop Structured Pathways into Sharia-Compliant Financial Products:** For mature enterprises, structured linkages with Islamic finance institutions will provide larger, flexible, and culturally acceptable products. Piloting referral pathways, graduation

readiness checklists, and joint financial literacy sessions will facilitate smooth transitions for eligible clients.

- **Scale-up PMIFL within Government Poverty Graduation Architecture:** Sustained multi-year financing, clear scale-up pathways, and integration with GoP's poverty reduction framework will ensure continuity across political cycles, expand access to underserved districts, and strengthen graduation sequencing.
- **Introduce GoP Reimbursement for Operational Costs:** A predictable reimbursement mechanism linked to performance standards will secure operational budgets for partners and programme management, protecting quality and ensuring consistent service delivery in target districts.

CONCLUSION:

The PMIFL Programme has demonstrated strong success as a scalable and effective poverty alleviation instrument, closely aligned with national priorities and the needs of underserved communities. It has delivered tangible socio-economic gains, reflected in high repayment rates, significant income growth, and substantial improvements in PSC scores, indicating meaningful poverty graduation. The Programme has also contributed to employment generation and enhanced employability, particularly among women, alongside notable gains in their social and economic empowerment. High beneficiary satisfaction further reinforces its credibility and acceptance. PPAF's substantial contributions towards operational costs underscores its institutional commitment and has been critical in ensuring efficient delivery and sustained impact.

1. INTRODUCTION OF THE PROGRAMME

1.1 BACKGROUND

Despite decades of progress, poverty remains a central development challenge worldwide. An estimated 831 million people lived in extreme poverty in 2025, defined as surviving on less than US$3.00 per day, reflecting continued hardship for about 10% of the global population. Progress against extreme poverty has slowed due to overlapping global crises, including the pandemic, conflict, and economic shocks.

South Asia has historically accounted for a large share of global poverty due to its population size and levels of deprivation. While the region has seen declines in extreme poverty, it still houses millions of poor households. For example, India and Bangladesh together accounted for a significant share of regional poverty in the mid-2010s, with India carrying the largest number of poor.

Within this regional context, Pakistan faces persistent poverty challenges, with recent assessments reporting that nearly half of the population lives below a broad poverty threshold and a significant share experiences multidimensional deprivation.

To address these challenges, the Government of Pakistan (GoP) has developed a comprehensive social protection and inclusion framework. At its core are flagship programmes such as the Benazir Income Support Programme (BISP) and the broader Ehsaas framework, which provide targeted cash transfers and welfare support to poor and vulnerable households, particularly women and children, to stabilise consumption and reduce immediate deprivation. Complementing these, the National Financial Inclusion Strategy (NFIS) promotes access to financial services as an enabler of inclusive growth, resilience, and economic participation for underserved groups including women and youth.

While social assistance stabilises welfare, sustainable poverty graduation requires expanding opportunities for economic inclusion. The Prime Minister's Interest-Free Loan (PMIFL) programme, implemented through the Pakistan Poverty Alleviation Fund (PPAF), is a cornerstone of this approach. PMIFL provides interest-free, collateral-free credit to poor and vulnerable households to invest in income-generating activities and build productive assets. Its design reflects the GoP's focus on inclusion: by eliminating interest costs, it improves uptake among households that avoid interest-based credit for religious or financial reasons; it also aligns with the National Poverty Graduation and the Prime Minister's agenda on expanding economic opportunities for women and youth.

PMIFL's approach differs from conventional microfinance in several keyways. Traditional microfinance products are typically offered at market rates with interest and focus on commercial sustainability, which can restrict outreach to the poorest and those in remote areas. In contrast, PMIFL's interest-free model prioritises inclusivity and acceptability, reducing barriers to credit for households that are excluded from mainstream finance. Moreover, PMIFL is policy-driven rather than profit-driven, designed as a bridging mechanism between social protection and livelihoods—supporting households not just to cope, but to invest in productive activities that enhance resilience and longer-term income opportunities.

The global relevance of interest-free or publicly supported lending models is evident in several regional examples. In Bangladesh, microcredit and Shariah-compliant financial products have expanded financial access among low-income women and rural households, contributing to poverty reduction and empowerment. In India, women's Self-Help Group (SHG) programmes linked to formal banking systems have provided structured saving and credit access to millions of underserved clients. In China, government-backed targeted microcredit initiatives under poverty reduction frameworks have provided small loans adapted to the needs of rural and poor households, helping to stimulate microenterprise and local income growth.

These international experiences demonstrate that tailored credit mechanisms—whether interest-free, Shariah-compliant, subsidised, or policy-supported are used globally to reach populations that conventional finance often overlooks. PMIFL embodies this policy trend within Pakistan's institutional and social context, contributing to broader national goals of inclusive growth, women's economic participation, and sustainable poverty graduation.

1.2 INTRODUCTION OF PMIFL

Poverty in Pakistan remains multidimensional, deeply entrenched in low-income households with limited opportunities, few productive assets, and poor access to health, education, and financial services. To address these challenges, the Government of Pakistan (GoP), under the Prime Minister's Youth Programme, launched the Prime Minister's Interest-Free Loan (PMIFL) Programme in June 2014. The initiative provides small, interest-free loans to low-income households (Poverty Scorecard 0–40) for income-generating activities, especially targeting women, youth, and marginalised groups. Implemented by PPAF, the programme aims to bridge the gap between underprivileged households and formal financial services, ultimately fostering economic empowerment and poverty alleviation. By offering interest-free loans, the initiative helps beneficiaries build sustainable livelihoods and integrate into the broader financial system.

PPAF, as the country's leading apex institution for community-driven development, was entrusted with the design, implementation, and oversight of the programme, building on its two decades of experience in microfinance, livelihoods, and institutional strengthening. The programme objectives are:

- Provide interest-free micro-loans to poor and vulnerable households, enabling self-employment and enterprise creation.
- Promote women's economic empowerment by ensuring at least 50% loan coverage for women.
- Build community-level institutions capable of managing local revolving funds.
- Encourage entrepreneurial behaviour through financial literacy, enterprise training, and market linkages.
- Support the Government's Poverty Graduation Agenda, linking short-term relief with long-term resilience.

Under a Memorandum of Understanding (MoU) with the Ministry of Finance, PPAF operationalised the programme in partnership with 26 Partner Organisations (POs) across 110 districts. The programme is implemented in two phases:

- The first phase of the programme was launched in 2014, with an initial allocation of PKR 4.13 billion[3] to support poor households in rural and semi-urban areas. Operational costs equivalent to 10% of on-lending funds were also allocated for the subsequent three years. It was rolled out in 442 Union Councils (UCs) across 45 districts, providing interest-free loans of up to PKR 50,000 to individuals with a household Poverty Score Card (PSC) rating

[3] *The allocation includes PKR 3.16 billion for on-lending, PKR 948 million for operational costs (including training and monitoring), and PKR 25 million for the one-time establishment of loan centres.*

between 0-40. These loans were designed for those who had viable business ideas but lacked access to banks or microfinance institutions**.**

- A Steering Committee constituted by the Ministry of Finance provided oversight and technical guidance. Funds were revolved through POs to provide interest-free loans. The initial exit strategy of phase I envisaged transferring funds to Community Institutions (CIs) by May 2018. However, the midline assessment noted that CIs were not yet in a position to sustainably manage and revolve the loan fund under the programme's intended exit strategy, and recommended shifting management responsibilities to POs. In addition, due to limited technical and management capacities, the Steering Committee of the PMIFL programme requested PPAF to continue implementation through POs.

Based on the success implementation of Phase I, second phase was launched in June 2021 under the Ehsaas Programme, with an additional allocation of PKR 5 billion. The allocated funds were disbursed to Partner Organisations (POs) during the same year. Phase II expanded the programme's coverage to 456 Union Councils across 27 districts and is currently under implementation at the field level. Under this phase, the loan ceiling was increased from PKR 50,000 to PKR 75,000. Furthermore, PPAF's key responsibilities included:

- **Programme Design and Oversight**: Formulate Standard Operating Procedures (SOPs), eligibility criteria, and operational guidelines.
- **Partner Management**: Selection, capacity building, and performance monitoring of POs.
- **Fund Management**: Disbursement of on-lending funds and monitoring recoveries to ensure revolving capital sustainability.
- **Technical Backstopping**: Train POs on credit management, digital monitoring systems, and reporting standards.
- **Financial Stewardship**: Since 2018, PPAF contributed PKR 2.25 billion from its resources for partner operational costs, including PKR 1.1 billion for National Poverty Graduation Programme (NPGP) districts.
- **Eligibility**: Loans up to PKR 75,000 for households scoring up to 40 on the Poverty Scorecard (PSC), cleared social and technical appraisals, for income-generating activities.

- **PLUS Dimensions**: Enterprise training and counselling, market linkages, financial literacy, and numeracy training.

1.3 RATIONALE AND SCOPE OF THE IMPACT ASSESSMENT

1.3.1 OBJECTIVE OF IMPACT ASSESSMENT

The primary objective of this Impact Assessment was to evaluate the impacts of the Prime Minister's Interest-Free Loan (PMIFL) programme on its beneficiaries. The impact assessment was aimed at providing a comprehensive understanding of the programme's relevance, coherence, efficiency, effectiveness, sustainability, and with respect to poverty alleviation and economic empowerment. The impact assessment focused on the following areas:

- Graduation from poverty
- Changes in standard of living
- Changes in asset ownership
- Access to Basic Services (health, education)
- Women's Empowerment: How the programme influenced women's participation in economic activities, financial independence, and decision-making.
- Access to mobile phone/smart phone
- Resilience to financial risks/economic shocks
- Women's Empowerment (financial literacy, financial independence, access to finance, participation in decision making activities, decision making)
- Borrower satisfaction

Furthermore, the impact assessment assessed the PMIFL programme against the following OECD-DAC evaluation criteria and cross-cutting themes:

1. Relevance

- Evaluate how well the Prime Minister's Interest Free Loan (PMIFL) Programme aligns with the financial needs of marginalised, vulnerable, and low-income households.
- Assess the loan disbursement process, including its timeliness, efficiency, and mechanisms.

- Assess and understand the beneficiaries' changes in standard of living (access to health, education, assets, resilience to economic shocks, financial literacy, usage of smart phones, empowerment etc.)

2. Effectiveness

- Assess the extent to which PMIFL has successfully achieved its intended outcome of poverty alleviation among beneficiaries.
- Examine how effectively loan recipients have utilised financial support to improve their economic conditions.
- To what extent does PMIFL contribute to socio-economic enhancement, improved living standards (access to health, education, and basic services etc.)

3. Efficiency

To assess how effectively PMIFL utilised its resources to achieve its objectives, with a focus on timeliness, cost-effectiveness, and strategic resource allocation.

4. Coherence

- Analyse how well the PMIFL aligns with and complements other government-led and donor-funded poverty alleviation initiatives.

5. Impact

- Examine the role of the PMIFL in promoting women's economic empowerment and financial independence.
- Assess the impact of the PMIFL programme on beneficiaries' lives, including its influence on business creation, socio-economic upliftment, asset ownership, and access to healthcare and education.

6. Sustainability

- Determine whether beneficiaries continue to experience financial stability and economic growth after completing loan cycles.

7. Cross-Cutting Themes

- Assess external challenges such as economic volatility, political instability, and climate-related shocks that may have affected the programme (e.g., COVID-19, the 2022–2023 floods, and other climate vulnerabilities).
- Identify lessons learned and best practices that can inform future programming.

1.3.2 RATIONALE AND SCOPE OF ASSESSMENT

For the Impact Assessment of the PMIFL programme, PPAF commissioned Center For Development and Evaluation, C4DE is a well-known third-party assessment, evaluation and research services provider. C4DE team worked closely with the PPAF team to conduct the impact assessment. The scope of work for the impact assessment involved a comprehensive evaluation of PMIFL Programme examining its socio-economic effects on beneficiaries. C4DE team employed a mixed-method approach, integrating both quantitative and qualitative research methodologies to capture a holistic understanding of the programme's impact. This included the implementation of beneficiaries' surveys, focus group discussions (FGDs), and key informant interviews (KIIs) with beneficiaries, stakeholders, and implementing partners. The assessment was primarily guided by the OECD-DAC evaluation criteria, focusing on relevance, effectiveness, efficiency, coherence, sustainability and impact. In addition to these core areas, the evaluation also explored cross-cutting themes, such as the programme's responsiveness to external shocks (e.g., COVID-19, floods, climate change).

1.3.3 KEY ASSESSMENT QUESTIONS

1. Relevance

1a. To what extent does the PMIFL programme address the financial needs of marginalised, vulnerable, and low-income households?

1b. How effective is the loan disbursement process in ensuring timely and efficient access to funds for beneficiaries?

2. *Effectiveness*

2a. How well have loan recipients utilised financial assistance to improve their economic conditions and livelihoods?

2b. To what extent does PMIFL contribute to socio economic enhancement, improved living standards (access to health, education, and basic services etc.)

3. Efficiency

3a. To what extent were the programme's resources used efficiently to deliver interest-free loans in a timely and cost-effective manner?

4. Coherence

4a. How well does the PMIFL align with and complement other government-led and donor-funded poverty alleviation initiatives, including but not limited to the NPGP?

5. *Impact*

5a. What impact did the PMIFL programme have on promoting women's economic empowerment and financial independence?

5b. How has PMIFL programme influenced beneficiaries' socio-economic status, including business creation, asset ownership, and access to healthcare and education?

5c. To what extent has the programme reduced the incidence of extreme poverty among beneficiaries?

6. *Sustainability*

6a. Do beneficiaries continue to experience financial stability and economic growth after completing their loan cycles?

6b. What factors contribute to or hinder the long-term sustainability of programme benefits?

7. *Cross*-Cutting Themes

7a. What external challenges, such as economic volatility, political instability, and climate-related shocks (e.g., COVID-19, 2022–2023 floods), have affected programme implementation and outcomes?

7b. What key lessons and best practices emerged from the implementation of PMIFL?

2. APPROACH AND METHODOLOGY

For the Impact Assessment of the Prime Minister's Interest-Free Loan (PMIFL) Programme, C4DE employed a mixed-methods approach, integrating both quantitative and qualitative methods to ensure a comprehensive and nuanced understanding of the programme's outcomes. Quantitative data were collected through a structured beneficiary survey, administered across all targeted districts to measure socio-economic indicators and assess the programme's effectiveness, relevance, coherence, efficiency, sustainability, and impact. On the qualitative side, Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) were conducted to capture in-depth perspectives from a range of stakeholders, including loan centre representatives, community leaders, partner organisations, and field staff. These qualitative tools provided rich insights into beneficiary experiences, implementation processes, and contextual factors that influenced programme performance.

The following sections outline each of these methods in detail, including sampling strategies, training, data collection tools etc.

2.1 SAMPLING FOR QUANTITATIVE DATA COLLECTION

The sampling approach for this assessment was designed to maximise representativeness while also targeting the high beneficiary clusters (union councils) within selected districts. Initially, the full beneficiary dataset was filtered to include only those records from districts specified by PPAF. Within these districts, union councils were ranked based on the total beneficiary count, and only the top two union councils per district were retained. This step ensured that the sample was concentrated in areas with high service utilisation, thus enhancing the statistical power for subsequent analyses. The ranking and selection process allowed for efficient resource allocation and a focus on the most relevant sub-populations for programme evaluation. Following the union council selection, stratification was implemented by disaggregating the sample into distinct groups based on tehsil, gender, and business/loan type. A modified randomisation procedure was then employed where random numbers were generated and adjusted for specific business/loan types to account for potential oversampling within certain subgroups. A total of 2,411 beneficiaries were thus identified for the main sample. This main sample serves as the primary focus for impact evaluation and was drawn based on predetermined district-level target counts. The replacement sample, serves as a backup list of identified beneficiaries, followed the same stratified procedure, albeit with targets set at half the corresponding main sample counts.

In the final stage, a trimming process was applied to ensure that the main sample precisely meet the targeted district distributions. Random numbers were used to rank observations within each district, and only those falling within the target counts were retained. This trimming process was critical for maintaining the intended sample size and preserving the representativeness of key strata. Additionally, sampling weights were calculated by determining the inverse of the sampling fraction in each stratum (tehsil, gender, and business/loan type), thereby facilitating unbiased estimates in subsequent analyses.

Table 1: Province/Region-Wise Achieved Quantitative Sample Distribution

Province/Region	District	Male	Female	Total
Punjab	D.G. Khan	141	138	279
	Mianwali	55	69	124
	Subtotal	**196**	**207**	**403**
Khyber Pakhtunkhwa	D.I. Khan	73	72	145
	Mansehra	143	117	260
	Subtotal	**216**	**189**	**405**
Sindh	Kashmore		156	156
	Tharparkar	127	123	250
	Subtotal	**127**	**279**	**406**
Balochistan	Lasbela	130	117	247
	Zhob	73	79	152
	Subtotal	**203**	**196**	**399**
AJK	Poonch	154	241	395
	Subtotal	**154**	**241**	**395**
GB	Skardu	192	211	403
	Subtotal	**192**	**211**	**403**
Grand Total		**1,088**	**1,323**	**2,411**

Notes: *Sample includes all beneficiary households surveyed across 10 districts in 4 provinces and 2 regions of Pakistan.*

2.2 SAMPLING FOR QUALITATIVE DATA COLLECTION

For the qualitative component of the PMIFL Impact Assessment, C4DE employed purposive sampling, a strategic approach that allows for the deliberate selection of participants based on their relevance to the programme and their ability to provide context-rich insights. This sampling technique was chosen to ensure that individuals with direct knowledge and experience of the Prime Minister's Interest-Free Loan (PMIFL) Programme such as beneficiaries and programme implementers were included in the study. Purposive sampling enhanced the depth and quality of qualitative data by prioritising information-rich cases, which allowed for a more meaningful understanding of programme effectiveness, impact, and implementation challenges. The qualitative assessment drew its sample from the beneficiary list shared by PPAF. As discussed during the scoping meetings, efforts were made to ensure gender balance and representation from all loan categories. The table below summarises the sample for the FGDs and KIIs

Table 2: Qualitative Sample Distribution

Focus Group Discussion (FGD)	Total
FGD with women	10 FGDs with women
FGD with men	9 FGDs with men[4]
Grand Total	**19 FGDs with Women and Men**
Key Informant Interviews (KIIs)	**Total**
KIIs with the PPAF team	2 KIIs
KIIs with Loan centre representatives (each in one district)	10 KIIs
KIIs with each selected Partner organisation (PO)	10 KIIs
Grand Total	**22 KIIs**

FGD Participants: A total of 152 participants were engaged through focus group discussions (FGDs) across 4 provinces and 2 regions. Both male and female beneficiaries were included to ensure that the findings reflect diverse experiences and perspectives. Due to cultural sensitivities separate FGDs for male and female were conducted in all of the districts. In Kashmore district only female FGD was conducted due to non-availability of male beneficiaries. The FGD

[4] In Kashmore, there were only female beneficiaries so only 1 FGD is conducted

participants were diverse in terms of loan type, cycle and age to make sure that every category is balanced. This composition provided a broad base of voices, enabling the assessment to capture both gender-specific and region-specific insights into programme outcomes, challenges, and wider social impact. The table 3 below represents the FGD details.

Table 3: Province/Region-wise FGD Participants

Sr. No	Province/Region	Male	Female	Total Participants
1	AJK	8	8	16
2	Balochistan	16	16	32
3	GB	8	8	16
4	Khyber Pakhtunkhwa	16	16	32
5	Punjab	16	16	32
6	Sindh	8	16	24
Total		**72**	**80**	**152**

2.3 PRE DATA COLLECTION ACTIVITIES

Before starting the data collection activities, C4DE initiated the pre-data collection activities that involved recruitment and training of field staff along with a pre-test within the districts.

Recruitment of field staff: C4DE has a long-standing practice of maintaining a comprehensive database of qualified enumerators and field researchers across Pakistan. This database is systematically organised by district, thematic expertise, and field experience, enabling efficient and rapid mobilisation of field teams, including in some of the most remote and hard-to-reach areas of Pakistan. Despite this established resource pool, C4DE adheres to a rigorous and transparent recruitment process to ensure the quality and contextual relevance of field staff. For the PMIFL programme Impact Assessment, the hiring process began with the publication of a vacancy announcement. Following this, the technical team, in collaboration with the Human Resources (HR) and administration departments, conducted a thorough shortlisting process based on applicants' experience and familiarity with the local context. Shortlisted candidates were invited for virtual interviews, and final selections were made considering factors such as local presence, relevant sectoral knowledge, and prior experience in similar assignments. This approach ensured that the recruited field staff not only possess the necessary technical competencies but were also well-versed in the socio-cultural dynamics of their respective districts.

Programming of Questionnaire (CAPI): As committed in the inception phase of the assessment, the C4DE team opted digital data collection. For that purpose, finalised questionnaire was programmed on SurveyCTO by the Data Manager. CAPI helped to avoid human errors that are very common in paper-based data collection. The quantitative questionnaire was carefully reviewed and programmed in the handheld devices of the enumerators. The CAPI development followed the following important steps

- **Tool Digitisation:** The first step involved digitising the finalised questionnaire within the SurveyCTO platform. During this process, skip patterns, validation rules, and consistency checks were programmed into the tool to minimise data entry errors and ensure logical flows during interviews.
- **Internal Testing:** Prior to the training of field staff, the CAPI tool underwent thorough internal testing. This allowed the technical team to identify and resolve any bugs, incorrect skip patterns, or logic flaws in the digital form. Feedback from the testing phase was used to fine-tune the tool for field-readiness.
- **Data Security and Backup:** C4DE ensured full compliance with data protection protocols. The CAPI system was designed with secure encryption, automated data backups, and access controls to maintain data integrity and prevent unauthorised access or loss during transmission.

Training of the field Staff: Since the districts were scattered across the four provinces, GB and AJK regions, C4DE devised a comprehensive approach to conduct in-person training of all the enumerators. To conduct in-person training of all the enumerators, the training sessions were clubbed as follows:

Table 4: Trained Field Staff Distribution

Sr. No	Districts	Training Venue	Supervisors	Enumerators	Reserves	Total
1	D.G. Khan, Mianwali, D.I. Khan	D.G Khan	3	10	4	17
2	Skardu	Skardu	1	4	2	7
3	Mansehra, Ponch	Abbottabad	2	7	2	11
4	Tharparkar, Zhob, Lasbela, Kashmore	Sukkur	4	14	4	22
	Grand Total		**10**	**35**	**12**	**57**

Each training session was spread over three days, with a mix of both theoretical learning and practical hands-on exercises. The goal of the training was to make sure that all enumerators and supervisors were fully prepared for fieldwork, not just in terms of understanding the assessment, but also how to carry it out effectively and responsibly. The training covered the basics of data collection, use of CAPI, field protocols, and how to approach and engage with respondents respectfully. Mock interviews, role-plays, and group discussions were included to help participants get comfortable with real-world scenarios they might face in the field. The sessions were designed to be interactive, giving participants the chance to ask questions, share past experiences, and learn from each other.

Training Session – D.G. Khan (30th May – 1st June 2025)

Training Session – Sukkur 19th – 21st June 2025)

Figure 1: C4DE Team Conducting Training Session

Pre-testing of tools: To ensure readiness for full-scale implementation, a pre-test exercise was conducted in each of the targeted districts. The pre-test was designed to test tools under real field conditions, closely replicating the operational environment in which the actual data collection would take place. This step was critical in validating the functionality of the instruments, identifying potential issues, and fine-tuning field protocols. For pre-testing, the respondents were selected from the replacement categories rather than using the main sample respondents. The selection allowed enumerators to engage with respondents in a realistic setting while avoiding contamination of the main sample. Each enumerator was required to conduct at least one complete interview. Field access and local coordination were facilitated by the respective Partner Organisations (POs) in each district.

The pre-testing exercise mainly served multiple purposes

- It enabled the enumerators to gain an in-depth understanding of the survey instrument.
- It allowed the enumerators to understand the logic and accuracy of the questionnaire.
- Lastly, since the data collection was CAPI-based, the pre-test also helped in understanding and resolving technical challenges.

Figure 2: Enumerators Pre-testing Questionnaire

Pre-test activities were conducted at the end of the training sessions in each district as a final step to validate the functionality and clarity of the digital data collection tool before launching the full-scale fieldwork. Each enumerator successfully conducted at least one interview during the pre-test phase, and overall, the tool was found to be well-structured and operational. No major issues were observed; however, a few minor adjustments were identified based on enumerator feedback and field observations.

The following key refinements were made to the tool based on pre-test findings:

- **Urdu Translation Adjustments:** Minor refinements were made to the Urdu version of the questionnaire within the SurveyCTO interface to improve accuracy and comprehension for both enumerators and respondents.

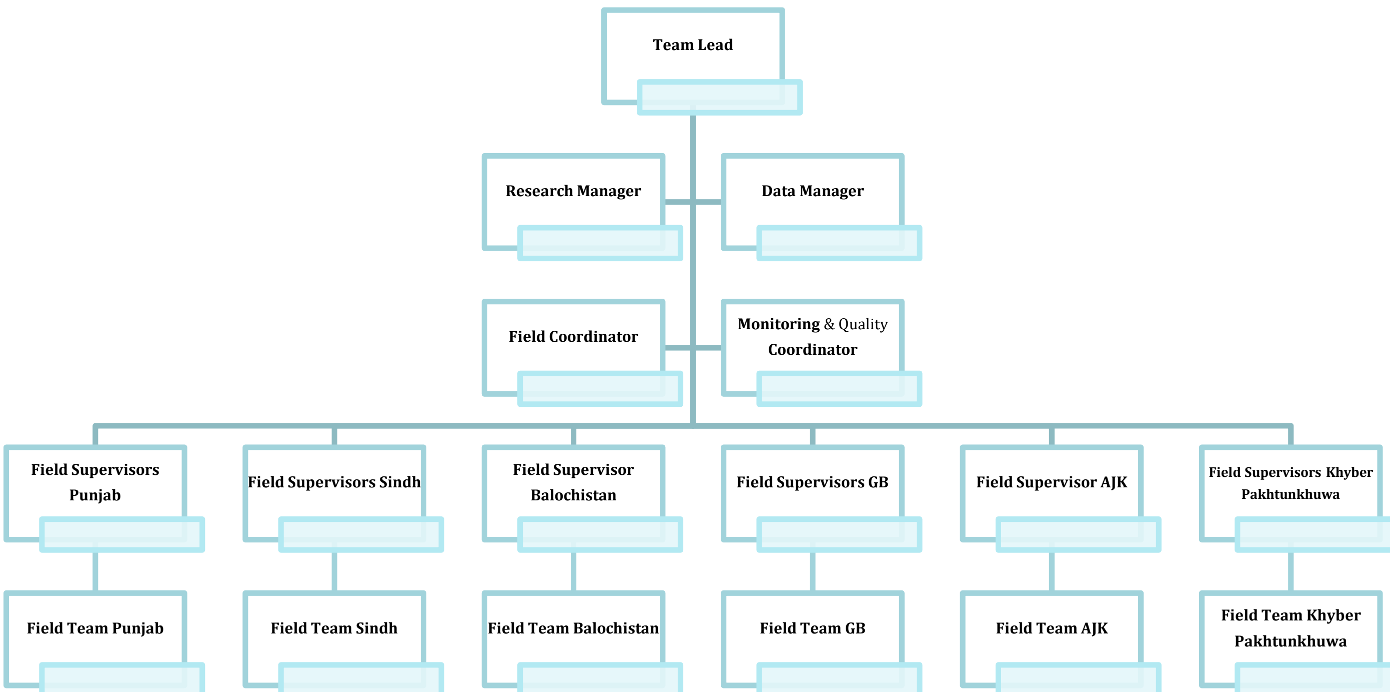
- **Clarification of Misinterpreted Questions:** A few questions were found to be misunderstood by respondents or inconsistently interpreted by enumerators. These were clarified with revised phrasing or enhanced guidance notes to ensure consistency across interviews.

2.4 DATA COLLECTION ACTIVITIES

Team Structure and formation: Following the feedback and adjustments made during the pilot and pre-testing phases, C4DE formally initiated full-scale data collection activities across all targeted districts. To ensure smooth execution and effective coordination between the central C4DE team and field-based data collection teams, a clear operational hierarchy was established.

