



## Countering COVID-19: Measures by State Bank of Pakistan



### Relief package extended to borrowers availing loans under Refinance Schemes

**Purpose:** Existing borrowers of SBP schemes can avail deferment of principal amount for one year while continue servicing mark up. They can also apply for rescheduling/restructuring if they are not able to service mark-up payment.

#### Refinance Schemes Eligible for Deferment of Principal

1	Long Term Financing Facility (LTFF)
2	Financing Facility for Storage of Agricultural Produce (FFSAP)
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

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

**Purpose:** To combat the impact of COVID-19 and to help the businesses in payment of wages and salaries to their workers and employees and thereby support continued employment in this challenging environment, State Bank of Pakistan (SBP) has introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of the business concerns. This Scheme is expected to ease cash flow constraints of the employers and thereby avoid layoffs.

**Scope:** Refinancing will be available to finance wages and salaries of all types of workers and employees like the permanent, contractual, daily wagers as well as outsourced workers. The scheme will be available to existing as well as new borrowers of banks and DFIs.

**Eligibility:** The borrowers availing this facility will undertake not to lay off their workers/employees at least for next three months from the date of first disbursement except in case of any disciplinary action.

**Loan limits:** Loans to businesses will be available to finance 3 months of wages from April to June 2020. The businesses have been placed in two categories on the basis of three months wage bill (i) up to Rs500 million; and (ii) Above Rs500 million. In each category loan limits will be (i) 100% of the wage bill to a maximum of Rs500 million; (ii) Rs. 500 million or 75% of three month wage bill, whichever is higher to a maximum of Rs 1000 million.

**Disbursement:** Loans will be credited directly to the bank accounts/branchless banking accounts/mobile wallets of the workers and employees of the borrowers. Businesses can also make payments in cash provided they make available details of such workers and employees to their banks.

**Interest rate:** The end rate that will be charged from the borrowers will be up to 5% p.a. Borrowers that are on active taxpayers list under the Income Tax Ordinance, 2001 will be charged an interest rate of 3% (SBP refinance rate/service charges have been reduced to 0%)

**Repayment:** Repayment of the loan will start from January 2021 after a grace period of 6 months. During the grace period, borrowers will pay interest on quarterly basis. The repayment of the loan can be made in equal 24-month or 8-quarter installments

### Islamic Mode of Refinance Schemes

Islamic Refinance Facility for Combating COVID-19 (RFCC)

Islamic Refinance Scheme for Payment of Wages & Salaries

Islamic Temporary Economic Refinance Facility (ITERF)

*For quick and easy access to the details of aforementioned schemes and relief package, please visit SBP's dedicated page <http://www.sbp.org.pk/corona.asp>.*

*For further clarification, interested businesses may write to [covid19.stimulus@sbp.org.pk](mailto:covid19.stimulus@sbp.org.pk) or contact Access to Finance unit State Bank of Pakistan BSC Lahore  
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### Refinance Facility for Combating COVID - 19 (RFCC)

**Purpose:** To combat the impact of COVID-19, State Bank of Pakistan (SBP) has introduced a time bound emergency support for hospitals & medical centers by providing refinance facility to develop capacity for treatment of infected patients of COVID 19.

**Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured medical equipment as well as existing/ refurbished 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.500 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

**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. It will expire thereafter.

### Temporary Economic Refinance Facility (TERF)

**Purpose:** In order to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post-pandemic scenario, State Bank of Pakistan (SBP) has introduced Temporary Economic Refinance Facility (TERF). The facility will provide concessionary refinance for setting up of new industrial units and modernise or expand existing projects/ businesses. 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. (Second-hand machinery, land or civil works are not covered under the Facilities)

**Scope & Eligibility Criteria:** Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects and balancing, modernization and replacement (BMR) or expansion of their existing projects/ businesses

**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.

### Relaxations to Exporters under Export Finance Scheme (EFS) and Long Term Financing Facility (LTFF) and their Shariah alternatives

**Purpose:** In view of the prevailing circumstances in the backdrop of challenges being faced by the export sector in post-COVID - 19 scenario, the following relief is being provided to customers under EFS/ IERS and LTFF/ ILTFF)

**Relaxation in matching amount:** Currently, exporters are required to export twice the amount of borrowed funds. SBP has reduced the performance requirement from twice to one-and-a-half times that will be effective for the current year as well as for FY21.

**Extension in time period to meet performance requirements:** Exporters were required to show performance under the EFS schemes by end-June 2020. This period has been extended by 6 months to end Dec. 2020.

**Extension in time period to ship goods:** Exporters availing the subsidized credit schemes are required to ship their goods within 6 months of availing credit under EFS. This period has been extended from six to twelve months.

**Relaxation in conditions for Long Term Financing Facility:** Exporters who want to avail credit under Long Term Financing Facility (LTFF) eligibility limit has been reduced from exports worth 50 % to 40 % or from USD5 million to USD4 million for all the borrowings under LTFF during January 01 to September 30, 2020. Moreover, under the requirement of annual projected exports performance for four years to avail LTFF for new or BMR projects has been extended by another one year. Now the projected exports performance will be measured in 5 years.