

Government of Pakistan
Finance Division
(Internal Finance Wing)

F. No. 6(2)Bkg-II/2021/817

Islamabad, the September 30, 2021

The Deputy Governor,
State Bank of Pakistan
Karachi

SUBJECT:- KAMYAB PAKISTAN PROGRAM (KPP)

Federal Cabinet in its meetings held on 03-08-2021 and 28-09-2021 has been pleased to approve Kamyab Pakistan Program. The KPP consists of five components namely; (i) Kamyab Karobar (ii) Kamyab Kissan (iii) Naya Pakistan Low-Cost Housing (iv) Kamyab Hunarmand; and (v) Sahatmand Pakistan.

2. Under the first three components, micro-loans shall be distributed among persons registered with National Socio-Economic Registry (NSER) who have PMT score up to 49. Detail is at **Annex-I & II**. These three components will be treated as new initiatives independent of Prime Minister's Kamyab Jawan-Youth Entrepreneurship Scheme (PMKJ-YES) and Government Markup Subsidy Scheme (GMSS).
3. The last two components are integration of KPP with existing programs. KPP is aimed to integrate with government's ongoing Skill Development Program 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". 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.
4. One loan under each Kamyab Pakistan loan category, i.e. Kamyab Karobar, Kamyab Kissan, and Housing, shall be permissible concurrently with the maximum exposure capped at PKR 2.85 million [put together] per family
5. The selection of Wholesale Lenders (WLs) will be made after following bidding process in accordance with Public Procurement Rules, 2004. Detail at **Annex-III**
6. Under KPP Portal called "Kamyab Pakistan Information System (KPIS)", there will be a toll-free number which will be integrating KPIS through Telecoms via National Telecommunication Corporation (NTC). The portal will be integrated with Ehsaas Data (NSER), credit bureaus and National Database and Regulatory Authority (NADRA) for verification of beneficiaries' eligibility to facilitate the Executing Agencies. Pakistan Poverty Alleviation Fund (PPAF) has been engaged for monitoring and evaluation of the Program on regular basis.

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7. Federal Cabinet has approved exemption of rule 3(2) of Cash Management and Treasury Single Account Rules 2020 for allowing direct debit authority to SBP beyond inevitable circumstances for payments under KPP.

8. It is requested to take further necessary action as per law and policy.

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(Imdad Ullah Bosal)

Addl. Finance Secretary (IF/IGF/Inv)

Ph:051-9202576

Cc:

- 1) Governor, State Bank of Pakistan
- 2) Secretary, BISP, Islamabad
- 3) Secretary, Poverty Alleviation and Social Safety Division, Islamabad
- 4) Chairman, NAPHDA, Islamabad
- 5) Chief Secretary, Punjab, Sindh, KPK, Baluchistan, GB, AJK
- 6) Secretary, Ministry of Federal Education and Professional Education, Islamabad
- 7) SA to Finance Minister, Finance Division, Islamabad
- 8) SA to Finance Secretary, Finance Division, Islamabad

Features of Kamyab Kissan and Kamyab Karobar

S. No	Particulars	Kamyab Karobaar	Kamyab Kissan
1.	Loan Type	Entrepreneur Loan under Tier-0	Small Agri Loans under Tier-0 for farmers with landholding up to 12.5 Acres
2.	Loan Size	Up to PKR 500,000	<ul style="list-style-type: none">- Up to PKR 150,000 for Crop Inputs AND/OR- Up to PKR 200,000 Farm Machinery & Equipment
3.	Loan Tenor	Up to 3 years	<ul style="list-style-type: none">- Two Crop Cycles in a year for 6 months each (max. 1 year)- Machinery/ Equipment financing up to 1 year
4.	Repayment	Equal Monthly Installments	Lump sum on or before maturity, tied-up with the crop cycle
5.	Max. Age	No limit	
6.	Security Requirements	Clean (secured only by Personal Guarantee of the borrower). In addition rules & regulations of SECP/SBP shall be complied with by MFPs.	
7.	Sectors and Products	All sectors & products including Agriculture(livestock, poultry , fishery, dairy etc could be part of Kamyab Karobar)	
8.	Customer Rate	0%	

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Features of Naya Pakistan Low Cost Housing

