



KAMYAB PAKISTAN PROGRAM

OPERATIONAL FRAMEWORK

Internal Finance Wing
Ministry of Finance
Government of Pakistan





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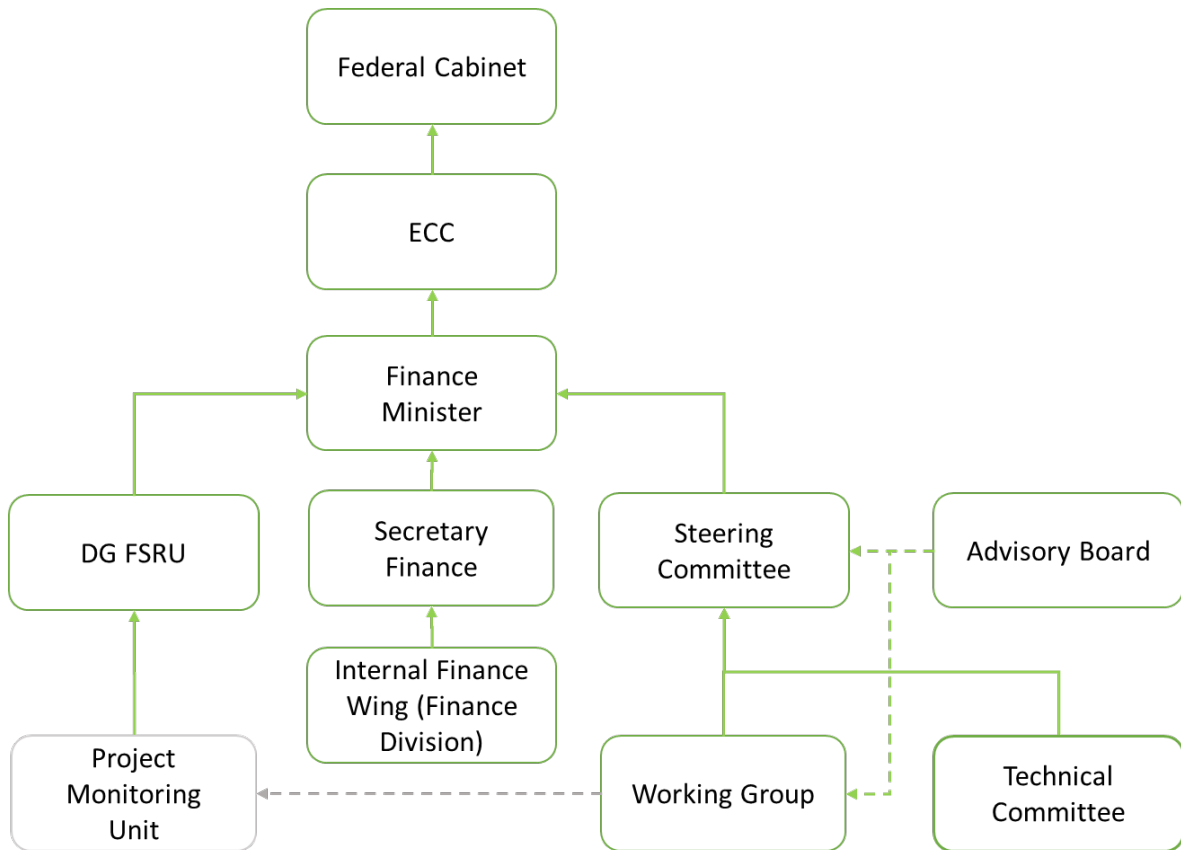
1 LIST OF ACRONYMS

CAR	Capital Adequacy Ratio
DBR	Debt-Burden Ratio
DFI	Development Finance Company
EA	Executing Agent (MFP/HFC)
FBR	Federal Board of Revenue
GMSS	Government's Mark-up Subsidy Scheme
GOP	Government of Pakistan
HFC	Housing Finance Company
KIBOR	Karachi Inter-Bank Offer Rate (Ask side)
KK	Kamyab Karobar
KKn	Kamyab Kissan
KPIS	Kamyab Pakistan Information System
KPP	Kamyab Pakistan Program
LCH	Low-Cost Housing
MFB	Microfinance Bank
MFI	Microfinance Institution
MFP	Microfinance Provider (MFI, MFB, and RSP)
MOF	Ministry of Finance
NAPHDA	Naya Pakistan Housing & Development Authority
NAVTTTC	National Technical & Vocational Training Commission
NBMFC	Non-Bank Micro Finance Company
NPLCH	Naya Pakistan Low-Cost Housing
NSER	National Socio-Economic Registry
NTC	National Telecommunications Corporation
PAR	Portfolio at Risk
PBA	Pakistan Banks' Association
PMIC	Pakistan Microfinance Investment Company
PMIFL	Prime Minister's Interest Free Loans
PMKJ-YES	Prime Minister's Kamyab Jawan – Youth Entrepreneurship Scheme
PMN	Pakistan Microfinance Network
PMRC	Pakistan Mortgage Refinance Company
PMT	Poverty Mean Test
PPAF	Pakistan Poverty Alleviation Fund
PKR	Pak Rupee
RSP	Rural Support Program
SBP	State Bank of Pakistan
SECP	Securities & Exchange Commission of Pakistan
SME	Small & Medium Enterprise
WL	Wholesale Lender (Bank/DFI/PMRC)

2 INTRODUCTION

The Kamyab Pakistan Program (“KPP” or the “Program”) is a flagship initiative of the Government which is designed to transform the lives of the marginalized segments of the society and ensure their financial empowerment. This is the first program of its kind in Pakistan’s history wherein banks are being connected to the lowest income segment through microfinance institutions.

3 GOVERNANCE STRUCTURE



KPP will be governed by the Steering Committee on KPP under Finance Division, Ministry of Finance (the “Committee”). The Committee will run and steer the Program as deemed appropriate, and shall recommend to ECC/Federal Cabinet through Finance Division, modalities of the Program and its operations/ transaction flows etc. The Committee will have no approval authority. The approval authority of the Program contours and design will solely vest with the Federal Cabinet.

The Committee will receive progress reports and recommendations from the Working Group till formation of the Project Management Unit (PMU) under the Finance Division, regarding improvement in the program features for deliberation and onward approvals. Notification of the Committee and its Terms of Reference (TORs) are at **Annex-1**.

A Working Group on KPP (the “Group”) has been constituted to finalize the features and design of KPP and will remain functional till operationalisation of the PMU, after which, the Group will dissolve and its functions will be taken over by the PMU. Notification of the Group and its Terms of Reference (TORs) are at **Annex-2**.

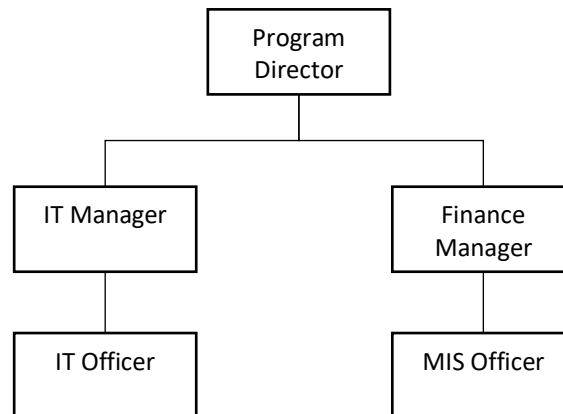


A high-level Advisory Board (the “**Board**”), having representations from key stakeholders and subject-matter specialists, has also been formed to provide feedback, both formally and informally, to the Working Group / Steering Committee regarding design and features of KPP to ensure robustness and success. The Board shall also recommend any improvements in the strategic plan, marketing strategy, and uptake under the program to the Steering Committee. The Board shall meet as and when required by the Working Group, or the Steering Committee, or as required by the members. Notification of the Board and its Terms of Reference (TORs) are at **Annex-3**.

