



# **SBP's Financing and Risk Coverage Facilities for SMEs**

# SBP's Financing and Risk Coverage Facilities for SMEs

SBP offers low cost financing for SMEs through banks & DFIs. SBP also offers risk coverage facility. Following facilities are being offered by SBP:

1. Refinance Facility for Modernization of SMEs
2. Mark-up Subsidy and Guarantee Facility for Rice Husking Mills in Sindh
3. Financing Facility for Storage of Agriculture Produce
4. Financing Scheme for Renewable Energy
5. Long Term Financing Facility (LTFF)
6. Refinance and Credit Guarantee Scheme for Women Entrepreneurs in Underserved Areas
7. Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises
8. Export Finance Scheme
9. Credit Guarantee Scheme (CGS) for Small and Rural Enterprises

# Refinance Facility for Modernization of SMEs



Your co

# Scope and Eligibility

Financing shall be available to wide range of SME Clusters / Sectors

Only SME borrowers, as defined in Prudential Regulations for SMEs, shall be eligible to avail financing facilities under the Scheme

Financing shall be available for purchase of new imported/local plant & machinery for BMR of existing units and setting up of new SME units

Financing shall also be available for import / local purchase of new generators up-to a maximum capacity of 500 KVA

Financing facilities shall be available through all commercial banks and Development Finance Institutions (DFIs).

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

# Rates of Service Charges

The rate of service charges once fixed shall remain locked-in for the entire duration of the loan

In cases where the loan amount has not been disbursed in full during the validity of an applicable rate, the un-disbursed amount shall attract the new rate of finance

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

# Mark up Subsidy & Guarantee Facility for the Rice Husking Mills in Sindh



Your company name

# Scope, Eligibility, Mark-Up

The Sindh Enterprise Development Fund (SEDF) in collaboration with SBP, has offered subsidy on the use of funds under the Scheme to the rice-husking mills in Sindh

SEDF provides partial credit guarantee cover of 30% to banks through SBP against their outstanding loans (principal portion only)

The loan facility under the Scheme will be available for establishment and BMR of Rice Husking Mills in Sindh Province.

Financing shall be available for a maximum period of 5 years including a maximum grace period of six months

Maximum loan size for a single borrower is Rs. 10 million but for those mills that want to add mechanized dryers the financing limit is Rs 16 million.

End user rate is 2%. In addition to this 2%, PFIs receive an additional 2.75% from SEDF. SBP's refinance rate of 2% is also borne by SEDF.

# FINANCING FACILITY FOR STORAGE OF AGRICULTURAL PRODUCE (FFSAP)



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# Scope and Eligibility

To encourage Private Sector to establish Silos, Warehouses & Cold Storages

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 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

Maximum financing to a single project is Rs. 500 million under the Facility

Available through all commercial banks and DFIs

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 for SMEs borrowers only.

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

# 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%	

# SBP Financing Scheme for Renewable Energy



Your

# SBP Financing Scheme for Renewable Energy

- The objective of the scheme is to lend support in addressing dual challenge of energy shortage and climate change through promotion of renewable energy.
- The validity of the scheme has been extended till June 30, 2022.
- The Scheme is available under three categories i.e. Producers, Consumers & suppliers:
  - **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 and suppliers certified under AEDB Certification Regulation 2018 for installation of wind and solar systems on lease basis or selling of electricity to ultimate owners/users.

Maximum Loan Amount		
Category - I	Category - II	Category – III
PKR 06 Billion (for a single project)	PKR 400 Million (for a single borrower)	PKR 01 Billion (for a single vendor)

# SBP Financing Scheme for Renewable Energy

## 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.

## Service Charges & Rates for End Users:

	Refinance Rate	Bank / DFI Spread	End User Rate
Category – I	3.0%	3.0%	6.0%
Category – II	2.0%	4.0%	6.0%
Category – III	3.0%	3.0%	6.0%

# SBP Financing Scheme for Renewable Energy

## Tenor of Financing:

Category – I	Maximum twelve (12) years, including maximum grace period of two (02) years.
Category – II	Maximum ten (10) years, including maximum grace period of two (03) months.
Category – III	Maximum ten (10) years

## Repayment of Financing:

Category – I	<ul style="list-style-type: none"><li>• Principal repayable in quarterly or half yearly installments</li><li>• Mark-up repayable on quarterly basis.</li></ul>
Category – II	<ul style="list-style-type: none"><li>• Principal repayable in monthly, quarterly or half yearly installments.</li><li>• Mark-up repayable on monthly or quarterly basis.</li></ul>
Category – III	<ul style="list-style-type: none"><li>• Principal repayable in monthly, quarterly or half yearly installments.</li><li>• Mark-up repayable on monthly or quarterly basis.</li></ul>

# Long Term Financing Facility (LTFF)



Your company

# Scope and Eligibility

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

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

Financing shall be available through banks / DFIs approved as PFIs

Maximum borrowing limit for a single export oriented unit is Rs 1.5 billion

Financing shall be available for a maximum period of 10 years including a maximum grace period of 2 years.

