



SBP Refinance Schemes

DEVELOPMENT FINANCE SUPPORT DEPARTMENT
SBP-BANKING SERVICES CORPORATION

SBP's Refinance Schemes

1. **Export Finance Scheme**
2. **Long Term Financing Facility**
3. **Refinance Facility for Modernization of SMEs**
4. **Refinance and Credit Guarantee Scheme for Women Entrepreneurs**
5. **Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises**
6. **Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons**
7. **Financing Facility for Storage of Agriculture Produce**
8. **Financing Scheme for Renewable Energy**
9. **SBP Financing Facility for Low Cost Housing for Special Segments**
10. **Refinance Facility for Combating COVID-19 (RFCC)**
11. **Temporary Economic Refinance Facility (TERF)**
12. **Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (YES)**
13. **GOP Markup Subsidy for Housing Finance**



EXPORT FINANCE SCHEME (EFS)

Export Finance Scheme

- ❑ A short term (180 days) financing facility for export of value added items
- ❑ Consists of two parts:
 - ❑ Part-I (Transaction Based)
 - ❑ Part-II (Performance Based)
- ❑ All commodities are eligible except those mentioned in the negative list
- ❑ Prevailing rate for exporters is 3% (Bank's spread for SME 2% & Corporates 1%)
- ❑ 0.5% - 2% performance based markup rebate under EFS Part-II
- ❑ The financing facility is also available under Islamic mode

Export Finance Scheme

EFS Part-I (Transaction Based)

Facility available to Direct Exporters (DE) (including commercial exporters & trading companies) & Indirect Exporters (IDE)

Coverage to the extent of 100% of export order/ LC/contract, in case of financing for 180 days.

Facility available at both pre & post shipment stages to DEs.

Performance required against every transaction.

EFS Part – II (Performance Based)

Performance based facility – limit based on performance of the exporter

Exporters are entitled a revolving limit equivalent to 50% of their total value of export proceeds realized in the previous year.

The exporter is required to show annual export performance (realized value of export proceeds) by exporting at least twice of its borrowings on average daily product basis. For FY20 and FY21 the export performance requirement has been reduced from 2 time to 1.5 times due to COVID-19.

Entitlement is determined on the basis of EE-1 Statement (that includes export proceeds from exports of eligible items in previous year under both parts of EFS).

0.5% - 2% performance based markup rebate under EFS Part-II

Performance Based Lower Mark up Rates under Export Finance Scheme

Performance Requirement	Reimbursement Benefit in Existing Markup for <u>Corporate</u> Borrowers	Reimbursement Benefit in Existing Markup to <u>SME</u> Borrowers
2.00 to 3.00 times	NIL	NIL
3.01 to 4.00 times	0.5%	1%
4.01 to 5.00 times	1%	1.5%*
Above 5.0 times	1.5%	2%*

*In no case, SBP refinance rate shall fall below 0%



LONG TERM FINANCING FACILITY (LTFF)

LTFF-Scope & Eligibility

Purpose: Long term local currency finance for imported and locally manufactured new plant and machinery

Scope of LTFF/ILTF has been extended to all sectors, which are allowed as per Export Policy Order issued by Ministry of Commerce from time to time.

Eligibility: Available to the export-oriented projects only if their annual export is equivalent to US \$5 million or at least 50% of the sales whichever is lower

PFI: Financing is available through banks/ DFIs approved as PFIs

Financing Limit: Maximum borrowing limit for a single export oriented unit is Rs 5,000 million for New projects; and BMR/ upgradation of those projects.

Tenor: Financing shall be available for a maximum period of 10 years including a maximum grace period of 2 years. Where financing is provided for a period of up to 5 years, the grace period shall not be more than one year.

Shariah compliant alternate of this product is available.

LTFF Rates of Service Charges

Period of financing	Rate of Refinance	PFI Spread	End User's rate
Up-to 3 years	3.50%	1.50 %	5.00%
3-5 Years	2.50%	2.50 %	5.00%
5-10 Years	2.00%	3.00 %	5.00%

LTFF

Terms & Conditions

Financing is available against Letter of Credit only, to the extent of the C&F value of imported machinery and ex-factory / showroom price of locally manufactured machinery.