A Technical Committee, reporting to the Steering Committee, has also been constituted till the roll-out / launch of KPP. The Technical Committee shall provide support in design, launch and implementation of KPP from the technical / IT side. Notification and its Terms of Reference (TORs) are at **Annex-4**.

The Project Management Unit (the “**PMU**”) will be set up under Finance Division for ongoing monitoring and management of the program.

Proposed functional structure of the PMU under MOF will be as following:



However, some functions of the PMU are outsourced to PPAF related to Monitoring & Evaluation (“M&E”), the details of which are provided at Annex-5.

4 OPERATIONAL FRAMEWORK

KPP Operational Framework (the “**Framework**”) has been put together in consultation with all stakeholders and articulates Prime Minister’s vision. Finance Division may make changes in the Framework from time to time based on the feedback received from the concerned stakeholders while remaining within the parameters/features of the Program as approved by the Federal Cabinet. The updated Framework shall be published on Finance Division website.

5 KPP CONCEPT

KPP envisages provision of cheaper funding/subsidized micro loans to small businesses, agriculture sector, housing sector, start-ups, farmers, and individuals through Wholesale Lenders (WLs). Selection of WLs shall be done through competitive bidding process by following Public Procurement Rules while WLs will engage the services of MFPs/EAs for the distribution of subsidized micro loans. Main parameters of WLs selection are provided at Annex-6.



The Program will be launched in phases to cover all the areas of Pakistan effectively. During the first phase, Khyber Pakhtunkhwa, Baluchistan, GB and AJK and the poorest of the poor districts of Punjab, Sindh, will be covered.

Another landmark feature of the Program is formation of the KPP Portal called Kamyab Pakistan Information System (KPIS). There will be a toll-free number which will be integrating KPIS through Telecoms via NTC. The portal will be integrated with Ehsaas Data and NADRA for verification of beneficiaries' eligibility to facilitate the EAs for finalizing the financing modalities in a most efficient and seamless manner.

In KPP, new micro loans categories/tiers are being branded as **Kamyab Karobar** and **Kamyab Kissan**. Likewise micro loans are also being introduced for low-cost housing.

Kamyab Karobar and Kamyab Kissan loans shall be clean, i.e. secured by personal guarantee of the borrower and other non-collateral securities like 3rd party guarantees, post-dated cheques, etc., and as such, landless farmers that work on rented land of up to 12.5 Acre shall also be able to benefit from the program.

In addition, KPP will also integrate GOP's ongoing National Skill Development Program for Technical & Vocational Training. Accordingly, all such trained citizens shall have access to finance under the program. This collaboration is being rebranded as **Kamyab Hunarmand**.

WLs shall ensure that EAs will add a following fields in the loan application forms

- i. Requirement of vocational/technical training for any member of the new loan applicant's family;
- ii. Requirement for registration of each applicant with Sehat Insaaf Program if the same is available in his/her area.

Details of such interested candidates will be shared by EAs with NAVTTC's nominated Provincial and Federal Focal Persons from the National Skills Development Program for enrolment and provision of necessary training to such interested persons. Similarly, details of all such borrowers who are not already enrolled under the Sehat Insaaf Program, will be shared by EAs with the Provincial Coordinators from the Health Foundation/Department of the respective provinces for issuance of "Sehat Insaaf Cards" in all districts where the Sehat Program has been launched by the provincial health departments. This will, obviously, help in mitigating the risk for EAs.

Kamyab Pakistan Program (KPP) accordingly consists of five components namely;

- (i) **Kamyab Karobar:** It is an entrepreneurship clean and interest free loan of up to Rs 500,000 to be repaid in equal monthly instalments in up to three years.
- (ii) **Kamyab Kissan:** These are small Agri Loans of up to Rs 150,000 for crop inputs and/or up to Rs. 200,000 for farm machinery & equipment for farmers with landholding up to 12.5 acres to be repaid in lump sum in two Crop Cycles in a year for 6 months each (max. 1 year). Financing for Machinery/ Equipment will be up to 1 year.
- (iii) **Naya Pakistan Low-Cost Housing:** Loans for construction of houses upto Rs 2.7 million will be distributed on easy terms; the loan tenor can be upto 20 years. However, subsidy will be paid upto 15 years. Size of the house should be 125 square yards (5 marlas).
- (iv) **Kamyab Hunarmand:** KPP is aimed to integrate with government's ongoing Prime Minister's Skills for All (Hunarmand) for educational and vocational training.



Accordingly, it is being envisioned that these trained citizens shall also have access to finance and this collaboration shall be rebranded as “Kamyab Hunarmand”.

- (v) **Sahatmand Pakistan:** Under “Sahatmand Pakistan”, it will be mandatory for anybody availing loan under KPP to obtain “Sahat Insaaf Card”, if the same facility is available in his/her area.

6 KEY ELEMENTS OF KPP

1. One loan each under KK, KKn and NPLCH- shall be permissible per Family with a total cap of PKR 2.85 million under KPP.
2. DBR requirement shall not exceed 50 percent in case of a single loan under KK and KKn, or NPLCH-, however, DBR shall not exceed 33 percent for NPLCH- loans in case of co-availment of two or three loans by the same Family under the program.
3. The mark-up subsidy shall be paid directly and exclusively to WLs by the Government on quarterly basis.
4. WLs shall ensure that EAs extend new KPP loans only to Families¹ with a PMT upto 49 with priority to be given to the 5.5 million existing beneficiaries of Ehsaas registered with NSER, and particularly from the most backward districts of the Country. However, this condition shall not be mandatory for NAPHDA’s T-1 applicants, that are verified through NADRA.

For reference purpose, prevailing PMT² Scores and the related Average Monthly Family Income provided by BISP / NSER is as follows:

Socio-economic status	Corresponding bracket of welfare percentiles	PMT brackets	Estimated average monthly income	Estimated Monthly consumption	Estimated number of families
SES 1	[0-20]	<=26	23,192	21,726	5.5 million
SES 2	(20-40]	>26 & <=32	29,049	27,138	6.5 million
SES 3	(40-60]	>32 & <=37	31,373	30,475	8.5 million
SES 4	(60-80]	>37 & <=44	37,643	36,338	10 million
SES 5	(80-100]	>>44	63,544 and above	58,206	7.5 million

5. WLs shall ensure that EAs do not extend financing other than the Ehsaas data and such applicants shall be advised to get themselves registered with Ehsaas under NSER through the defined mechanism of registration desks across the country, and then re-apply for KPP loans.
6. Government Guarantee shall be given against individual scheme and not at a “Portfolio Level” i.e. Government while issuing guarantee shall treat each scheme (Kamyab Karobar, Kamyab Kissan and Low-Cost Housing) individually and not as a portfolio. Any loss in excess of permissible guarantee amount in any particular scheme shall not be allowed to be offset against other scheme in which such guarantee cushion is available.