A structured team setup was implemented to facilitate communication, resolve challenges in real time, and ensure that field activities were carried out efficiently and within the planned timeline. This hierarchical structure enabled timely identification and resolution of field-level issues, maintained strong oversight of the data collection process, and ensured high-quality and standardised protocols across diverse and often challenging field environments.

Figure 3: C4DE Team Structure



Data Collection: The data collection for the impact assessment was carried out using a structured and well-planned approach to ensure that all aspects of the programme were properly understood and analysed. To gain a clear understanding of the programme, its objectives, and how it was implemented, the C4DE team first conducted Key Informant Interviews (KIIs). These interviews were carried out in close consultation with the PPAF team to ensure that the assessment captured accurate and detailed information. KIIs provided valuable insights into the programme's design, its delivery mechanisms, and the challenges faced during implementation. In addition, the KIIs included discussions with representatives from partner organisations as well as members of the PPAF team, which allowed the assessment team to understand multiple perspectives and gather comprehensive information about the programme's structure, strategies, and operational processes.

Post Pilot Programming: After the pre-test, the adjusted questionnaire was fully programmed into the SurveyCTO platform. The programming incorporated built-in validation checks, skip logic, and constraints to ensure that the data collected was consistent, accurate, and required minimal post-collection cleaning. This approach helped streamline the data collection process, reduced the likelihood of errors in the field, and ensured that the dataset was of high quality and ready for analysis.

Field Work: The field teams were mobilised to begin the process of data collection. The exercise was carried out across all ten sampled districts included in the assessment, ensuring that the coverage was both comprehensive and systematic.

Figure 4: Field Team Collecting Data

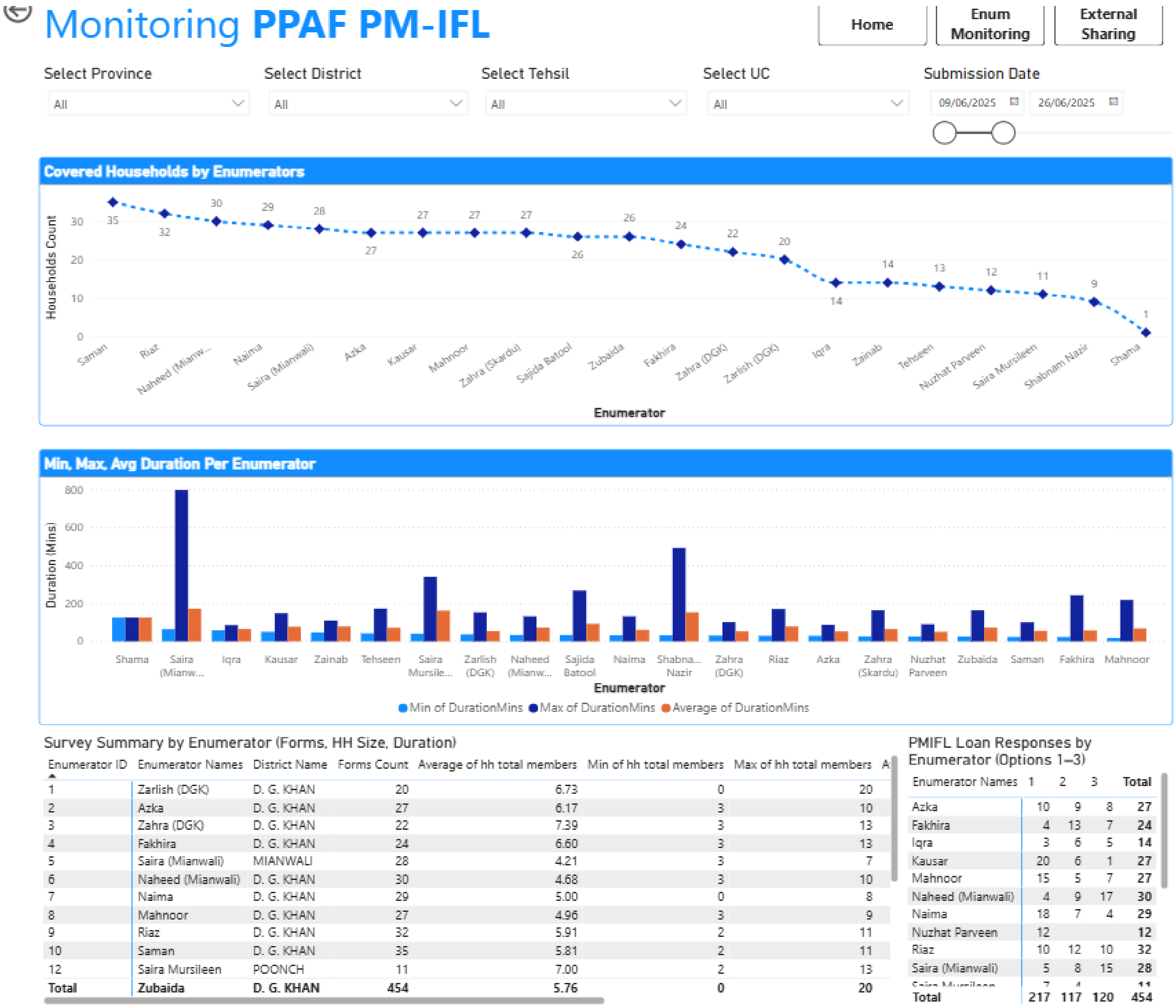
To maintain the accuracy and integrity of the data, each beneficiary was assigned a unique pre-loaded identification on the tablets used by the field teams, which helped prevent any duplication or errors during data entry. The field team supervisors played a key role in coordinating with the partner organisations, who provided essential support in locating the sampled beneficiaries and facilitating smooth interactions with them. This coordination between the field teams and partner organisations ensured that the data collection process was efficient, well-organised, and able to reach all intended participants.

In addition to the quantitative interviews, C4DE conducted Focus Group Discussions (FGDs) with beneficiaries and Key Informant Interviews (KIIs) with representatives from the loan centres. The FGDs were organised into separate groups for male and female participants, allowing for open and contextually relevant discussions. These sessions generated rich qualitative data that helped explain the changes and impacts experienced by beneficiaries as a result of the PMIFL programme. The qualitative consultations provided valuable insights and recommendations from a diverse range of stakeholders, reflecting multiple perspectives on the programme's effectiveness, challenges, and areas for improvement. The interviews were recorded with consent and an information letter. Later on, the recordings were transcribed into clean notes for analysis.

2.5 QUALITY CONTROL FOR DATA COLLECTION

C4DE implemented a rigorous and structured system to ensure the quality and integrity of all data collected during the assessment. Field supervisors acted as the primary mechanism for quality control, accompanying enumerator teams to each sampled Union Council and household. Supervisors visually observed live interviews to ensure adherence to protocols and proper conduct, while daily monitoring of para-data allowed the team to assess enumerator performance in real time. This monitoring provided detailed insights, including the number of interviews completed per day, cumulative interviews performed, and progress against daily, weekly, and team-specific targets.

Development of Power BI Dashboard: A detailed and customised dashboard was developed on Power BI specifically for the data management team. This dashboard enabled the head office team to closely monitor data collection in real time, providing insights into overall data trends, individual team performances, target achievements, and the average time taken to complete survey forms. The dashboard included key performance indicators that facilitated effective coordination between the field teams and the data management team, ensuring timely identification of issues, continuous tracking of progress, and improved overall efficiency in the data collection process.



Enumerator ID	Enumerator Names	District Name	Forms Count	Average of hh total members	Min of hh total members	Max of hh total members
1	Zarlish (DGK)	D. G. KHAN	20	6.73	0	20
2	Azka	D. G. KHAN	27	6.17	3	10
3	Zahra (DGK)	D. G. KHAN	22	7.39	3	13
4	Fakhira	D. G. KHAN	24	6.60	3	13
5	Saira (Mianwali)	MIANWALI	28	4.21	3	7
6	Naheed (Mianwali)	D. G. KHAN	30	4.68	3	10
7	Naima	D. G. KHAN	29	5.00	0	8
8	Mahnoor	D. G. KHAN	27	4.96	3	9
9	Riaz	D. G. KHAN	32	5.91	2	11
10	Saman	D. G. KHAN	35	5.81	2	11
12	Saira Mursileen	POONCH	11	7.00	2	13
Total	**Zubaida**	**D. G. KHAN**	**454**	**5.76**	**0**	**20**

Enumerator Names	1	2	3	Total
Azka	10	9	8	27
Fakhira	4	13	7	24
Iqra	3	6	5	14
Kausar	20	6	1	27
Mahnoor	15	5	7	27
Naheed (Mianwali)	4	9	17	30
Naima	18	7	4	29
Nuzhat Parveen	12			12
Riaz	10	12	10	32
Saira (Mianwali)	5	8	15	28
Total	217	117	120	454

Figure 5: Data Monitoring Dashboard

Strong Adherence to Field Protocols: Additional measures were put in place to further enhance data quality. These included the establishment of strong field protocols, such as supervisor-conducted spot checks to minimise non-response due to tracking challenges, respondent unavailability, or refusals. Enumerators were trained to schedule visits at times convenient for respondents, and any problematic cases were communicated immediately to the research manager for resolution. Daily team meetings were held to review field issues, discuss data errors, and make necessary adjustments to field operations. To prevent disruptions due to device malfunctions, each field team carried a backup tablet, and the field research coordinator maintained additional tablets to provide replacements during field visits if needed.

Back Checks: Back checks were conducted simultaneously with data collection to ensure transparency and adherence to the assessment protocols. The field teams randomly selected completed survey forms and contacted the respective beneficiaries via telephone to verify the information provided. The back-checks included a range of questions designed to confirm the validity and authenticity of the data collected. All enumerators operating across the 10 assessment districts were subjected to these back-checks. Any discrepancies or inconsistencies identified during this process were immediately discussed with the field team supervisors, allowing for timely rectification and reinforcing the quality and reliability of the data collection process.

2.6 LIMITATIONS AND MITIGATIONS

This section documents the main limitations and operational challenges encountered in implementing the study and analysing the evidence. It also describes the mitigation steps taken to protect data quality, transparency, and interpretability of findings. The intent is to ensure that results are read appropriately and that the boundaries of inference are clear.

Beneficiary outcomes are shaped by concurrent influences beyond the programme, including inflation and input price volatility, local market conditions, seasonal variation, climate-related shocks, health emergencies, and other interventions. Without a counterfactual, it is not possible to disentangle programme contribution from these external factors.

Study implementation and analytical challenges

Several practical challenges affected study implementation and analysis.

- ***Data completeness and module-specific missingness:*** Some survey modules and follow-on questions are not uniformly completed for all respondents, and completeness can vary by subgroup and loan cycle. This can reduce effective sample sizes for specific indicators and limit the precision of detailed disaggregation.
- ***Uneven sample sizes across loan cycles:*** Later loan cycles typically involve fewer observations than earlier cycles, which can make estimates for Loan 3 (and related sub-analyses) less stable and more sensitive to outliers.

- ***Measurement variability in self-reported financial indicators*: ** Variables such as business income are subject to reporting error, heaping, and differences in respondents' interpretation of "income" (profit versus revenue), which can affect comparability across respondents and districts.
- ***Multiple-response questions and interpretation*:** For multi-selected items (for example, sources of borrowing or information channels), percentages represent the share selecting each option and are not intended to sum to 100 percent. Without clear presentation, such items can be misread by non-technical audiences.
- ***Qualitative evidence representativeness*:** FGDs and KIIs provide depth and explanatory value but are not statistically representative of the full beneficiary population. Qualitative findings are therefore used to explain mechanisms and implementation realities rather than to quantify prevalence.

Mitigation measures adopted

A set of mitigation steps was applied to reduce risk to validity, improve transparency, and strengthen interpretability.

- ***Clear limits on attribution*:** All reporting and interpretation were framed descriptively. Language implying causality was avoided, and statistical testing (where used) was presented as evidence of within-sample differences, not programme impact.
- ***Triangulation across sources*:** Quantitative survey patterns were cross-checked against qualitative evidence (FGDs/KIIs) and programme documentation to validate plausibility and to interpret pathways, bottlenecks, and contextual drivers.
- ***Paired analysis for "before–after" measures*:** Where "before PMIFL" and "after PMIFL" are reported for the same respondent/business, paired comparisons were used to ensure that estimates compare like with like. Where distributions were skewed, non-parametric robustness checks were applied alongside mean comparisons.
- ***Transparent handling of missingness and bases*:** Estimates were produced on explicit analysis bases (for example, paired non-missing observations for before–after indicators; specific sub-samples for source-specific modules). Figures and tables were labelled with denominators, and multi-response outputs were clearly flagged as such.

- ***Conservative disaggregation:*** District, gender, and loan-cycle breakdowns were restricted where sample sizes became too small to support stable inference. Where disaggregation was shown, results were interpreted cautiously and presented as indicative.
- ***Improved presentation for usability*:** Key statistics were presented with supporting tables and graphs to reduce misinterpretation. Visuals were designed with clear labels, explicit bases, and notes to distinguish descriptive patterns from causal claims.

Implications for interpreting findings

Given the lack of a counterfactual and the reliance on self-reported indicators, results should be understood as descriptive evidence of how beneficiaries experience PMIFL and how outcomes vary across subgroups and contexts. Reported changes, including statistically significant differences in before–after measures, should not be interpreted as causal impacts attributable solely to the programme. These limitations are important for reading the Key Findings and for grounding recommendations in what the study can and cannot conclude.

3. KEY FINDINGS AND IMPACT

3.1 MACROECONOMIC AND POVERTY CONTEXT

The PMIFL programme was implemented over a period marked by substantial macroeconomic volatility in Pakistan. Since 2014, the country has experienced repeated economic shocks, including balance-of-payments crises, currency depreciation, high inflation episodes, climate-related disasters, and slower employment growth. These pressures intensified after 2018 and were further compounded by the COVID-19 pandemic and subsequent inflationary surges, which disproportionately affected low-income households. National and international evidence over this period indicates rising poverty rates, declining real purchasing power, and increased income insecurity, particularly among households dependent on informal labour, agriculture, and small-scale self-employment.

This broader context is relevant for interpreting programme outcomes, as the economic environment in which PMIFL operated differed markedly from the conditions prevailing at programme inception. Sustained inflation and rising input costs may have affected both the real value of loan amounts and the capacity of borrowers to expand or sustain income-generating activities, while heightened vulnerability may have increased reliance on microfinance as a coping and stabilisation mechanism. At the same time, macroeconomic deterioration does not predetermine programme effectiveness; rather, it underscores the importance of assessing PMIFL outcomes in light of changing external conditions, while distinguishing between programme design and implementation factors and economy-wide constraints beyond the programme's direct influence.

3.2 OVERVIEW OF THE SURVEY PARTICIPANTS

Profile of Survey Respondents/Participants:

The statistically significant sample was 2,400 borrowers' household survey for the selected programme area. During the impact assessment of the PMIFL programme, 2,411 borrowers' households were approached to take the questionnaire. Breakup of province/region-wise household respondents is shown in Figure 6. In the sample household survey, it was established that borrower households had taken at least one loan, with a maximum of three loans per household. A total of 2,411 households were surveyed across 10 sampled districts across four provinces and two regions. Of these, 1,251 (51.9%) had taken one loan, 686 (28.5%) had taken two loans, and 474 (19.7%) had availed three loans, indicating that more than half were first-time or one-time borrowers while a considerable proportion were repeat borrowers.

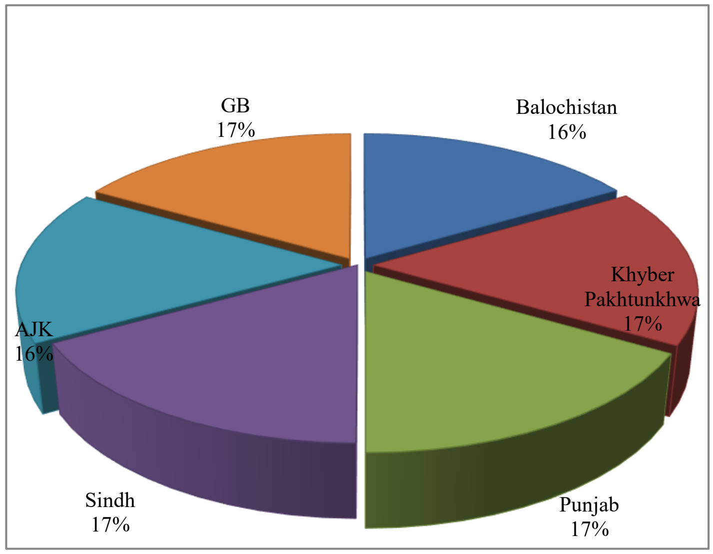


Figure 6: Province/Region-wise distributions of sample beneficiaries

The demographic profile of the 2,411 surveyed respondents reveals key insights into gender, age, and education characteristics of the Programme beneficiaries. A significant majority of respondents, 1,323, were female (55%), while male comprised 1,088 (45%), (Figure 7)

In terms of age distribution, the majority of respondents (85%) fall within the 30–60 years age group, indicating strong representation of the economically active population. A smaller proportion of respondents (10%) were aged between 18–29 years, while only 5% were above 60 years (Figure 8).

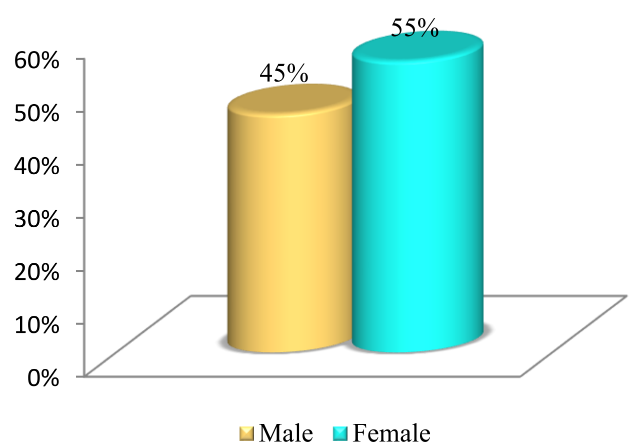


Figure 7: Gender of Respondents

Regarding education, the data indicates a relatively high proportion of respondents with no formal education, as 44% of household heads were found to be illiterate. About 10% had completed primary education, while 29% had attained education from middle to matric level. A smaller share of respondents possessed higher levels of education, with 10% completing intermediate and 7% holding a graduate-level qualification (Figure 8). These findings highlight the continued importance of improving access to education and literacy in the target communities to strengthen human capital and support sustainable socio-economic development.

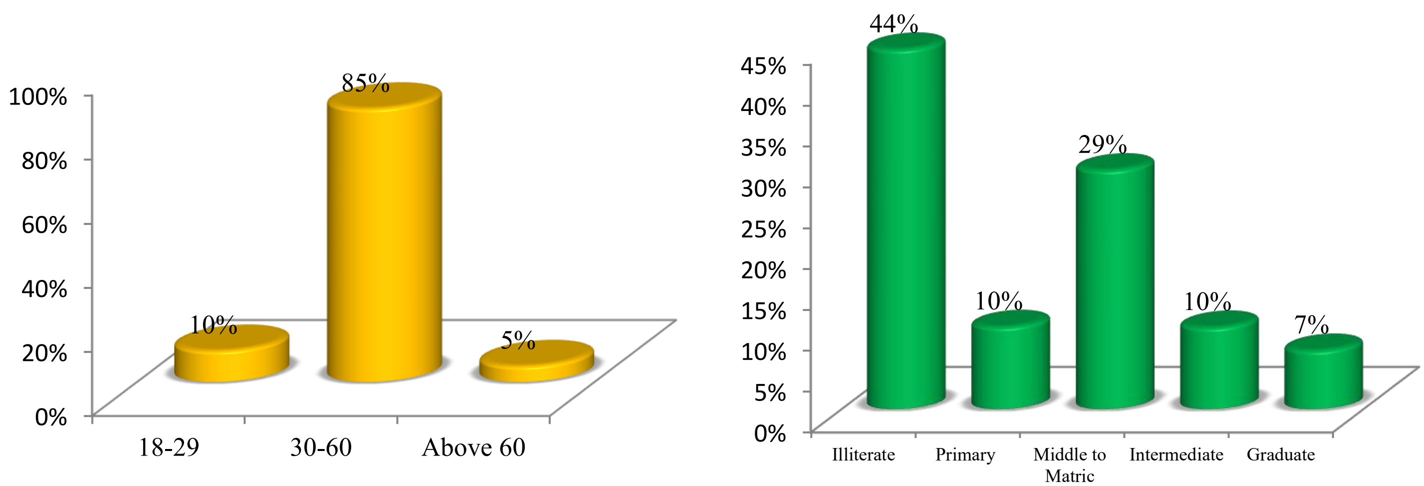


Figure 8: Respondents Education Level & Age Distribution

3.3 PROGRAMME RELEVANCE

Overall, PMIFL demonstrates high relevance across both external and internal. It effectively translates national policy commitments into practical outcomes, while aligning closely with the needs, capacities, and livelihood strategies of its target population. The programme's strong focus on financial inclusion, gender empowerment, and productive livelihoods positions it as a key instrument for poverty reduction and economic inclusion in underserved communities.

3.3.1 ALIGNMENT WITH NATIONAL AND INTERNATIONAL POLICY FRAMEWORKS

The Prime Minister's Interest-Free Loan (PMIFL) Programme is closely aligned with Pakistan Vision 2025, URAAN Pakistan, the National Financial Inclusion Strategy (NFIS), the Prime Minister's Youth Programme, and the National Policy for Development and Empowerment of Women, as well as the Sustainable Development Goals (SDGs). It promotes women's economic participation, youth entrepreneurship, financial inclusion, and livelihood development for poor and underserved households. By linking interest-free credit with enterprise training, asset-building, and market access, PMIFL supports poverty graduation and inclusive and resilient growth. The programme directly contributes to SDGs 1, 2, 5, 8, and 10 by reducing poverty, strengthening food security, advancing gender equality, and expanding decent work. Overall, PMIFL operationalises national and international policy commitments through practical, community-level economic outcomes, as detailed below:

Alignment with Pakistan Vision 2025:

The PMIFL Programme is closely aligned with Pakistan Vision 2025, particularly Pillar I, through its emphasis on women's workforce participation, youth entrepreneurship, and livelihood opportunities for low-income households; and Pillar III, by strengthening local enterprise development, asset-building, and income generation in rural and underserved areas. By enabling poor households to invest in productive activities rather than relying solely on short-term coping strategies, PMIFL contributes directly to Vision 2025's objective of inclusive and resilient economic growth at the local level.

Alignment with the URAAN Pakistan framework:

The Prime Minister's Interest-Free Loan (PMIFL) Programme directly supports the objectives of Uraan Pakistan by addressing multidimensional poverty among low-income households with limited assets and access to services. PMIFL launched in 2014 under the Prime Minister's Youth Programme and programme provides small, interest-free loans to households in the lowest poverty quintiles (PSC 0–40), with a strong focus on women, youth, and marginalised groups.

The programme enables self-employment, enterprise creation, and financial inclusion, while building community-level institutions and promoting entrepreneurial behavior through financial literacy, training, and market linkages. By providing zero-interest, zero-collateral loans in areas beyond the reach of conventional microfinance, PMIFL directly contributes to URAAN Pakistan's targets of a 13% reduction in income poverty, 11% reduction in multidimensional poverty and a 17% increase in female labour force participation. It supports graduation from social protection, asset-building, and measurable livelihood outcomes for vulnerable populations. As of December 2025, a total of 3.64 million loans[5] worth PKR 136.18 billion (including reflows) have been disbursed, with 57% to loans extended to women, demonstrating the programme's scale and its strong gender inclusion focus.

Alignment with Sustainable Development Goals (SDGs):

PMIFL directly contributes to multiple Sustainable Development Goals (SDGs). It advances SDG 1 (No Poverty) by enabling poor households to invest in productive assets and diversify income sources. Through support to livestock, agriculture, and micro-enterprise activities, it contributes to SDG 2 (Zero Hunger) by strengthening food security and rural livelihoods. The programme promotes SDG 5 (Gender Equality) by prioritising women's access to finance and supporting their transition from unpaid household labour to income-generating economic roles.

PMIFL also aligns with SDG 8 (Decent Work and Economic Growth) by fostering self-employment, micro-enterprise development, and job creation in the informal economy, and with SDG 10 (Reduced Inequalities) by extending formal financial services to populations typically excluded from conventional banking. The programme's Shariah-compliant, interest-free design

[5] *It also includes loans disbursed by Akhuwat from July 2019.*

enhances affordability and acceptability for low-income clients, reinforcing inclusive financial systems without reliance on riba-based instruments.

Overall, PMIFL operationalises Pakistan's SDG commitments by linking financial inclusion, livelihoods development, and gender empowerment into a coherent poverty graduation pathway.

Alignment with the National Financial Inclusion Strategy (NFIS):

The PMIFL Programme is closely aligned with Pakistan's National Financial Inclusion Strategy (NFIS), which aims to expand access to and usage of formal financial services particularly among women, youth, rural households, and small enterprises. By extending credit to unbanked and underserved populations, PMIFL directly supported NFIS targets to increase adult financial inclusion to 65% by 2030.

Under both NFIS 2015–2020 and the updated NFIS 2024–2028, priority is given to digital financial services, customer segmentation, agent-based delivery, and financing for agriculture, SMEs, and priority sectors. PMIFL complements these objectives through its credit-plus model, which combines interest-free lending with financial literacy, enterprise training, and community-level institutions. The programme's digital monitoring systems and partner-based delivery channels also reinforce NFIS goals around access point expansion, usage of finance, and responsible financial inclusion.

By targeting excluded groups and linking credit with livelihoods development, PMIFL operationalises NFIS in low-income contexts where conventional banking and commercial microfinance have limited reach. Overall, the programme's sectoral diversification of loan disbursements is well aligned with NFIS priority sectors, with financing concentrated in micro-enterprises (41%), agriculture and livestock (39%), and trade (8%), and with 57% of loans extended to women, reflecting strong alignment with national financial inclusion and gender targets.

Strategic Value Towards the Gender and Social Protection Nexus:

The PMIFL Programme has strong strategic value at the intersection of gender equality and social protection. With a high share of women borrowers and deliberate targeting of BISP and National Poverty Graduation Initiative (NPGI) beneficiaries, PMIFL functions as a practical bridge between cash transfer programmes and sustainable livelihood pathways.

PMIFL is an integral part of the PPAF's Graduation Model and plays a significant role within this model because, as the interest-free loan is intended to follow asset transfer for eligible households. Under National Poverty Graduation Programme (NPGP), asset transfers were an optional intervention, depending on the feasibility of household's business plan. Overall, 302,585 interest free loans were disbursed against a target of 228,926 under NPGP, including 22,382 loans to asset transfer beneficiaries and 57,297 loans to BISP beneficiaries, demonstrating the programme's contribution to livelihood graduation and economic inclusion.

By moving women from passive recipients of social assistance to active economic agents, PMIFL strengthens graduation trajectories through asset-building, enterprise development, and financial inclusion. This positioning directly supports national strategies that emphasise women's economic empowerment, productive inclusion, and the integration of social protection with livelihoods promotion for long-term resilience. Endline results indicate that 32% of sample PMIFL households also received BISP transfers. Furthermore, a recent preliminary analysis based on triangulation of BISP and PPAF common beneficiaries'; data reveals that out of 334,596 BISP beneficiaries 108,043 (32%)[6] are eligible to graduate from BISP.

Complementarity with other relevant policies and programmes:

PMIFL also aligns with the Prime Minister's Youth Programme and national youth policies by promoting entrepreneurship and self-employment among young people in contexts where formal wage employment is limited. Overall, 39% of loans have been disbursed to aged 18-35 years across Pakistan. Through its focus on women, it complements the National Policy for Development and Empowerment of Women by enabling women's access to finance, enterprise ownership, and income control. To date, 57% of loans have been disbursed to women, demonstrating the programme's scale and its strong gender inclusion focus.

In addition, PMIFL supports agricultural and rural development strategies by financing livestock, small farming, and micro-enterprise activities in underserved areas, thereby contributing to food security, local value chains, and rural resilience. Its Shariah-compliant, interest-free design further complements Pakistan's financial sector reforms by extending acceptable and affordable finance to households excluded from conventional banking and commercial microfinance.