S. No	Particulars	Mark up Subsidy Program																		
1.	Maximum Loan size	Maximum size of the loan of a single housing unit, as under <div style="display: flex; justify-content: space-between;"> Tier 1 (NAPHDA Projects) Rs 2.7 million </div> <div style="display: flex; justify-content: space-between;"> Tier 0 (Non NAPHDA Projects) Rs 2.0 million </div>																		
2.	Size of Housing Unit	<ul style="list-style-type: none"> Tier 1 NAPHDA - (a) House upto 125 sq yds (5 Marla) with maximum covered area of 850 sq ft and (b) Flat/apartment with maximum covered area of 850 sq ft Tier 0 Non NAPHDA - (a) House upto 125 sq yds (5 marla) and (b) flat/apartment with maximum covered area of 1,250 sq ft 																		
3.	Maximum Price of Housing Units	Maximum Price (Market Value) of a single housing unit at the time of approval of financing, as under: <div style="display: flex; justify-content: space-between;"> Tier 1 (NAPHDA Projects) Rs 3.5 million </div> <div style="display: flex; justify-content: space-between;"> Tier 0 (Non NAPHDA Projects) No cap </div>																		
4.	Pricing	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">TIER - 0</th></tr> <tr> <th>Loan size</th><th>Customer Pricing</th><th>Bank Pricing</th></tr> </thead> <tbody> <tr> <td>Rs. 2.0 M</td><td> 2% for year 1 to year 5 4% for year 6 to year 10 5% for year 11 to year 15 </td><td> Benchmark to be determined through competitive bidding process and difference between decided benchmark and Customer Pricing shall be paid as subsidy for a maximum period of 15 years or loan term whichever is lower </td></tr> <tr> <th colspan="3">TIER - 1</th></tr> <tr> <th>Loan size</th><th>Customer Pricing</th><th>Bank Pricing</th></tr> <tr> <td>Rs. 2.7 M</td><td> 2% for year 1 to year 5 4% for year 6 to year 10 5% for year 11 to year 15 </td><td> Benchmark to be determined through competitive bidding process and difference between decided benchmark and Customer Pricing shall be paid as subsidy for a maximum period of 15 years or loan term whichever is lower </td></tr> </tbody> </table> <p>Loans under T-0 (Non NAPHDA) shall also be allowed for expansion / incremental housing to an extent of max. 5% of the housing loan portfolio of respective MFP/HFCs.</p> <p>For loan tenors exceeding 15 years, market rate i.e. bank pricing will be</p>	TIER - 0			Loan size	Customer Pricing	Bank Pricing	Rs. 2.0 M	2% for year 1 to year 5 4% for year 6 to year 10 5% for year 11 to year 15	Benchmark to be determined through competitive bidding process and difference between decided benchmark and Customer Pricing shall be paid as subsidy for a maximum period of 15 years or loan term whichever is lower	TIER - 1			Loan size	Customer Pricing	Bank Pricing	Rs. 2.7 M	2% for year 1 to year 5 4% for year 6 to year 10 5% for year 11 to year 15	Benchmark to be determined through competitive bidding process and difference between decided benchmark and Customer Pricing shall be paid as subsidy for a maximum period of 15 years or loan term whichever is lower
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		<p>applicable for the period exceeding 15 years.</p> <p>NADRA-verified applicants under Tier-1, declared bankable by MFPs/HFCs shall be entitled for Cost Subsidy @ Rs. 300,000 as approved by the Federal Cabinet, subject to fulfillment of eligibility criteria approved by the Federal Cabinet.</p> <p>For NAPHDA Projects under Tier-1, Commercial Banks, shall assess and finance Prospects/End Users shortlisted under the scheme. Furthermore, if a Commercial Bank additionally engage MFI/RSP/MFB/HFC for provision of mortgage financing to End-Users under NAPHDA projects, respective Bank shall be solely responsible to liaison with NAPHDA for provision of Cost Subsidy to the End-Users through Escrow arrangements to be maintained with the respective Bank. All drawdown requests from the developer shall also be handled by the respective Bank.</p>
5.	Security Requirements	As per banks' credit policy and prudential regulations for wholesale loans. In addition rules & regulations of SECP/SBP shall be complied with by MFPs/HFCs.

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Selection of Wholesale Lenders

The selection of Wholesale Lenders(wLs) would be made on following broad parameters:

- i. Government shall only select WLs through competitive bidding process;
- ii. Microfinance Providers (MFPs) shall be selected by the respective WLs and Finance Division will not directly deal with them;
- iii. Government shall pay difference of "Customer Rate" and "Bank Rate" as Mark-up Subsidy. Bank Rate shall be determined through competitive bidding process by ensuring transparency and compliance of Public Procurement Regulatory Authority (PPRA) Framework in letter and spirit.
- iv. Government will provide two guarantees (a) 10 percent First Loss Guarantee to MFPs/Executing Agencies; and (b) 50 percent guarantee to WLs on Pari-Passu Basis (equal loss sharing basis or pro-rata basis);
- v. Finance Division shall be conducting bidding on periodic basis and specify the modalities of the bidding as per the requirements of the program;
- vi. Mechanism for claim of (a) subsidies; and (b) "Loan Loss Payments" by the Wholesale Lenders under the Program shall be devised by the Finance Division in consultation with State Bank of Pakistan while ensuring that such claim would be (i) fully validated by Project Management Unit (PMU) (ii) audited by independent external auditor on an annual basis to be hired by the Finance Division on competitive basis while cost/expenses for engagement of such services shall be borne by the WLs;
- vii. All commercial banks (conventional and Islamic), DFIs as regulated by State Bank of Pakistan and PMRC shall be eligible to participate in the bidding;
- viii. Finance Division shall have the flexibility to revise the bidding parameters in accordance with the performance and requirements of the Program;
- ix. Guarantee Limits as agreed under ongoing IMF Program as "Performance Criteria" will be considered while extending government guarantee against KPP;
- x. The program shall be initially offered in Balochistan, Khyber Pakhtunkhwa, Gilgit Baltistan, Azad Jammu & Kashmir and *poorest districts of Sindh and Punjab* and it will be extended to whole Pakistan subsequently.
- xi. The other features of KPP against which approval of the ECC and the Federal Cabinet has already been sought and are not in conflict with the above-mentioned revised features will remain the same;
- xii. Finance Division shall formulate an "Operational Framework" which will be consistent with the parameters mentioned at serial numbers i-xi above;

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