¹ As defined by BISP / Ehsaas

² Source: BISP / NSER



7. Government shall provide 10 percent First Loss Component/Scheme Level Guarantee to EAs which will be administered and routed through WLs. EAs shall also be able to lend more aggressively and reach the lowest income strata under the Program for credit optimization due to this security provided by the Government.
8. Default trigger for payment under Government Guarantees extended to EAs shall be decided in accordance with Prudential Regulations (PR) of SBP pertaining to Microfinance Banks i.e. PR related to classification of loan in “Loss” category would be the benchmark for this purpose and presently it is 180 days.
9. Government shall provide 50 percent Risk-Sharing (Pari-Passu) Component/Scheme Level Guarantee to WLs against the financing extended to the EAs.
10. WLs shall only be eligible to claim above-mentioned 50 percent Pari-Passu Government Guarantee when their respective EAs will declare the default or file bankruptcy/insolvency i.e. WLs shall make all efforts to recover the default amount over and above 10 percent against each component/scheme from respective EAs and remedy to claim Pari-Passu 50 percent Government Guarantee shall only be available to WLs when EAs will declare default/ file bankruptcy and recovery is no more possible from EAs.
11. Mark-up subsidy shall only be payable by the government until the due dates of loans forming part of the scheme. No Mark-up subsidy shall be payable in respect of any overdue loan amount.
12. In case the Government Guarantee has been called and Government has made the payment, the bank shall continue to make all possible efforts to recover the default amount as if it is still outstanding. SBP shall monitor that the banks shall take all possible measures to recover the default amount.
13. In case the loan is recovered in respect of which Government Guarantee has already been called and payment has been made by the Government, the amount shall be adjusted against the upcoming quarterly payment of mark-up subsidy. In case there is any amount left to be settled, that shall be immediately refunded to the Government.
14. Payment of credit losses to EAs shall be made up to 10 percent of the outstanding amount against each scheme. However, payment of credit losses to WLs shall be up to 50 percent of the defaulted loan amount of each EA against each scheme.
15. All subsidy and loan loss payments under the Program shall be made on a quarterly basis by SBP as per “Payment Mechanism” to be notified.
16. The Program will be open for the entire industry and not restricted to one or two or three parties in the market at any level - neither directly to WLs nor indirectly to EAs.
17. WLs will be assuming 50 percent credit risk on EAs and EAs in turn will be assuming 90 percent risk on the ultimate borrowers/beneficiaries. There’s an element of risk-taking involved all through with different variants and extent but it’s very much there at all levels which is a normal course of business for these entities.
18. EAs will be engaged by WLs, based on their credit and risk acceptance criteria, and not dictated or suggested or selected, in any way, by the Government.



6.1 FEATURES OF END-USER MICRO LOANS

The main features of micro loans are available on State Bank of Pakistan website at the weblink (<https://www.sbp.org.pk/smefd/circulars/2021/C11.htm>)

7 KEY ENABLERS

- Cap on the Leverage Ratio of MFIs/RSPs/HFCs has already been relaxed by SECP through providing exemption of KPP micro loans from leverage calculations. This shall enable these EAs to extend more small loans till their capital requirements are fully met. Likewise, the maximum size of Housing Loans has also been enhanced to PKR 2.7 million under KPP by SECP. SECP's Circular attached as **Annex-7**.
- Capacity building of EAs through fresh hiring, staff training, and investment in technology to be able to effectively undertake loan extension in bulk with a larger ticket size envisaged under the program. EAs to work with PMN and prepare their capacity building plans and ensure its implementation.

8 ROLES & RESPONSIBILITIES

8.1 EXECUTING AGENTS

WLs shall ensure the following while selecting EAs.

1. Undertake capacity building measures and expected to do the following:
 - a) Increase outreach through new hiring, use of technology for digital processing of loan applications, and partnership with banks and telcos for delivery through ADCs.
 - b) Design and approval of Product Programs under both Conventional and Islamic modes of finance for each variant of the Kamyab Pakistan Program.
 - c) Obtain Sharia approval on the structure and related documentation for the Islamic products for each variant of the Kamyab Pakistan Program.
 - d) Expansion of branch network, where required, to increase outreach.
 - e) Collaborate individually or jointly with PMN's Centre of Excellence for provision of necessary training to entire sales staff and management spectrum, particularly for housing finance, etc.
 - f) Partner with local players to build capacity of borrowers under KPP both in terms of business development and technical skills.
2. Design and introduction of Loan Application Form branded with Kamyab Pakistan logo containing additional mandatory fields for capturing:
 - a) status of Sehat Insaaf Card registration (merely in the districts where the health program has already been rolled-out), and
 - b) nomination / need for Technical and/or Vocational training with NAVTTC. This will be an optional facility for the borrower and EAs will only be obligated to facilitate through the designated NAVTTC focal person.
3. Designing of new Product Brochures co-branded with the Kamyab Pakistan logo capturing Kamyab Karobar, Kamyab Kissan, Low-Cost Housing loans, Kamyab Hunarmand and Sehat Insaaf Card.



OPERATIONAL FRAMEWORK



4. Undertake marketing campaigns in collaboration with PMN or otherwise including the use of radio, local cable networks, road shows / seminars, market storms, etc., to create awareness about the Kamyab Pakistan Program.
5. Market new borrowers, both directly and, if available, by data screening of available NSER data through Ehsaas.
6. Undertake social, technical, and credit appraisal and approval of loan applications.
7. Coordination with the Provincial Health Coordinators for provision of lists of applicants that are not enrolled / registered with the Sehat Card Program for issuance of Sehat Insaf Cards, provided the Sehat Program has been rolled-out in the respective district. Focal persons' details to be shared separately by Internal Finance Wing, Finance Division, Government of Pakistan.
8. Coordination with the Federal / Provincial Focal Persons of NAVTTC for provision of lists of applicants / individuals that are interested in enrolling for Technical / Vocational Training under Kamyab Hunarmand. Focal persons' details to be shared separately by the Finance Division, Government of Pakistan.
9. Disbursement and collection of loans, ensuring that new loans under Kamyab Pakistan Program are not used for settling existing micro loans through use of CIB and other credit bureau reports.
10. Preparation and provision of weekly / monthly MIS for reporting respective Kamyab Pakistan loan portfolios to Wholesale Lenders.
11. Calculation, preparation and provision of subsidy claims on a quarterly basis to Wholesale Lenders (to be audited by External Audit Firms on the Panel maintained by SBP on a 50 percent random basis) for onward submission to SBP.
12. Arrange Group Life / Takaful Insurance cover up to the sanctioned loan amount to cover the risk of default in case of death/ disability, preferably through the Wholesale lending bank to reduce cost. Insurance charges to be borne by the micro borrowers.
13. Partner, preferably, with at least two banks, one of which must have an active Branchless Banking function, and one telco for payments (disbursements) and collections of loans through branches, alternate delivery channels and Branchless Banking agent network.
14. Ensure that there is no refinancing of existing loans through use of CIB, other credit bureau reports and their own necessary due diligence. Existing borrowers can only be accommodated after they settle existing outstanding loans from their own sources, i.e. debt-swaps are not permissible. However, existing borrowers shall be allowed to avail fresh financing in other KPP loan categories and/or obtain incremental financing up to the prescribed ceiling under each KPP loan category, with cumulative financing capped at PKR 2.85 million per Family. Finance Division shall take strict punitive measures through the respective regulator in case of breach of this condition.
15. Maintain losses within 10 percent at scheme/component level. In case the credit losses of an EA cross this threshold, fresh/incremental wholesale lending to that EA shall be stopped immediately and an audit shall be undertaken by the Ws through an External Audit Firm on the Panel maintained by SBP to ascertain the reasons for losses.