[6] *Pakistan Economic Survey 2024-25 report*

Taken together, PMIFL functions as a bridging instrument across social protection, youth employment, gender empowerment, and financial inclusion policies translating national frameworks into practical, community-level economic outcomes.

3.3.2. INTERNAL RELEVANCE

Alignments with the Targeted Households:

The programme of Prime Minister's Interest-Free Loans (PMIFL) aimed to provide interest-free loans to poor and vulnerable households to enable self-employment and the establishment of small enterprises. Eligible beneficiaries must belong to households with a Poverty Score Card (PSC) rating between 0 and 40.

Table 5: Borrower's Household PSC at Programme Entry Level

0-11 score		12-18 score		19-23 score		24-32 score		33-40 score	
Count	%	Count	%	Count	%	Count	%	Count	%
161	6	333	14	434	18	887	37	596	25

The poverty profile at programme entry shows that most PMIFL borrowers were concentrated in the mid-to-upper poverty score bands, with the largest share in the 24–32 category (37%), followed by 33–40 (25%). Smaller proportions were recorded in the lower score bands, including 19–23 (18%), 12–18 (14%), and 0–11 (6%).

Overall, sampled households' PSC distribution showed that the programme primarily reached households that were poor but not among the very poorest. The limited representation in the lowest score brackets is important for interpreting programme relevance, as the poorest households often face greater constraints in accessing and managing loans.

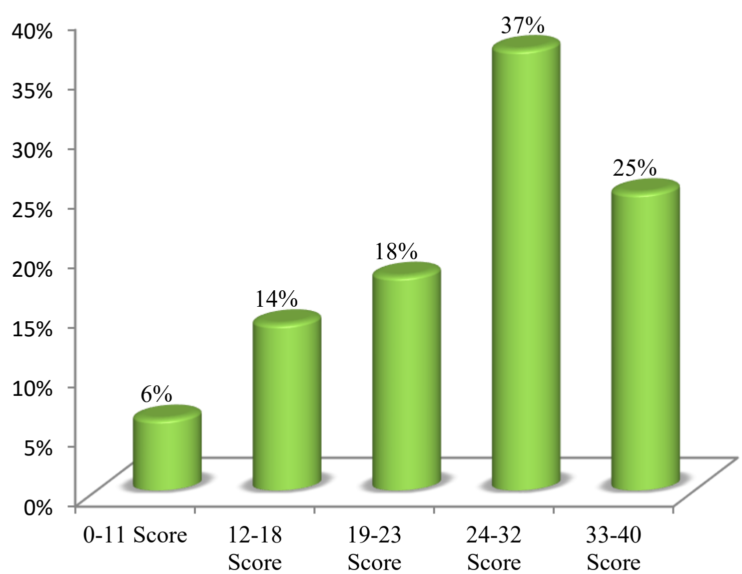


Figure 9: Borrower's Household PSC at Programme Entry Level

At the same time, the presence of borrowers across multiple poverty bands indicates varying levels of vulnerability at baseline, which may influence differences in loan utilisation, repayment capacity, and overall programme outcomes.

Loan Particulars: The total surveyed sample comprised 2,411 households across the districts. In terms of loan cycles, 1,251 households (52%) had taken only one loan, indicating that more than half of the beneficiaries were first-time or one-time borrowers. A further 686 households (28%) reported taking two loans, reflecting repeated participation in the programme. Meanwhile, 474 households (20%) had accessed three loans, representing beneficiaries with longer-term engagement with the programme. Loan size increased gradually as beneficiaries expanded their businesses and productively utilised loan amounts.

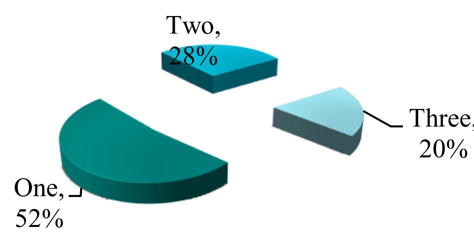


Figure 10: Number of Loans Obtained by Sampled HHs

Findings from Focus Group Discussions (FGDs) also indicated that continued access to loans enabled some participants to expand their businesses. The table below presents the distribution of beneficiaries by loan cycle and average loan size.

Table 6: Number of Loans Obtained by Sampled HH with Average Loan Size

Number of Loans	Count	Percentage	Average Loan Size
1	1251	52%	30,419
2	686	28%	40,345
3	474	20%	43,632
Total	**2,411**	**100%**	

Loan Utilisation:

Loan utilisation across business categories indicated that the programme is largely aligned with the livelihood needs and economic priorities of beneficiaries. In the first loan cycle, borrowers primarily invested in micro-enterprises (34%) and livestock, poultry, and fish farming (27%), reflecting the importance of small-scale businesses and livestock-based activities for household income generation. Other investments included handicrafts/cottage industries (9%), agriculture/cropping (5%), and services (5%), while 11% of borrowers reported using the loan for personal purposes. A similar pattern is observed in the second and third loan cycles, where micro-enterprises (42% in second loan and 39% in third loan) and livestock-related activities (30% in second loan and 32% in third loan) remained the dominant areas of investment. By the third cycle, these two sectors together accounted for over 70% of total loan utilisation, demonstrating continued alignment of the loan product with beneficiaries' preferred livelihood options. Meanwhile, the share of loans used for personal purposes declined from 11% in the first cycle to 4% in the third cycle, indicating a stronger focus on productive and income-generating activities.

Overall, the findings showed that the programme is highly relevant to the economic realities and livelihood strategies of targeted households, as borrowers predominantly utilise loans for activities that support income generation and economic stability.

Table 7: Loan Utilisation

Business category	First loan		Second loan		Third loan	
	Count	%	Count	%	Count	%
Agriculture/cropping	67	5%	39	6%	40	8%
Livestock/poultry/fish farming	340	27%	208	30%	153	32%
Commerce/retailing/petty trading	51	4%	27	4%	19	4%
Manufacturing/workshop	41	3%	13	2%	12	3%
Food/agricultural processing	19	2%	06	1%	05	1%
Micro-enterprise	430	34%	287	42%	186	39%
Handicrafts/cottage	107	9%	37	5%	26	6%
Services	57	5%	20	3%	14	3%
Personal use	138	11%	49	7%	19	4%
Other	1	0%	–	–	–	–
Total	**1,251**	**100%**	**686**	**100%**	**474**	**100%**

Gender Inclusion in the Programme:

The gender-wise distribution across loan cycles shows that women constituted 51% of first-time borrowers, which increased to 57% among second-cycle borrowers and 61% among third-cycle borrowers. In contrast, the share of male borrowers declined from 49% in the first cycle to 43% in the second and 39% in the third cycle. This pattern indicates a gradual increase in female participation in subsequent borrowing cycles and achieved one of the programme objectives, that the programme promotes women's economic empowerment by ensuring at least 50% loan coverage for women.

Table 8: Gender-wise Sample Distribution at Various Loan Cycle

Gender	First Loan		Second Loan		Third Loan	
	Count	%	Count	%	Count	%
Male Borrowers	609	49	295	43	184	39
Female Borrowers	642	51	391	57	290	61
Total	**1,251**		**686**		**474**	

The gender composition analysis showed that women constitute a substantial share of borrowers and that their representation increases slightly among repeat borrowers. This trend indicates that once women access the programme, they are at least as likely as men to continue borrowing, reflecting sustained engagement with the lending mechanism.

From a relevance perspective, the pattern highlights not only women's access at programme entry level but also their continuity in the programme. A stable or rising female share among repeat borrowers may indicate that initial access barriers are more significant than retention challenges. However, repeat borrowing should be interpreted cautiously, as it may reflect business expansion, refinancing needs, or coping with income volatility, rather than serving as standalone evidence of empowerment or improved performance.

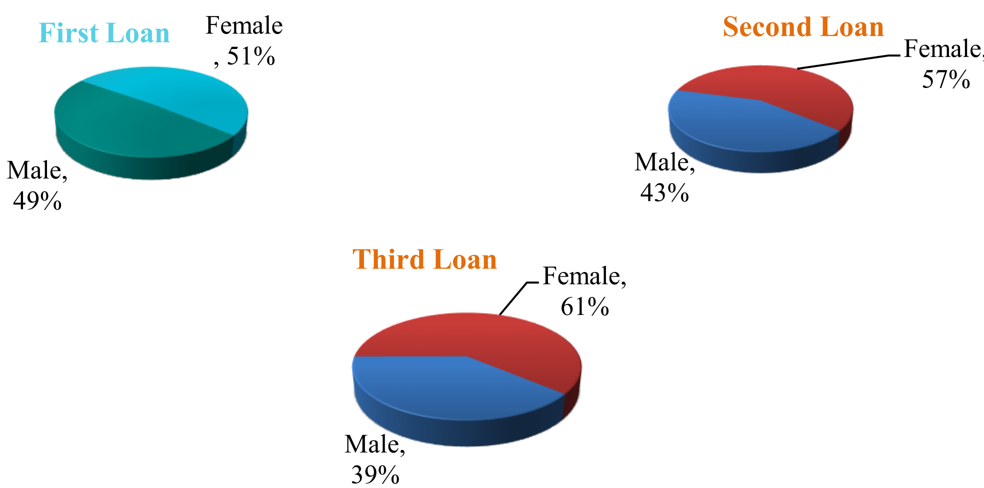


Figure 11: Gender Composition Across Loan Cycles

Table 9 findings indicate that gender discrimination during loan processing was reported by a very small proportion of borrowers. Out of 2,411 respondents, only 18 (1%) reported experiencing gender discrimination, while an overwhelming majority of 2,393 (99%) stated that they did not face any discrimination. This suggests that the loan processing mechanism is largely equitable and inclusive, with minimal reported instances of gender-based bias.

Table 9: Gender Discrimination during Loan Processing

Option	Yes		No		Total	
	Count	%	Count	%	Count	%
Gender Discrimination	18	1	2,393	99	2,411	100

Loan Application Assistance and Accessibility:

Figure 12 indicates that a substantial majority of borrowers (88%) received assistance during the loan application process, while 12% reported completing the process without any support. Among those who received assistance, loan centre staff were the primary source, supporting 68% of borrowers. This was followed by community organisations (18%), group lending mechanisms (8%), and local support organisations (5%), while only a very small proportion of respondents reported assistance combined from Village Organisations and the credit committee (1%).

From a relevance perspective, these findings indicate that the programme design appropriately responds to the needs of the target population, particularly those facing literacy or procedural constraints. The prominent role of loan centre staff in facilitating applications highlights the importance of staff-mediated support in enabling access to the programme, while the relatively limited involvement of community-based structures suggests scope for strengthening local outreach and support mechanisms.

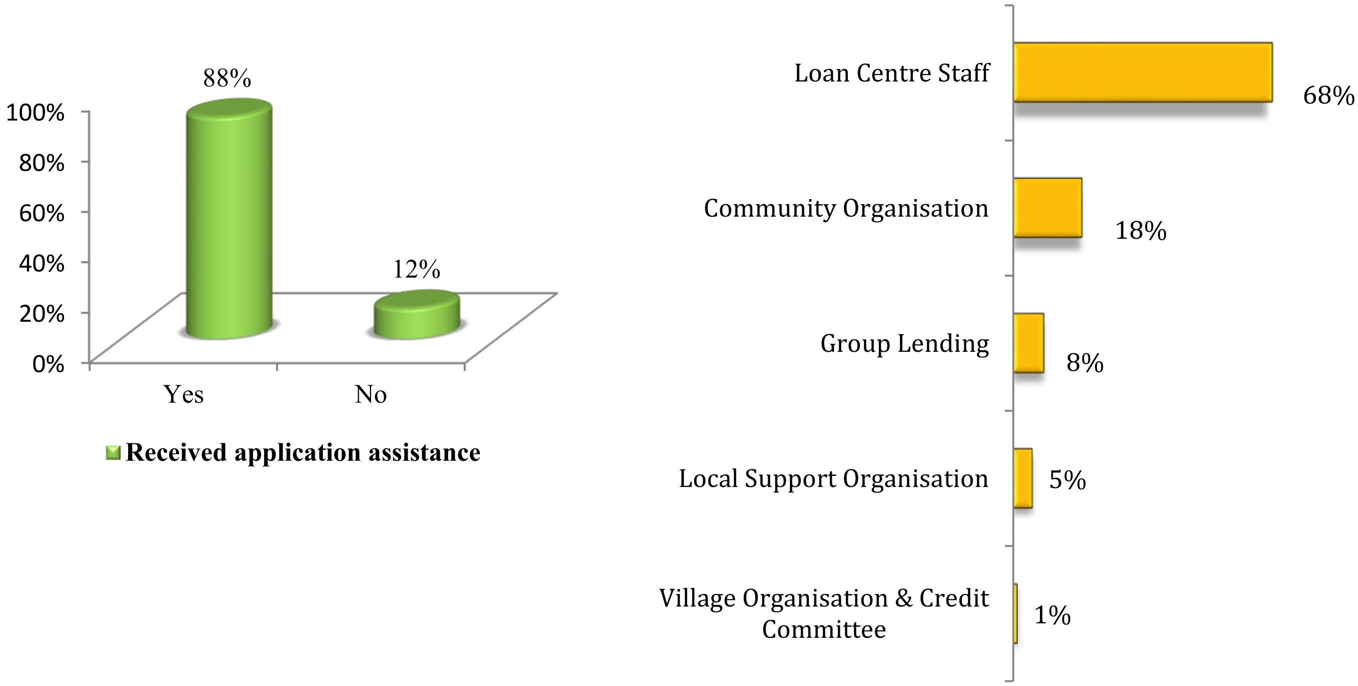


Figure 12: Support Extended in Application Process

Financial Needs Fulfilment:

The analysis indicated that the programme largely responded to the financial needs of borrowers, as reflected in the high proportion of beneficiaries receiving the loan amount they applied. In the first loan cycle, 1,067 out of 1,251 borrowers (85%) received the applied loan amount, while 15% reported receiving a different amount. In the second loan cycle, the proportion increased slightly, with 606 out of 686 borrowers (88%) receiving the requested amount. A similar pattern is observed in the third cycle, where 426 out of 474 borrowers (90%) reported receiving the applied loan amount. Overall, the findings suggest that the programme was highly relevant to beneficiaries' financial needs, as most borrowers were able to access the level of financing they requested. The gradual improvement across loan cycles further indicates that the programme mechanisms are increasingly aligned with borrowers' financing requirements.

Table 10: Financial Needs Fulfilment at Various Loan Cycles

No. of Borrowers	First Loan		Second Loan		Third Loan	
	Count	%	Count	%	Count	%
Borrowers received the applied loan amount	1,067	85	606	88	426	90
Borrowers didn't receive applied loan amount	184	15	80	12	48	10
Total	**1,251**		**686**		**474**	

3.4 PROGRAMME EFFICIENCY

The evaluation reveals that the programme has demonstrated a highly efficient implementation model. By leveraging indigenous partner organisations and decentralised loan centres, the programme ensured effective outreach, reduced administrative and transaction costs, and strengthened community-level engagement. A lean management structure and well-coordinated operational mechanisms enabled timely loan processing and disciplined use of resources.

The programme further enhanced efficiency through its revolving loan mechanism, whereby seed investments were recycled multiple times, allowing a substantially larger number of beneficiaries to access financial support without requiring additional funding. Overall, the PMIFL model delivered strong outreach and livelihood outcomes with relatively low operational overheads, reflecting high value for money and an efficient use of public resources.

Resource Efficiency

Resources for the PMIFL Programme were provided by the Government of Pakistan during 2014–2025, including allocations for both on-lending capital and operational support. Under Phase-I, total programme resources were reported as PKR 4.13 billion, which included PKR 948 million allocated for Partner Organisations' (POs) operational costs, including training and monitoring, and a one-time allocation of PKR 25 million for the establishment of loan centres.

An additional PKR 5 billion was provided under Phase-II to support programme continuation and expansion. In addition to GoP financing, the Pakistan Poverty Alleviation Fund reported contributing approximately PKR 2.47 billion from its own resources to support programme implementation. This included PKR 2.25 billion to cover the operational costs of partner organisations, presented year-wise in Figure 13, of which PKR 1.1 billion for NPGP districts and PKR 225 million for PPAF's management and operational expenditures since 2014.

The breakdown of PPAF's internal operational expenditure (PKR 225 million) indicates that the largest share was allocated to salaries and benefits (66%), followed by travel, vehicles, and field monitoring and training activities (17%), consultancy and legal charges (12%), seminars and visibility activities (3%), and other miscellaneous expenses (2%).

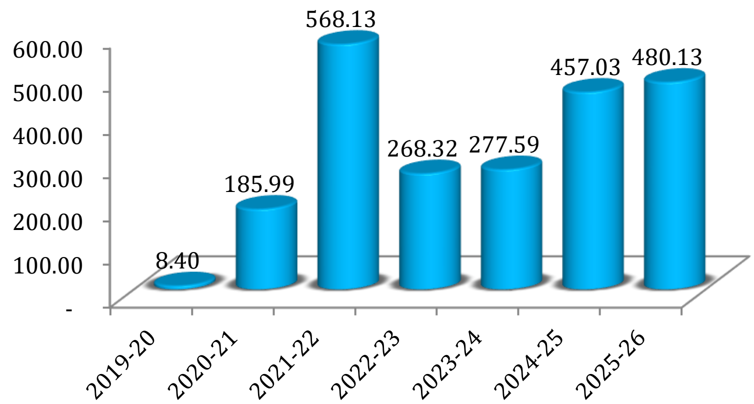


Figure 13: Year-wise PO Operational Cost (PKR million) Provided by PPAF from its Own Resources

PPAF utilised the allocated GoP resources (PKR 9.13 billion across both programme phases) to implement the Prime Minister's Interest-Free Loan Programme. As of December 2025, the programme had disbursed 1,366,567 loans with a cumulative value of PKR 48.9 billion, including loan reflows, indicating the effective use of revolving funds to expand outreach beyond the initial capital allocation.

Process Efficiency

Since its inception in 2014, the programme has primarily disbursed loans through cheques, with beneficiaries receiving cash from available banks in their respective areas. This cash-based system has remained the standard method of disbursement across all participating partners from 2014 to 2026. While this approach ensured widespread access in contexts with limited digital infrastructure, it inherently involved higher handling time, travel, and reconciliation requirements. Over time, process efficiency improved along several margins:

- **Use of MIS and identity verification.** Akhuwat integrated a Management Information System linked to NADRA that verifies CNICs and flags inconsistent records in real time.

This reduced fraud and clerical errors in the application process and improved the speed and accuracy of data handling.

- **Standardised assessment and monitoring.** Partners such as Community Support Concern (CSC) and Thardeep Rural Development Programme (TRDP) implemented clear sequences for loan appraisal, approval and post-disbursement verification. Even repeat borrowers are reassessed against standard criteria, which supports consistent underwriting quality.

These investments in systems and processes have important efficiency implications. They reduce per-loan processing time, lower the probability of costly errors, and allow field staff to manage larger caseloads without proportional increases in administrative input. Additionally, the adoption of a revolving fund structure further reinforces efficiency by ensuring that repaid funds are recycled swiftly into new loans, thereby raising the effective utilisation rate of the financing envelope.

Overall, while these practices are not yet universal across all partners, their adoption demonstrates enhanced operational efficiency and highlights the potential for scaling best practices to further reduce transaction costs and improve programme delivery.

Transaction costs of participation:

A key efficiency concern in microfinance programmes is the level and composition of transaction costs borne by clients, including both time and out-of-pocket expenses incurred during loan processing.

Transaction costs borne by beneficiaries both in terms of time and monetary expenses are an important measure of programme efficiency. Table 11 and Figure 14 present a comparison of beneficiary-reported transaction costs between midline and endline.

Table 11: Beneficiary Transaction Costs and Time Comparison at Midline VS Endline

	Average Travel time (in minutes) to the Centre	Average Time (in minutes) Spent at the Centre	Mean Travel Cost (PKR)	Mean Documentation Cost (PKR)
Midline	48	54	94	120
Endline	37	44	273	341

The analysis indicated a reduction in time-related transaction costs. Average travel time to the loan centre declined from 48 minutes at midline to 37 minutes at endline, while the average time spent at the centre decreased from 54 to 44 minutes per visit. This suggests improved operational efficiency, likely reflecting streamlined processes, better service delivery, or increased familiarity of beneficiaries with programme procedures. In contrast, monetary transaction costs increased over time. Mean travel costs rose from PKR 94 at midline to PKR 273 at endline, while documentation costs increased from PKR 120 to PKR 341. These increases are primarily attributable to broader inflationary pressures, including rising transportation and administrative costs, rather than inefficiencies in programme design or implementation.

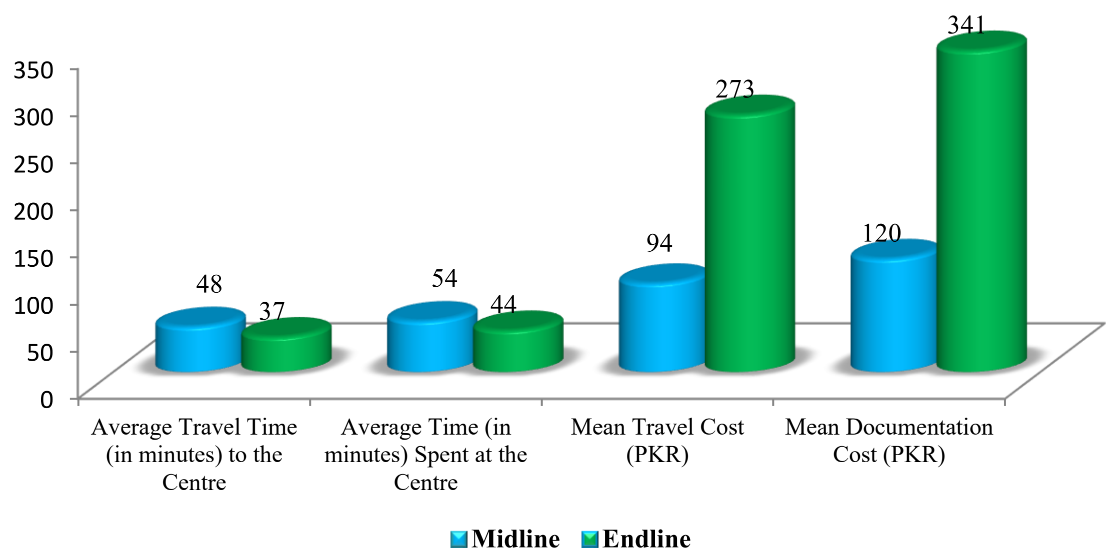


Figure 14: Beneficiary Transaction Costs and Time Comparison at Midline VS Endline

Importantly, there is no evidence of informal payments or unofficial charges associated with loan processing, training, or related services. This indicates that the programme maintains transparency and avoids imposing additional financial burdens on beneficiaries beyond formal requirements. From an efficiency perspective, the findings suggest that while real-time costs per transaction have decreased, improving user experience and accessibility, the increase in nominal monetary costs reflects external economic factors rather than programme inefficiencies. Overall, the programme demonstrated operational efficiency in service delivery, with reduced time burdens and no indication of systemic cost distortions for beneficiaries

Communication and Information Access:

Table 12 and Figure 15 further support this assessment by showing that 66% of total borrowers reported receiving detailed information about the programme, while 34% did not. The distribution is relatively consistent across gender, with 67% of male and 65% of female borrowers confirming receipt of detailed information. This indicates a balanced and equitable communication strategy between male and female beneficiaries, with no significant gender-based disparity in access to information.

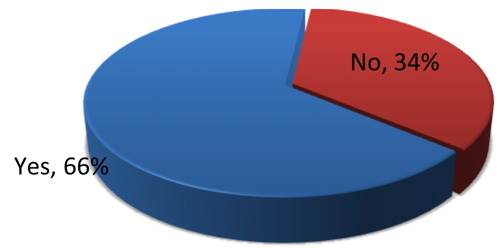


Figure 15: Received Detailed Information about Programme

Table 12: Received detailed Information about PMIFL Programme

Gender of Borrowers	Yes		No	
	Count	%	Count	%
Male	724	67	364	33
Female	860	65	463	35
Total	**1,584**	**66**	**827**	**34**

Among beneficiaries who received information, the distribution of information dissemination channels highlights a highly efficient and targeted communication strategy within the PMIFL programme. As presented in Figure 16[7], the overwhelming majority of beneficiaries (93%) reported receiving information through orientation sessions, indicating that the programme relies primarily on direct, in-person

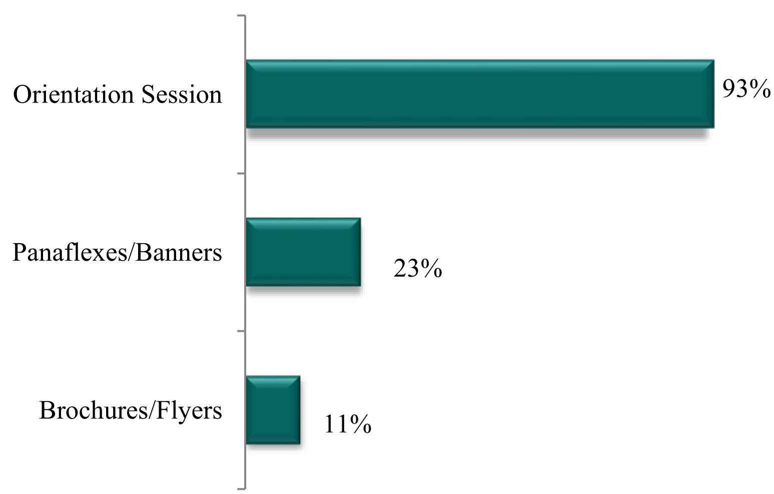


Figure 16: How Information was delivered to Beneficiaries

[7] *Percentages exceed 100% because this was a multiple-response question, allowing respondents to choose more than one response option.*

engagement as its core communication mechanism. This approach is efficient in ensuring clarity, immediate feedback, and better understanding of programme procedures, thereby minimising misinformation and reducing the need for repeated follow-ups.

In contrast, the use of supplementary communication materials such as panaflexes/banners (23%) and brochures/flyers (11%) remained relatively limited. While these tools can enhance outreach and serve as reference materials, their lower utilisation suggests that the programme prioritises interactive methods over passive information channels.

The analysis indicates that the content of information delivered under the PMIFL programme was largely focused on core operational elements. As presented in Figure 17[8], the majority of beneficiaries reported receiving guidance on key processes such as application procedures (82%), payment mechanisms (81%), and loan repayment (79%), demonstrating an efficient prioritisation of essential information required for programme participation. However, comparatively limited emphasis was placed on eligibility criteria (68%) and technical guidance (23%), suggesting a gap in the comprehensiveness of information delivery.

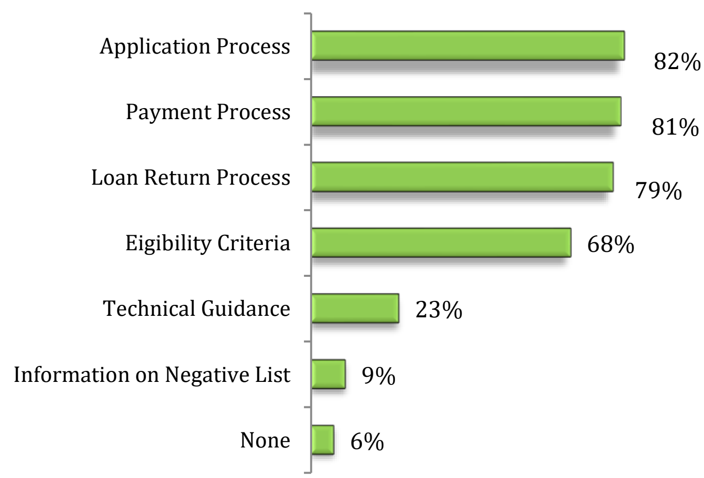


Figure 17: Content of Information Received

As presented in Figure 18[9], in terms of language, communication was predominantly conducted in local languages (80%), followed by Urdu (43%), with negligible use of English (0.2%). This reflects a highly efficient and context-sensitive communication strategy, ensuring that information is

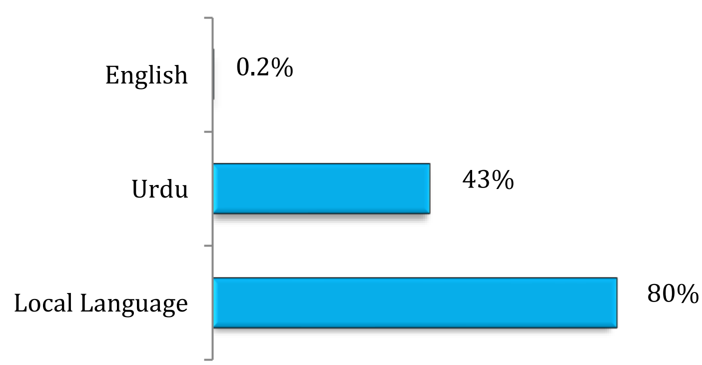


Figure 18: Language of Information

[8] *Percentages exceed 100% because this was a multiple-response question, allowing respondents to choose more than one response option.*
[9] *ibid*

accessible and easily understood by the target population. The strong reliance on local and national languages enhances comprehension, reduces barriers to entry, and supports inclusive participation, particularly among rural and low-literacy communities.