The cost of insurance, transit insurance, erection and commissioning charges and other incidentals (including transportation charges, in case of locally manufactured machinery) etc.; shall not be financed under the facility.

PFI may also consider financing requests of new projects and expansion of existing projects on the basis of projected exports as under:

Exports in First Two Years	US\$ 2 million or 20% of total sales of the project, whichever is lower.
Exports in Third Year	US\$ 3 million or 30% of sales, whichever is lower.
Exports in Fourth Year	US\$ 5 million or 50% of sales, whichever is lower.

One year additional period for export performance requirement under projected exports has been allowed for each category (i.e. 1st two years, 3rd year and 4th year requirement) falling in calendar year 2020 due to COVID-19.

Export-oriented SME borrowers may purchase imported machinery from the commercial importers or authorized dealers of the foreign manufacturers in Pakistan and authorized suppliers in case of locally manufactured machinery and plant.



REFINANCE FACILITY FOR MODERNIZATION OF SMEs

Refinance Facility for Modernization of SMEs

Scope and Eligibility

Target Segment: Financing is available to wide range of SME Clusters/ Sectors

Eligibility: Only SME borrowers, as defined in Prudential Regulations for SMEs, are eligible to avail financing facilities under the Scheme.

Purpose: Financing is available for:

purchase of new imported/ local plant & machinery for BMR of existing units and setting up of new SME units
import/ local purchase of new generators up-to a maximum capacity of 500 KVA.

carrying out civil works up-to 20% of total project cost for conversion of conventional brick kiln

Participating Financial Institutions: All commercial banks and Development Finance Institutions (DFIs)

Tenor: Maximum period ten years including a maximum grace period of six months

The **rate of service charges** is 6% p.a. which once fixed shall remain locked-in for the entire duration of the loan

Shariah compliant alternate of this product is also available.

Refinance Facility for Modernization of SMEs

Rice Husking,

Cotton Ginning,

Power Looms,

Dairy &
Livestock,

Cutlery &
Stainless
Utensils,

Surgical
Instruments,

Marble &
Granite,

Engineering
Goods,
(Electronic),

Fisheries,

Packaging /
Processing of
Fruits /
Vegetables,

Furniture,

Gems &
Jewellery,

Sports Goods,

Agro-based
Industry

Please keep in mind that this is an **illustrative list**. Other SME sectors are also eligible.



REFINANCE & CREDIT GUARANTEE SCHEME FOR WOMEN ENTREPRENEURS

Refinance & Credit Guarantee Scheme for Women Entrepreneurs – Scope & eligibility

Purpose: Financing shall be available to women entrepreneurs for a period of up to 5 years, including maximum grace period of up to six months

Financing Amount: Maximum financing limit under the scheme is Rupees 5 million

Target Segment: For setting up of new business enterprises or for expansion of existing ones.

Collateral: Preferably under the personal guarantee of the borrower.

Risk Sharing: Such loans will also be eligible for risk coverage of up to 60% under SBP's Credit Guarantee Scheme for Small and Rural Enterprises

Mark up Rate: For end user under the facility will be up to 5% p.a. SBP will provide refinance to PFIs at 0%.



REFINANCE SCHEME FOR WORKING CAPITAL FINANCING OF SMALL ENTERPRISES AND LOW-END MEDIUM ENTERPRISES

Courtesy: Arab new pk

Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises

Brief Description	<p>Financing is initially available to meet working capital requirements of below mentioned sectors:</p> <p>1- Information Technology 2- Gems & Jewelry 3- Furniture 4- Leather Industry 5- Surgical Goods 6- Fruits, vegetables, food processing & packaging 7- Date Processing 8- Printing & Packaging</p>
Rate of Mark up	End user rate 6% with banks' spread of 4% SBP rate is 2%
Eligible Enterprises	All small enterprises (SEs) as per SBP's PRs Medium enterprises (MEs) with annual sales of Rs 300 million
Financing Amount	Upto Rs 25 million for SEs and Upto Rs 50 million for MEs
Financing Tenor	Maximum financing tenor is 1 year
Shariah compliant alternate of this product is available.	