8.2 WHOLESAL LENDERS

1. Receipt of subsidy & loan loss claims (as per format devised by External Audit Firms on the Panel of SBP and approved/concurred by SBP) from EAs and onward submission to PMU. SBP will make the payment as per the payment mechanism to be notified.
2. Appointment of External Audit Firms on the Panel of SBP as auditors for claim certification by EAs and WLs.
3. Undertake audit of subsidy & loan loss claims of EAs through External Audit Firms on the Panel of SBP on 50 percent random sample basis.
4. Arrange audit of subsidy & loan loss claims of WLs through External Audit Firms on the Panel of SBP.
5. To pay for independent external auditor to be hired by the Finance Division on annual basis for audit of the subsidy/loan loss claim processed by the Government during the last one year.
6. Receipt of subsidy & loan loss payments relating to EAs from SBP for onward transfer/credit to EAs' accounts.
7. Receipt of monthly/quarterly MIS (as per reporting requirements and formats of SBP) from EAs and onward submission to SBP, if required.
8. Extension of Cash Collections services under Cash Management agreements with EAs, on a case-to-case basis.

9 SUBSIDY CLAIM MECHANISM

1. Finance Division through Request for Proposal (RFP) will specify the availability and allocation of Guarantee to be made through the competitive bidding process. The detailed modalities are to be covered in RFP while salient features are available at **Annex-6**.
2. WLs to provide lines of credit to EAs under the "Pre & Post Finance" models as agreed between them. EAs shall disburse and report details of disbursed loans on a monthly basis to WLs who in turn will report SBP and Finance Division on the actual utilisation of the Guarantee amount.
3. Debt Office to monitor and ensure utilisation of Government Guarantee on monthly basis.
4. WLs shall appoint External Audit Firms on the Panel of SBP to undertake audits of at least 50 percent of the subsidy & loan loss claims by EAs on an ongoing basis.
5. WLs shall forward the Subsidy & Loan Loss Claim to PMU and PMU shall validate the claim before recommending it for payment.
6. SBP shall debit the Government's account and credit the respective WL's account. However, SBP shall be required to apply a sanity check on each claim to maintain consistency of each claimed payment.
7. WLs shall credit the account of claimant (EAs) with the amount of subsidy received on the same day.
8. The Scope of Work/Terms of Reference of the External Audit Firms shall broadly cover certification of:



- a. Compliance of each subsidy & loan loss claim with all the requirements set forth in the Operational Framework for KPP;
- b. Accuracy of subsidy & loan loss calculations; and
- c. Conduct special audit in case EAs credit loss default rate exceeds 10 percent.

10 REPORTING REQUIREMENTS

10.1 EXECUTING AGENTS

WLs shall ensure that EAs provide the following reports on a calendar monthly basis to PMU and SBP:

1. Disbursement Projections for the Quarter (KPP Product-wise).
2. Applications Status Report (Applicant Name, Applicant CNIC, Type of Loan Applied, Amount of Loan Applied, Status of Loan Application – Approved/Rejected, Amount of Loan Approved).
3. List of Borrowers (Applicant Name, Applicant CNIC, Type of Loan, Amount of Loan Disbursed, Outstanding Loan Balance).
4. Delinquencies/Collections Report.
5. Details of borrowers to be enrolled for issuance of the Sehat Insaaf Card.
6. Details of persons to be enrolled in Kamyab Hunarmand.
7. Details of T-0 NPLCG-GMSS loans extended for home improvement/renovation of premises.
8. Details of litigation and recovery status of the classified loans.

10.2 WHOLESALE LENDERS

1. All reporting of EAs to be via WLs.
2. Monthly reporting of guarantee utilization to Finance Division Debt Office and PMU.
3. Other reporting requirements by PMU/ PPAF/Finance Division as specified from time to time.

11 APPLICANTS PROCUREMENT PROCESS

- A. NTC shall develop and host a Cloud-based Platform under the PMU (the “**KPIS Portal**”).
- B. A four-digit dedicated number shall be issued by PTA for receiving applications through short-code SMS on the KPP Portal.

11.1 APPLICATIONS RECEIVED THROUGH SMS

1. Public at large/interested candidates shall apply by sending their CNIC Number through SMS on the KPP Portal, and shall receive an acknowledgement SMS from the KPP Portal.
2. The pool of CNICs shall be shared with Ehsaas / BISP for validation of PMT score.
3. Ehsaas / BISP shall validate the data of applicants with a PMT score of 0-26 (Quintile 1 of the NSER database) in the initial phase after launch. The maximum PMT Score shall be gradually increased to PMT 49 under NSER database as the Household Data gets



verified and authenticated by Ehsaas. At this stage, a SMS shall be sent through the portal to all such applicants that have not been covered under NSER's survey-based data collection, to get themselves registered under Ehsaas and re-apply after registration.

4. After verification by Ehsaas, the dataset shall be shared by PMU through KPIS with NARDA for verification and collating in Alpha Family listing.
5. NADRA shall group the CNIC data into Family, match it with SBP's ECIB, Tasdeeq, and Data Check databases for existing borrowers, and load the final dataset on the KPIS Portal.

An undertaking shall be obtained from each borrower to confirm that no loans have been obtained by any of the applicant's family members till integration of NADRA with Tasdeeq and Data Check.

6. The final dataset after verification / updation from Ehsaas and NADRA shall be made available for use by EAs that will be allowed access to NTC's Portal under a secure login mechanism.
7. EAs shall shortlist applicants from the KPP Portal and start the applicants' on-boarding process through their field staff / branches.

Details of above are available at **Annex-8**.

11.2 APPLICANTS MARKETED DIRECTLY BY EAs

1. EAs shall also market new borrowers directly as per their existing model in addition to processing the applicants that have applied through the KPP Portal.
2. Such directly marketed applicants will have to go through the SMS-based application and screening process via KPIS Portal mentioned above prior to loan extension. In case the data of such directly marketed applicants is not available on the KPIS Portal, the applicants shall be advised to get themselves registered under Ehsaas and re-apply for a loan under KPP. However, this condition shall not be mandatory for NPLCH-GMSS applicants under T-1, that are verified by NPHDA through NADRA.



Annex-1: STEERING COMMITTEE

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-

Islamabad, the 02nd July, 2021


NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: STEERING COMMITTEE

The Minister for Finance and Revenue has been pleased to constitute a Steering Committee on Kamyab Pakistan Program with the following composition:

i. Minister for Finance and Revenue	Chairman
ii. Special Advisor to the PM on Youth Affairs	Vice Chairman
iii. President, Bank of Punjab	Convener
iv. Special Assistant to the PM on Finance and Revenue	Member
v. Secretary Finance	Member
vi. Ms. Sima Kamil, Deputy Governor State Bank of Pakistan	Member
vii. Chairman Securities & Exchange Commission of Pakistan	Member
viii. Chairman Naya Pakistan Housing & Development Authority	Member
ix. Additional Finance Secretary (IF)	Secretary Committee

2. The ToRs of the Committee will be notified separately.


(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

Members of the Steering Committee



OPERATIONAL FRAMEWORK

کامیاب
پاکستان

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-509

Islamabad, the 13th July, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: STEERING COMMITTEE

In continuation of Finance Division's Notification of even number dated 02-07-2021. The Minister for Finance and Revenue has been pleased to approve the following ToRs of Steering Committee on Kamyab Pakistan Program:-

1. The Committee shall receive progress reports and recommendations from the Working Group/ Project Management Unit/ Internal Finance Wing of the MoF regarding improvement in the program features for deliberation.
2. The Committee shall recommend to ECC/ Federal Cabinet through Finance Division, modalities of the Program and its operations/ transaction flows etc.
3. The Committee shall ensure roll-out of the Program as per stipulated timelines and shall work for promotion of financial inclusion under the Program through the respective stakeholders.
4. The Committee shall run and steer the Kamyab Pakistan Program as deemed appropriate, and at least on a fortnightly basis, the Committee shall review the strategic plan and uptake under the Program, including review exposure concentrations, geographical distribution, and portfolio growth trends.
5. The Committee shall periodically review the measures taken for capacity building by respective stakeholders.
6. The Committee shall review and recommend suggestions for improving in the Program to ECC/Federal Cabinet.