These quantitative patterns align closely with qualitative evidence from Partner Organisations (POs), who emphasised the role of regular coordination with PPAF in resolving operational challenges. Partners reported that PPAF maintained consistent communication throughout programme implementation and provided targeted support when field-level constraints emerged. For example, in Balochistan, where beneficiaries were geographically dispersed and operational costs were higher, coordination with PPAF led to adjustments in operational budgeting. While some challenges such as inflationary pressures and climate-related vulnerabilities are beyond programme control, partners consistently highlighted the effectiveness of coordination mechanisms in addressing implementable issues.

Training and capacity building formed an important component of this coordination framework. Partners such as TRDP and CSC underscored the importance of training for staff and community members involved in loan disbursement, recovery, and monitoring. Training sessions were conducted at multiple stages of programme implementation to ensure adherence to standard operating procedures and to equip staff with the skills required to assess applications and monitor loan use. Partners also noted the need for continuous capacity building, as programme requirements and beneficiary needs evolved over time.

3.5 PROGRAMME EFFECTIVENESS

This subsection draws primarily on endline survey data and qualitative evidence from focus group discussions and partner interviews to assess effectively the programme delivers information, services and perceived value to beneficiaries.

This section presents an analysis of the programme’s effectiveness, focusing on how efficiently allocated resources have been utilised to convert input into intended outcomes. It assesses the extent to which intervention has contributed to the achievement of programme objectives and expected results. The analysis further examines the cost-effectiveness of interventions and evaluates whether available resources have been optimally deployed to maximise programme impact.

Information, client service and perceived ease:

Survey data indicate in Figure 19 & 20 that the programme performs well on key dimensions of client service, particularly in information dissemination and communication. Most of the beneficiaries expressed positive perceptions regarding information and training, with 54% agreeing and 12% strongly agreeing that partner organisations clearly communicated programme details.

However, a notable proportion of respondents remained neutral (23%) or expressed dissatisfaction (6% strongly disagree and 5% disagree), indicating some variation in the consistency and effectiveness of information delivery. Figure 20 captures beneficiaries' perceptions of the ease of obtaining a loan under the programme.

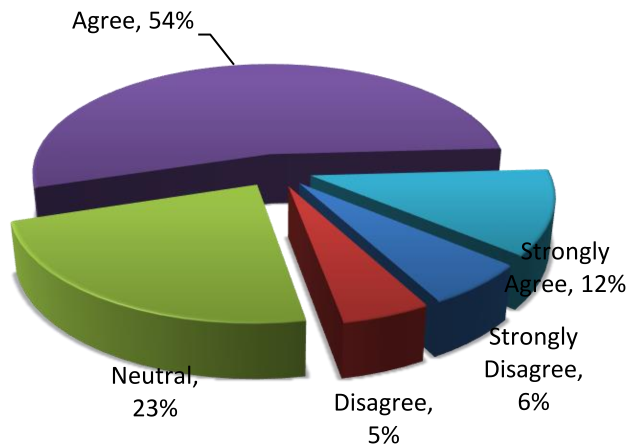


Figure 19: Programme's ability to communicate necessary information

The findings suggest a moderately positive but somewhat mixed experience. A combined 50% of respondents (43% agree and 7% strongly agree) reported that the loan application and approval process was manageable. However, a considerable proportion remained neutral (26%) or expressed difficulty (13% strongly disagree and 11% disagree), indicating that nearly one-quarter of beneficiaries faced challenges in navigating the process.

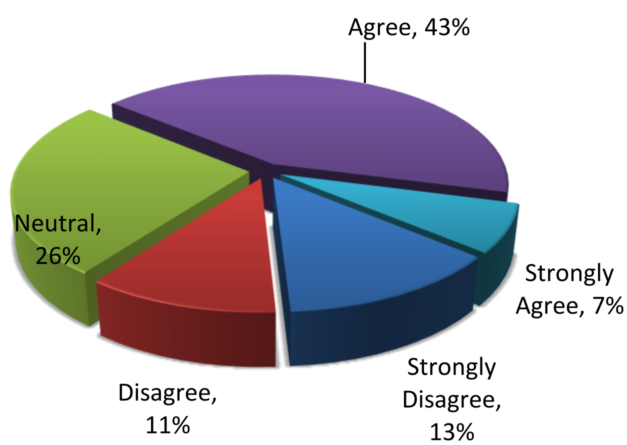


Figure 20: Ease of obtaining loans

Beneficiary Satisfaction with Processes/Services:

Overall, satisfaction levels were high for the programme's core operational processes. A large majority of beneficiaries reported satisfaction with information and updates (85%), loan processing (83%), and the loan payment process (81%), with negligible levels of dissatisfaction (1%). These results indicated that the programme's administrative and procedural mechanisms functioned efficiently and largely met beneficiary expectations.

Satisfaction was also relatively strong for the loan amount (78%) and partner organisation (PO) services (73%), although around one-fifth of respondents reported being partially satisfied, indicating some scope for improvement in loan adequacy and partner-level service delivery.

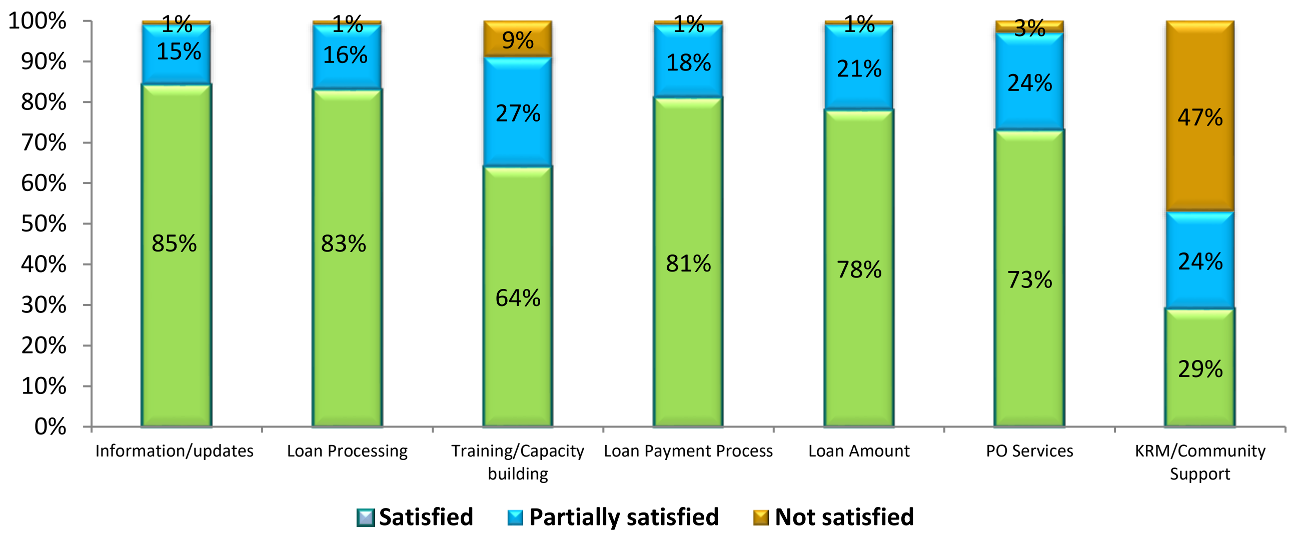


Figure 21: Satisfaction across key delivery components

In contrast, training and capacity building showed more varied perceptions, with 64% satisfied, 27% partially satisfied, and 9% dissatisfied, suggesting inconsistencies in the relevance or accessibility of training activities. The lowest satisfaction was reported for Karobar Rehnumai Markaz (KRM)/community support, where only 29% of beneficiaries were satisfied and 47% reported dissatisfaction, indicating limited effectiveness or outreach of community-level support mechanisms.

Overall, while PMIFL demonstrated strong efficiency in delivering its core loan-related services, complementary components such as training and community support require strengthening to improve the overall quality and consistency of programme delivery.

Grievances and redressals:

Understanding the incidence and nature of problems encountered during loan processing is central to assessing the operational efficiency of PMIFL summarises beneficiary-reported problems, the stages at which they occurred, and the types of issues experienced.

Loan Processing Problem by Gender:

The data indicate that the vast majority of borrowers did not face problems during the loan processing stage. As presented in Figure 22 and Table 13, overall, 97% of respondents reported no difficulties, while only 3% indicated that they experienced some form of problem

The pattern remains consistent across gender groups: 97% of male borrowers (1,050 out of 1,088) and 97% of female borrowers (1,280 out of 1,323) reported smooth processing, with only 3% in each group reporting issues.

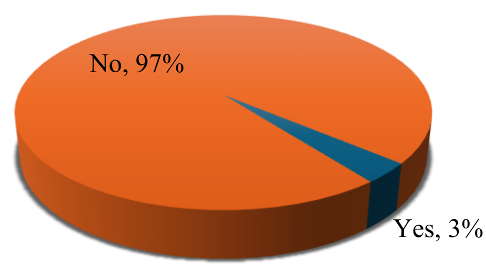


Figure 22: Loan Processing Problem Reported

Table 13: Loan Cycle Loan Processing Problem by Gender

Gender	Yes		No		Total	
	Count	%	Count	%	Count	%
Male Borrowers	38	3	1,050	97	1,088	100
Female Borrowers	43	3	1,280	97	1,323	100
Total	**81**	**3%**	**2,330**	**97**	**2,411**	**100**

From a relevance perspective, these findings suggest that the programme's loan processing procedures are generally well aligned with the needs and capacities of both male and female borrowers. The very low proportion of reported problems indicates that the application and processing mechanisms are largely accessible and user-friendly for the target population. At the same time, the small share of borrowers who encountered difficulties highlights the need for continued attention to procedural clarity and support mechanisms to ensure inclusive and seamless access for all applicants.

Problems Occurred and Type of Problems Reported:

As mentioned in table-13 that only a small proportion of beneficiaries (3%, n=81) reported problems during the loan processing stage, indicating that the programme is largely accessible and user-friendly.

As presented in Figure 23[10], among those who faced challenges, issues were most frequently encountered during documentation preparation (61%) and application processing (43%). Problems were also reported at later stages, including receiving the loan (32%) and information and communication (31%), while fewer respondents identified issues related to repayment or training (28%) and capacity building (15%). This pattern indicates that challenges were concentrated primarily in the front-end administrative stages of the loan cycle rather than in disbursement or post-disbursement phases.

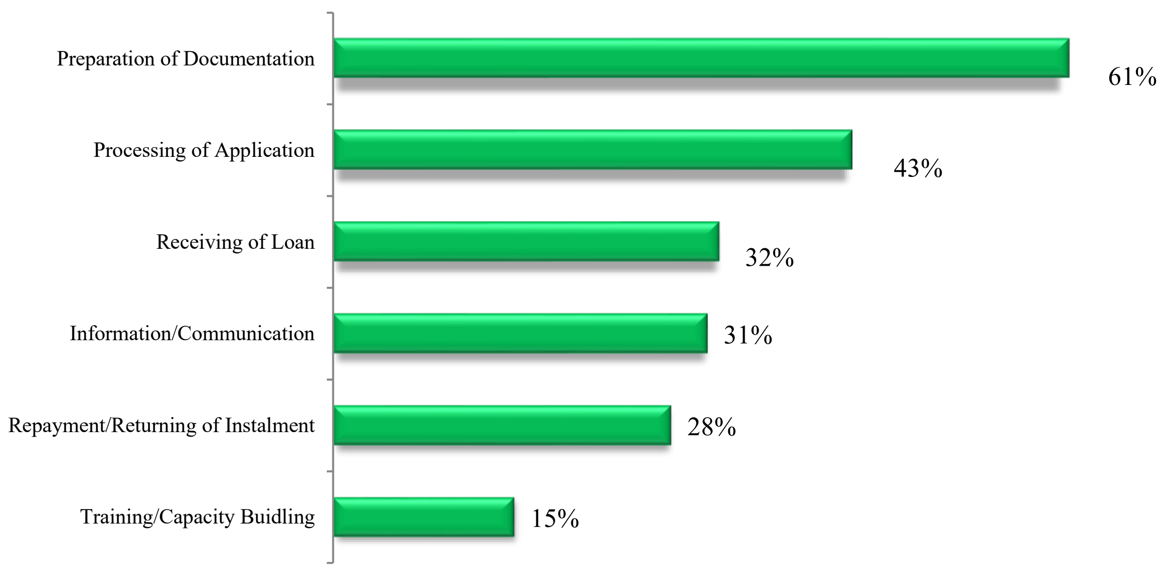


Figure 23: Where Problems Occurred

As presented in Figure 24[11], in terms of the type of problems reported, the most common issues were difficulty preparing required documents (63%) followed by financial problems (57%), late

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[10] *Percentages exceed 100% because this was a multiple-response question, allowing respondents to choose more than one response option.*
[11] *ibid*

receipt of the loan amount (36%). Reports of office closures, extra charges, or other issues were relatively rare. These findings suggest that when problems did arise, they were largely related to administrative complexity and financial constraints faced by beneficiaries, rather than to systemic failures or misconduct.

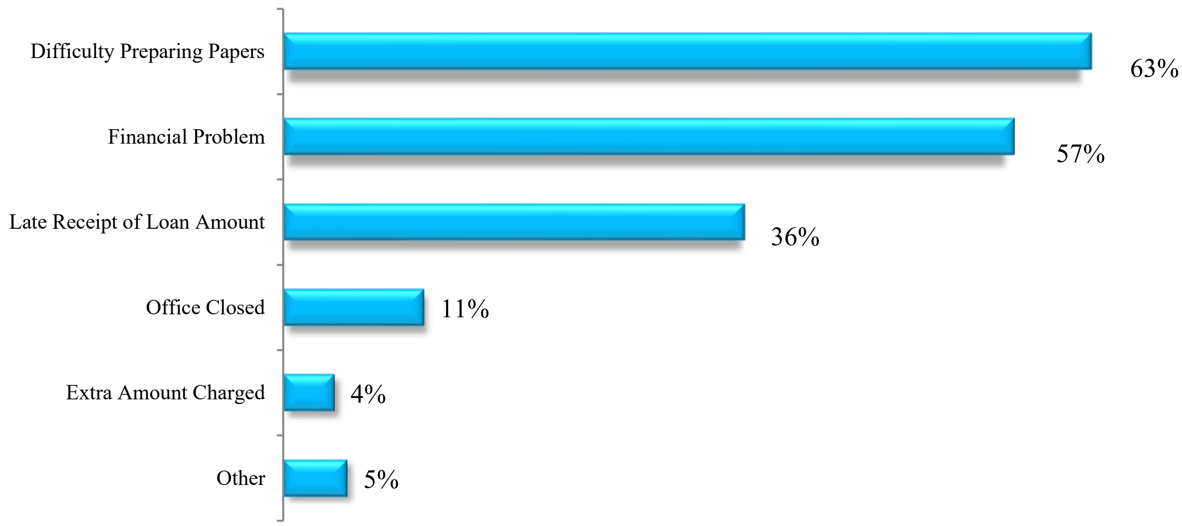

Figure 24: Type of Problems Reported

Taken together, the evidence indicated that grievance incidence under PMIFL was limited in scope and affected a small minority of beneficiaries. Where problems did occur, they were primarily concentrated in early-stage procedural requirements, particularly documentation and application processing. From an efficiency perspective, this points to potential gains from simplifying documentation requirements and strengthening front-end support, while also underscoring the overall robustness of the loan delivery process.

Different Benefits Received from PMIFL Programme:

Figures 25 aggregates the above perceptions and illustrates that the financial and poverty dimensions of the programme dominate in beneficiaries' mental models, while the broader social and capacity building elements are less prominent. In addition, 35% of women reported receiving peer support or mentoring, suggesting that enterprise and empowerment components have reach but remain far from universal.

As presented in Figure 25, since participation in the PMIFL programme, a combined 78% of beneficiaries (54% agree and 24% strongly agree) reported that a member of their household had secured stable employment. Similarly, 74% of beneficiaries (54% agree and 20% strongly agree) perceived an increase in job opportunities within their local communities. Furthermore, 75% of beneficiaries (55% agree and 20% strongly agree) stated that the cost of accessing healthcare facilities had become more affordable, while an equal proportion (53% agree and 22% strongly agree) reported that the programme had helped their households access healthcare services more easily. In relation to education, 66% of beneficiaries (46% agree and 20% strongly agree) indicated that it had become easier to meet the costs of their children's school fee, uniforms, and books.

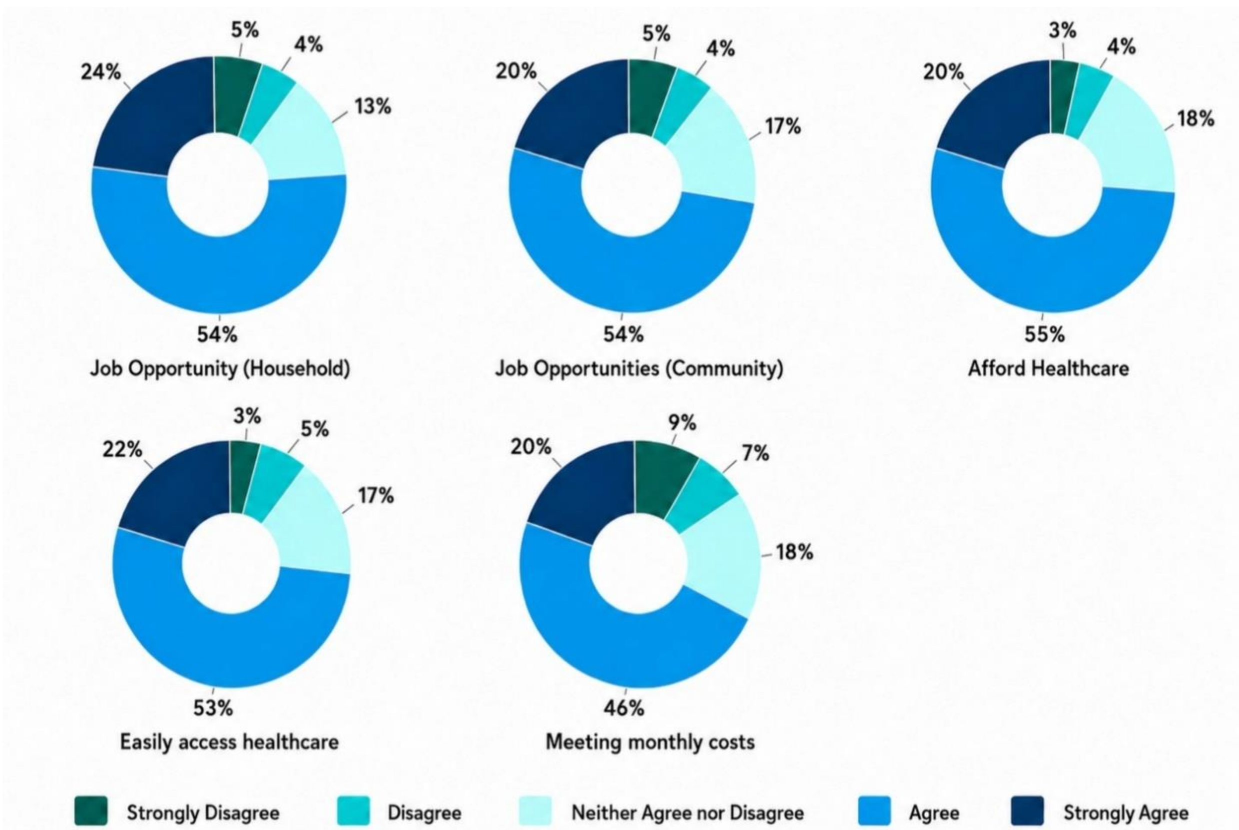

Figure 25: Respondents' Satisfaction with PMIFL regarding auxiliary benefits

PMIFL Awareness & Outreach

When respondents were asked which programme objectives of PMIFL they recalled, as presented in Figure 26[12] that the majority cited the provision of interest-free loans, with 79% recognising this as the central objective of the initiative. This highlights that the programme's identity is strongly associated with the principle of providing credit without interest, which differentiates it from conventional financial services.

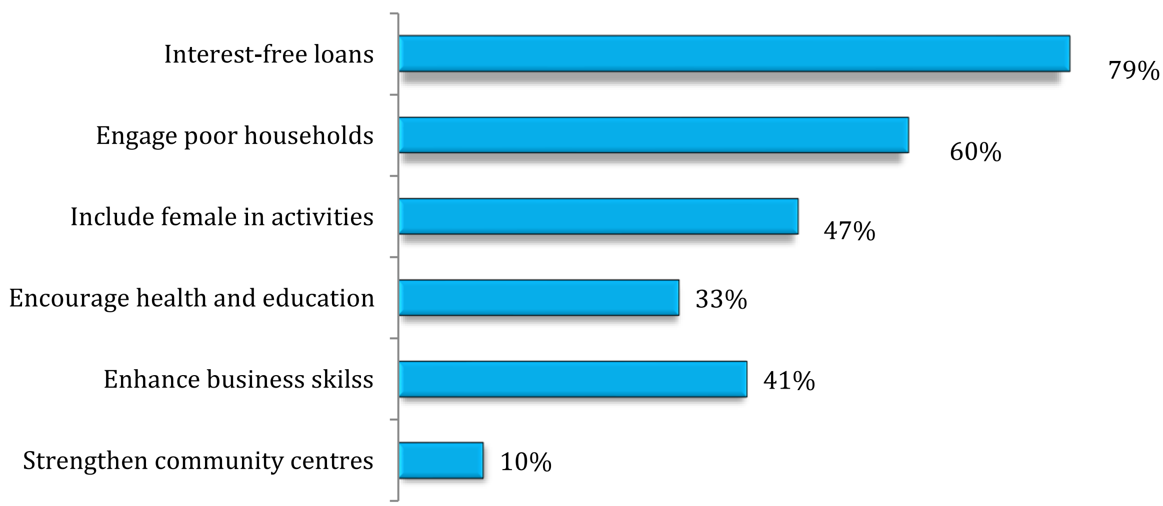

Figure 26: PMIFL Objectives Perceived by Beneficiaries

A common theme among beneficiaries was how the interest-free nature of the loan made it particularly appealing. Unlike other forms of credit that come with interest charges and strict repayment schedules, the PMIFL allowed beneficiaries to repay in manageable instalments without the added burden of accumulating interest. This aspect significantly eased the mental and financial burden on households already struggling with inflation and rising costs of living. The simplicity and affordability of the loan were cited as key factors contributing to its relevance in their daily lives.

The second most frequently remembered objective was engaging poor households, reported by 60% of respondents. This indicates that the programme is perceived as targeting vulnerable groups

[12] *Percentages exceed 100% because this was a multiple-response question, allowing respondents to choose more than one response option.*

and addressing poverty directly. Similarly, including females in activities was recalled by 47% of participants, reflecting an awareness of the programme's gender-inclusive approach and emphasis on expanding women's participation in economic and social initiatives.

Other objectives were less commonly remembered. About 33% mentioned encouraging health and education, while 41% recalled the programme's focus on enhancing business skills, suggesting that while financial access remains the primary association, the broader developmental aspects of PMIFL are less prominent in beneficiaries' minds. Only 10% of respondents remembered the objective of strengthening community centres. Overall, the findings suggest that PMIFL is widely recognised for its financial and poverty-focused dimensions, especially interest-free credit and support for poor households, while its social development and capacity-building components are comparatively less visible to beneficiaries.

3.6 PROGRAMME COHERENCE

This section examines the coherence of the Prime Minister's Interest-Free Loan (PMIFL) Programme, drawing on (i) quantitative findings from the endline survey, (ii) programme documentation provided by PPAF, including operational guidelines and strategic briefs, and (iii) insights inferred from key staff interactions and operational review. Coherence is assessed along two dimensions: internal coherence explains how well the programme components, delivery structures, and beneficiary experiences align with its core objectives; and external coherence explains how effectively PMIFL complements, reinforces, with broader social protection and economic inclusion initiatives in Pakistan, including the BISP Unconditional Cash Transfer (UCT), Conditional Cash Transfers (CCTs), and other graduation-oriented interventions.

The analysis evaluates the degree to which the PMIFL design is logically structured, operationally consistent, and aligned with the wider ecosystem of financial access, livelihoods development, and social protection services. The narrative integrates quantitative indicators; for example, reliance on PMIFL loans, use of external loans, satisfaction levels, and cross-programme participation with qualitative interpretations grounded in programme design documents.

Internal Coherence

Alignment with Programme Objectives:

PMIFL aims to provide interest-free finance to low-income households to support income-generating activities and contribute to longer-term economic resilience. The endline survey indicates that 91% of respondents relied exclusively on PMIFL as their primary financial source for business purposes. This high degree of dependency underscores strong alignment between programme design and beneficiary uptake: the instrument (interest-free loans) is being used precisely for its intended purpose, removing financial barriers to investment for the poorest households.

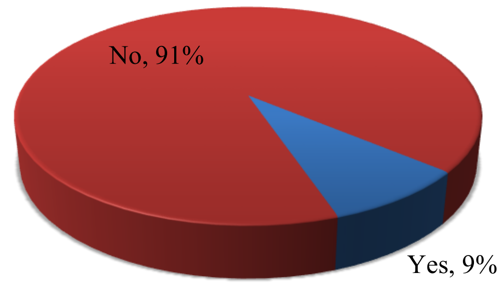

Figure 27: Incidence of External Loans

Table 14: External Loan Received from Last 3 Years

Other than IFL Loan	Yes		No		Total	
	Count	%	Count	%	Count	%
External Loan Received	209	9	2,202	91	2,411	100

As noted above, only 9% (n=209) of borrowers reported accessing external loans in the past three years in addition to the PMIFL programme, indicating limited reliance on alternative financing sources. The analysis of external borrowing patterns demonstrates that PMIFL is well-integrated within a diverse and complementary financial ecosystem. Among those who accessed external credit, beneficiaries relied on a mix of informal and formal sources, with loans primarily obtained from relatives/friends (40%) followed

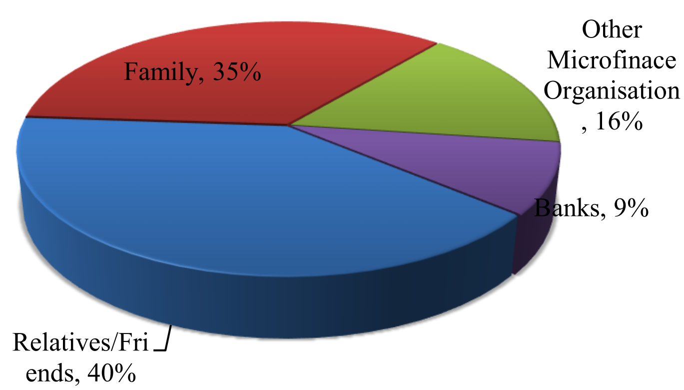

Figure 28. External Loans Categories

by family (35%), other microfinance organisations (16%) and bank (9%). This reflects that beneficiaries greater dependence on social networks for external credit (75%), followed by formal financial institutions (25%).

In terms of utilisation, a substantial majority of external loans (67%) were directed toward business-related activities, including current enterprises (59%) and investment in other businesses (8%), while 33% were used for personal needs. This indicates a clear functional distinction in financial behaviour, where PMIFL serves as a foundational source of capital for core income-generating activities, and external financing complements it by supporting enterprise expansion and addressing household liquidity requirements.