# Rates of Service Charges

Period of financing	Rate of Refinance	PFI Spread	End User's rate
Up-to 3 years	4.50%	1.50 %	6.00%
3-5 Years	3.50%	2.50 %	6.00%
5-10 Years	3.00%	3.00 %	6.00%

Your company name

# 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.

PFIs may also consider financing requests of new projects and expansion of existing projects on the basis of projected exports, keeping in view the provisions of SMEFD Circular Letter No. 05 of 2010 & SMEFD Circular Letter No. 05 of 2011 respectively”

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 & Credit Guarantee Scheme for Women Entrepreneurs in Underserved Areas



Your company

# Scope, Eligibility

Financing shall be available to women entrepreneurs in the underserved areas for a period of up to 5 years, including maximum grace period of up to six months

Maximum financing limit under the scheme will be Rupees one and a half million (Rs. 1.5M)

Financing under the scheme should be provided for setting up of new business enterprises or for expansion of existing ones.

Financing under the scheme should be provided to women borrowers preferably under the personal guarantee of the borrower

Such loans will also be eligible for 60% risk coverage under SBP's Credit Guarantee Scheme for Small and Rural Enterprises.

Rate of mark-up rate for end user under the facility will be up to 5% per annum (p.a.). SBP will provide refinance to PFIs at 0%.

# List of districts excluded from definition of underserved areas

Lahore	Rawalpindi
Faisalabad	Kasur
Sialkot	Karachi
Gujranwala	Gujrat
Islamabad	Sheikhupura

Your company name

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

<b>Brief Description</b>	<p><b>Financing is initially available to meet the working capital requirements of below mentioned sectors:</b></p> <table border="1" data-bbox="569 396 1812 694"> <tr> <td>Information Technology (IT)</td> <td>Gems and jewelry</td> </tr> <tr> <td>Furniture</td> <td>Leather industry</td> </tr> <tr> <td>Surgical goods</td> <td>Fruits, vegetables and food processing &amp; packaging</td> </tr> <tr> <td>Dates processing</td> <td>Printing &amp; packaging</td> </tr> </table>	Information Technology (IT)	Gems and jewelry	Furniture	Leather industry	Surgical goods	Fruits, vegetables and food processing & packaging	Dates processing	Printing & packaging
Information Technology (IT)	Gems and jewelry								
Furniture	Leather industry								
Surgical goods	Fruits, vegetables and food processing & packaging								
Dates processing	Printing & packaging								
<b>Rate of Mark up</b>	<b>End user rate is 6%</b> with banks' spread of 4%								
<b>Eligible Enterprises</b>	All small enterprises (SEs) as per SBP's PRs Medium enterprises (Mes) with annual sales of Rs 300 million								
<b>Financing Amount</b>	Upto Rs 25 million for SEs Upto Rs 50 million for MEs								
<b>Financing Tenor</b>	Maximum financing tenor is 1 year								

# Export Finance Scheme

- A short term (180 days) financing facility for working capital of exporters
- Consists of two parts:
  - Part-I (Transaction Based)
  - Part-II (Performance Based)
- All sectors are eligible except those mentioned in the negative list
- **Prevailing rate for exporters is 3%**
- 0.5% -1.5% performance based markup rebate under EFS Part-II
- **Banks' spread is 1% higher in case of lending to SMEs under scheme**
- 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 and 85% for 270 days.
- Facility available at both pre & post shipment stages to DEs.
- Performance required against every transaction.

# Export Finance Scheme

## **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.
- 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.)

# Performance Based Lower Mark up Rates under Export Finance Scheme

<b>Performance Requirement</b>	<b>Reimbursement Benefit in Existing Markup for Corporate Borrowers</b>	<b>Reimbursement Benefit in Existing Markup to SME Borrowers</b>
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%

# Common Features under SBP's Refinance Schemes

- Financing available through banks/ DFIs.
- Financing as per lending policies of banks/ DFIs to cover credit risk.
- Repayment in monthly/ quarterly / half yearly installments.
- Fixed markup rate for entire period of loan. In case mark up rates are revised then only disbursements after the revision in mark up rate will attract the new rate.

# Credit Guarantee Scheme (CGS) for Small and Rural Enterprises

SBP launched Credit Guarantee Scheme (CGS) for Small and Rural Enterprises in March 2010 in collaboration with UK's Department for International Development (DFID).

Under this scheme, risk coverage of upto 60% is provided against credit losses of participating financial institutions on their lending to small, micro and rural enterprises.

The extent of risk coverage is linked with the level of loan collateralization. The lower the loan collateralization, the higher is the risk coverage extended under the scheme

Risk coverage of 60% is provided against all loans extended to women borrowers, start-up businesses and small, rural and micro enterprises operating in the underserved areas of the country

# CGS- Guarantee Coverage Structure

- Guarantee coverage is 60 percent for loans extended to:
  - Start up businesses,
  - Women borrowers and
  - Small and Rural enterprises operating in underserved areas of the country
- For borrowers other than above mentioned categories, risk coverage ratio is linked with level of loan collateralization:

Guarantee Cover	Value of Collateral
60 Percent	Clean Lending
40 Percent	Upto 100 Percent of Loan Value
20 Percent	Value of Collateral more than the Loan Amount

Your Company Name

- Recently, medium enterprises with sales turnover of upto Rs 300 million and financing need of upto Rs 50 million have also been included as eligible entities under CGS. Allowed risk coverage for these entities is 40%

# Thank you

For Further details:

**[www.sbp.org.pk](http://www.sbp.org.pk)**

Your company name