SMALL ENTERPRISE (SE) FINANCING AND CREDIT GUARANTEE SCHEME FOR SPECIAL PERSONS

Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons

Scope	Special persons holding CNIC with disability logo/ symbol will be provided finance for setting up of new business enterprises or for expansion of existing ones
Financing Limit	Up to Rs 1.5 million
Refinance	Up to 100% by SBP. SBP will provide refinance to Participating Financial Institutions at 0%.
Risk Coverage	60% of outstanding loan (principal portion only)
Tenor	Up to 5 years with grace period of up to 6 months
Mark up Rate	End user rate will be up to 5% per annum (p.a.)
PFI	All Banks/ DFIs



FINANCING FACILITY FOR STORAGE OF AGRICULTURAL PRODUCE (FFSAP)

FFSAP - Scope and Eligibility

Purpose: To encourage private sector to establish Silos, Warehouses & Cold Storages

Target Segment: Financing is available for establishment/ expansion/ BMR of Silos, Warehouses & Cold Storages facilities for storing agricultural produce. Financing for local purchase/ import of new machinery, equipment accessories, generators (the capacity of generator shall, however, not be in excess of in-house energy requirements) thereof used in steel/ metal/ concrete silos, warehouses and cold storages. Further, up to 65% cost of civil works is also eligible under the Scheme.

Financing Amount: Maximum financing to a single commercial project is Rs 500 million under the Facility.

Maximum financing to a single SME project is Rs 200 million under the Facility.

Participating Financial Institutions: Available through all commercial banks and DFIs

Tenor: Maximum period of seven years including a maximum grace period of six months. Effective June 1, 2017, banks'/DFIs' spread increased to 4% only for SME borrowers. Moreover, maximum tenor of loan also increased to 10 years with up to 6 months grace period for SMEs borrowers only.

Other Terms: For civil works financing, the bank shall monitor it as per its own mechanism that the funds are utilized strictly for the construction purpose as per approved plan.

Only against LCs in case of financing against imported plant & machinery / raw material to be used for construction of the Silos/ Cold Storage

Shariah compliant alternate of this facility is also available.

FFSAP Rates of Service Charges

For SMEs

Tenor	Rate of Refinance	Banks'/DFIs' Spread	End Users' Rate
Up-to 10 years	2.0%	4.0%	6.0%

For Non SMEs

Tenor	Rate of Refinance	Banks'/DFIs' Spread	End Users' Rate
Up-to 3 years	3.50%	2.50%	6.0%
3 to 5 years	3.25%	2.75%	
5 to 7 years	2.50%	3.50%	



**SCHEME FOR FINANCING POWER PLANTS USING
RENEWABLE ENERGY**

SBP Financing Scheme for Renewable Energy Eligibility Criteria

- Category I Prospective sponsors, desirous of setting up renewable energy power projects with a capacity ranging from more than 1 MW and up-to 50 MW for their own use, selling of electricity to the national grid (including distribution companies) or combination of both.
- Category II Prospective sponsors, desirous of installing renewable energy source based projects/ solutions for generation of electricity up-to 1 MW.
- Category III Vendors/ suppliers/ energy sale company desirous of installing wind and/or solar projects/ solutions of up-to 5 MW on lease, sale (including deferred payment sale), rent basis or selling of electricity to ultimate owners/ users. Vendors/ suppliers are required to be certified under AEDB Certification Regulations. In case of energy sale, vendors/suppliers/EPC contractors of an energy sale company are required to be AEDB certified.

Shariah compliant alternate of this scheme is also available.