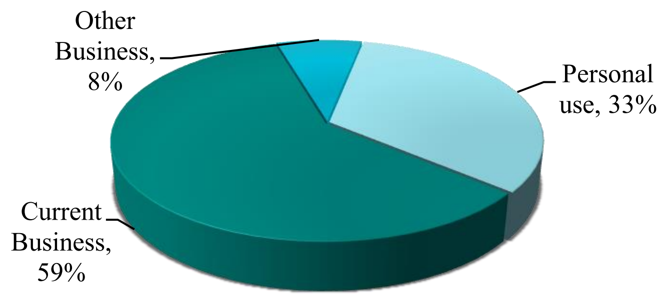

Figure 29. Purpose of External Loans

Overall, these patterns highlight strong programme coherence, as PMIFL does not duplicate existing financial services but instead aligns with and reinforces them, enabling beneficiaries to effectively mobilise multiple financing streams for productive purposes and enhancing the overall efficiency of the financial support system.

Consistence of Delivery and Service Structures:

The programme's internal coherence is further demonstrated through high satisfaction levels with Partner Organisations (POs). According to survey data, 73% of respondents expressed satisfaction with PO support services, and 85% reported satisfaction with the information provided regarding loan procedures, requirements, and repayment modalities. These findings suggest that delivery mechanisms operate in a consistent manner, generating predictable experience for beneficiaries and helping sustain trust in the programme.

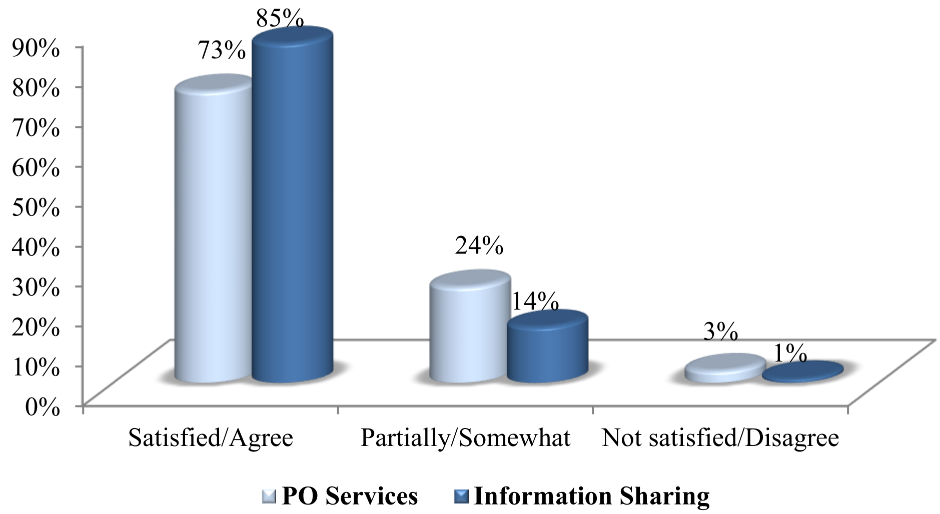

Figure 30. Satisfaction with PO Services and Info Sharing

Documentation from PPAF highlights a structured delivery chain involving community organisations, POs, and district-level oversight structures. Qualitative insights derived from programme briefs emphasise the role of community-level mobilisation and social capital building as foundational components. This aligns with survey responses showing that most beneficiaries were well-informed about repayment obligations and were confident in their ability to repay—an indicator of successful information transfer and programme fidelity.

Complementarity of Programme Components:

Internal coherence is also evident in the complementary nature of PMIFL components. For example, the reliance on social mobilisation and community-based targeting creates a pipeline through which beneficiaries are first identified, then supported through training and livelihood planning, and finally provided access to credit. While coverage of training and advisory support was not universal, PPAF documents showed that these components are meant to operate in harmony rather than isolation.

The survey suggests behavioural changes consistent with this design logic: households reporting improved financial management capability, increased ability to meet household expenses, and better access to basic services. While attribution to PMIFL alone cannot be inferred causally, the alignment of observed outcomes with programme intentions strengthens internal coherence.

External Coherence

Alignment with the National Social Protection Architecture:

Pakistan's social protection landscape comprises multiple instruments, with BISP as the centrepiece. External coherence refers to how well PMIFL integrates with these schemes to promote economic security and resilience. Endline results indicate that 32% of PMIFL households also received BISP transfers (n = 780). This overlap reflects programme targeting coherence—both initiatives focus on poor and vulnerable households.

Table 15: BISP Beneficiaries in the Study Sampled

BISP	Yes		No		Total	
	Count	%	Count	%	Count	%
BISP Beneficiaries	780	32	1,631	68	2,411	100

Furthermore, social protection safety net is the base and integral component of the PPAF Poverty Graduation Strategy. A recent preliminary analysis based on triangulation of BISP and PPAF common beneficiaries' data reveals that out of 334,596 BISP beneficiaries 108,043 (32%) [13] are eligible to graduate out of BISP.

Participation in Other PPAF/POs Programmes:

The analysis indicates that participation of PMIFL beneficiaries in other PPAF or Partner Organisation (PO) programmes remains relatively limited. Overall, only 10% of beneficiaries (241 out of 2,411) reported benefiting from any additional programme, while a substantial majority (90%) had not accessed other interventions.

Table 16: Benefited with any other programme of PPAF/POs

Gender	Yes		No		Total	
	Count	%	Count	%	Count	%
Male Beneficiaries	103	9	985	91	1,088	45
Female Beneficiaries	138	10	1,185	90	1,323	55
Total	**241**	**10**	**2,170**	**90**	**2,411**	**100**

[13] *Pakistan Economic Survey 2024-25 report*

Complementarity with Cash Transfers

Cash transfers helps bear daily consumptions expenses and support human capital investments, while PMIFL provides capital for enterprise development. The two instruments are complementary: cash transfers stabilise household finances, reducing the risk of using business loans for consumption. Beneficiaries engaged in both programmes demonstrated better asset acquisition and improved resilience. From a systems perspective, this strengthens the argument that PMIFL functions within a broader social protection-to-livelihoods continuum.

Linkages with Graduation and Livelihood Ecosystem:

PMIFL is an integral part of the PPAF's Graduation Model and plays a significant role within this model because, as the interest-free loan is intended to follow asset transfer for eligible households. Under National Poverty Graduation Programme (NPGP), asset transfers were an optional intervention, depending on the feasibility of household's business plan. PPAF implemented the PMIFL programme in 67 districts across Pakistan, and NPGP implemented it in 21 out of those 67 districts. Overall, 302,585 interest free loans were disbursed against a target of 228,926 under NPGP, including 22,382 loans to asset transfer beneficiaries and 57,297 loans to BISP beneficiaries, demonstrating the programme's contribution to livelihood graduation and economic inclusion.

During the impact assessment of the PMIFL programme, few common PMIFL and NPGP districts/UCs were selected. In the endline sample of PMIFL beneficiaries, 11% reported receiving graduation assets in the sampled common districts/UCs, indicating that the asset-transfer component reached a targeted subset of PMIFL households rather than the PMIFL caseload. This finding therefore reflects programme coverage and sequencing within the Graduation Model: PMIFL is implemented as the loan component, while asset support is delivered to a smaller, eligibility-based group.

Similarly, market linkages and enterprise support services appear limited. Although complementary by design, the lack of strong integration weakens external coherence and suggests opportunities for strategic alignment.

Engagement with the Financial Sector

The PMIFL model, centred on interest-free credit, differs from microfinance institutions that operate on interest-based models. This separation reduces competition but also limits opportunities for transitioning pathways into formal finance.

Results indicated that 91% beneficiaries relied solely on PMIFL loans suggests limited diversification of borrowing instruments. While this may reflect successful targeting, it also indicates that PMIFL is functioning somewhat independently from the wider financial inclusion ecosystem.

Complementarity with Local Development Structures

The programme's design integrates community organisations as central actors. This approach is aligned with rural support programme models in Pakistan, where community-driven development structures complement poverty-targeted interventions. Such alignment strengthens external coherence by embedding PMIFL within existing local governance and development mechanisms

3.7 PROGRAMME IMPACT

Significant Reduction in Household Poverty:

Poverty Score (Graduation-wise):

Table 17 presents a consolidated overview of household-level Poverty Score Card (PSC) movements and further reinforces the upward socio-economic trend observed under the programme. The findings indicated that a substantial majority of sampled households (85%) recorded a positive improvement in their PSC scores before and after participation in the PMIFL programme. Only 1% of households reported no change, while 14% experienced a decline.

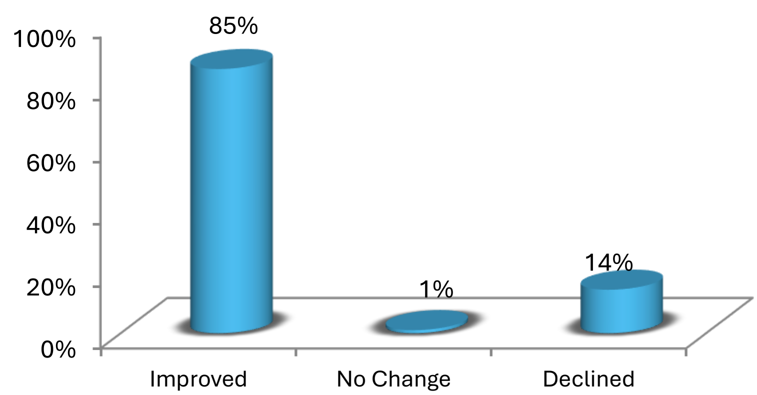

Figure 31. Change in PSC of the Household

Table 17: Household Poverty Status Change

Improved		No Change		Declined	
Count	**%**	**Count**	**%**	**Count**	**%**
2,054	85%	29	1%	328	14%

Band-wise Poverty Scorecard Improvement:

The Poverty Score analysis (Table 18 and Figure 32) demonstrates notable improvements in household economic status over the programme period. The proportion of extremely poor/ultra-poor households declined from 6% at baseline to 3% at impact assessment stage, while chronically poor households fell from 14% to 5%. Similarly, transitory poor households decreased from 18% to 6%, and vulnerable households declined from 37% to 18%. In contrast, the fully non-poor category rose sharply from 0% at baseline to 50% at impact assessment stage. These shifts indicated widespread upward mobility, with households progressively moving out of poverty toward more secure and resilient economic positions, reflecting improvements in asset accumulation, financial security, and overall living standards.

Table 18: Band-wise Poverty Scorecard Improvement from Baseline to Impact Assessment

PSC Range		0-11	12-18	19-23	24-32	33-40	>40
Poverty Level		**Extremely Poor/Ultra Poor**	**Chronically Poor**	**Transitory Poor**	**Transitory Vulnerable**	**Transitory Non-Poor**	**Non-Poor**
Baseline	**HH Count**	161	333	434	887	596	
	% age	6	14	18	37	25	
Impact Assessment	**HH Count**	61	128	151	436	441	1,194
	% age	3	5	6	18	18	50

Taken together, these patterns reveal substantial upward mobility across the programme's beneficiary population. Households previously classified as extremely poor, chronically poor, or transitory poor largely transitioned into higher welfare categories, while nearly half of the households are now in the non-poor bracket. Although additional analysis is needed to separate the programme's effect from other contextual factors, the descriptive evidence strongly suggests that participation in PMIFL has been associated with meaningful gains in resilience, household assets, and overall economic security, consistent with the programme's objectives to enhance sustainable livelihoods.

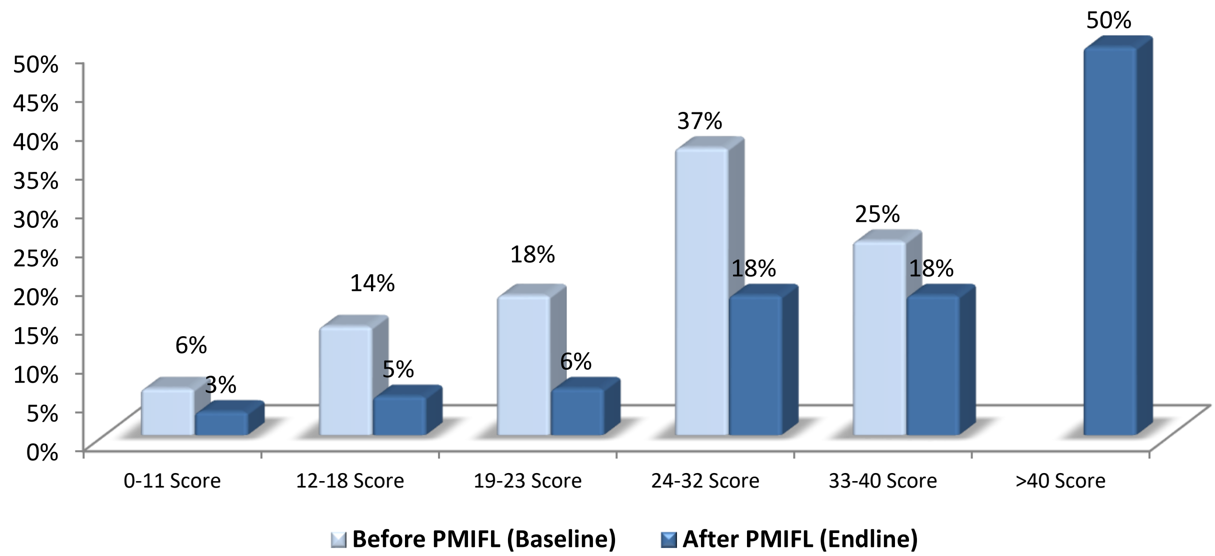

Figure 32. Poverty Categories Before and After PMIFL Programme

Cumulative Poverty Scorecard Improvement:

Table 19 and Figure 33 presented the cumulative distribution of Poverty Scorecard (PSC) values before the first PMIFL loan and at endline, highlighting a substantial upward shift in household welfare over the programme period. Using the Benazir Income Support Programme (BISP) eligibility threshold of PSC ≤32, the analysis showed that 75% of households were below this threshold at baseline, indicating that the majority of beneficiaries were classified as poor or vulnerable. By endline, this proportion declined significantly to 32%, reflecting a marked reduction in the number of households eligible under BISP poverty criteria. This shift suggests that a large share of beneficiaries transitioned out of poverty or vulnerability into more economically secure categories.

A similar trend is observed when applying a higher welfare threshold. At baseline, 100% of households had PSC scores below 40, whereas at endline, approximately 51% of households exceeded this level, indicating movement into relatively stable, non-poor status. Crossing this threshold reflects improved economic conditions, including enhanced income stability, asset ownership, and resilience.

Furthermore, a recent preliminary analysis based on triangulation of BISP and PPAF common beneficiaries' data reveals that out of 334,596 BISP beneficiaries 108,043 (32%) [14] are eligible to graduate out of BISP.

Table 19: Cumulative PSC Improvement from Baseline to Impact Assessment

PSC Range		Cumulative 0-32	Cumulative 0-40
Baseline	HH Count	1,815	2,411
	% age	75	100
Impact Assessment	HH Count	776	1,218
	% age	32	51

Overall, the cumulative PSC analysis demonstrates a clear reallocation of households from lower to higher welfare categories, indicating substantial upward trends. The strong alignment between the reduction in BISP-eligible households and the increase in non-poor households reinforces the significance of these gains. While the analysis remains descriptive and does not establish causality, the magnitude and consistency of the observed shifts provide strong indicative evidence of improved household well-being over the programme period, supporting the programme's contribution to poverty reduction and economic advancement.

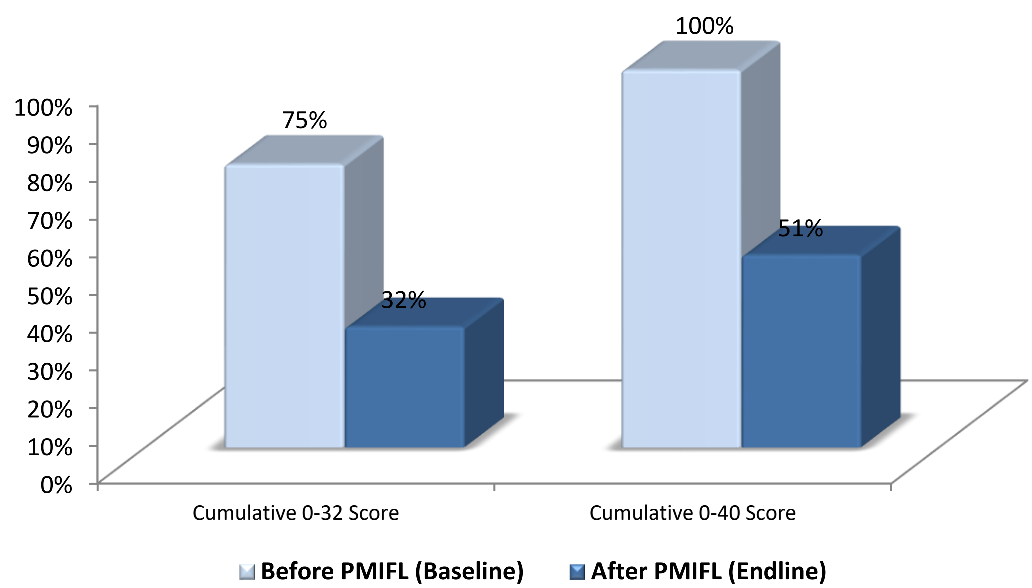

Figure 33. Change in Cumulative PSC Score

[14] *Pakistan Economic Survey 2024-25 report*

Change in Monthly Household Income:

The average monthly household income increased substantially from PKR 23,350 at midline to PKR 48,112 at endline, reflecting an absolute increase of PKR 24,762, equivalent to a 106% growth over the period. This substantial rise indicates a strong positive contribution of the PMIFL programme toward improving beneficiaries' household income and overall economic well-being across loan cycles.

The income distribution (Figure 34) shows a clear and consistent shift toward higher income brackets between midline and endline. The proportion of households earning up to PKR 10,000 declined sharply from 13% to 1%, indicating a near elimination of the lowest income group. Similarly, the share of households in the PKR 10,001–20,000 bracket dropped significantly from 38% to 7%, while those in the PKR 20,001–30,000 range decreased from 26% to 22%, reflecting a transition out of lower-income categories.

At the same time, there is a notable expansion in higher income brackets. The proportion of households earning PKR 30,001–40,000 increased from 13% to 21%, while those in the PKR 40,001–50,000 category rose substantially from 5% to 17%. The most pronounced change is observed in the highest income group, where the share of households earning above PKR 50,000 increased sharply from 5% at midline to 33% at endline.

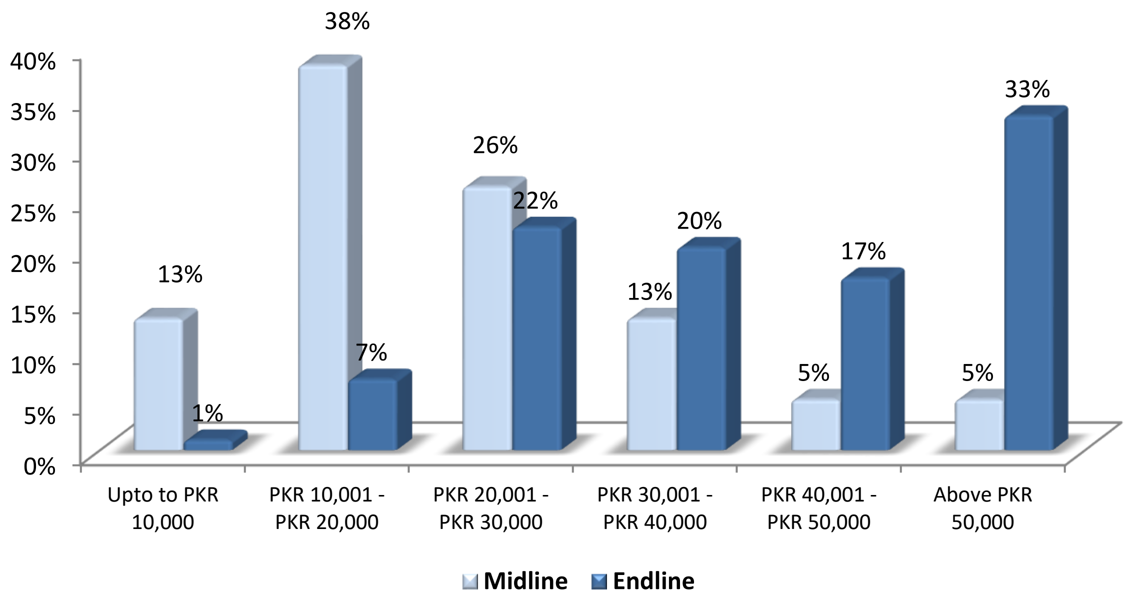

Figure 34. Change in Monthly Household Income Midline VS Endline

Overall, these distributional shifts indicate strong upward income mobility among beneficiary households, with a clear movement away from lower income brackets toward higher and more stable income levels. While these improvements are consistent with the programme's objective of enhancing income-generating capacity, it is important to acknowledge that changes in income may also reflect multiple contributing factors, including business expansion supported by PMIFL loans, diversification of income sources, increased household participation in economic activities, and broader economic conditions such as inflation affecting nominal income levels.

Employment Creation:

The figure 35 below summarises two complementary dimensions of job creation associated with supported enterprises: the incidence of hiring and the intensity of hiring. Only a small percentage of microbusinesses reported employing any additional worker, but this share increases from 3% at midline to 5% at endline. Intensity, average hiring rises more clearly, from 5.8 to 8.9 employees per 100 businesses, indicating that while most enterprises remain self-operated, the subset that does hire appears to employ more workers by endline. Interpreted together, these patterns suggest that aggregate job creation is driven primarily by a relatively limited number of enterprises expanding beyond self-employment rather than by broad-based hiring across the full beneficiary pool.

The gender disaggregation provides additional insight into how employment gains are distributed. At midline, job creation is predominantly concentrated in male employment (6 male employees per 100 businesses), with negligible hiring of women (0.2 per 100). By endline, the pattern shifts markedly, with female employment rising to 8 per 100 businesses. This shift could reflect differences in the type of enterprises supported over time, changing household labour allocation decisions, or greater reliance on female labour within family and community networks as businesses expand. It may also indicate that business growth increasingly translated into work opportunities for women, which is consistent with the programme's stated emphasis on inclusion, although the figure alone cannot establish whether these hires are within-household, wage employment, or informal assistance.

From an effectiveness perspective, the figure 35 below indicates that PMIFL-supported enterprises exhibit limited but measurable employment generation, with stronger gains on the intensive margin (employees per 100 businesses) than on the extensive margin (share employing). The results therefore point to potential employment effects that are concentrated among a subset of enterprises, underscoring the importance of complementary support that helps more businesses reach the scale required to hire, such as improved market linkages, business skills development, and follow-on finance for expansion.

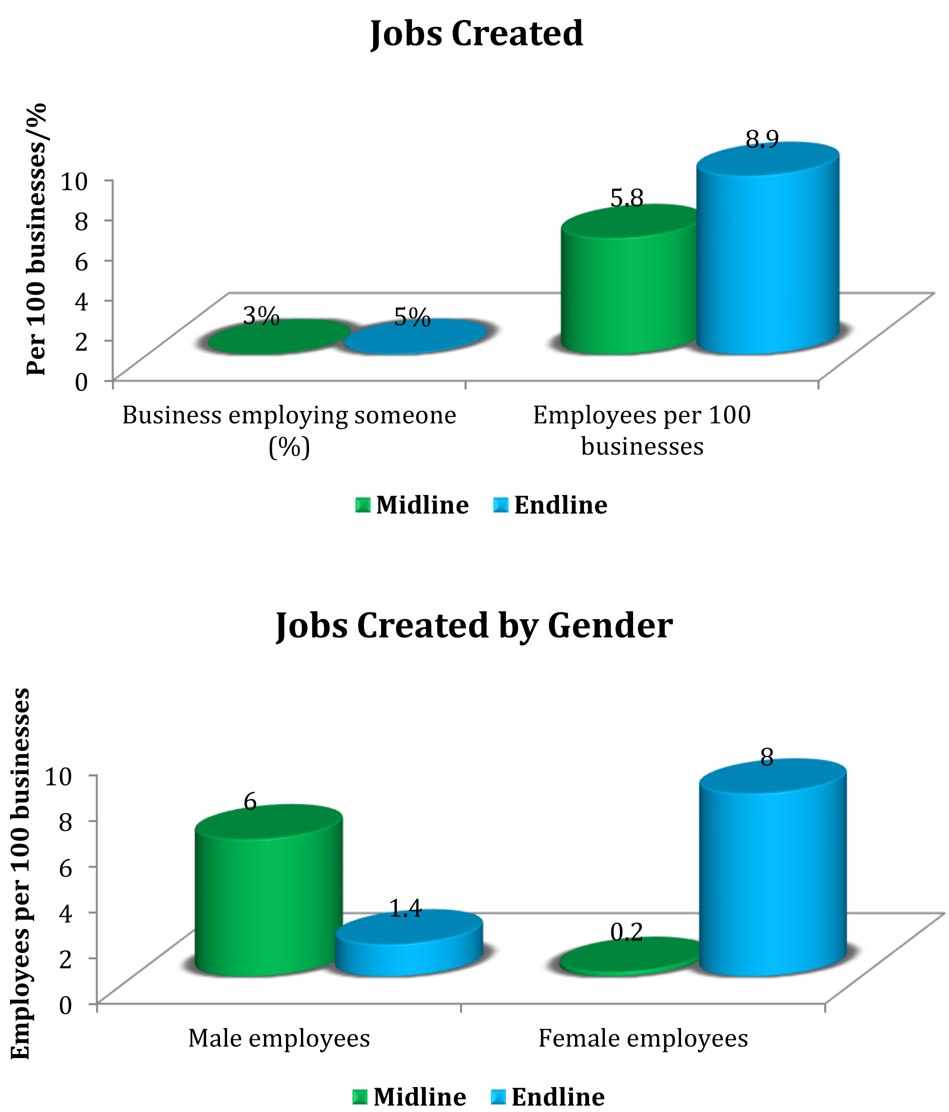

Figure 35: Employment Creation

Women empowerment

Women's economic and social empowerment is a key objective of PMIFL, achieved through direct access to interest-free credit and enhanced participation in household and business decision-making. Table 20 shows that the share of businesses controlled by women increased from 61% before the programme to 67% at endline, while control by husbands and others declined.

These shifts indicate that PMIFL participation strengthened women's agency in financial and business matters. While progress is most pronounced in household-level economic decision-making, improvements in mobility, capability, and public or community leadership remain moderate, reflecting both programme influence and persistent structural norms.

Table 20: Business Controlled Before and After PMIFL Programme

PMIFL Programme	Self (Beneficiary)		Husband		Other	
	Count	**%**	**Count**	**%**	**Count**	**%**
Before	1,470	61	722	30	219	9
After	1,625	67	626	26	160	7

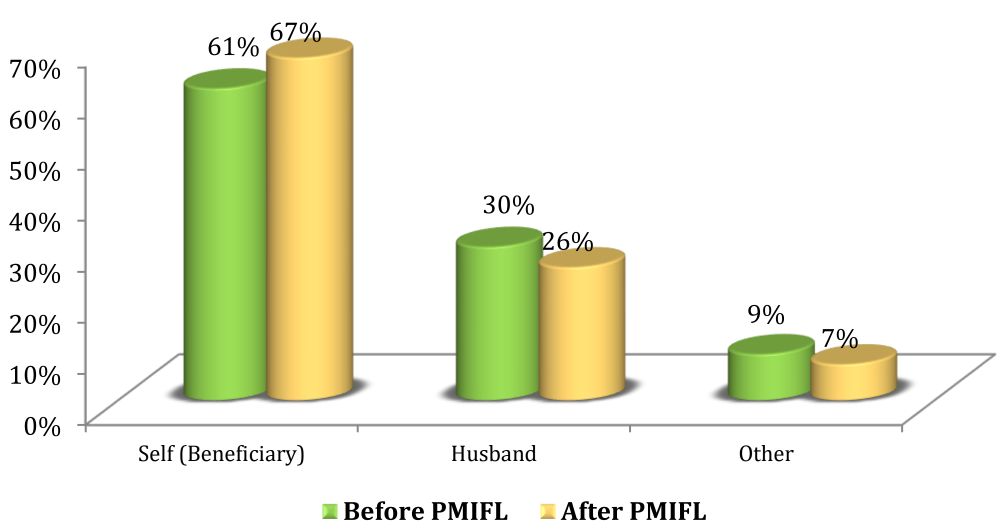

Figure 36: Who controlled business before and after PMIFL

Figure 36 highlights a gradual strengthening of women's operational involvement in their enterprises. Before PMIFL, 61% of women reported that they themselves controlled the business; this increases to 67% after participation. Control by husbands drops from 30% to 26%, and control by "other family members" falls slightly as well. Although the changes are modest, they suggest that PMIFL may have contributed to elevating women's day-to-day authority in managing business activities and reducing reliance on male or extended-family decision makers.