(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

- i. Minister for Finance and Revenue
- ii. Special Assistant to the PM on Youth Affairs
- iii. President, Bank of Punjab
- iv. Special Assistant to the PM on Finance and Revenue
- v. Secretary Finance
- vi. Ms. Sima Kamil, Deputy Governor State Bank of Pakistan
- vii. Chairman Securities & Exchange Commission of Pakistan
- viii. Chairman Naya Pakistan Housing & Development Authority
- ix. Additional Finance Secretary (IF)

Copy for information to:

- i) SA to Finance Minister
- ii) SA to Finance Secretary
- iii) PS to AFS (IF)
- iv) APS to Sr. JS (IF)



OPERATIONAL FRAMEWORK

کامیاب
پاکستان

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-509

Islamabad, the 15th September, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: STEERING COMMITTEE

In continuation of Finance Division's Notifications of even number dated 02-07-2021 and 30-07-2021 on the above subject. The Minister for Finance and Revenue has been pleased to include Dr. Sania Nishtar, Special Assistant to Prime Minister on Social Protection & Poverty Alleviation in the Steering Committee on Kamyab Pakistan Program.

(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

- i. Minister for Finance and Revenue
- ii. Special Assistant to the PM on Youth Affairs
- iii. Special Assistant to the PM on Social Protection & Poverty Alleviation
- iv. President, Bank of Punjab
- v. Secretary Finance
- vi. Ms. Sima Kamil, Deputy Governor State Bank of Pakistan
- vii. Chairman Securities & Exchange Commission of Pakistan
- viii. Chairman Naya Pakistan Housing & Development Authority
- ix. Additional Finance Secretary (IF)
- x. Representative of Benazir Income Support Programme

Copy for information to:

- i) APS to Sr. JS (IF)



Annex-2: WORKING GROUP

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-

Islamabad, the 02nd July, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: WORKING GROUP

The Minister for Finance and Revenue has been pleased to constitute a Working Group on Kamyab Pakistan Program with the following composition:

i.	President, Bank of Punjab	Chairman
ii.	Representative of State Bank of Pakistan	Member
iii.	Representative of Securities & Exchange Commission of Pakistan	Member
iv.	Representative of Naya Pakistan Housing & Development Authority	Member
v.	Representative of National Bank of Pakistan	Member
vi.	Representative of Kamyab Jawan Program Prime Minister's Office	Member
vii.	Mr. Faiq Sadiq, Financial Consultant	Member
viii.	Representative of NAVTTC	Member
ix.	Representative of Health Department, Govt. of Punjab	Member
x.	Representative of Health Department, Govt. of KPK	Member
xi.	Additional Finance Secretary (IF)	Secretary Committee

2. The ToRs of the Working Group will be notified separately.

(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

Members of the Working Group



OPERATIONAL FRAMEWORK

کامیاب
پاکستان

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-495

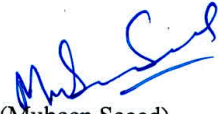
Islamabad, the 09th July, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: WORKING GROUP

In continuation of Finance Division's Notification of even number dated 02-07-2021. The Minister for Finance and Revenue has been pleased to approve the following ToRs of Working Group on Kamyab Pakistan Program:-

1. The Group shall be responsible for designing and recommending for approval of the Kamyab Pakistan Program to the Steering Committee based on feedback from the Advisory Board, including financial projections, strategic plan etc.
2. The Group shall provide progress reports to the Steering Committee regarding the Kamyab Pakistan Program along with recommendations on the program features and any suggestions for improvement based on feedback from the Advisory Board.
3. The Group shall provide recommendations to the Steering Committee for removing any bottlenecks in smooth execution of the program through respective stakeholders.
4. The Group shall periodically review the measures taken for capacity building by respective stakeholders.


(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

- i. President, Bank of Punjab
- ii. Additional Finance Secretary (IF)
- iii. Representative of State Bank of Pakistan
- iv. Representative of Securities & Exchange Commission of Pakistan
- v. Representative of Naya Pakistan Housing & Development Authority
- vi. Representative of National Bank of Pakistan
- vii. Representative of Kamyab Jawan Program Prime Minister's Office
- viii. Mr. Faiq Sadiq, Financial Consultant
- ix. Representative of NAVTTC
- x. Representative of the Specialized Healthcare and Medical Education Department, Govt. of Punjab
- xi. Representative of Health Department, Govt. of KPK

Copy for information to:

- i) SA to Finance Minister
- ii) SA to Finance Secretary
- iii) APS to Sr. JS (IF)



OPERATIONAL FRAMEWORK

کامیاب
پاکستان

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(4)Bkg-II/2021-495

Islamabad, the 17th August, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: WORKING GROUP

In continuation of Finance Division's Notification of even number dated 02-07-2021 on the above subject. The Minister for Finance and Revenue has been pleased to coopt the following members of Working Group on Kamyab Pakistan Program.

Sr.No.	Name
1	Ms. Ayesha Aziz , Managing Director, Pak Brunei Investment Company Limited
2	Representative of Pakistan Microfinance Network (PMN)

(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

- i. President. Bank of Punjab
- ii. Representative of State Bank of Pakistan
- iii. Representative of Securities & Exchange Commission of Pakistan
- iv. Representative of Naya Pakistan Housing & Development Authority
- v. Representative of National Bank of Pakistan
- vi. Representative of Kamyab Jawan Program Prime Minister's Office
- vii. Mr. Faiq Sadiq, Financial Consultant
- viii. Representative of NAVTTC
- ix. Representative of Health Department, Govt. of Punjab
- xi. Representative of Health Department, Govt. of KPK
- xii. Additional Finance Secretary (IF)
- ✓xiii. Ms. Ayesha Aziz , Managing Director, Pak Brunei Investment Company Limited
- xiv. Representative of Pakistan Microfinance Network

Copy for information to:

- i) SA to Finance Minister
- ii) SA to Finance Secretary
- iii) APS to Sr. JS (IF)



Annex-3: ADVISORY BOARD

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-

Islamabad, the 02nd July, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: ADVISORY BOARD

The Minister for Finance and Revenue has been pleased to constitute an Advisory Board on Kamyab Pakistan Program with the following composition:

i.	Minister for Finance and Revenue	Chairman
ii.	President, Bank of Punjab	Convener
iii.	Mr. Salim Raza, Ex-Governor State Bank of Pakistan	Member
iv.	Mr. Sultan Ali Allana, Chairman, Habib Bank Limited	Member
v.	Dr. Amjad Saqib, Executive Director, Akhuwat	Member
vi.	Mr. Shoaib Sultan, Chairman Rural Support Program Network	Member
vii.	Dr. Rashid Bajwa, CEO, National Rural Support Program	Member
viii.	Ms. Roshaneh Zafar, Managing Director, Kashaf Foundation	Member
ix.	Chairman, Pakistan Banks' Association	Member
x.	President, National Bank of Pakistan	Member

2. The ToRs of the Board will be notified separately.

(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

Members of the Advisory Board



OPERATIONAL FRAMEWORK

کامیاب
پاکستان

Government of Pakistan
Finance Division
(Internal Finance Wing)

No.F. 6(2)Bkg-II/2021-510

Islamabad, the 13th July, 2021

NOTIFICATION

SUBJECT: KAMYAB PAKISTAN PROGRAM: ADVISORY BOARD

In continuation of Finance Division's Notification of even number dated 02-07-2021. The Minister for Finance and Revenue has been pleased to approve the following ToRs of Advisory Group on Kamyab Pakistan Program:-

1. The Board shall provide advice to the Working Group/ Steering Committee regarding design and features of the Kamyab Pakistan Program for deliberation and onward approval
2. The Board shall recommend any improvements in the strategic plan, marketing strategy, and uptake under the program to the Steering Committee.
3. The Board shall recommend measures to remove any bottlenecks in smooth execution of the program through respective stakeholders to the Steering Committee.