SBP Financing Scheme for Renewable Energy

Financing Limit and SBP Refinance

Financing Limit

Category I	Rs 06 billion for a single project
Category II	Rs 400 million for a single borrower
Category III	Rs 02 billion for a single vendor/ supplier/ energy sale company

SBP Refinance

Category I	SBP Refinance shall be up-to 100% of total financing (debt) of an eligible RE project of upto 20 MW and up-to 50% of financing (debt) of an eligible RE Project of more than 20 MW.
Category II	SBP Refinance shall be up-to 100% of financing to the eligible borrowers.
Category III	SBP Refinance shall be up-to 100% of financing to the eligible borrowers.

SBP Financing Scheme for Renewable Energy Service Charges and Rates for End Users

	SBP Service Charges/ Refinance Rate	Maximum bank/ DFI's Spread	Maximum End User Rate
Category I	3%	3%	6%
Category II	2%	4%	6%
Category III	3%	3%	6%

SBP Financing Scheme for Renewable Energy

Period and Repayment of Financing

	Period of Financing	Repayment
Category I	Maximum twelve (12) years, including maximum grace period of two (02) years	<ul style="list-style-type: none">• Principal repayable in quarterly or half yearly installments• Mark-up repayable on quarterly basis.
Category II	Maximum ten (10) years, including maximum grace period of three (03) months.	<ul style="list-style-type: none">• Principal repayable in monthly, quarterly or half yearly installments.• Mark-up repayable on monthly or quarterly basis.
Category III	Maximum ten (10) years including maximum grace period of six (06) months	<ul style="list-style-type: none">• Principal repayable in monthly, quarterly or half yearly installments.• Mark-up repayable on monthly or quarterly basis.



SBP FINANCING FACILITY FOR LOW COST HOUSING FOR SPECIAL SEGMENTS

SBP Financing Facility for Low Cost Housing for Special Segments

- ❖ **Scope of the Scheme:** Widows, Children of martyrs (Shaheed), Special persons, Transgender, Housing in the areas severely affected by war against terrorism. (Mohmand, Bajaur, Orakzai, Kurram, Khyber, North Waziristan and South Waziristan districts of Khyber Pakhtunkhwa)
- ❖ **Eligibility Conditions:**
 - ❖ The borrower should not already have a housing unit.
 - ❖ The borrower has not availed housing finance previously
 - ❖ Loan available only for construction (including plot purchase) of new housing units.
 - ❖ Maximum value of the housing unit shall be Rs. 3 million (including plot value)
 - ❖ Sale and renting out shall not be allowed for first five (5) years

SBP Financing Facility for Low Cost Housing for Special Segments

- ❖ Financing limit: Single customer limit of Rs. 2.7 million
- ❖ Tenure of financing: Twelve and half years (12 ½ Years)
- ❖ SBP's refinance: 100% of financing
- ❖ SBP refinance rate: 1 %
- ❖ End customer rate: 5 %
- ❖ Shariah Compliant version of this Facility is also available to Islamic Banking Institutions and Islamic DFIs.
- ❖ State Bank offers refinance to Islamic Banking Institutions and Islamic DFIs on Mudarabah basis.
- ❖ Islamic Banking Institutions and Islamic DFIs provide housing finance through Diminishing Musharakah and other modes of Islamic finance to their customers.



Refinance Schemes for Combating Covid-19

Refinance Facility for Combating COVID-19 (RFCC)

Purpose: This time bound Refinance Facility for Combating COVID-19 (RFCC) aims at enhancing the capacity of health sector of the country to deal with health emergency especially in the backdrop of COVID-19

Scope & Eligibility Criteria:

- Financing under the facility is available through banks/DFIs for all hospitals/medical centers not only to combat COVID-19 but also to enhance their overall capacities.
- Manufacturers of masks/protective dresses/testing kits/hospital beds/ventilators and other items to combat COVID-19 can also get advantage of this special financing opportunity. Financing can also be availed for setting up of new hospitals or expansion of the existing hospitals and medical centers subject to minimum conditions.
- Hospitals, medical centers registered with Provincial/Federal agencies/commissions and manufacturers of masks/protective dresses/testing kits/hospital beds/ventilators and other items to combat COVID-19.
- Financing against existing equipment and purchase of refurbished equipment is also allowed

