



Interest Free Loan Programme

The Government of Pakistan has mandated Pakistan Poverty Alleviation Fund (PPAF) to design, implement and monitor the Interest Free Loan (IFL) Programme. The programme is part of the **National Poverty Graduation Initiative** under the Government of Pakistan's flagship Strategy that aims at graduating the poorest households out of poverty and setting them on the course of social and economic prosperity. Under the Interest Free Loan Programme interest free loans and related services are provided to ultra & vulnerable at their doorsteps to open doors to resources that can change their lives. During the 4 years programme (2019–20 to 2022–23) it is estimated that a total of 2.8 million interest free loans will be provided to benefit 1.28 million households.

Objectives

The Interest Free Loan Programme aims at:

- **Providing access** to interest free loans to men, women, youth and persons with disabilities (PWDs) from extreme & vulnerable poor and marginalised households categorised up to 40 on Poverty Scorecard.
- **Supporting female** participation & inclusion in economic activities by disbursing at least 50% loans to women.
- **Enhancing** the entrepreneurial competencies by linking the borrowers with institutions and programmes for extending capacity building services, e.g. enterprise training, counselling, market linkages, financial literacy and numeracy training.
- **Encouraging** behavioural change among loan beneficiaries around health, education, and environment practices.

Eligibility Criteria

Interest free loans **upto**

PKR 75,000/- are being provided to the **Pakistani citizens** fulfilling eligibility criteria.

- Aged between 18– 60 years
- Individuals from households on Score of 0–40 on Poverty Scorecard
- Valid National Identity Card (CNIC)
- Resident of targeted union council of the district
- Economically viable business plan

Coverage

Financed by **the Government of Pakistan**, Interest Free Loan programme is being implemented in **more than 100 districts** in provinces/regions including Punjab, Sindh, Balochistan and Khyber Pakhtunkhwa provinces and three regions namely Islamabad Capital Territory, Gilgit Baltistan and Azad Jammu & Kashmir. The programme is being implemented by **26 partner organisations** of Pakistan Poverty Alleviation Fund who are providing interest free loans to the target population through the loan centres established in programme districts.

Collaboration with Stakeholders

PPAF collaborates with following institutions for data sharing, training, and leveraging financial services to facilitate the beneficiaries of Interest Free Loan Programme.

- International Fund for Agricultural Development (IFAD)
- Benazir Income Support Programme (BISP)
- Engro Foundation
- State Bank of Pakistan
- Pakistan Microfinance Investment Company (PMIC)
- Microfinance Association– UK



Progress Update

(Cumulative as of June 2023)