Table 21 shows modest improvements in women's financial control over their businesses following participation in PMIFL. The share of women who reported managing business finances themselves increased from 48% before the programme to 52% at endline. Correspondingly, the proportion reporting that others control financial matters declined from 54% to 46%.

Table 21: Financial Controlled of Women-Owned Business

PMIFL Programme	Women Controls Herself		Other Controls		Total	
	Count	%	Count	%	Count	%
Before	636	48	687	52	1,323	100
After	709	54	614	46	1,323	100

This shift suggests gradual strengthening of women's financial autonomy and decision-making authority within their enterprises. However, as nearly half of women still rely on others for

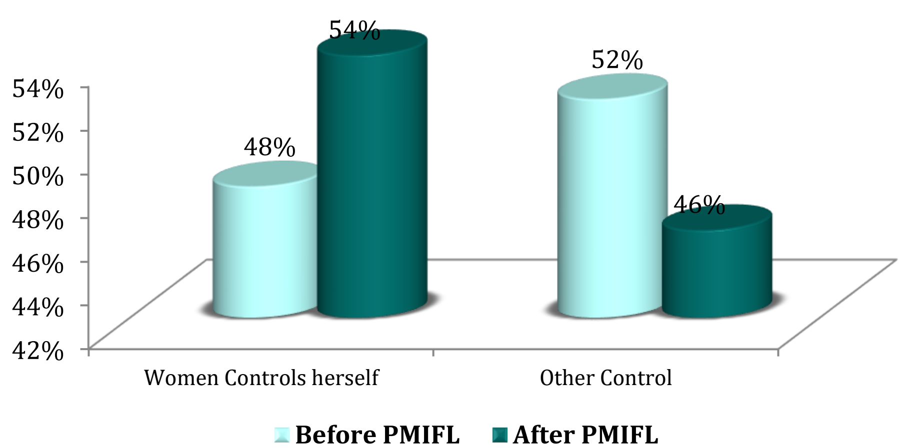

Figure 37: Financial Control of Women-owned businesses

financial management, the findings indicate that traditional household norms around financial control continue to influence women's economic decision-making.

The Figure 38[15] shows perceived gains across several dimensions of household influence. The strongest improvements are reported in household finances, where 91% note increased influence, likely reflecting women's active role in loan repayment and business earnings. Gains are also substantial in decisions related to children's education (77%) and personal healthcare (63%), areas that traditionally align with women's roles but appear reinforced by their increased financial engagement. In contrast, only 13% reported improved influence in community leadership. This gap highlights that empowerment gains remain concentrated within the household rather than expanding into public or community domains.

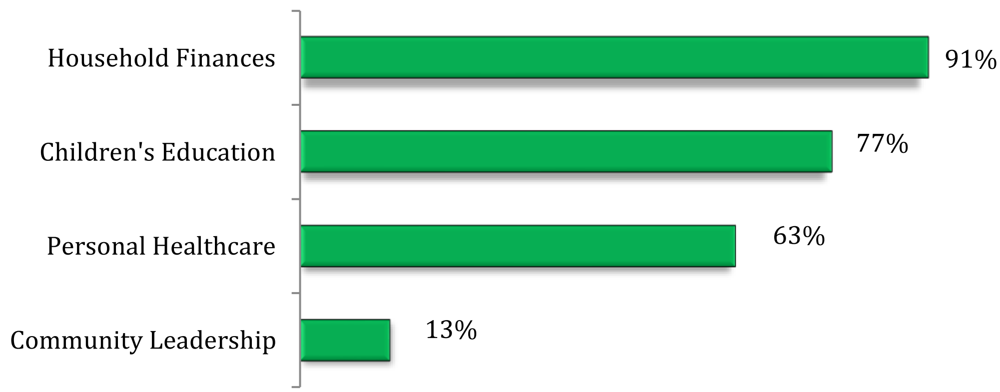

Figure 38: Areas in which women gained influence: respondent perceptions

Error! Reference source not found. shows that most respondents believe women's financial decision-making power has improved. About 58% agree and 15% strongly agree, demonstrating widespread recognition of women's growing financial role. A sizable minority (20%) remain neutral, which may reflect households where men continue to dominate financial authority despite women's participation in

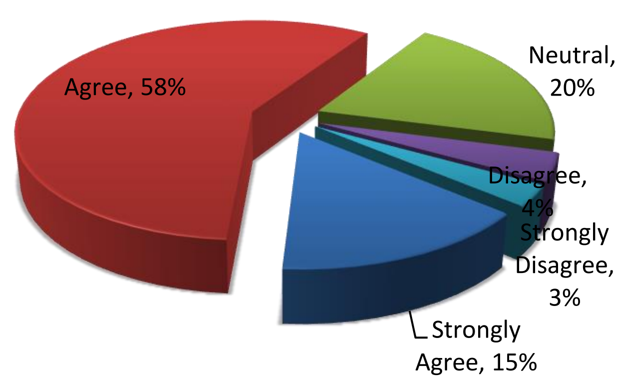

Figure 39: Respondent's Perception on Women's Decision Making on Financial Issues

[15] *Percentages exceed 100% because this was a multiple-response question, allowing respondents to choose more than one response option.*

the programme. Only a very small share disagrees. These results are consistent with earlier figures showing increased control over business finances.

Figure 40 shows a meaningful, though still limited, shift toward financial formalization. Before PMIFL, only 15% of women reported owning a bank account; this rises to 29% after the programme. Although more than 70% has no accounts, the doubling of account ownership represents significant progress in a context where cultural norms, documentation barriers, and mobility constraints traditionally limit women's access to formal banking. The rise in account ownership aligns with improvements seen in financial knowledge, business control, and household decision-making in earlier figures.

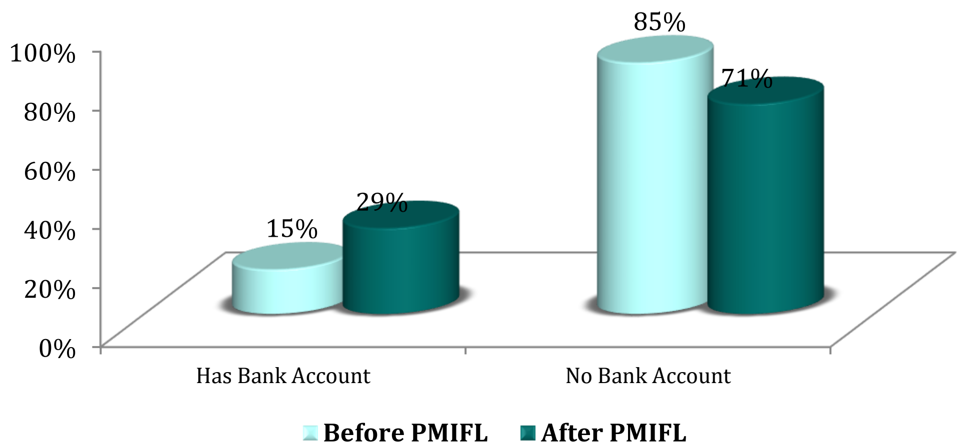

Figure 40: Bank account ownership in women, before and after PMIFL

3.8 PROGRAMME SUSTAINABILITY

Economic Sustainability through Loan Repayment:

The programme demonstrates strong economic sustainability, as reflected in the high rate of loan repayment among beneficiaries. Out of 2,411 borrowers, 2,351 (98%) fully repaid their loans, while only 60 (2%) had outstanding payments. Of these 60 borrowers, 51 (85%) indicated that they had only partial payments remaining, 7 (12%) planned to repay the full loan amount later, and only 2 (3%) reported being unable to repay their loans. This high repayment rate indicates that beneficiaries were generally able to generate sufficient income from their businesses to meet their financial obligations, reflecting the economic viability and resilience of PMIFL-supported enterprises. The ability of the majority of borrowers to repay loans not only reinforces the sustainability of individual businesses but also preserves the revolving nature of the fund, enabling continued support for new beneficiaries and facilitating the scaling of programme outcomes.

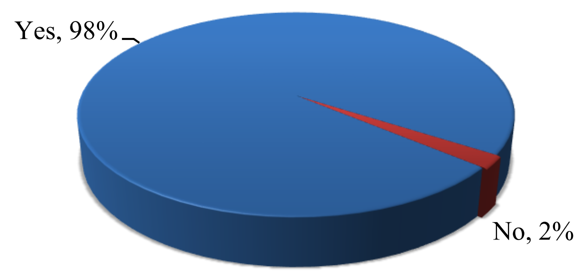

Figure 41: Loan Re-Payment Rate

Table 22: Complete Loan Re-payment

Loan Re-Payment	Yes		No	
	Count	%	Count	%
Complete Loan Re-payment	2,351	98	60	2

The participants in the Focus Group Discussion (FGD) expressed that the programme has played a crucial role in addressing their needs, and many of them shared personal experiences that highlighted the positive changes the programme has brought into their lives. Several beneficiaries have become financially independent, running their own businesses, which has led to improvements in their household conditions and enabled them to meet their children's educational and healthcare needs. These beneficiaries are hopeful for a brighter future, with many expressing their desire for the programme to continue. While they acknowledged that the loan amount may not be enough to entirely transform their financial situation, they believe that the benefits offered by the programme are sustainable in the long run.

A key point raised by many beneficiaries is that the loan amount plays a critical role in determining the programme's sustainability. Several participants emphasised that if the loan amount could be increased, they would be able to better sustain the benefits over time. Many of them expressed that, while the current loan amount has been helpful, it is not sufficient to fully address their financial challenges, especially in the face of rising inflation and increasing costs of living.

A few participants also indicated that the programme, if sustained, will not only benefit them but also future generations. They noted a shift in social dynamics, particularly with women becoming more financially independent and respected within their communities. These changes have contributed to a broader societal impact, with beneficiaries reporting that the programme has had a positive influence on poverty alleviation and financial stability. The continuation of the programme is viewed as a potential long-term solution for overcoming these challenges, especially with increased access to financial services.

The implementation and outcomes of the programme have been affected by various external challenges, including economic volatility, political instability, and climate-related shocks such as the COVID-19 pandemic and the 2022–2023 floods.

4. BEST PRACTICES AND LESSONS LEARNED

This impact assessment set out to understand how far an interest free microfinance instrument, delivered at scale through PPAF and its partners, can contribute to poverty reduction, livelihood strengthening, and women's economic empowerment in some of Pakistan's most disadvantaged districts. The Prime Minister's Interest Free Loan (PMIFL) programme is highly relevant to the needs of poor and vulnerable households, operationally strong, and broadly effective in helping many beneficiaries move into more secure welfare positions. At the same time, the depth and distribution of gains are strongly shaped by baseline inequality and local structural conditions. PMIFL functions as a powerful but partial tool. It can stabilise and incrementally improve livelihoods, but it cannot, on its own, overcome entrenched geographic and poverty-related disadvantages.

The discussion below summarises the main findings against the OECD DAC criteria: relevance, coherence, effectiveness, efficiency, impact, and sustainability.

- Interest free design is a core strength of PMIFL. Beneficiaries and partner organisations consistently emphasised that interest free loans are far more acceptable than conventional products, both for religious reasons and because people fear interest-based indebtedness. This design choice aligns closely with local norms and increases willingness to participate and repay.
- The loan structure is appropriate to beneficiaries' cash flow. One time disbursement combined with small, regular instalments is widely viewed as manageable. Households appreciate that the loan helped address immediate livelihood constraints without creating unmanageable monthly pressure, even when incomes are irregular.
- Even where the absolute loan size is perceived as insufficient to fully stabilise livelihoods, beneficiaries still see the product as highly relevant because it unlocks productive investments that would otherwise remain out of reach.
- PMIFL's product design is well aligned with the missions and operating models of partner organisations. Rural support programmes and community-based organisations view interest free lending as consistent with their social goals, which reduces tension between institutional incentives and community expectations and supports coherent implementation.
- The loan model complements rather than competes with broader social protection and livelihood initiatives. For many households, PMIFL sits alongside cash transfers and other support, helping them move from basic consumption smoothing toward modest enterprise development. This positioning within a wider "protection to livelihoods" continuum is an important best practice to build on.
- The strong emphasis on transparency, fairness, and community-based verification also supports coherence with local governance structures. By embedding loan delivery in existing community platforms and norms of mutual oversight, the programme reinforces social accountability and fits into the broader landscape of community driven development in Pakistan.
- The interest free nature of the loan supports productive use of funds. FGD participants repeatedly described using PMIFL to purchase livestock, equipment, or shop inventory rather than to meet short term consumption. The absence of interest reduces fear of over

indebtedness and encourages beneficiaries to treat the loan as an investment rather than emergency cash.

- Simple, transparent, and trusted processes contribute to effective targeting and use. Beneficiaries described the application and verification process as clear and straightforward, and they perceived allocation as fair. Verification mechanisms were seen as successful in ensuring that "the most deserving" households receive support, which helps protect programme credibility.
- Gender inclusive design is a further effectiveness gain. Loans directed to women were seen by partner organisations as a contributor to programme success, because women tend to invest in small, stable enterprises and household assets. Women beneficiaries reported feeling more financially independent and more confident in running businesses, which supports more effective use of loan capital over time.
- Loan processes with minimal documentation, lower access barriers and transaction costs. The limited documentation requirements and clear steps for application and disbursement reduced both time and financial costs for poor households, especially those with low literacy or incomplete formal documentation.
- With constrained operational budgets, partners still reached very poor and geographically isolated communities. The combination of simple procedures, local staff, and community level networks enabled delivery of loans in districts where other microfinance institutions are absent, particularly in remote areas of Balochistan and similar contexts. This represents a notable efficiency gain given the logistical challenges.
- The choice of small, asset-focused investments also contributes to efficient use of scarce resources. By encouraging purchases of livestock, basic equipment, and stock for micro enterprises, the programme ensures that even modest loan amounts can generate recurring income or smooth shocks, increasing the return on each rupee lent.
- Interest free loans have supported asset creation and income diversification. Beneficiaries reported purchasing livestock, machinery, and business inventory and then using these assets to expand or stabilise enterprises. These investments created new income streams,

allowed reinvestment of profits, and in some cases provided informal insurance during shocks.

- Women's social standing and intra household influence improved alongside their economic roles. Women described greater respect from family members, more say in decisions about children's needs and household spending, and more confidence in handling money. Partner organisations observed that women's effective use of loan funds contributed to more stable household income, reinforcing their role as economic contributors.
- Even when the loan is not large enough to fully transform welfare, beneficiaries consistently viewed it as reducing financial stress. Being able to repay without interest and without fear of spiralling debt was itself an important impact, especially for households that previously avoided all formal credit.
- The cultural and religious acceptability of interest free loans supports long term demand. Communities perceive PMIFL style products as ethical and fair, making repeat borrowing and continued engagement with partner organisations more likely than with conventional credit. This acceptance is an important foundation for sustainability.
- Asset based investments provide ongoing income potential beyond a single loan cycle. Livestock, small equipment, and shop inventory can generate repeated returns, enabling beneficiaries to sustain or grow their businesses after the initial loan is repaid. Where beneficiaries reinvest profits, one loan can underpin a longer trajectory of gradual improvement.
- At the same time, sustainability is constrained by inflation, climate shocks, and limited alternative financial options. Lessons from FGDs suggest that maintaining an interest free option, gradually increasing loan sizes in real terms, and linking beneficiaries to other social protection and livelihood programs are important for preserving gains over time.

5. RECOMMENDATIONS

1. Increase the loan size to reflect current economic conditions

The most urgent adjustment is to raise the loan ceiling so that beneficiaries can make investments that remain meaningful under high inflation and rising input prices. With current amounts, many households can only partially finance livestock, inventory, or equipment, which limits business growth and asset accumulation. An inflation-adjusted ceiling would better support viable micro-enterprises, strengthen income stability, and make graduation trajectories more realistic. This recommendation aligns with URAAN Pakistan's Equity and Empowerment and "Investing in People" priorities, which emphasise poverty reduction through inclusive growth and productive livelihoods.

Actionable steps:

- Adopt a two-tier loan ceiling: standard ceiling nationally, and a higher ceiling for "high-cost" districts based on remoteness and market prices.
- Update the ceiling annually using a transparent price index or basket of key inputs.

OECD-DAC criteria: Relevance, Effectiveness, Impact, Sustainability

Importance: Very high

Time frame: Short to medium term

2. Increase operational budgets for partner organisations in hard-to-reach areas

Partner organisations highlighted that operational budgets were tight, especially in remote and sparsely populated districts where transport and supervision costs were structurally higher. Modestly increasing operational allocations for such areas would allow partners to maintain regular field presence, recruit and retain local female staff, and serve scattered communities without cutting corners on monitoring or client support. This links directly to URAAN Pakistan's Equity and Empowerment focus on uplift of least developed regions and inclusive service delivery.

Actionable steps:

- Create a "hardship top-up" formula for district operating costs (distance, terrain, security, dispersion).
- Ring-fence funding for female outreach and supervision staffing in mobility-constrained contexts.

OECD-DAC criteria: Efficiency, Effectiveness, Sustainability

Importance: High

Time frame: Short term

3. Create a dedicated administrative and Monitoring and Evaluation (M&E) funding line for PMIFL

For continuation or scale-up, PMIFL should have an explicit budget line for administration and monitoring and evaluation, covering partner operations, routine supervision, digital data systems, and periodic third-party assessments. This is consistent with NFIS 2024–28's emphasis on building an evidence base for inclusion policies and strengthening institutional capacity to deliver inclusive finance at scale.

Actionable steps:

- Establish a multi-year M&E plan (core indicators, learning agenda, annual reporting cycle).
- Include a minimum M&E floor (for example, a fixed percentage of operating budgets) so monitoring is not squeezed during fiscal tightening.

OECD-DAC criteria: Efficiency, Effectiveness, Impact, Sustainability
Importance: Very high
Time frame: Short to medium term

4. Strengthen accessibility and programme management by tightening the link between asset support and PMIFL, and expanding local access points

The sequencing of graduation assets under NPGP followed by interest-free lending under PMIFL is conceptually strong. However, where different entities implement different components, beneficiaries can face information gaps, uneven messaging, and variable uptake. Future programming should use shared outreach plans and joint case management between asset providers and PMIFL delivery partners. In parallel, physical access should improve through more local facilitation points in remote areas, and through simple mobile or agent-enabled application and verification options where feasible. This aligns with NFIS 2024–28 priorities to expand access in underserved areas and strengthen delivery channels for inclusion, alongside URAAN Pakistan's focus on inclusive regional development.

Actionable steps:

- Introduce a single household pathway in NPGP districts (asset transfer, coaching, then PMIFL referral) with shared tracking.

- Pilot agent-based intake (local facilitation) so women and remote households can apply without repeated travel.

OECD-DAC criteria: Coherence, Effectiveness, Relevance, Sustainability

Importance: High

Time frame: Medium term

5. **Preserve the interest free model and maintain PMIFL as a strengthened revolving fund**

Beneficiaries and partners consistently identify the interest-free design as the key feature that sustains acceptability and continued engagement. PMIFL should therefore remain interest-free and operate as a revolving fund, with periodic capital replenishment so real lending capacity is not eroded by inflation. This is aligned with URAAN Pakistan's poverty-reduction and empowerment goals, and with NFIS 2024–28's broader ambition to scale access and usage of financial services, especially for underserved groups who may not use conventional products.

Actionable steps:

- Define a replenishment rule (for example, scheduled top-ups every 2–3 years, or when real value falls below a threshold).
- Track revolving fund performance using a small set of portfolio indicators to protect sustainability.

OECD-DAC criteria: Relevance, Impact, Sustainability, Coherence
Importance: Very high
Time frame: Long term, with immediate short-term implications for fund replenishment

6. **Develop structured pathways into Islamic financial products for mature clients**

Conventional interest-based microfinance is not acceptable for many beneficiaries. As some enterprises grow, they need larger and more flexible products beyond small revolving loans. PMIFL should develop structured linkages with Islamic microfinance institutions and banks offering Sharia-compliant products, through referral protocols, joint financial literacy sessions, and pilots for graduating clients. This aligns with NFIS 2024–28's focus on strengthening financial sector capabilities, financial literacy, and priority-sector financing for Micro, Small and Medium Enterprises (MSMEs).

Actionable steps:

- Create a graduation readiness checklist and referral pathway for eligible clients.
- Pilot a small Islamic finance bridge window in selected districts, with monitoring of uptake and repayment.

OECD-DAC criteria: Sustainability, Coherence, Impact
Importance: Medium to high
Time frame: Medium to long term

7. **Institutionalize PMIFL within GoP's poverty graduation architecture through sustained co-financing and scale pathways**

As an integral component of PPAF's Poverty Graduation Approach, PMIFL-type interest-free lending should be continued and strengthened with Government of Pakistan support, including predictable multi-year financing and explicit scale pathways. Positioning PMIFL within GoP's evolving poverty reduction and inclusion agenda would protect continuity across political cycles, support expansion into underserved districts, and strengthen graduation sequencing (assets, coaching, and finance) where relevant. This is consistent with GoP reform directions that emphasise inclusive growth, human development, and strengthening delivery systems for vulnerable populations (including the URAAN Pakistan direction of Equity and Empowerment).

Actionable steps:

- Establish a multi-year GoP–PPAF financing framework with clear targets (district coverage, women's access, and portfolio sustainability).
- Create a scaling roadmap that specifies where PMIFL should expand (priority districts) and how it will complement existing social protection and graduation initiatives.

OECD-DAC criteria: Coherence, Relevance, Sustainability, Impact
Importance: Very high
Time frame: Medium to long term

8. **Create a transparent GoP reimbursement mechanism for PMIFL operational and delivery costs, linked to performance standards**

A recurrent implementation constraint is the limited predictability of operational financing for delivery partners and programme management. To ensure sustainability and quality on a scale, operational costs should be treated as an explicit component of programme financing rather than an ad hoc absorption by PPAF. GoP and PPAF should agree to a transparent operational cost mechanism that covers partner delivery, supervision, MIS maintenance, and minimum M&E functions, with clear rules and timely disbursement.

Actionable steps:

- Introduce a dedicated operational cost line in GoP financing arrangements for PMIFL (separate from the revolving loan capital).
- Use a standard cost-norm / unit-cost approach (for example, per active borrower or per district), with hardship top-ups for remote districts.
- Link disbursement to basic service standards (timely processing, grievance handling, reporting completeness) to protect implementation quality.

OECD-DAC criteria: Efficiency, Sustainability, Effectiveness, Coherence
Importance: Very high
Time frame: Short to medium term

ANNEX

Quantitative and Qualitative Tools

Impact assessment Prime Minister's Interest Free Loan Programme

Beneficiary Interview

The Prime Minister's Interest Free Loan (PMIFL) Programme was initiated by the Government of Pakistan (GoP) in May 2014 to support productive micro-enterprise activities for the poor in rural and semi urban areas of the country. Pakistan Poverty Alleviation Fund (PPAF) was selected by the GoP to design, mobilize, implement and monitor the programme in partnership with local partner organizations.

Being the apex organization for implementing the PMIFL programme, PPAF has engaged the services of C4DE to assess and evaluate the performance of this programme with respect to its objectives and outcomes as well as in terms of its contribution towards poverty alleviation. The evaluation will provide detailed assessment and systematic analysis of performance and outcomes of the PMIFL programme.

For this purpose, C4DE is conducting a series of interviews with some selected beneficiaries for obtaining their direct feedback with regards to implementation of PMIFL and its related activities. Your cooperation in this regard is highly appreciated.

<table>
<tr><td colspan="3" rowspan="2">Date (mm/dd/yy) ____________________</td><td></td><td>Province</td><td>District</td><td>Enumerator</td><td>Beneficiary</td></tr>
<tr><td>ID</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="8">Name of Enumerator
____</td></tr>
<tr><td>Gender</td><td>Male=1</td><td>Female=2</td><td>Contact #</td><td colspan="4">______________________________</td></tr>
<tr><td colspan="8">Beneficiary and Household Details</td></tr>
</table>

1. Beneficiary’s name	____		
2. CNIC Number	- -		
3. Religion	Muslim=1	Hindu=2	Christian=3
	Sikh=sta4	Other=5	Specify ____________
4. Address	____		
5. Village	______________________	6. Union Council	______________
7. Tehsil	______________________	8. District	______________
9. Province/Region	______________________	10. Contact #	______________
11. Location		Urban=1	Rural=2
12. Are you the household head?		Yes=1 **(go to Q14)**	No=2

13. If not, relationship with the household head	Husband=1	Wife=2	Father=3	Mother=4	Brother=5	Sister=6
	Son=7	Daughter=8	Other=9	Specify ________________________________		

Family Details

Sr. No	14. Name (First member will be beneficiary himself/herself. If household head is other than the beneficiary, then second member will be household head)	15. Gender*	16. Age (Years)	17. Marital status**	18. Level of Education***	19.Currently enrolled in School *(5-16 years age Kids)* Yes=1 No=2	19. Occupation****		20. Disability Yes =1 No=2
							Before PMIFL Loan	After PMIFL Loan	
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									

***Gender Code:** Male=1, Female=2, Transgender =3

****Marital Status Code:** Single=1, Married=2, Divorced=3, Separated=4, Widow / Widower =5

*****Education Code** (for age 05 years and above): None=1, Primary (1 to 5) =2, Middle (6-8) =3, Matric (9-10) =4, Intermediate (11-12) =5, Graduate (14 or higher) =6, Other (please specify)

****Occupation Code**: Farmer/livestock=1, Own business/shop=2, Govt./private Job=3, Permanent labour=4, Daily wage=5, Unpaid family worker=6, Student=7, Housewife=8, Old-age/Child=9, Disable=10, Not earning=11, Other (please Specify)

Socio-Economic Characteristics of Household					
21. Type of house ownership	Own=1	Rented=2	Other=3	Specify ______________________	
22. Nature of house construction	Pakka=1	Kacha=2	Mixed=3	Slum=4	
23. Poverty Score (before intervention)	To be fetched from existing data.				
24. Are you or any of your family members receiving BISP grant currently?			Yes=1	No=2 **(go to Q27)**	
25. If yes, since when?			Year ______________________		
26. Type(s) of BISP compensation(s) being received	Consumption allowance/cash grant=1		Waseela-e-Taleem=2		
	Waseela-e-Haq=3	Waseela-e-Sehat=4	Waseela-e-Rozegar=5		
27. Are you benefited with any other programme of PPAF / partner organization other than the PMIFL?			Yes=1	No=2 **(go to Q29)**	
28. If yes, in which programme(s)?	1. ______________________ _	2. ______________________ _			
3.	4.	5.			
29. How much does your household earn from the following activities?					