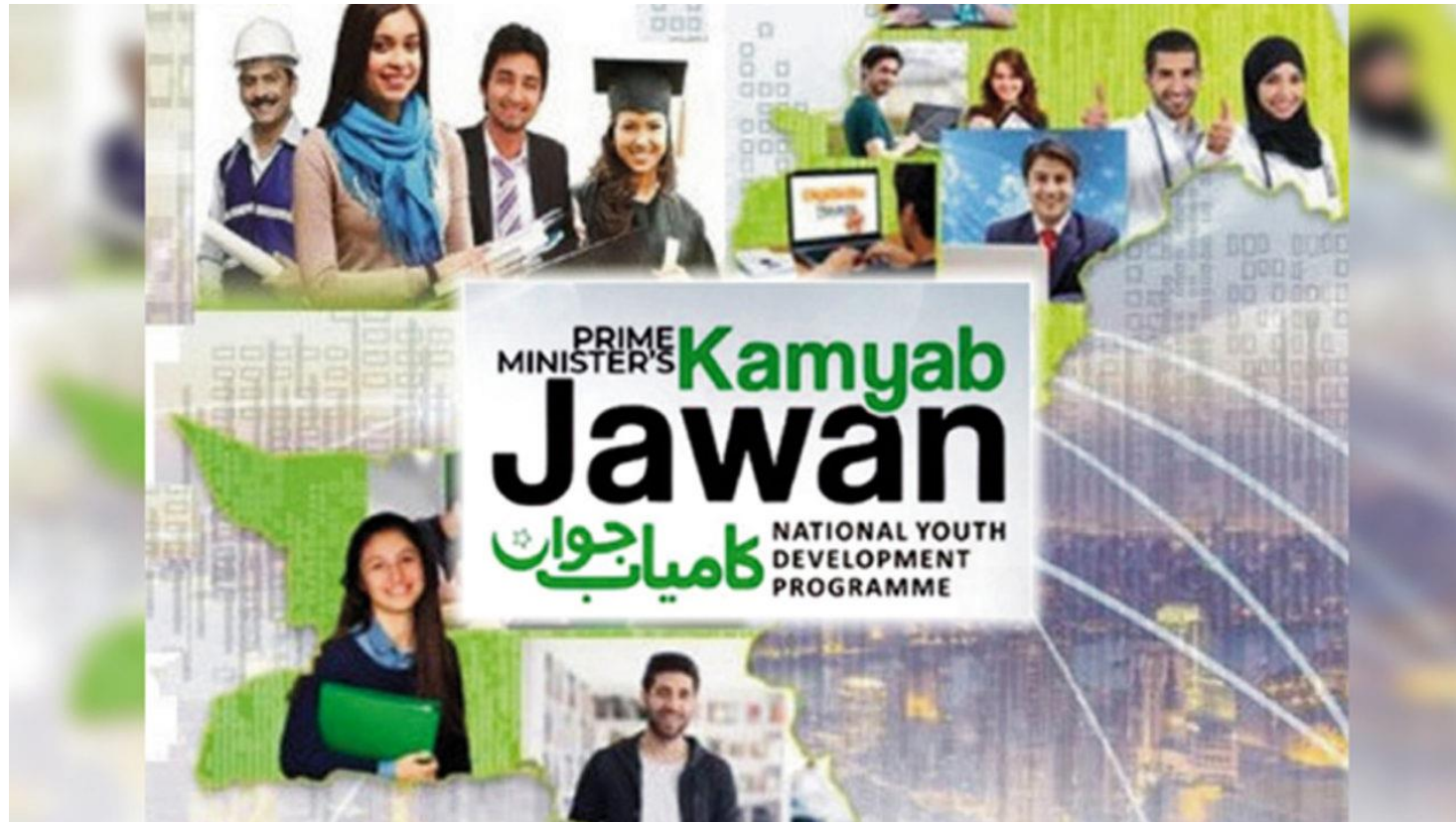
Registration with respective provincial/ federal agencies/ commissions	50 bedded tertiary care Hospital
24 hours fully equipped emergency	In house laboratory facility including Radiology/ CT/ MRI/ Ultrasound/ Angiography/ Angioplasty
ICU/CCU with ventilators attached to each bed	Operation theaters and OPD facility