(Mubeen Saeed)
Section Officer (Bkg-II)

Distribution:

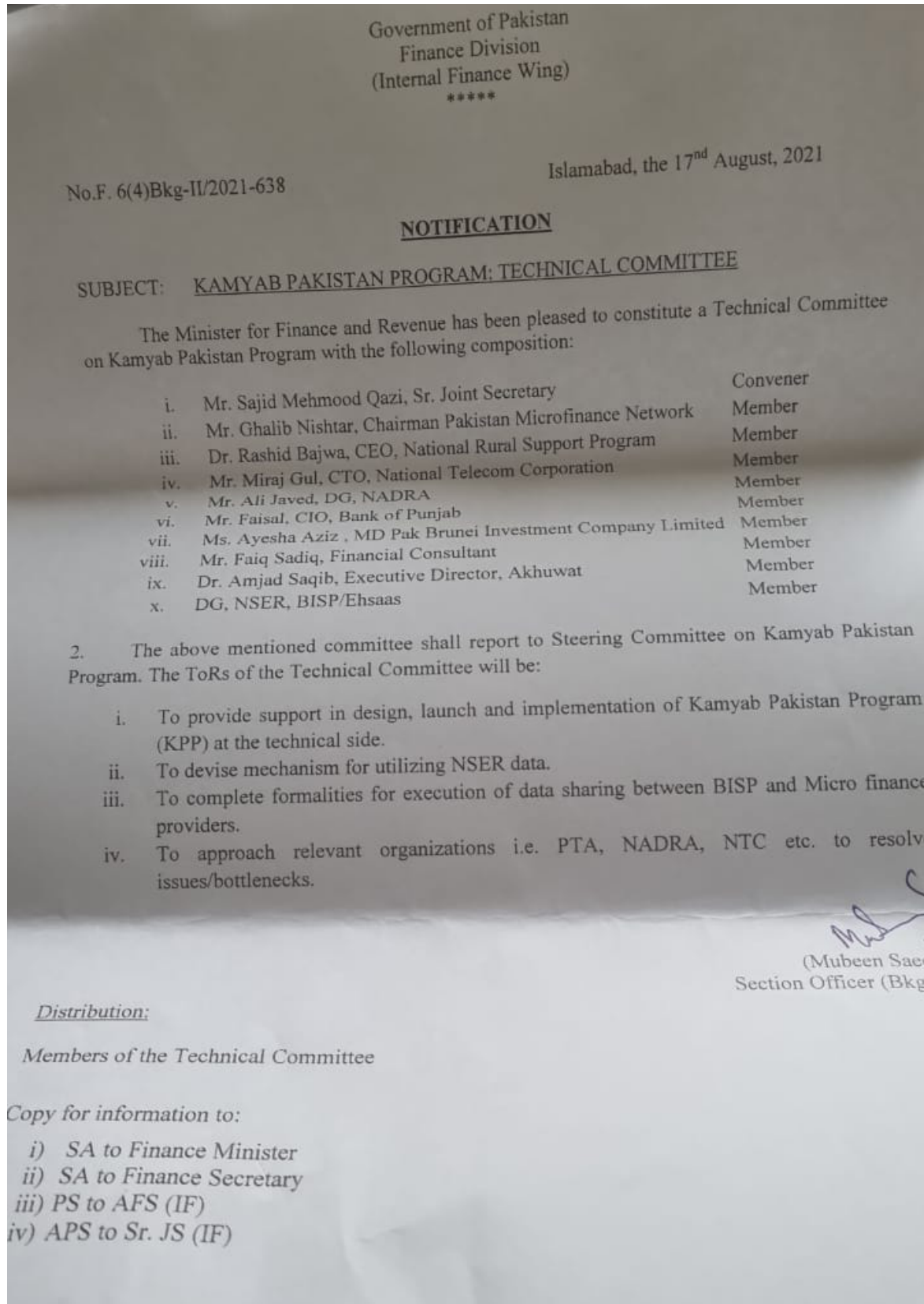
- i. Minister for Finance and Revenue
- ii. President, Bank of Punjab
- iii. Mr. Salim Raza, Ex-Governor State Bank of Pakistan
- iv. Mr. Sultan Ali Allana, Chairman, Habib Bank Limited
- v. Mr. Shoaib Sultan, Chairman Rural Support Program Network
- vi. Dr. Amjad Saqib, Executive Director, Akhuwat
- vii. Dr. Rashid Bajwa, CEO, National Rural Support Program
- viii. Ms. Roshaneh Zafar, Managing Director, Kashaf Foundation
- ix. Chairman, Pakistan Banks' Association
- x. President, National Bank of Pakistan

Copy for information to:

- i) SA to Finance Minister
- ii) SA to Finance Secretary
- iii) PS to AFS (IF)
- iv) APS to Sr. JS (IF)



Annex-4: TECHNICAL COMMITTEE





Annex-5: ROLES & RESPONSIBILITIES OF PPAF

Terms of Reference

Monitoring and Evaluation (M&E) Unit of Kamyab Pakistan Programme

1. Roles and Responsibilities of M&E Unit:

- 1.1 Focal point for ongoing monitoring and evaluation of KPP by setting up a dedicated function within PPAF which will remain functional for the entire duration of the Program.
- 1.2 Perform the M&E functions on the basis of the approved Operational Framework.
- 1.3 Perform monitoring at wholesale, executing agency and micro borrowers' levels. Provide reports as defined in Annex A to the Ministry of Finance - IF Wing for onward dissemination to Steering Committee regarding the Kamyab Pakistan Program. Any additional reporting requirements will be mutually agreed between PPAF and MoF.
- 1.4 Engage third party firms to undertake program evaluations and assessments to measure progress against outcomes and impact of the programme as per the agreed M&E framework.
- 1.5 Provide inputs to forums such as the Advisory Board or the Steering Committee who will be responsible for finalizing the features and design of the KPP.
- 1.6 Give recommendations on program features and any suggestions for improvement based on M&E analyses and market feedback or as advised by the Advisory Board. Market feedback will be gathered through stakeholders' consultation to be held on bi-annual basis.
- 1.7 Provide recommendations to the Steering Committee for removing any bottlenecks in smooth execution of the program through respective stakeholders. This will be based on stakeholders' consultation to be held on bi-annual basis.
- 1.8 Periodic reporting on the capacity building measures taken by the Pakistan Microfinance Network (PMN) as the designated training partner specified by MoF.
- 1.9 Provide information related to payment status (subsidy claims) as per externally audited figures. There shall be no role of PPAF in subsidy claim verification and payment.
- 1.10 Any independent audit commissioned by the MoF shall be undertaken at level of responsible WL and EA. There shall be no role of PPAF in such assignments.
- 1.11 PPAF shall not be held liable for any loss, occasioned by any errors of judgement on PPAF's part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of PPAF's duties as a dedicated monitoring function of KPP.
- 1.12 Ownership of all program related data produced by the M&E Unit will remain the sole intellectual property of PPAF during the life of the programme following which it will be handed over to MoF.

2. Roles and Responsibilities of MoF:

- 2.1 Provide necessary support and facilitation to PPAF in performance of its functions related to KPP.



