


Refinance Schemes issued owing to the COVID-19



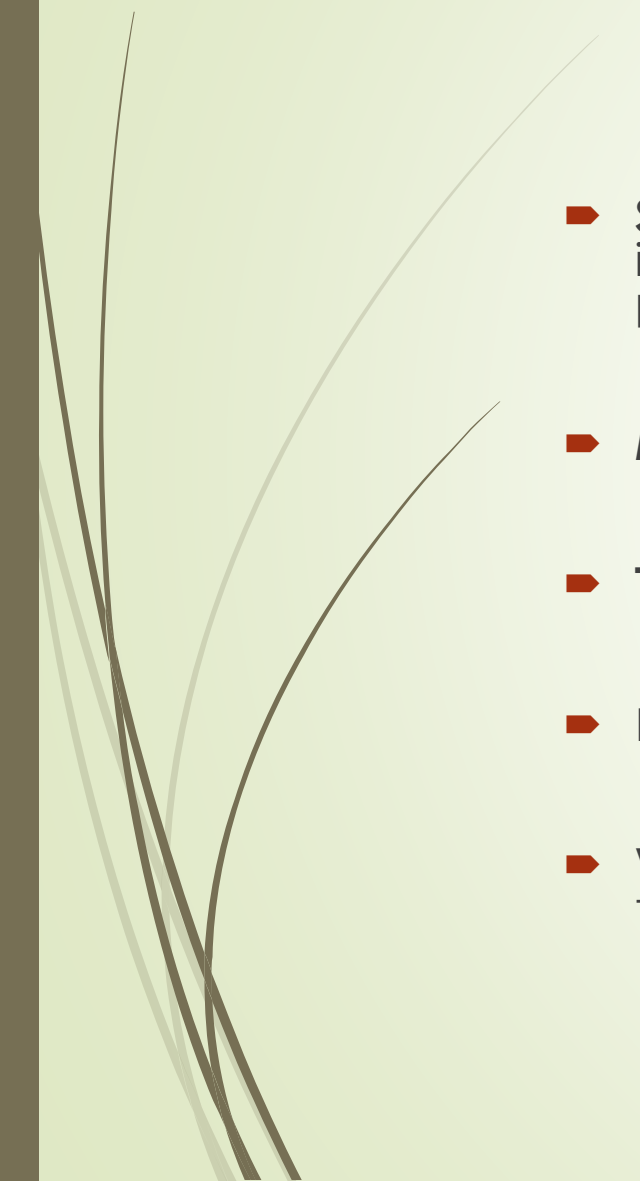


Temporary Economic Refinance Facility (TERF)

- **Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects
- **Maximum limit:** Rs. 5 billion per project
- **Tenor:** 10 years including grace period up to 2 years
- **End User Rate:** Maximum 7% p.a. (SBP rate of refinance will be 3%)
- **Repayment of finance:** Quarterly/ half-yearly basis
- **Validity of the facility:** LCs/ILCs established from the date of announcement of the scheme till 31st March, 2021 will be eligible for the TERF



Islamic Temporary Economic Refinance Facility (ITERF)

- **Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects
 - **Maximum limit:** Rs. 5 billion per project
 - **Tenor:** 10 years including grace period up to 2 years
 - **Repayment of finance:** Quarterly/ half-yearly basis
 - **Validity of the facility:** LCs/ILCs established from the date of announcement of the scheme till 31st March, 2021 will be eligible for ITERF
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Refinance Facility for Combating COVID - 19 (RFCC)

- **Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured medical equipment to be used for combating COVID-19. All hospitals and medical centers registered with respective provincial/federal agencies/commissions engaged in controlling and eradication of COVID-19 will be eligible under the facility.
- **Maximum financing limit:** Rs.200 Million (per Hospital/Medical Centre)
- **Tenor:** 5 years including grace period of up to 6 months
- **Civil Work:** Up to 100% cost of civil works for setting up of isolation wards only
- **End User Rate:** Maximum 3% per annum (SBP rate of refinance will be 0%)
- **Repayment:** Quarterly/ half-yearly
- **Validity of the facility:** 30th September, 2020



Islamic Refinance Facility for Combating COVID - 19 (IRFCC)

- **Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured medical equipment to be used for combating COVID-19. All hospitals and medical centers registered with respective provincial/federal agencies/commissions engaged in controlling and eradication of COVID-19 will be eligible under the facility.
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- **Tenor:** 5 years including grace period of up to 6 months
- **Civil Work:** Up to 100% cost of civil works for setting up of isolation wards only
- **Repayment:** Quarterly/ half-yearly
- **Validity of the facility:** 30th September, 2020

Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns

- **I.1. Scope & Eligibility Criteria:** The Scheme aims to finance wages and salaries of permanent, contractual, daily wagers as well as outsourced employees of existing as well as new borrowers of banks and DFIs for the months from April 2020 to June 2020. Government Entities, Public Sector Enterprises, Autonomous Bodies and Financial Institutions will not be eligible under this Scheme:
- **I.2. Maximum Financing Limit:** Maximum financing limit of a borrower under this scheme will be determined in the following manner

Category	Wage Bill for 3 months	Loan Limit	Maximum Loan Limit
(1)	(2)	(3)	(4)
A	Less than or equal to Rs. 200 million	100% of actual 3 months wage bill	Rs. 200 million
B	More than Rs. 200 million and less than or equal to Rs. 500 million	Rs. 200 million or 75% of 3 months wage bill, whichever is higher	Rs. 375 million
C	More than Rs. 500 million	Rs. 375 million or 50% of actual 3 months wage bill, whichever is higher	Rs. 500 million

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I.3. Tenor of Financing: The repayment of financing under the Scheme will start from January 2021. The repayment will be made in equal 8 quarterly instalments.

