



Government of Pakistan
Cabinet Secretariat
Poverty Alleviation and Social Safety Division

Briefing Note

Launch of National Poverty Graduation Initiative

The **National Poverty Graduation Initiative** (NPGI) is part of the *Ehsaas* strategy. It aims to graduate the poorest households out of poverty and set them on a course of economic and social prosperity.

Its components include i) asset transfers; ii) interest free loans, and; iii) vocational and skills training to make assets productive.

The graduation initiative aims to reduce dependence of the population at the bottom of the pyramid on government-led social safety nets (BISP, Zakat and Baitul Mal programs) and helps to bring this population into the mainstream of economic development and financial inclusion.

The government, in addition to its own funding, is partnering with the International Fund for Agriculture Development (IFAD) and the Asian Development Bank (ADB) in this initiative.

Total projected cost of the initiative is Rs. 42.65 billion.

	<i>Funds Rs. Billion</i>	Year of Approval & Initiation
National Poverty Graduation Initiative		
IFAD Funded PPAF Graduation programme (Federal government)	13.00	2019-20
ADB Funded BISP Graduation programme (Federal government)	6.30	2018-19
Interest Free Loans by the Federal and Provincial Governments of KP and Punjab	23.35	Rs. 5 billion from Federal government in 2019
Total	42.65	

Implementation Arrangements

The initiative will be executed by Pakistan Poverty Alleviation Fund (PPAF) and BISP. More than forty partnering NGOs will be involved in executing this initiative including the Rural Support Programs and Akhuwat.

Targeting, Selection and Impact:

This initiative is being rolled out in over 100 districts and will impact 16.28 million people with 50% women. The initiative also includes youth, persons with disabilities, transgenders, minorities and marginalized communities in lagging districts. **Selection of beneficiaries is based on the Poverty Score Card used by the government and donors.**

Components of the National Poverty Graduation Initiative

- i. **Asset transfer:** 225,000 assets will be provided to the poorest of the poor to start their businesses along with skills training and business planning. The average cost of the asset which will be given as a grant is Rs. 50,000. Furthermore, they will have access to interest free loans (see component ii below). In total 1.45 million people¹ will benefit from this component.

Recipients of asset transfers will be determined by the partner organizations using the Poverty Score Card.

- ii. **Interest Free Loans** are a major component of the Initiative. From June 2019 onwards, 80,000 interest free loans will be disbursed every month. The range of the interest free loans is Rs. 20,000 – Rs. 75,000. As many as 3.8 million interest free loans will be provided (80,000 loans a month for the next 4 years) to 2.28 million households. In total, 14.7 million people² will benefit from this component.

Interest free loans are being accessed through existing 350 loan centers operated by partnering NGOs. As additional districts are added, new loan centers will be established. Detailed information will be available on the website of **Poverty Alleviation and Social Safety Division**.

- iii. **Vocational and Skills Training:** Recipients of asset transfer and interest free loans will be provided skills and business development training as needed to ensure sustainable livelihoods. Furthermore, an additional 20,000 youth will be provided special skills to develop innovative businesses. This additional training will benefit 129,000 people. Poverty Alleviation Fund (PPAF) and National Vocational and Skills Training Commission (NAVTC) have entered into a MOU which is aimed at enhancing quality of training and exploiting synergy between the two institutions. Under this framework, PPAF will support trainings only in institutions accredited by NAVTC. As a short-term measure, information related to the “Recognizing Prior Learning” (RPL) initiative of NAVTC is to be made available in all PPAF interest loans sites. Over the next three months, both partners will explore how RPL can be used as a policy tool to make interest free loans conditional on RPL above a certain threshold. PPAF to make information from NAVTC’s National Skills Information System (NSIS) available in all PPAF’s interest free loaning institutions. BISP to make its data available to NAVTC so that the PMT scores of those accredited in the NSIS database are determined and they are treated in the priority stream in terms of access to IFL. Information about interest free loaning opportunities are to be made available to NAVTC’s “Job placement and vocational planning centers” so that individuals accessing information about skills training are also counseled on potential funding opportunities

¹ 225,000 households x 6.45 persons (average household size is 6.45 persons)

² 2.28 million households x 6.45 persons (average household size is 6.45 persons)

Today's Launch

Today, the Prime Minister is launching the National Poverty Graduation Initiative, marked by 391 cheque distribution ceremonies where 86,151 interest free loans worth Rs. 3.02 billion are being given out across Pakistan. During the next four years, every month around 80,000 interest free loans will be disbursed, nationwide. Furthermore, over 9,000 assets will be distributed every month over the next two years.

Cheque distribution will not be conducted in the FATA area in the month of June and July due to the upcoming elections.

The Prime Minister will chair a ceremony in Auditorium of PM office Islamabad and distribute a few cheques to launch this nation-wide initiative on June 28, 2019. Through a virtual link, images from the 391 ceremonies will also be displayed in the room during the launch.