- 2.2 Provide financing for establishment of setup and operational cost of dedicated function in advance at least on yearly basis and as per the mutually agreed payment schedule. In addition, financing shall also be provided for services rendered by third parties for audits, evaluation, assessments, need based surveys etc.
- 2.3 Provide the approved Operational Framework and communicate any subsequent changes in writing to PPAF.
- 2.4 Provide baseline data as per indicators defined in Annex B. This data should be part of KPIS.
- 2.5 Provide the standardized SQL database (KPIS) to PPAF as per agreed frequency to perform reporting and monitoring functions including but not limited to information of eligible candidates along with CNICs and contact numbers, their loan applications' status, EA wise further details including amounts, geographical location, gender, PSC score, sector and tier-wise (for housing), age / date of birth, reasons for rejection, PWDs, referrals to Sehat Card and Kamyab Hunarmand or any other fields over which the reporting and monitoring are required
- 2.6 PPAF will only rely on the above databases for performing M&E functions by assuming that data acquisition from all government and regulatory bodies will be undertaken by MoF or its designated partner (s).
- 2.7 MoF shall ensure that PPAF receives necessary reports/data on specified format (duly signed by respective CEO and CFO) from WLs and EAs on a determined frequency to assess the performance of the program.
- 2.8 Provide necessary additional resources should there be any change in scope / scale of work for PPAF subject to mutual agreement between PPAF and MoF.

3. Dependencies:

- 3.1 Signing of MOU between PPAF and MoF.
- 3.2 Approval of ToRs and MOU by respective authorities (MOF and PPAF Board)
- 3.3 Overall ownership, responsibility and security of source data (KPIS) collected and maintained by the respective stakeholders shall not be the responsibility of PPAF.
- 3.4 PPAF will follow the human resource, procurement, financial management and other policies and procedures of PPAF.

**Annex A – KPP Reports****A. Wholesale Lenders (WLs):**

The following key aspects will be focused during monitoring:

Sr. No	Key Indicators (EA & Product wise information)	Source of Information	Frequency
1	Performance assessment of KPP through trend analysis on various indicators including disbursement, recoveries, write-offs, aging analysis/Non-Performing Loans (NPLs)	Unaudited data reported by WLs on specified formats duly signed by CEO & CFO of WLs	Quarterly
2	Processes followed to avoid NPLs and write-offs.		

B. Executing Agencies (EAs):

The following key aspects will be focused during monitoring:

Sr. No	Key Indicators (Product wise information)	Source of Information	Frequency
1	Performance assessment of KPP through trend analysis on various indicators including disbursement, recoveries, write-offs, aging analysis/NPLs,	Data reported by EAs on specified formats duly signed by CEO & CFO of WLs	Quarterly – Unaudited Biannual – Audited
2	Reporting & analysis on: <ul style="list-style-type: none">Geographical outreach (province and district), all genders, PSC ranges, sectoral and tier-wise (for housing), age and PWDs;Referrals to Sehat Insaf Card and Kamyab Hunarmand	KPIS (subject to availability of data fields in KPIS)	Quarterly
3	Report on Loan application details: <ul style="list-style-type: none">No. of loan applicants;No. of loans in process;No. of loans approved;No. of loans rejected		



	- Reasons for rejection (Predefined reasons for rejection shall be defined in KPIS)		
5	Assessment of entity-wise financial health including Operational Self Sufficiency (OSS), equity, debt-to-equity ratio, current ratio and portfolio to assets;	Annual Audited Financial Statements of EAs	Annual
6	Effectiveness and efficiency of the EAs complaints redressal mechanism through spot checks to be conducted on their complaint response logs/records	EAs complaint redressal mechanism	Quarterly

C. Micro Borrowers (MBs):

All the program provinces and regions shall be covered on quarterly basis. Efforts will be made to cover a broad range of EAs per quarter to assess a randomly selected representative sample of micro borrowers derived from KPIS.

The following key dimensions will be focused during monitoring:

Sr. No	Key Indicators	Source of Information	Frequency
1	Basis for rejection of clients	KPIS and meeting with Borrowers	Quarterly
2	<ul style="list-style-type: none">o Review process of loan disbursement;o Review of social and technical appraisal of borrowers;o .	EAs Systems and Procedure	
3	Whether the loan is used for intended purpose as it pertains to sub-program like kamyab karobar, kamyab kissan, low-cost housing;	Meetings with the Borrowers	

Note:

- All the KPP reports will be shared with focal person nominated by MoF.
- PPAF will utilize the data provided through KPIS and other sources, wherever required, may deploy a mechanism of audits, third party assessments and management certifications to obtain the data for the above-mentioned reports.



Annex B – KPP Baseline Indicators

(The following baseline indicators, presently required by PPAF should be part of KPIS. In case any additional indicators are required, PPAF will request MoF for provision of the same in KPIS)

1. PMT/PSC of households

2. Employment Status:

What has been status/ nature of employment of adult HH members (between 18 to 65 years of age) over the past one year?

<i>Nature of Employment</i>	<i>No. of HH Members Employed</i>
Government employee	
Semi-govt/ autonomies employee	
Regular paid employee: private sector	
Seasonal paid employee / day laborer (agriculture)	
Seasonal paid employee/ day laborer (non-agriculture)	
Self-employed: non-agriculture	
Self-employed, agriculture: own cultivator, sharecropper/ livestock or contract cultivator	
Unpaid family worker /contributing family helper	
Employer	
Unemployed	
Other (Specify)	

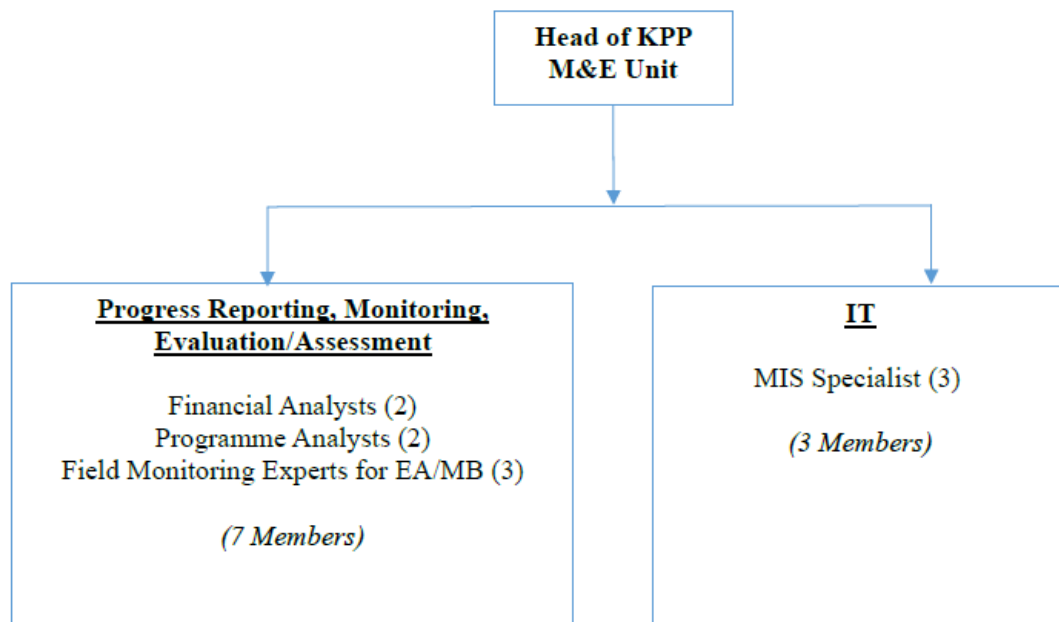
3. Annual Income of Borrower:

What was average annual income of HH in last one year? Amount in PKR

4. Financial Inclusion:

Does any member of HH has bank account (including Jazz Cash, Esaypaisa, Upaisa etc.)? Yes/No If yes, then how many HH members have such accounts?