Refinance Facility for Combating COVID-19 (RFCC)

- ❑ **Maximum financing limit:** Rs.500 Million (per Hospital/Medical Centre)/Rs 1,000 million for setting up of new hospitals
- ❑ **Tenor:** 5 years including grace period of up to 6 months
- ❑ **Civil Work:** 100% cost of civil works for setting up of new hospitals
- ❑ **End User Rate:** Maximum 3% per annum (SBP rate of refinance will be 0%)
- ❑ **Repayment:** Quarterly/ half-yearly
- ❑ **Validity of the facility:** September 30, 2020/ June 30, 2021 for setting up of new hospitals
- ❑ **Islamic Mode:** facility is also available in Islamic Mode as **Islamic Refinance Facility for Combating COVID-19 (IRFCC)**

Temporary Economic Refinance Facility (TERF)

- ❑ **Purpose:** The facility will provide concessionary refinance for setting up of new industrial units and BMR of existing projects/ businesses (for purchase of new imported and locally manufactured plant & machinery). Refinance under the facility will be available through banks/DFIs to all sectors across the board except power sector where SBP's refinance facility for renewable energy projects already exists.
- ❑ **Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects and BMR/expansion of existing projects
- ❑ **Maximum limit:** Rs. 5 billion per project
- ❑ **Tenor:** 10 years including grace period up to 2 years
- ❑ **End User Rate:** Maximum 5% p.a. (SBP rate of refinance will be 1%)
- ❑ **Repayment of finance:** Quarterly/ half-yearly basis
- ❑ **Validity of the facility:** Letters of Credit (LCs)/ Inland Letters of Credit (ILCs) established prior to issuance of the scheme but retired/to be retired after March 17, 2020 will also be eligible for refinance. LCs/ ILCs established from the date of announcement of the scheme (i.e. March 17, 2020) till March 31, 2021 are also eligible for financing.
- ❑ **Islamic Mode:** facility is also available in Islamic Mode as Islamic Temporary Economic Refinance Facility (ITERF)