Women beneficiaries
55%

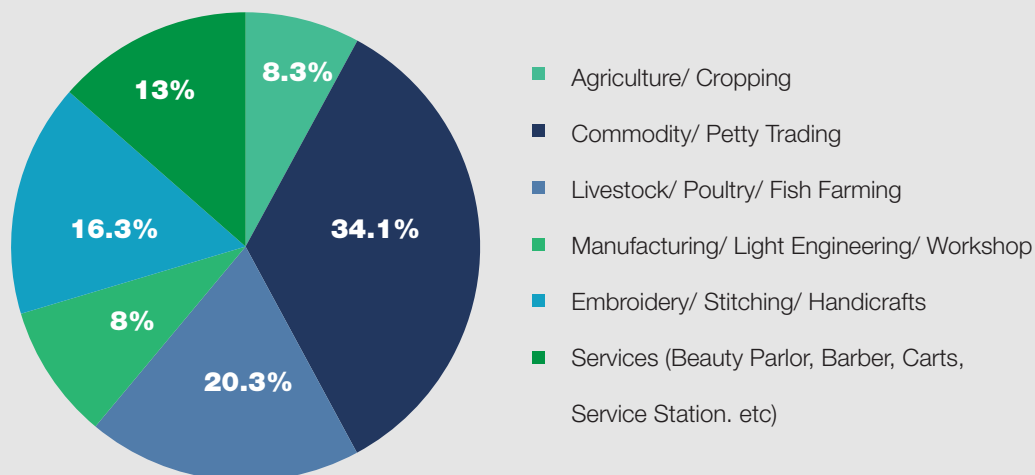
Loan centres established
736

Number of loans provided
2,940,529

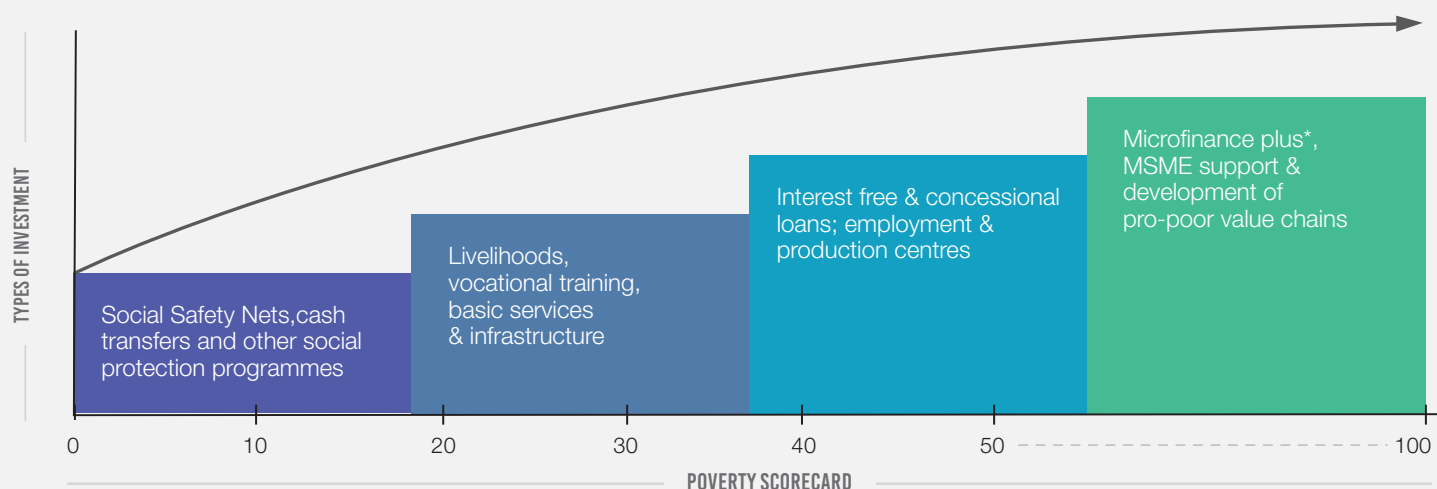
Loan amount disbursed to borrowers
PKR 102.84 billion

Average loan size
PKR 34,972

Sector-wise Disbursement



Government of Pakistan's Strategy for Poverty Graduation



*Credit lines for conventional microfinance institutions are provided through the Pakistan Microfinance Investment Company Limited (PMIC), jointly setup by PPAF, Karandaaz Pakistan (financed by DFID) and KfW is an Associate Company of PPAF.

1

The Social Protection/ Safety Net (PSC 0-16.17) which includes cash transfer through GoP (BISP/ Kafala).

Steps of
POVERTY GRADUATION

2

Provision of tangible (physical assets) & **non-tangible** (technical trainings). PSC upto 23.

3

Interest free loans (PSC upto 40). These loans are provided for sustainable income generation activities.

4

Linking Interest Free Loan beneficiaries to regular microfinance programmes to contribute to economy of the country further.



Pakistan Poverty Alleviation Fund

A Company set up under section 42 of the Companies Act, 2017

Plot 14, Street 12, Mauve Area, G-8/1, Islamabad- Pakistan | Phone: (+92-51) 8439450-79
Fax: (+92-51) 2282262 | UAN: (+92-51)111-000-102 | Website: www.ppaf.org.pk/NPGI-ur