Activity	**Household Income**		
	Monthly (Rupees)	**Bi-annually (Rupees)**	**Annually (Rupees)**
Agriculture/cropping			
Livestock/poultry/fishery			

Manufacturing/light engineering/workshop			
Embroidery/stitching/handicrafts			
Casual labour			
Agri. labour			
Services (cobbler, beautician, barber, carpenter, etc.)			
Enterprise/shop			
Govt./Pvt job			
Rental income			
Pension			
Remittances			
BISP fund			
Charity/Zakat/social benefits			
Other 1 ______________________			
Other 2 ______________________			
Other 3 ______________________			

30. How much do you spend on the following?

Item	**Expenditure**		
	Monthly (Rupees)	**Bi-annually (Rupees)**	**Annually (Rupees)**
Food			
Health			
Education			
Clothing			

Utilities			
Business			
Rent/housing			
Livestock feed			
Purchase of household asset			
Travelling/fuel			
Social functions			
Communication			
Other 1____________________			
Other 2____________________			
Other 3____________________			

Poverty Score Card Before PMIFL			
31. How many of your household members permanently lived and eat together **before receiving the PMIFL loan**?		Number ________________________	
32. How many people in your household were under the age of 18 or over the age of 65 **before receiving the PMIFL loan**?		Zero to two=1	Three to four=2
		Five to six=3	Seven or more=4
33. What was the highest educational level of the head of household (completed) **before PMIFL loan**?	Never attended=1	Upto primary=2	Class six to ten=3
	Class eleven or above=4	Other ___________________________________	
34. **Before receiving the PMIFL loan**,	No child of 5 to 16 years of age in the HH=1	All children between 5 to 16 years go to school =2	

how many children in your household between 5 and 16 years old **(at that time)** were attending school?	Some children between 5 to 16 years go to school =3	No child between 5 to 16 years go to school=4	
35. Number of rooms the household was living in (excluding, store, bathrooms, toilet kitchen shop, etc) **before receiving the PMIFL loan**		Number ______________________	
36. What kind of toilet was used by the household **before the PMIFL loan**?	Toilet connected to a sewerage=1	Dry toilet / pit hole=2	No toilet =3
37. Did the household own at least one refrigerator, freezer or washing machine **before receiving the PMIFL loan**?		Yes=1	No=2
38. Did the household own at least one air conditioner, air cooler, geyser or heater **before receiving the PMIFL loan**?		Yes=1	No=2
39. Did the household own at least one cooking stove, cooking range or microwave oven **before receiving the PMIFL loan**?		Yes=1	No=2
40. Did the household own the following engine driven vehicle(s) **before receiving the PMIFL loan**?	**At least one** car/tractor and **at least one** scooter/motor cycle =1	**At least one** car/tractor **but no** scooter/motor cycle =2	
	No car/tractor but **at least one** scooter/motor cycle =3	**No** car/tractor and **no** scooter/motor cycle =4	
41. Did the household own at least one television **before receiving the PMIFL loan**?		Yes=1	No=2
42. Did the household own the following livestock **before receiving the PMIFL loan**?	**At least one** buffalo/bullock and **at least one** cow/goat/ sheep=1	**At least one** buffalo/ bullock but **no** cow/goat/ sheep=2	
	No buffalo/bullock but **at least one** cow/ goat/sheep=3	**No** buffalo/bullock and **no** cow/goat/ sheep=4	

43. Did the household own any agricultural land **before receiving the PMIFL loan**?	Yes=1	No=2 (Skip q44)
44. How much agricultural land did the household own **before receiving the PMIFL loan**?	Area ________________________	Unit of area ____________________

Current Poverty Score Card			
45. How many of your household members permanently live and eat together **at the present**?		Number ________________________	
46. How many people in the household are **currently** under the age of 18 or over the age of 65?		Zero to two=1	Three to four=2
		Five to six=3	Seven or more=4
47. What is the highest educational level of the head of the household (completed) **now**?	Never attended=1	Upto primary=2	Class six to ten=3
	Class eleven or above=4	Other ________________________	
48. How many children in the household between 5 and 16 years old are **currently** attending school?	No child of 5 to 16 years of age in the HH=1	All children between 5 to 16 years go to school =2	
	Some children between 5 to 16 years go to school =3	No child between 5 to 16 years go to school=4	
49. Number of rooms the household is **currently** living in (excluding, store, bathrooms, toilet kitchen shop, etc)		Number ________________________	
50. What kind of toilet is used by the	Toilet connected to a sewerage=1	Dry toilet / pit hole=2	No toilet =3

household **at the present**?			
51. Does the household **currently** own at least one refrigerator, freezer or washing machine?		Yes=1	No=2
52. Does the household **currently** own at least one air conditioner, air cooler, geyser or heater?		Yes=1	No=2
53. Does the household **currently** own at least one cooking stove, cooking range or microwave oven?		Yes=1	No=2
54. Does the household own the following engine driven vehicles **at the present**?	**At least one** car/tractor and **at least one** scooter/motor cycle =1	**At least one** car/tractor **but no** scooter/motor cycle =2	
	No car/tractor but **at least one** scooter/motor cycle =3	**No** car/tractor and **no** scooter/motor cycle =4	
55. Does the household own at least one television **at the present**?		Yes=1	No=2
56. Does the household **currently** own the following livestock?	**At least one** buffalo/bullock and **at least one** cow/goat/ sheep=1	**At least one** buffalo/ bullock but **no** cow/goat/ sheep=2	
	No buffalo/bullock but **at least one** cow/ goat/sheep=3	**No** buffalo/bullock and **no** cow/goat/ sheep=4	
57. Does the household own any agricultural land **at the present?**	Yes=1	No=2 (Skip q58)	
58. How much agricultural land does the household own **at the present**?	Area ______________	Unit of area ______________	

Understanding of PMIFL

<table>
<tr><td rowspan="4">59. What are the objectives of PMIFL that you remember?</td><td colspan="2">Provide interest free loans to men, women and youth from poor households =1</td><td colspan="3">Engage poor households in productive economic activities=2</td></tr>
<tr><td colspan="2">Include females in economic activities=3</td><td colspan="3">To encourage health and educational practices=4</td></tr>
<tr><td colspan="2">To enhance business skills=5</td><td colspan="3">Establish and/or strengthen community centres for revolving of loans=6</td></tr>
<tr><td>Other=7</td><td colspan="4">Specify ________________</td></tr>
<tr><td rowspan="2">60. Who do you think is sponsoring PMIFL?</td><td>Government=1</td><td>Pakistan Poverty Alleviation Fund (PPAF)=2</td><td>Donor Agency=3</td><td colspan="2">NGOs=4</td></tr>
<tr><td>Other =5</td><td colspan="4">Specify ________________</td></tr>
<tr><td rowspan="4">61. What are the eligibility criteria of PMIFL (multiple response question)?</td><td colspan="2">Resident of a PMIFL UC=1</td><td>Having a valid CNIC=2</td><td colspan="2">Household Poverty Score between 0 to 40=3</td></tr>
<tr><td colspan="2">Willing to establish micro enterprise=4</td><td>Age between 18 to 60 years=5</td><td colspan="2">No history of illegal/unethical activities=6</td></tr>
<tr><td colspan="2">Good reputation=7</td><td>Not a defaulter of any other loan =8</td><td colspan="2">Don’t know=9</td></tr>
<tr><td>Other=10</td><td colspan="4">Specify ________________</td></tr>
</table>

<table>
<tr><td colspan="3">62. Do you know that you can file complaints related to PMIFL?</td><td colspan="2">Yes=1</td><td>No=2 (go to Q64)</td></tr>
<tr><td rowspan="2">63. If yes, with whom?</td><td>Partner Organization=1</td><td>Pakistan Poverty Alleviation Fund (PPAF)=2</td><td colspan="2">Government=3</td><td>Community institutions=4</td></tr>
<tr><td>Loan centre=5</td><td>Other=6</td><td colspan="3">Specify ____</td></tr>
<tr><td rowspan="6">64. Do you know what type of complaints can be launched?</td><td colspan="2">Recommendations/suggestions/queries =1</td><td colspan="3">Poor services=2</td></tr>
<tr><td colspan="2">Dealing/attitude=3</td><td colspan="3">Environmental issue=4</td></tr>
<tr><td colspan="2">Delay in processing/response=5</td><td colspan="3">Non-availability of staff=6</td></tr>
<tr><td colspan="2">Non issuance of loan recovery receipt=7</td><td colspan="3">Non-availability of relevant forms=8</td></tr>
<tr><td colspan="2">In-correct records=9</td><td colspan="3">Fraudulent activities=10</td></tr>
<tr><td>Don’t know=11</td><td>Other=12</td><td colspan="3">Specify ________________________</td></tr>
</table>

<table>
<tr><th colspan="4">Processing / Registration of PMIFL Loan(s)</th></tr>
<tr><td>65. How many loans you have taken from PMIFL?</td><td>One=1</td><td>Two=2</td><td>Three=3</td></tr>
<tr><td></td><td><u>First Loan</u></td><td><u>Second Loan</u></td><td><u>Third Loan</u></td></tr>
<tr><td>66. Date of submission of loan application (mm/dd/yy)</td><td></td><td></td><td></td></tr>
</table>

67. Loan processing time (Days)			
68. Type of business for which you applied the loan?*			
*Agriculture/cropping=1, Livestock/poultry/fish farming=2, Commerce/ retailing/petty trading=3, Manufacturing/light engineering/workshop=4, Food/agricultural processing=5, Micro-enterprise=6, Handicrafts/cottage=7, Services (beauty parlour, barber, carts, service station, etc.)=8, Other=9 Specify			
69. Was it a new business for which you applied PMIFL loan? Yes=1, No=2 **(If 'No', go to Q72)**			
70. If yes, did you have prior experience related to this business? Yes=1, No=2			
71. If yes, how many years?			
72. Date of establishment of your business? (mm/dd/yy)			

<table>
<tr><td>73. Name of partner organization through which you applied your PMIFL loan</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>74. Name/location of the centre where you applied your loan</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td rowspan="3">75. What were the stages that you had to pass through during the loan application process?</td><td colspan="2">Loan request=1</td><td colspan="2">Verification of your CNIC=2</td><td colspan="2">Verification of household head CNIC=3</td></tr>
<tr><td colspan="2">Verification of PSC=4</td><td colspan="2">Registration=5</td><td colspan="2">Issuance of application and business plan forms=6</td></tr>
<tr><td>Don’t know=7</td><td>Other=8</td><td colspan="4">Specify ______________________</td></tr>
<tr><td rowspan="4">76. What documents did you submit during your loan application process?</td><td colspan="2">CNIC copy =1</td><td colspan="2">Application form =2</td><td colspan="2">Loan approval form=3</td></tr>
<tr><td colspan="2">Social and financial appraisal form=4</td><td colspan="2">Business plan=5</td><td colspan="2">Guarantors’ statement=6</td></tr>
<tr><td colspan="2">Copy of utility bill=7</td><td colspan="2">Affidavit =8</td><td colspan="2">House ownership document=9</td></tr>
<tr><td>Photograph=10</td><td>Other=11</td><td colspan="4">Specify ______________________</td></tr>
<tr><td rowspan="2">77. What aspects were included in your business plan?</td><td colspan="2">Basic information about the planned business =1</td><td colspan="2">Reason of initiating the business=2</td><td colspan="2">Targets of production and sale =3</td></tr>
<tr><td colspan="2">Marketing strategy=4</td><td colspan="2">Cost estimate for establishing the business=5</td><td colspan="2">Monthly running expenses=6</td></tr>
</table>

	Required financial resources=7	Estimation of profit=8	Other=9
	Specify ______________________________		
78. Were you provided any assistance during the application process?		Yes=1	No=2 **(go to Q81)**
79. If yes, then what kind of assistance was provided?			

80. Who provided the assistance?	Loan centre staff=1	CO=2	VO=3	LSO=4	Group lending=5
	Credit committee=6	Other=7	Specify ______________________		

81. What type of orientation/training sessions have you been provided as a part of PMIFL?	Financial literacy/numeracy=1	Enterprise development=2	Life skill=3
	Business plan processes=4	Marketing strategies =5	Value chain=6
	Branding/promotion=7	Communication=8	Livestock rearing=9
	None=10	Other=11	Specify ______________________

Payment of First Loan			
82. Loan receiving date	Day ____________	Month ____________	Year ____________
83. Loan amount (Rupees)	Applied ________________	Received ________________	
84. Duration of loan	Number of months ______________________________		

85. Instalment plan for recovery of loan	Lump sum=1	Bi-annually=2	Quarterly=3	Monthly=4
86. Amount of each instalment	Rupees ____________________			
87. Are you satisfied with the instalment plan?		Yes=1 **(go to Q89)**		No=2
88. If no, please provide reason				
89. How did you receive your loan amount?	Bearer cheque=1	Open cheque=2	Order cheque=3	
	Over the counter funds transfer=4	Cash=5	Other (specify)=6	
90. From where you received your loan?	Branch/loan centre=1	Office of partner organization=2	Delivered at home=3	
	Bank=4	Other (Specify)=5____________________		
91. What was the basic requirement for receiving the loan amount?	Bank account=1	Valid CNIC=2		
	Other=3	Specify ____________________		

Payment of <u>Second</u> Loan			
92. Loan receiving date	Day ____________	Month ____________	Year ____________
93. Loan amount (Rupees)	Applied ____________	Received ____________	
94. Duration of loan	Number of months ____________________		

95. Instalment plan for recovery of loan	Lump sum=1	Bi-annually=2	Quarterly=3	Monthly=4

96. Amount of each instalment	Rupees ______________________________________			
97. Are you satisfied with the instalment plan?		Yes=1 **(go to Q99)**	No=2	
98. If no, please provide reason				
99. How did you receive your loan amount?	Bearer cheque=1	Open cheque=2	Order cheque=3	
	Over the counter funds transfer=4	Cash=5	Other (specify)=6	
100. From where you received your loan?	Branch/loan centre=1	Office of partner organization=2	Delivered at home=3	
	Bank=4	Other (Specify)=5________________________		
101. What was the basic requirement for receiving the loan amount?	Bank account=1	Valid CNIC=2		
	Other=3	Specify ______________________		

Payment of <u>Third</u> Loan				
102. Loan receiving date	Day ____________	Month ____________	Year ____________	
103. Loan amount (Rupees)	Applied ________________	Received ________________		
104. Duration of loan	Number of months ________________________________			
105. Instalment plan for recovery of loan	Lump sum=1	Bi-annually=2	Quarterly=3	Monthly=4
106. Amount of each instalment	Rupees ______________________________________			

107. Are you satisfied with the instalment plan?	Yes=1 **(go to Q109)**	No=2

108. If no, please provide reason	

109. How did you receive your loan amount?	Bearer cheque=1	Open cheque=2	Order cheque=3
	Over the counter funds transfer=4	Cash=5	Other (specify)=6

110. From where you received your loan?	Branch/loan centre=1	Office of partner organization=2	Delivered at home=3
	Bank=4	Other (Specify)=5 ____________________	

111. What was the basic requirement for receiving the loan amount?	Bank account=1	Valid CNIC=2
	Other=3	Specify ____________________

Utilization of Loan			
	First Loan	**Second Loan**	**Third Loan**
112. Type of business for which you have utilized the PMIFL loan?**			
**Agriculture/cropping=1, Livestock/poultry/fish farming=2, Commerce/ retailing/petty trading=3, Manufacturing/light engineering/workshop=4, Food/agricultural processing=5, Micro-enterprise=6, Handicrafts/cottage=7, Services (beauty parlour, barber, carts, service station, etc.)=8, Other=9 Specify			
113. Investment on business from **PMIFL loan** (Rupees)			

114. Investment on business from **<u>other loans</u>** (Rupees)			
115. Investment on business from **<u>personal sources</u>** (Rupees)			
116. If personal, specify the source(s)			
117. Actual usage of loan amount on **<u>business fixed assets</u>** (Rupees)			
118. Actual usage of loan amount on **<u>raw materials/products</u>** (Rupees)			
119. Actual usage of loan amount on **<u>other expenses</u>** (Rupees)			
120. If total loan amount was not utilized in business, what are the reasons?			
121. Who was running the business **<u>before</u>** receiving the PMIFL loan? (Please specify any relationship)			
122. Who has been running the business **<u>after</u>** receiving the PMIFL			

loan? (Please specify any relationship)			
123. How many of your family members were providing assistance in running your business **before PMIFL loan**?			
124. How many of your family members have been providing assistance in running your business **after PMIFL loan**?			
125. Have you employed any human resource for your business? Yes=1, No=2 **(If 'No', go to Q128)**			
126. If yes, please provide number of **male employed**			
127. If yes, please provide number of **female employed**			
128. Monthly income generated by this business **before PMIFL loan** (Rupees)			
129. Monthly income generated by this business **after PMIFL loan** (Rupees)			

130. Monthly **running expenses** for this business (Rupees)			
131. Monthly **cost of materials/ products** used in business (Rupees)			
132. Have you completed your loan re-payment? Yes=1, No=2 **(If 'Yes', go to Q134)**			
133. If no, what was the reason			
134. **Number of instalments** returned to-date			
135. Total **amount of loan** returned to-date (Rupees)			
136. Do you think that the PMIFL loan has been useful for your business? Yes=1, No=2 **(If 'No', go to Q138)**			
137. If yes, to what extent Substantially=1, Partially=2, Not at all=3			

Loan History (other than the PMIFL loan)						
138. Please specify any loan(s) that you have received during last three years (other than the PMIFL loan)						
Source of loan	**Purpose of loan Current Business=1, Other Business=2, Personal use=3**	**Amount of loan (Rupees)**	**Date of receiving**		**Current Status Fully paid=1 Partially paid=2 Defaulter=3**	**Amount returned to date (Rupees)**
			Month	**Year**		
Bank						
Family						
Micro-finance from another organization						
Relatives/friends						

Facilitation from Karobar Rehnumai Markaz (KRM)		
139. Do you know about KRM?	Yes=1	No=2 **(go to Q154)**
140. Are you registered with KRM in your area?	Yes=1	No=2 **(go to Q142)**
141. How did you get registration with KRM?	______________________________ ________	
142. Do you have contact number of any KRM member?	Yes=1	No=2
143. Were you provided assistance by staff of KRM and community members during the processing of loan and preparation of business plan?	Yes=1	No=2
144. Were you provided with business development strategies by the KRM staff and community members?	Yes=1	No=2
	PMIFL related materials=1	Information about KRM=2

145. What information was displayed or provided by the KRM staff at the loan centre?	List of potential business ideas =3		List of available training institutes=4	
	List of ustads / on-job mentors=5		Strategies for linking with business institutions=6	
	Other=7	Specify________		
146. What type of orientation/training sessions have you been provided by the KRM?	Financial literacy/numeracy=1		Enterprise development=2	Life skill=3
	Business plan processes=4		Marketing strategies =5	Value chain=6
	Branding/promotion=7		Communication=8	MIS=9
	None=10	Other=11	Specify ________	

147. Do you replicate to other community members what you have learnt through these trainings?	Yes=1	No=2 **(go to Q149)**

148. If yes, to how many individuals have you passed on this information till now?	Number ________

149. What type of facilitation was provided by the KRM in establishing/ promoting your business?	Developing market linkages=1		Forming group enterprises=2
	Connecting with suppliers=3		Identifying skill training institutes=4
	Establishing linkages with government agencies or NGOs=5		Conducting business fairs=6
	Other=7	Specify ________	

150. Do the KRM staff and community members follow up with you on advisory services related to your business?	Yes=1	No=2 **(go to Q152)**

151. If yes, frequency of the follow up calls	Weekly=1	Monthly=2	Quarterly=3	Bi-annually=4

152. How did you find the services provided by KRM staff and community members?	Helpful=1	Partially helpful=2	Not helpful=3

153. How did you find the facilitation and guidance provided by KRM staff and community members?	Useful=1	Partially useful=2	Not useful=3

Support by Community Institutions (CIs)					
154. Are you aware about community institutions working in your area?		Yes=1 **(go to Q156)**	No=2 **(answer Q155 and go to Q165)**		
155. If no, what is the reason?					
156. Which community institutions are involved in PMIFL?	Local Support Organizations=1		Village Organizations=2	Loan Committee=3	
	Community Organizations=4		Group Lending=5	None involved=6	
	Don't know=7	Other=8	Specify ________________		
157. Are you a member of any community institution involved in PMIFL?			Yes=1	No=2 **(go to Q161)**	
158. If yes, what is the type of membership?	General body=1		Executive body=2		
159. If yes, what is your role in the community institution?	Member=1		Secretary=2	President=3	
160. If yes, please specify the name of community institution					
161. What are the roles of community institutions in the PMIFL	Assessing, disbursing and recovering loans=1		Orientation and linkages=2		
	Supporting KRM activities=3		Guarantor=4		

	Don't know=5	Other (Specify)=6____

162. How often are beneficiaries visited by members of community institutions?	Weekly=1	Monthly=2	Quarterly=3	Bi-annually=4
163. Do you think these community institutions are playing an effective role in the implementation of PMIFL?	Yes=1	No=2		
164. Do you think that the community institutions can operate the PMIFL independently?	Yes=1	No=2		

Economy/Transaction Costs			
165. How many visits did you have to make for complete processing of your loan?	Information ____________________	Submission of application __________________	
	Receiving payment ______________	Orientation sessions _______________________	
	Other (specify) ____		
166. Average traveling time taken to reach the loan centre (One way)	Minutes __________________		
167. Average time spent at the centre during visits	Minutes __________________		
168. Average traveling cost incurred to reach the loan centre (One way)	Rupees ___________________		
169. Cost incurred for preparing the documentation for loan processing	Rupees ___________________		
170. Did you have to make payment for any of the training(s) that you received?	Yes=1	No=2 **(go to Q173)**	
171. If yes, amount paid	Rupees ___________________		

172. If yes, to whom		
173. Did you have to make any additional payment(s), other than the above, for processing of your loan?	Yes=1	No=2 **(go to Q176)**
174. If yes, amount paid	Rupees ___________________	
175. If yes, to whom		

Communication				
176. How did you come to know about the PMIFL?	Community Institutions=1		Local notables=2	Announcements at Masjid=3
	Orientation sessions by POs=4		TV/cable=5	Newspaper=6
	Internet/social media=7		Friends/relatives=8	Printed material=9
	Radio=10	Other=11	Specify ____	
177. Did you receive detailed information about PMIFL and its processes during your visits to loan centre?			Yes=1	No=2 **(go to Q179)**
178. If yes, how?	Pana flexes/banners=1		Brochures/flyers=2	Orientation session=3
	Other=4		Specify ____	
179. What information did you receive?	Eligibility criteria=1		Application process=2	Payment process=3
	Loan return process=4		Technical guidance=5	Complaint resolution=6
	None=7	Information regarding negative list=8	Other (Specify)=9 ___________________________	

180. Language of the information	English=1	Urdu=2	Local Language=3

181. Do you receive updates from any source(s) about the PMIFL?	Yes=1	No=2

182. Have you ever been contacted by the partner organization/loan centre staff for sharing of your experiences about the PMIFL?	Yes=1	No=2 **(go to Q184)**

183. If yes, what kind of information did you share?	

Empowerment							
184. Who was responsible for taking business decisions **before PMIFL** intervention?	Self=1	Husband=2	Wife=3	Father=4	Mother=5	Brother=6	Sister=7
	Son=8	Daughter=9	Other=10	Specify ______________________			
185. Who is responsible for taking business decisions **after PMIFL** intervention?	Self=1	Husband=2	Wife=3	Father=4	Mother=5	Brother=6	Sister=7
	Son=8	Daughter=9	Other=10	Specify ______________________			

186. Who had the financial control of your business **before PMIFL** intervention?	Beneficiary=1	Non-beneficiary=2
187. Who has the financial control of your business **after PMIFL** intervention?	Beneficiary=1 **(go to Q189)**	Non-beneficiary=2

188. If others involved, then provide relationship with the beneficiary.	Husband=1	Wife=2	Father=3	Mother=4	Brother=5	Sister=6
	Son=7	Daughter=8	Other=9	Specify ______________________		

189. Being a PMIFL beneficiary, has it improved your self-confidence?	Yes=1	No=2

190. Did you have a bank account before becoming PMIFL beneficiary?	Yes=1	No=2
191. Do you have a bank account after becoming PMIFL beneficiary?	Yes=1	No=2
192. As a result of being a PMIFL beneficiary, are you now involved more in decision making process in your family?	Yes=1	No=2
193. As a result of being a PMIFL beneficiary, are you now involved more in decision making process in your community?	Yes=1	No=2
194. Are you involved in any community based efforts for socio-economic uplift of your area?	Yes=1	No=2
195. Women in my household have a greater say in financial decisions (e.g., how money is spent or saved) since the PMIFL Programme started	1 – Strongly Disagree 2 – Disagree 3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
196. Which areas do you see women having more influence over since the PMIFL Programme began? *(Select all that apply)*	A. Women's influence has not increased B. Household finances (budgeting, expenses) C. Children's education decisions D. Personal healthcare choices E. Community leadership roles F. Other (specify)	

Financial Literacy/ Mobile Accounts		
197. Have you attended any training or sessions on financial literacy offered through the PMIFL Programme or its partners?	Yes=1	No=2
198. My understanding of budgeting, saving, and expense management has improved since I joined the PMIFL Programme.	1 – Strongly Disagree 2 – Disagree3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
199. I now feel more confident handling financial matters on my own (e.g., comparing loan terms, negotiating prices)	1- Strongly Disagree 2 – Disagree 3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
200. I have better access to a mobile phone or smartphone now than before participating in the PMIFL Programme	1 – Strongly Disagree 2 – Disagree 3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	

201. Which of the following mobile phone services do you regularly use? (Select all that apply if relevant)	A. Basic calls and SMS only B. Social media or messaging apps (e.g., WhatsApp) C. Mobile banking or e-wallets D. Internet browsing for information E. Other (specify)	
202. Since participating in the PMIFL Programme, I have started using mobile money or banking services.	Yes=1	No=2
203. I find mobile financial services (such as transfers and payments) easy and convenient to use	1 – Strongly Disagree 2 – Disagree 3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
204. Do you feel secure using mobile financial services for your transactions?	Yes=1	No=2
205. Women in my household are now better at basic calculations (e.g., calculating costs, profits) than before the PMIFL Programme.	1 – Strongly Disagree 2 – Disagree 3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
206. The PMIFL Programme has provided women with the necessary information or training to manage money more effectively.	1 – Strongly Disagree 2 – Disagree3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
207. Have any women in your household received specific mentoring or peer support from the PMIFL Programme regarding financial or numerical skill	Yes=1	No=2

208. Being part of the PMIFL Programme has made it easier to obtain loans from other microfinance institutions (MFIs).	1 – Strongly Disagree 2 – Disagree3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree	
209. Since the PMIFL Programme started, have you actually taken a loan from any other MFI?	Yes=1	No=2

Gender Sensitization						
210.Did you notice gender discrimination during processing of your loan?	Yes=1	No=2 **(go to Q212)**				
211.If yes, please specify the issue(s)						
212.Was male/female staff available separately at the loan centre?	Yes=1	No=2				
213.Who handled your loan processing case?	**First Loan**		**Second Loan**		**Third Loan**	
	Male=1	Female=2	Male=1	Female=2	Male=1	Female=2

Environmental and Social Management		
214.How many individuals are involved in running your business including yourself?	Male adults ____________________	Female adults ____________________
	Children below 14 years of age ______________________________________	
215.Was a social review carried out for your business?	Yes=1	No=2 **(go to Q219)**
216.If yes, were you informed of any social issue(s) related to your business?	Yes=1	No=2 **(go to Q219)**

217. If yes, please specify the issue(s)?					
218. What was the advice/preventive measure provided in this regard?					
219. Is any of the following item(s) linked with your business?	Hazardous chemical/material =1		Deforestation=2		
	Explosives/ammunition=3		Poaching/hunting=4		
	Drain without disposal=5		Commercial construction=6		
	Machinery/tools=7		Fire/smoke=8		
	None=9				
220. Was an environmental review carried out for your business?			Yes=1	No=2 **(go to Q223)**	
221. If yes, were you informed of any environmental issue(s)?			Yes=1	No=2 **(go to Q223)**	
222. If yes, please specify the issue(s)?					
223. Were you provided with any orientation and/or training on mitigation of environmental issues?			Yes=1	No=2	
224. Have you implemented any protective measure(s) in this regard?			Yes=1	No=2 **(go to Q226)**	
225. If yes, please specify					
226. Does any official(s) from PPAF or the local partner organization visit your business for social and environmental monitoring?			Yes=1	No=2 **(go to Q228)**	
227. If yes, what is the frequency of such visits?	Weekly=1	Monthly=2	Quarterly=3	Bi-annually=4	

Grievance Redress			
228. Did you face any problem during the processing of your loan?		Yes=1	No=2 **(go to Q240)**
229. If yes, at which stage?	Information/communication=1	Preparation of documentation=2	Processing of application=3
	Training/capacity building=4	Receiving of loan=5	Returning of instalment=6
	Other=7	Specify ______________________	
230. Please specify the issue			
231. Did you launch a complaint against this issue?		Yes=1	No=2 **(go to Q240)**
232. If yes, how?			
233. Was your complaint registered?		Yes=1	No=2 **(go to Q240)**
234. If yes, were you provided with an acknowledgment or complaint tracking number?		Yes=1	No=2
235. What is the status of your complaint?	Resolved=1	Pending=2	Rejected=3
236. If resolved, how long did it take?		Days ______________________	
237. If pending or rejected were you informed about the reason?		Yes=1	No=2 **(go to Q240)**
238. If yes, what was the reason?			
239. If pending, please provide since how many days?		Days ______________________	

Satisfaction with PMIFL			
240. What is your level of satisfaction with the manner in which information and communication were provided under PMIFL?	Satisfied=1	Partially satisfied=2	Not satisfied=3
241. What is your level of satisfaction with the processing of loan under PMIFL?	Satisfied=1	Partially satisfied=2	Not satisfied=3
242. What is your level of satisfaction with the training and capacity building provided under PMIFL?	Satisfied=1	Partially satisfied=2	Not satisfied=3
243. What is your level of satisfaction with the loan payment process?	Satisfied=1	Partially satisfied=2	Not satisfied=3
244. Are you satisfied with the amount of loan received under PMIFL?	Satisfied=1	Partially satisfied=2	Not satisfied=3
245. Are you satisfied with the services provided by partner organization and its loan centre staff?	Satisfied=1	Partially satisfied=2	Not satisfied=3
246. Are you satisfied with the support provided by KRM and community institutions?	Satisfied=1	Partially satisfied=2	Not satisfied=3

Shocks Module

Introduction/Note:

"Now I would like to ask you some questions regarding the shocks your household has experienced."