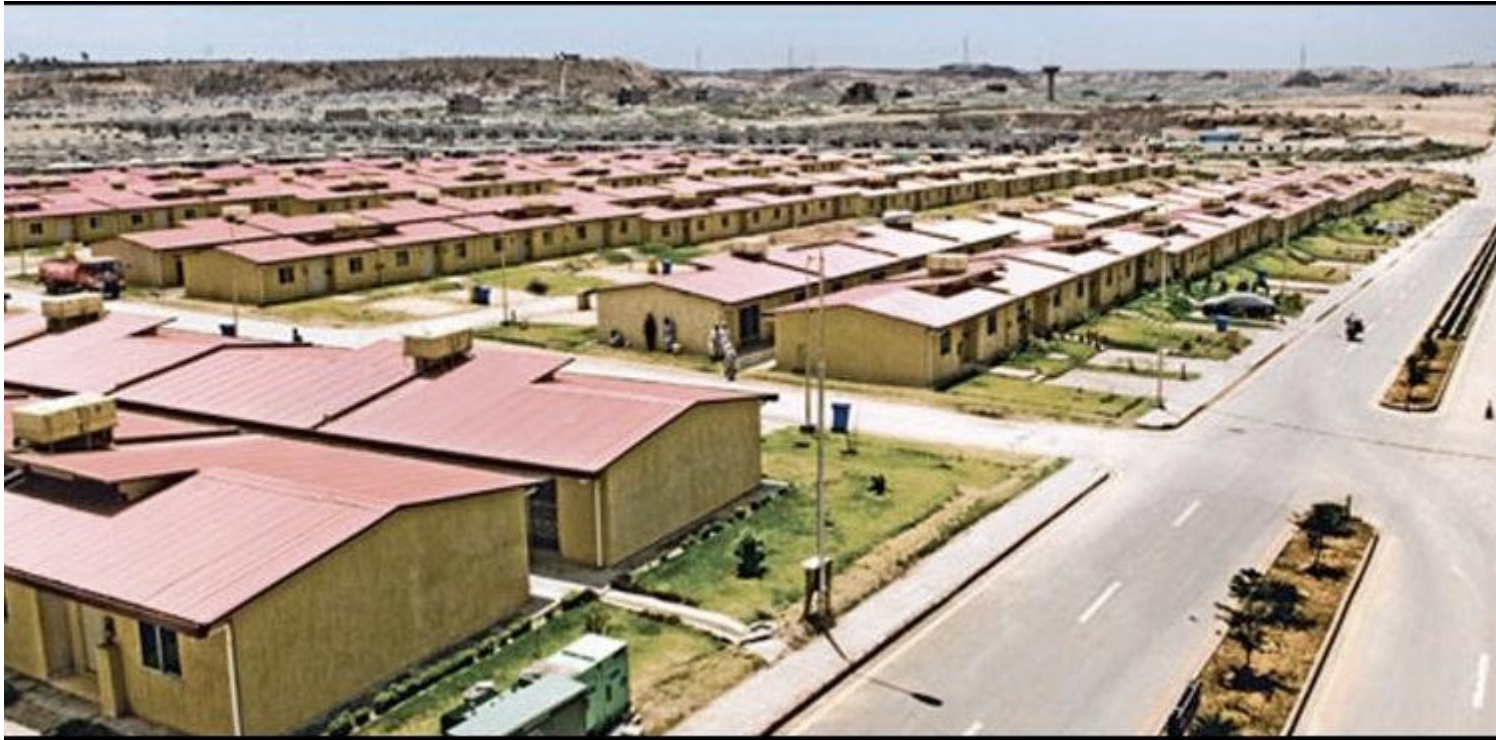
PRIME MINISTER'S KAMYAB JAWAN YOUTH ENTREPRENEURSHIP SCHEME (YES)

Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (YES)

Purpose	To provide self-employment opportunities to unemployed youth, Govt. of Pakistan launched Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (YES) across the country.
Eligibility Criteria	<ol style="list-style-type: none">I. All citizen of Pakistan holding CNIC, aged between 21 and 45 years with entrepreneurial potential are eligible. For IT/E-Commerce related businesses, the lower age limit will be 18 years.II. Above age limit condition is applicable on individual and sole proprietors. In case of all other forms of business including partnership and companies, only one of the owners, partners or directors must be in the age bracket prescribed above.
Loan size	Size of the loan is segregated into three tiers, as under: Tier 1 (T1) loans- Rs 100,000 to Rs. 1 million Tier 2 (T2) loans- Above Rs 1 million and upto Rs 10 million Tier 3 (T3) loans-Above Rs 10 million and upto Rs 25 million
Loan type	Long Term Loan/Working Capital Loan including Murabaha and leasing/ financing of locally manufactured vehicles for commercial use. Only one vehicle per borrower is allowed.
Loan Tenor	Upto 8 years with maximum grace period of upto one year.
Focus on Women	25% of the loans will go to women borrowers.

Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (YES)