- I.4. End User Rate: Maximum 5% per annum (p.a.) for end users. SBP rate of service charges for banks/DFIs will be 2% p.a. per annum for corporate/commercial borrowers and 1% p.a. for SME borrowers.
- I.5. Rebate for Tax Filers: SBP will allow additional subsidy of 2% p.a., by reducing its rate of refinance/service charges to 0%, for borrowers that are on active taxpayers lists under the Income Tax Ordinance, 2001.
- I.6. Validity of the Facility: 30th June 2020.
- The borrowers availing this Scheme will undertake not to lay off their workers/employees during first three months.
- The Scheme will be effective immediately. The banks/DFIs will be allocated appropriate refinance limits under the Scheme by Infrastructure, Housing & SME Finance Department, SBP, Karachi.
- Details of the scheme are provided in the attached Annexures.

Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns

- I.1. Scope & Eligibility Criteria: The Scheme aims to finance payment of wages and salaries of permanent, contractual, daily wagers as well as outsourced employees of existing as well as new customers of banks and DFIs for the months from April 2020 to June 2020. Government Entities, Public Sector Enterprises, Autonomous Bodies and Financial Institutions will not be eligible under this Scheme.
- I.2. Maximum Financing Limit: Maximum financing limit of a customer under this Scheme will be determined in the following manner:

Category	Wage Bill for 3 months	Financing Limit	Maximum Financing Limit
(1)	(2)	(3)	(4)
A	Less than or equal to Rs. 200 million	100% of actual 3 months wage bill	Rs. 200 million
B	More than Rs. 200 million and less than or equal to Rs. 500 million	Rs. 200 million or 75% of 3 months wage bill, whichever is higher	Rs. 375 million
C	More than Rs. 500 million	Rs. 375 million or 50% of actual 3 months wage bill, whichever is higher	Rs. 500 million

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- 1.4. Rebate for Tax Filers: SBP will allow additional subsidy of 2% p.a., by reducing its rate of refinance/service charges to 0%, for customers that are on active taxpayers lists under the Income Tax Ordinance, 2001.
- 1.5. Validity of the Facility: 30th June 2020.
- The customers availing this facility will undertake not to lay off their workers/employees during first three months.
- The Scheme will be effective immediately. The Islamic Banking Institutions (IBIs) will be allocated appropriate refinance limits under the Scheme by Infrastructure, Housing & SME Finance Department, SBP, Karachi.
- Details of the scheme are provided in the attached Annexures.

Relaxations to Exporters under Export Finance Scheme (EFS)/Islamic Export Refinance Scheme (IERS) and Long Term Financing Facility (LTFF)/Islamic Long Term Financing Facility (ILTFF)

I. Relief under EFS/IERS:

A. Relaxation under EFS/IERS Part-I (Pre-shipment):

i. Six months extension in shipment period has been allowed for those Part-I loans, in which shipment is falling due from January 2020 till June 30, 2020.

ii. In case of non-shipment after January 01, 2020 till to-date, the fine already charged shall be retained by SBP BSC offices till submission of Annexure-F (Application Form used for refund of non-shipment Fine) within extended period (i.e. six months). However, in cases where delayed shipment fine has already been charged against shipment falling due from January 01, 2020, the same shall be refunded.

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■ **B. Relaxation under EFS/IERS Part-II:**

- Currently the exporters availing EFS under Part-II are required to show at least 2 times matching export performance against financing availed during FY 2019-20 on daily average product basis. This has been reduced to 1.5 times. Likewise, export performance requirement for FY 2020-21 will also be 1.5 times.
- Further, an additional period of 6 months has been allowed to exporters for meeting required export performance against financing of EFS/IERS-II for monitoring period of FY 2019-20. Accordingly, eligible entries showing shipments and export proceeds realization up to December 31, 2020 are allowed to be included in the export performance of FY 2019-2020. This export performance of extended period will also be considered for entitlement of limit for FY 2020-21.
- Exporters will have to submit EF-1 and EE-1 statements showing exports of FY 2019-2020 through their banks to respective SBP BSC office latest by January 31, 2021 duly verified by the concerned Foreign Exchange Operation Department/Division (FEOD).

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■ II. Relief under LTFF/ILTFF:

The following relaxations are being allowed under LTFF/ILTFF:

- Exports requirement for availing financing facility during the period from January 01, 2020 to September 30, 2020 has been reduced from USD 5 million or 50% exports of total sales to USD 4 million or 40% exports of total sales.
- 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.
- 2. Other instructions on the subject schemes shall remain unchanged.



Thanks