247.	Over the past 12 months, did your household experience any of the following shocks? (Select all that apply.)" Skip Pattern: If the respondent selects "0 No shocks," then no other options should be selected	**0** – No shocks **1** – Natural disasters **2** – Agricultural issues **3** – Social unrests **4** – Family or personal issues **5** – (Self-) Employment issues **6** – Other income or expenses shocks **7** – Fuel shortage, power cut, or rationing **8** – Fallen walls due to poor materials **9** – Other (please specify)

	(i.e., exactly one option is allowed when "No shocks" is chosen). If any option(s) other than "0" are selected, the respondent may select one or more items.		
248.	Other (please specify),		
249.	For each shock that the respondent selected in **Question 245** (excluding "0 No shocks"), ask the following questions.		
Q247_1	How many times did you experience [the selected shock] in the past 12 months?		
Q247_2	How severe was the negative impact of [the selected shock] on the livelihood of your household over the past 12 months?	1. No impact 2. Slight impact 3. Moderate impact 4. Strong impact 5. Worst ever happened	
Q247_3	To what extent was your household able to recover its livelihood over the past 12 months from [the selected shock]?	1. Did not recover 2. Recovered some, but worse 3. Recovered to same level 4. Recovered and better off 5. Not affected significantly	
250.	Have you or any family member gained new employment opportunities due to the PMIFL programme?	1. Yes	2. No
248_1	If yes, please specify		

251.	Have you or any family member gained self-employment opportunities due to the PMIFL programme?	1. Yes	2. No
249_1	If yes, please specify		
250.	How many jobs have been generated through the PMIFL programme in your business?	Number of Jobs Created (Male Hires) ………………… ………..	Number of Jobs Created (Female Hires) ……………………………
"After participating in the Impact Assessment of the Prime Minister's Interest Free Loan (PMIFL) Programme, please indicate your level of agreement with each of the following statements. Use the following scale for your responses: 1 – Strongly Disagree; 2 – Disagree; 3 –Neither Agree nor Disagree; 4 – Agree; 5 – Strongly Agree."			
251.	Participation in the PMIFL Programme has helped a member of my household secure stable employment.	1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree; 4 – Agree; 5 – Strongly Agree.	
252.	Since participating in the PMIFL Programme, I have noticed an increase in job opportunities in my local community.	1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree; 4 – Agree; 5 – Strongly Agree.	
253.	The cost of accessing health care facilities has become more affordable since the PMIFL Programme was introduced.	1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree; 4 – Agree; 5 – Strongly Agree.	
254.	The PMIFL Programme has helped my household more easily afford healthcare services.	1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree; 4 – Agree; 5 – Strongly Agree.	
Education Enrolment			
255.	"After participating in the Impact Assessment of the Prime Minister's	1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree;	

<table>
<tr><td></td><td>Interest Free Loan (PMIFL) Programme, please indicate your level of agreement with each of the following statements. Use the following scale for your responses:
1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree; 4 – Agree; 5 – Strongly Agree."

Since joining the PMIFL Programme, I have found it easier to meet the costs of school fees, uniforms, or books for my children (or dependents)</td><td>4 – Agree;
5 – Strongly Agree."</td></tr>
<tr><td>256.</td><td>Have any members of your household enrolled in a higher level of education (college/university) after participating in the PMIFL Programme?</td><td>1. Yes
2. No</td></tr>
<tr><td colspan="3">National Poverty Graduation Programme (NPGP)
To be asked in six of the sampled districts—Zhob, Lasbela, Dera Ismail Khan, Dera Ghazi Khan, Tharparkar, and Kashmore</td></tr>
<tr><td>257.</td><td>Did your household receive any productive economic asset through National Poverty Graduation Programme (NPGP) between January 2020 to December 2024?</td><td>1. Yes (go to Q258)
2. No (Skip this section questions)</td></tr>
<tr><td>258.</td><td>If yes in Q257, through which organisation did your household receive the assets, and in which year? (select only one)</td><td><table><tr><th>Organisation</th><th>Year</th></tr><tr><td>1. NRSP (Lasbela & D. G. Khan)</td><td></td></tr><tr><td>2. BRSP (Zhob)</td><td></td></tr><tr><td>3. SABAWON (D. I. Khan)</td><td></td></tr><tr><td>4. SRSO (Kashmore)</td><td></td></tr><tr><td>5. TRDP (Tharparkar)</td><td></td></tr></table></td></tr>
<tr><td>259.</td><td>If yes in Q257, then which productive economic asset(s) did your household receive? (e.g. livestock, sewing machine, rickshaw)</td><td>☐ Livestock
☐ Cow
☐ Buffalo
☐ Goat/ Sheep
☐ Loader Rickshaw</td></tr>
</table>

		☐ Sewing/ Knitting Machine ☐ Crockery ☐ Grocery/ Karyana items to sell ☐ Barber supplies ☐ Beauty saloon supplies ☐ Others ___________________________
260.	How useful has/ have the asset(s) been in generating income?	☐ Very useful ☐ Somewhat useful ☐ Not useful ☐ Not yet used
261.	Are you satisfied with the quality of asset given under National Poverty Graduation Programme?	1 – Strongly Disagree; 2 – Disagree; 3 – Neither Agree nor Disagree; 4 – Somewhat Agree 5 – Agree; 6 – Strongly Agree.
262.	After receiving the asset, were you informed that you are eligible for taking an interest free loan through PMIFL programme?	1. Yes 2. No
263.	Did your household receive interest free loan under PMIFL programme after receiving productive economic asset through NPGP?	1. Yes 2. No (go to Q266)
264.	If yes, in Q263, through which organisation did your household receive the interest free loan under PMIFL Programme? *(select only one)*	1. HANDS (Lasbela) 2. BRSP (Zhob) 3. AKHUWAT (D. I. Khan) 4. SERVE (D. I. Khan) 5. CSC (D. G. Khan) 6. NRSP (D. G. Khan) 7. SRSO (Kashmore) 8. TRDP (Tharparkar)
265.	If Yes in Q263, how many loans have your household received so far through PMIFL Programme?	No. of Loans: ---------------- (**Note**: Please check that the number of loans is aligned with Q63 during data collection.)

266.	If No in Q263, did your household receive any interest free loan through PMIFL Programme before receiving assets through NPGP?	1. Yes 2. No
267.	If No in Q263, what are the main reasons for not opting for interest free loan after receiving productive economic asset through NPGP?	1.-- 2.-- 3.---

KII Guide PPAF Team

Information Letter

Name of organization/office: ________________________

Position of respondent: ________________________

Date of interview: ________________________

Location _____________________

Hello…. My name is ________________________ I work as a national / field researcher with C4DE. C4DE is a research organization that is working closely with PPAF to assess their "Prime Minister's Interest Free Loan (PMIFL)" programme. Given your position and experience with this programme, we are happy to have the opportunity to meet you and to discuss with you challenges in the implementation, identify lessons learnt and find entry points to improve and shape future activities.

I will lead the conversation, but feel free to interject any time. Most importantly, I am more interested in your opinion so I will do my best to ensure a smooth and nice atmosphere to talk.

During the interview:

- Please do not hesitate to speak up. You are free to share with me any additional information that is not covered by our questions. Please also remember, there are no "right" or "wrong" answers.
- You can refuse to answer any question that you do not want to answer, or you can stop the interview at any time. Participation in the interview is completely voluntary. Your comments will remain anonymous.

With your permission I would like to audio record our discussion. This way I can free myself from taking notes and can listen to the discussion later. The audio recording will only be used for this research and will never be used to identify you.

Do you have any questions before we start?

If you do not mind, I would also like to record your consent for both taking part in this interview and for recording it. Is that okay? (If yes, then I would start recording now)

Section 1: Background & Role

1. Can you briefly describe your role within PPAF and your specific involvement with the PMIFL Programme?
2. How long have you been working with the PMIFL Programme, and what aspects of the programme have you been most engaged with?

Section 2: Programme Relevance

3. What were the key considerations in designing the PMIFL Programme to target marginalized, low-income, and vulnerable households?
4. How does the programme ensure that the most financially excluded populations are reached?
5. Were there any challenges in ensuring equitable access to the loans, particularly for women and other vulnerable groups? How were they addressed?
6. What mechanisms were put in place to ensure a smooth and transparent loan disbursement process?

Section 3: Programme Impact

10. How has the programme influenced beneficiaries in terms of **income levels, financial stability, and business creation**?
11. What impact has the PMIFL Programme had on **women's economic empowerment** and their role in household decision-making?
12. Has the programme contributed to **beneficiaries' improved access to education, healthcare, and asset ownership**? If so, how?
13. Could you share any success stories or case studies that highlight the programme's impact?

Section 4: Coherence

14. How does the PMIFL Programme align with other government and donor-funded financial inclusion and poverty alleviation initiatives?

15. In your view, how does the PMIFL Programme align with the objectives and strategies of other poverty alleviation programmes such as NPGP?
16. Have there been any coordination mechanisms or partnerships between PMIFL and other government or donor-funded initiatives?
17. What partnerships (with NGOs, financial institutions, government agencies) have been most effective in enhancing programme delivery?
18. Can you share examples where PMIFL has either filled a gap or enhanced the impact of other ongoing initiatives in the same areas?
19. How effective has the partnership with implementing organizations been in delivering the programme at the community level?
20. Have there been any operational or policy-level bottlenecks that have impacted the programme's efficiency? How has PPAF worked to resolve them?
21. From your perspective, what have been the major successes of the programme in terms of poverty alleviation and financial inclusion?
22. What were the major challenges and issues faced by PPAF after transferring NPGP to MoPASS, considering that the interest-free loan component was an integral part of the programme and implemented by PPAF?

Section 5: Sustainability

17. What measures have been taken to ensure the **long-term sustainability** of the PMIFL Programme beyond donor funding?
18. What challenges or barriers have you observed that may hinder the sustainability of programme outcomes for beneficiaries?
19. What strategies or mechanisms has PPAF, or its partners implemented to ensure the PMIFL Programme remains effective after the end of donor support?
20. How does the local context—such as socio-economic conditions or institutional capacity—affect the sustainability of programme benefits?
21. What changes or support systems do you think are necessary to strengthen the long-term impact of the programme for beneficiaries?

22. Are there any plans or models for linking PMIFL beneficiaries to long-term financial services or market systems? Have beneficiaries been able to transition to other financial services or credit options post-loan?
23. What are PPAF's future plans for the programme? Are there any planned modifications or scale-up strategies?
24. Do you think beneficiaries will continue to experience the benefits of the programme after completing their loan cycle? Please explain your view. What kinds of benefits—such as income stability, business growth, improved access to services—are likely to be sustained? What factors might affect this?)

Section 6: Lessons & Best Practices

25. With respect to implementing the program, what were the lessons? Particularly what worked? And what did not?
26. Can you share any best practices or approaches that you believe proved to be very effective in mitigating the challenges?
27. What are the key lessons and recommendations do you provide that can help to improve and make similar programs more effective and impactful?
28. What should be done differently? What should be done with the same programmatic approach to improve?

Section 7: Efficiency

29. Were loans disbursed on schedule according to the programme plan?
30. How timely was the identification, selection, and onboarding of beneficiaries?
31. Were there any delays in fund disbursement or loan recovery, and what were the reasons?
32. Did the programme achieve a high beneficiary outreach relative to its operational costs?
33. Were there any redundancies or bottlenecks in the loan processing cycle
34. Did the programme leverage existing community structures (e.g., local NGOs, community orgs) to reduce delivery costs?

Section 8: Effectiveness

35. In your view, to what extent has the PMIFL programme contributed to poverty reduction among the target population?
36. Can you share any examples where clear improvements in income or livelihoods were observed due to the loan?
37. What kind of businesses or activities are most commonly started or expanded through the interest-free loans?
38. Do you believe financial support is being used effectively? What factors support or hinder effective usage?
39. Have you observed any indirect impacts of the loan programme on beneficiaries' access to health, education, or other basic services? Do you think that it over all impacted their well-being?
40. What challenges has the organization faced in ensuring the loans reach the right people in a timely and impactful way?

Closing Questions

In your opinion, what are the most critical factors that need to be addressed to further improve the programme?

Do you have any final thoughts or recommendations for enhancing the PMIFL Programme's effectiveness and sustainability?

KII Guide Partner Organization (PO)

Information Letter

Name of organization/office: ______________________

Position of respondent: ______________________

Date of interview: ______________________

Location ___________________

Hello…. My name is ______________________ I work as a national / field researcher with C4DE. C4DE is a research organization that is working closely with PPAF to assess their "Prime Minister's Interest Free Loan" PMIFL program. Given your position and experience with this project, we are happy to have the opportunity to meet you and to discuss with you challenges in the implementation, identify lessons learnt and find entry points to improve and shape future activities.

I will lead the conversation, but feel free to interject any time. Most importantly, I am more interested in your opinion so I will do my best to ensure a smooth and nice atmosphere to talk.

During the interview:

- Please do not hesitate to speak up. You are free to share with me any additional information that is not covered by our questions. Please also remember, there are no "right" or "wrong" answers.
- You can refuse to answer any question that you do not want to answer, or you can stop the interview at any time. Participation in the interview is completely voluntary. Your comments will remain anonymous.

With your permission I would like to audio record our discussion. This way I can free myself from taking notes and can listen to the discussion later. The audio recording will only be used for this research and will never be used to identify you.

Do you have any questions before we start?

If you do not mind, I would also like to record your consent for both taking part in this interview and for recording it. Is that okay? (If yes, then I would start recording now)

Section 1: Background and Role

1. Can you briefly introduce yourself and your role in implementing the PMIFL Program?
2. What were the key responsibilities of your organization in executing this program?
3. How was your organization selected as an implementing partner for the PMIFL Program?

Section 2: Programme Relevance

4. In your view, how well does the PMIFL Programme address the financial needs of marginalized, vulnerable, and low-income households?
5. What strategies were used to ensure that the programme effectively targeted and reached these communities?
6. Were there any challenges in identifying and reaching the most deserving beneficiaries? If so, how were these addressed?

Section 3: Loan Disbursement and Implementation Challenges

7. How efficient and transparent was the loan disbursement process in practice?
8. What challenges did your organization face in distributing the loans? (e.g., administrative, logistical, policy-related)
9. How did your team ensure compliance with programme guidelines and prevent misuse of loans?
10. Were there any unintended consequences or issues observed during loan distribution?

Section 4: Programme Impact

11. From your experience, how has the programme influenced the financial stability of beneficiaries?
12. Have you observed any noticeable changes in income levels, employment, or business opportunities for beneficiaries?
13. How has the programme supported women's economic empowerment and financial independence?
14. Do you think that the programme has positively influenced beneficiaries to improve their health, education, and improved their life over all ?

Section 5: Coherence

15. How well did the PMIFL Programme align with other poverty alleviation and financial inclusion initiatives like NPGP?
16. Did your organization collaborate with government bodies, donor agencies, or other financial programs? If so, how?
17. What lessons can be learned from similar programs to improve PMIFL implementation?

Section 6: Sustainability

18. What steps have been taken to ensure that beneficiaries continue to experience financial stability after completing their loan cycles?
19. Have you observed beneficiaries being able to access other financial services after participating in the PMIFL Program?
20. What do you think are the key factors that contribute to or hinder the sustainability of the program?

Section 7: Cross Cutting Themes

21. How have external factors (economic instability, inflation, policy changes) impacted programme implementation?
22. Have climate-related shocks (e.g., floods, droughts) affected the program's success in any way?
23. What measures could be put in place to make the programme more resilient to external challenges?

Section 8: Lessons Learn & Best Practices

21. What aspects of the programme implementation went particularly well, and why?
22. What challenges did you encounter during implementation, and how were they addressed?
23. Which strategies or approaches were most effective in achieving results?
24. Can you share any innovations or adaptations you made during the programme that worked well?
25. What elements of the programme design or delivery should be replicated in future initiatives?

Section 9: Efficiency

26. Did your organization as a PO, follow agreed timelines for beneficiary identification, loan disbursement, and follow-up?
27. Did partners manage their administrative and operational budgets effectively?
28. Did partners have efficient systems for application processing, loan disbursement, and recovery?
29. Were partner staff adequately trained and deployed to ensure smooth operations?
30. How effective were coordination and communication mechanisms between the lead agency and partners?

Section 10: Effectiveness

31. Based on your field-level observations and data, to what extent has the PMIFL programme reduced extreme poverty among beneficiaries?
32. Can you share any examples or success stories of individuals or families whose economic condition improved significantly due to the loan?
33. Do you think the loan size and repayment terms are sufficient to meaningfully impact extremely poor households? Why or why not?
34. In your opinion, how well the beneficiaries have used the loan in a way that led to sustained economic improvement?
35. Do you think the loan size and repayment terms are sufficient to meaningfully impact extremely poor households? Why or why not?

KII Guide Loan Center Representative

Information Letter

Name of organization/office: ______________________

Position of respondent: ______________________

Date of interview: ______________________

Location ___________________

Hello…. My name is ________________________ I work as a national / field researcher with C4DE. C4DE is a research organization that is working closely with PPAF to assess their "Prime Minister's Interest Free Loan (PMIFL)" programme. Given your position and experience with this project, we are happy to have the opportunity to meet you and to discuss with you challenges in the implementation, identify lessons learnt and find entry points to improve and shape future activities.

I will lead the conversation, but feel free to interject any time. Most importantly, I am more interested in your opinion so I will do my best to ensure a smooth and nice atmosphere to talk.

During the interview:

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Do you have any questions before we start?

If you do not mind, I would also like to record your consent for both taking part in this interview and for recording it. Is that okay? (If yes, then I would start recording now)

Section 1: Background and Role

1. **Could you please briefly introduce yourself** (what your position is, what you do in this position, how is it linked to PPAF PMIFL)
    - How did you get involved with PMIFL programme?
2. What are your key responsibilities?
3. Which level of interaction and involvement do you have with the beneficiaries?

Section 2: Programme Relevance

1. In your experience, what are the most common financial challenges faced by low-income households before accessing the PMIFL Loan?
2. Do you think the PMIFL Programme is effectively reaching the most marginalized and vulnerable communities? Why or why not?
3. What strategies are in place to ensure the programme serves those who need it most?
4. Can you walk us through the step-by-step loan application and disbursement process?
5. How efficient is the loan approval and verification process? Are there any delays?
6. What measures are in place to ensure transparency and fairness in loan allocation?

Section 3: Impact

1. Based on your observations, how has the PMIFL Programme influenced beneficiaries' financial stability?
2. Have you seen any changes in business activities, income levels, or employment among beneficiaries?
3. In what ways has the programme contributed to women's economic empowerment?
4. Are there any notable success stories of beneficiaries who have significantly improved their financial situation through the loan?

Section 4: Sustainability

1. Do beneficiaries typically experience financial stability after completing their loan cycles?
2. What factors contribute to or hinder the long-term sustainability of the programme?
3. How do you think the programme could be improved to ensure lasting economic growth for beneficiaries?

Section 5: Recommendations & Programme Improvement

1. Based on your experience, what improvements would you suggest for the loan distribution process?
2. Are there any additional support services (e.g., financial literacy training, business mentoring) that you think should be included in the programme?
3. How can partnerships with other organizations or stakeholders enhance the impact of the PMIFL Programme?
4. Is there anything else do you think I missed, or do you think worth discussing?

Section 6: Efficiency

1. What resources (staff, equipment, space, time) are available to your center to implement the interest-free loan programme? Are they sufficient?
2. Do you think the resources allocated to your center were used efficiently? Why or why not?
3. Do you think that resources were utilized to yield optimal results?
4. Are there any aspects of the process where you think resources (money, time, personnel) are being wasted or duplicated?
5. Have you received any guidance or support to reduce operational costs while maintaining service quality?
6. Are there any experiences or advise that could improve efficiency for cost reduction, operational challenges and better resource management?

Section 7: Effectiveness

1. Based on your observations or follow-ups, to what extent have beneficiaries' economic situations improved since receiving the interest-free loan?
2. Are there any specific cases where you saw a significant reduction in poverty due to the loan? Can you share examples?
3. What kinds of income-generating activities or businesses do beneficiaries typically invest their loans in?
4. Have you noticed cases where the loan was not used effectively? What were the common reasons (e.g., lack of skills, emergencies, family pressures)?
5. Have you observed any improvements in beneficiaries' access to basic needs like healthcare, education, or better housing after receiving the loan?
6. Are there indirect benefits you've seen—for example, increased community involvement, confidence, or decision-making power, especially among women?

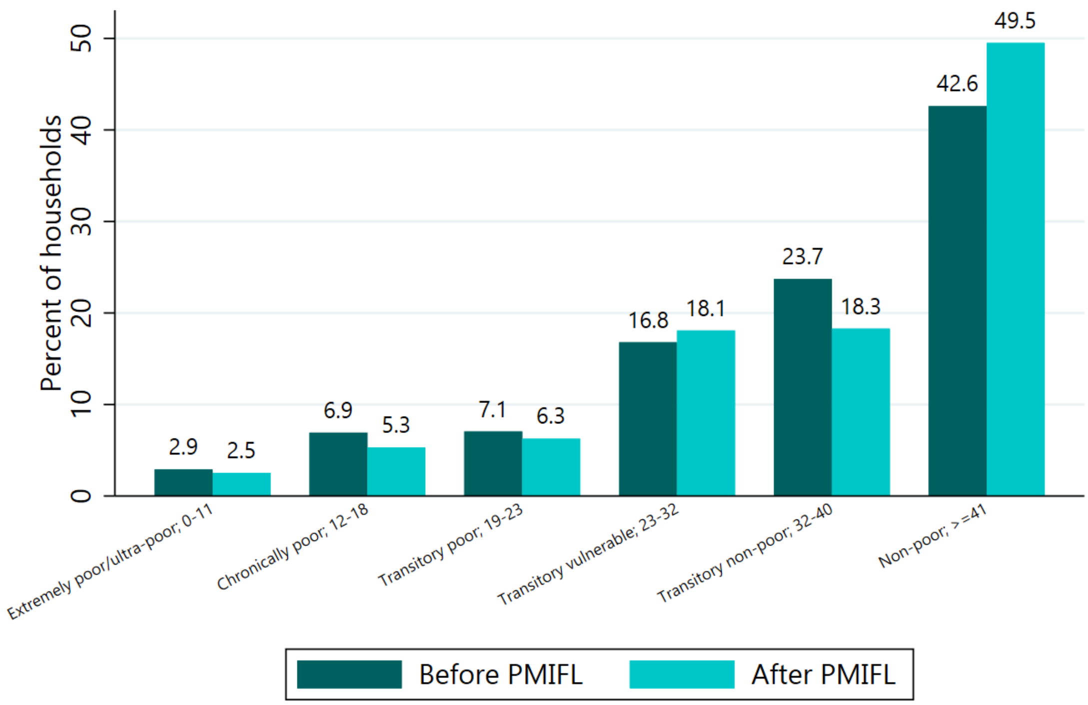
Section 8: Coherence

1. Is your loan centre involved in or aware of other poverty reduction initiatives (like the National Poverty Graduation Programme)?
2. Do you think PMIFL aligns is contributing towards the broader poverty alleviation goal?
3. How well does PMIFL align with or complement those other initiatives? Are there overlaps or gaps?
4. Do beneficiaries often participate in multiple programmes (e.g., vocational training, asset transfer)? If yes, how does that affect loan outcomes

Poverty Score Verification

These three figures present the reconstructed Poverty Scorecard distributions based on respondents' recall of their household situation before receiving their first PMIFL loan. The purpose of this exercise is not to estimate programme impact, but rather to cross-check the internal consistency of recalled pre-programme welfare levels and assess whether the reported endline scores are broadly plausible when compared to respondents' own recalled starting point.

Figure 19 compares the reconstructed pre-PMIFL poverty categories with the endline distribution. The two sets of values are not perfectly aligned with administrative PSC data but show reasonable internal coherence. Respondents recall being more concentrated in poorer categories prior to PMIFL, with modest proportions in the extremely poor, chronically poor, and transitory poor groups. At endline, they place themselves more frequently in the transitory non-poor and non-poor categories. The relative proportions are believable and do not suggest systematic inflation of pre-programme poverty levels. Instead, the recalled distribution broadly resembles the pattern expected in low-income populations, lending credibility to the remembered values as approximate baseline markers.



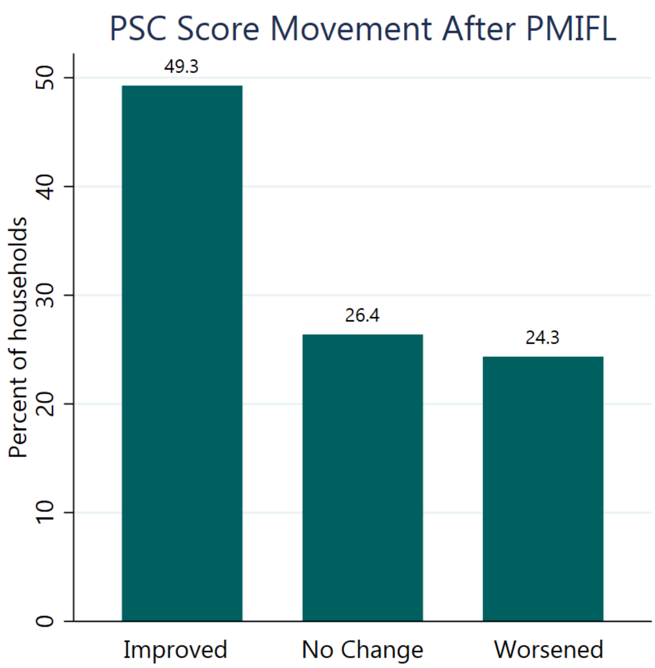
Poverty Categories before and after PMIFL – recall method

Figure 20 further strengthens the verification exercise by examining cumulative PSC thresholds. Recalled pre-PMIFL values place about one-third of households below the PSC 32 threshold and a larger majority below the PSC 40 threshold. The endline distribution shifts upward, but the relative spacing between categories remains consistent, indicating that respondents' recollections of their earlier PSC scores are not excessively biased. Importantly, the reconstructed pre-PMIFL scores do not cluster artificially at very low values, which would typically signal anchoring bias or strategic underreporting.

Figure 21 shows how households classify their PSC movement when asked to compare their endline circumstances with their remembered starting position. About half of all respondents

(49.3 percent) report that their PSC improved, while roughly one quarter (26.4 percent) state that it remained unchanged, and 24.3 percent report a deterioration. This distribution is useful as a validation check. The presence of both upward and downward movements suggests that respondents are not systematically overstating improvements. Instead, the pattern reflects a realistic mix of positive and negative trajectories, consistent with the economic shocks and income volatility commonly experienced by low-income households.

Change in Poverty Scorecard – recall method



PSC Movement: Recall Method