Debt to Equity ratio	<ul style="list-style-type: none"> For New Businesses: Tier 1 - 90:10 Tier 2 & 3 - 80: 20 For Existing Businesses: Nil for all tiers <p>The Borrower's contribution of equity would be in the form of cash or immovable property and will be required after approval of loan.</p>												
Security Requirements	<p>Security arrangement will be as under: T1 loans: Clean, however, only personal guarantee of the borrower T2 and T3 loans: As per bank's own credit policy Vehicle financed under T1, T2 and T3 to serve as collateral.</p>												
Risk Mitigation	<p>Government will bear credit losses (principal portion only) on the disbursed portfolio of the banks as under:</p> <ul style="list-style-type: none"> T1 loans: Upto 50% T2 loans: Upto 20% T3 Loans: Upto 10% 												
Pricing	<p>Pricing for Working Capital & Term Loans:</p> <table border="1" data-bbox="652 1262 1760 1393"> <thead> <tr> <th>Product</th> <th>Customer Pricing</th> <th>Bank Pricing</th> </tr> </thead> <tbody> <tr> <td>Tier 1</td> <td>3%</td> <td>KIBOR+400 BPS</td> </tr> <tr> <td>Tier 2</td> <td>4%</td> <td>KIBOR+400 BPS</td> </tr> <tr> <td>Tier 3</td> <td>5%</td> <td>KIBOR+400 BPS</td> </tr> </tbody> </table>	Product	Customer Pricing	Bank Pricing	Tier 1	3%	KIBOR+400 BPS	Tier 2	4%	KIBOR+400 BPS	Tier 3	5%	KIBOR+400 BPS
Product	Customer Pricing	Bank Pricing											
Tier 1	3%	KIBOR+400 BPS											
Tier 2	4%	KIBOR+400 BPS											
Tier 3	5%	KIBOR+400 BPS											



GOP MARKUP SUBSIDY FOR HOUSING FINANCE

GOP Markup Subsidy for Housing Finance

- ❖ In line with its vision of providing affordable housing to the masses, Government of Pakistan has announced Markup Subsidy facility for the construction and purchase of new houses.
- ❖ This facility allows all individuals, desirous of constructing or buying a new house for the first time, to avail bank's financing at subsidized and affordable markup rates.
- ❖ State Bank of Pakistan is the executing partner with Government of Pakistan and Naya Pakistan Housing and Development Authority (NAPHDA).
- ❖ The markup subsidy facility is available through all banks and is divided in three tiers.

GoP's MARKUP SUBSIDY – Key Features

Eligibility Criteria

- i. All men/women holding CNIC
- ii. First time home owner
- iii. One individual can have subsidized house loan facility under this scheme only once
- iv. Only for construction and first purchase of newly constructed affordable housing units

Size of Housing Unit Size of the loan is segregated into three tiers, as under:

Tier 1 (T1) - Housing Units/apartments of up to 125 square yards (upto 5 Marla) with covered area of up to 850 square feet. (NAPHDA)

Tier 2 (T2) - Housing Units/apartments of up to 125 square yards (upto 5 Marla) with covered area of up to 850 square feet.

Tier 3 (T3) - Housing Units of more than 125 square yards up to 250 square yards (10 Marla) or apartments with covered area from more than 850 square feet to 1,100 square feet.

GoP's MARKUP SUBSIDY – Key Features

Maximum Price of Housing Units	Maximum Price (Market Value) of a single housing unit at the time of approval of financing, as under: Tier 1 (T1) - Rs 3.5 million, Tier 2 (T2) - Rs 3.5 million, Tier 3 (T3) - Rs. 6.0 million
Maximum Loan size	Maximum size of the loan of a single housing unit, as under: Tier 1 (T1) - Rs 2.7 million, Tier 2 (T2) - Rs 3.0 million, Tier 3 (T3) - Rs. 5.0 million
Loan Tenor	10/15/20 years, depending upon choice of customers.
Security Requirements	As per banks' credit policy and prudential regulations for housing finance, the housing unit financed will be mortgaged in favor of financing bank.

GoP's MARKUP SUBSIDY – Key Features

Pricing for Housing Loans

Loan Tiers	Customer Pricing	Bank Pricing For loan tenors exceeding 10 years
Tier 1	5% for first 5 years & 7% for next 5 years	KIBOR+250 BPS
Tier 2	5% for first 5 years & 7% for next 5 years	KIBOR+400 BPS*
Tier 3	7% for first 5 years & 9% for next 5 years	KIBOR+400 BPS*

* Spread may vary.

FAQs with regard to the Scheme have been placed on SBP website.

<https://www.sbp.org.pk/Incen-others/pdf/FAQs-MarkupSubsidyScheme%20-HousingFinance.pdf>

Thank You