Annex C – Team Structure





Annex-6: BIDDING FRAMEWORK FOR WLs

The indicative features of the bidding process are as follow:

Program Design

- Mark-up Coverage (Base Rate - Consumer Rate);
- 10 Percent First Loss Guarantee at Scheme Level to EAs;
- 50 Percent Guarantee to WLs on Pari-Passu Basis or Risk Sharing Basis.

Bidding Details

Bidding Frequency	To be communicated in RFP
Concerned Office	Debt Office, Finance Division
Monthly Guarantee	To be communicated in RFP
Monthly Disbursement	To be communicated in RFP
Half-Yearly Guarantee	To be communicated in RFP
Half-Yearly Disbursement	To be communicated in RFP
Eligible Bidders	All Commercial Banks (Conventional and Islamic) PMRC and DFIs regulated by SBP

Bidding Restrictions

- Eligible bidders shall only bid individually
- Eligible bidders can submit multiple bids
- Minimum bid size: To be communicated in RFP
- Subsequent bids in the multiple of: To be communicated in RFP
- Bidder to quote spread relative to 3-M KIBOR, i.e. 3 Month KIBOR +/- Fixed Spread (% p.a.)

Selection Criteria


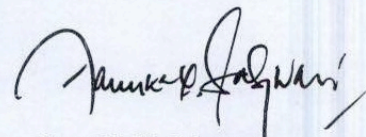
- "Single Price Auction" method
- Government to determine cut-off spread
- Cut-off spread to be offered to all successful bidders
- Remaining bids shall be rejected
- GOP to accept or reject any or all the bids without assigning any reason

Other Considerations

- Unutilized guarantee to be available for re-bidding
- Performance evaluation of WLs



Annex-7: SECP CIRCULAR No. 23 / 2021

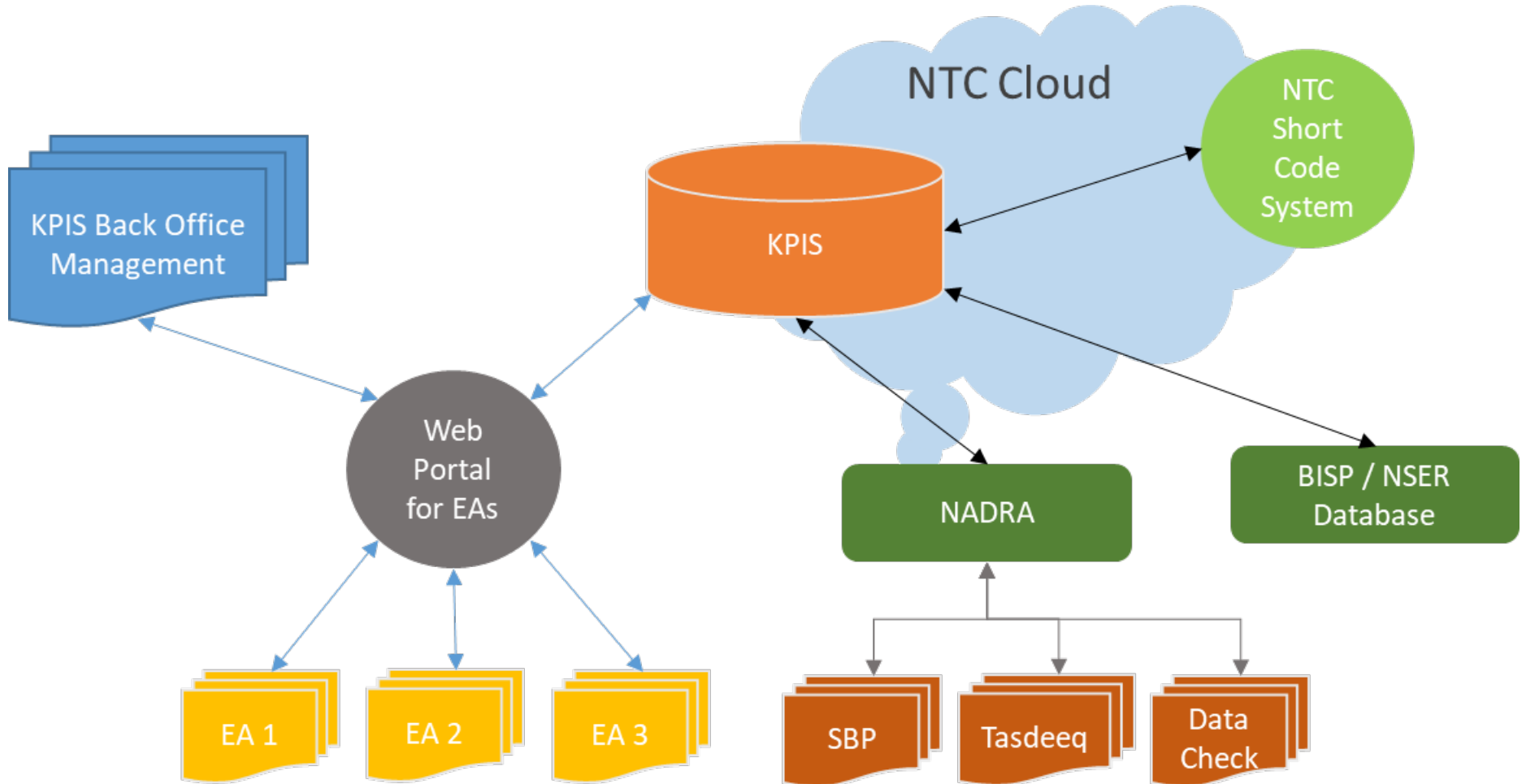
 <p>SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN SPECIALIZED COMPANIES DIVISION POLICY, REGULATION AND DEVELOPMENT DEPARTMENT</p> <p>SECP</p>	
No. SC/NBFC-1-196/Circular/2021/	July 26, 2021
<u>Circular No.23 of 2021</u>	
Subject: <u>Relaxations Allowed for participation in Kamyab Pakistan Program to Non-Bank Microfinance Companies under Regulation 67A of the Non-Banking Finance Companies and Notified Entities Regulations, 2008</u>	
<p>The Securities and Exchange Commission of Pakistan, in exercise of powers conferred under sub-section (3) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984) read with regulations 15B and 17(3) along with Regulation 67A of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations"), hereby allows following relaxation to Non-Bank Microfinance Companies ("NBMFCs") for participation in Kamyab Pakistan Program (the "Program"):</p>	
<ol style="list-style-type: none">1. Wholesale loans to be extended by Commercial Banks to NBMFCs for onward extension of loans by NBMFCs under the Program shall not be counted for calculation of Aggregate Liabilities of NBMFCs in terms of regulation 15B (1) of the NBFC Regulations;2. The NBMFCs shall be allowed to extend housing loans up to Rs. 2,700,000/- under the Program;	
<p>The above relaxations are allowed only in respect of the wholesale loans to be received by NBMFCs from commercial banks and the housing loans to be extended by the NBMFCs under the Program and Government's Mark-up Subsidy Scheme for Low-Cost Housing.</p>	
 Farrukh H. Sabzwari Commissioner (SCD)	
<u>Distribution:</u>	
<ol style="list-style-type: none">1. The Chairman Working Group Kamyab Pakistan Program (President Bank of Punjab)2. Chief Executive Officers, Non-Bank Microfinance Companies3. Pakistan Microfinance Network	

Annex-8: APPLICATION & LOAN DISBURSEMENT MECHANISM





OPERATIONAL FRAMEWORK





OPERATIONAL FRAMEWORK



Data Flow, Validation & Integration Points

High-level Process Flow for KPP

