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IH&SMEFD Circular No. 10 of 2019

July 26, 2019

The Presidents/ Chief Executives,  
All Banks and DFIs

### **SBP Financing Scheme for Renewable Energy**

Dear Sir/Madam,

Reference may be made to Revised SBP Financing Scheme for Renewable Energy launched through IH&SMEFD Circular No. 03 dated June 20, 2016. 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 Scheme has expired on June 30, 2019.

2. State Bank has recently sought feedback of stakeholders on demand as well as scope and features of the Scheme. Based on this feedback, the expiry period of the Scheme has been extended to June 30, 2022. The scope and features of the Scheme have also been aligned with recommendations of the stakeholders. The Scheme is now available under three categories, as given below:

**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.

3. The salient features of financing facility under these categories are as under:

#### **i. Maximum Loan Amount:**

<b>Category I</b>	Rs. 06 billion for a single project
<b>Category II</b>	Rs. 400 million for a single borrower
<b>Category III</b>	Rs. 01 billion for a single vendor / supplier

#### **ii. SBP Refinance:**

<b>Category I</b>	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.
<b>Category II</b>	SBP Refinance shall be up-to 100% of financing to the eligible borrowers.
<b>Category III</b>	SBP Refinance shall be up-to 100% of financing to the eligible borrowers.

#### **iii. Service charges and rates for end users:**

Scheme Category	SBP Service Charges/ Refinance Rate	Maximum bank/ DFI's Spread	Maximum End User Rate
<b>Category I</b>	3.00%	3.00%	6.00%
<b>Category II</b>	2.00%	4.00%	6.00%
<b>Category III</b>	3.00%	3.00%	6.00%

**iv. Tenor of Financing:**

<b>Category I</b>	Maximum twelve (12) years, including maximum grace period of two (02) years.
<b>Category II</b>	Maximum ten (10) years, including maximum grace period of three (03) months.
<b>Category III</b>	Maximum ten (10) years

**v. Repayment of Financing:**

<b>Category I</b>	<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>
<b>Category II</b>	<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>
<b>Category III</b>	<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>

4. Details of the Scheme and its documents are attached herewith at Annexure I and II respectively.

5. State Bank will allocate annual limits (financial year basis) to the banks/ DFIs under the Scheme against their applications submitted latest by 15th May each year. The application for sanction of limit shall accompany a duly filled-in requisition form (attached herewith as Annexure III) detailing pipeline of projects for which financing is expected to be disbursed during the year. For the financial year 2019-20, requests for sanction of limits may be submitted within 30 days from the date of issuance of this Circular.

**Encl:**

- Annex-I: SBP Financing Scheme for Renewable Energy**
- Annex-II: Documents for SBP Financing Scheme for Renewable Energy**
- Annex-III: Requisition form for sanction of limit**

Yours sincerely,

Sd/-

**(Ghulam Muhammad)**  
Director

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## **SBP Financing Scheme for Renewable Energy**

### **1. Background**

The Green Banking initiative of State Bank of Pakistan is designed to inculcate environmental considerations in banking products, services and operations. As part of this initiative, State Bank has issued Revised SBP Financing Scheme for Renewable Energy on June 20, 2016 with a view to promote renewable energy projects in the country. The Scheme has generated interest among banks and DFIs as well as sponsors of renewable energy projects.

The SBP Financing Scheme for Renewable Energy has been further revised with a view to streamline features and incentives and expand scope of the Scheme to make it more attractive to borrowers and financing banks/DFIs.

### **2. Objective**

Pakistan's economy is facing the dual challenge of energy shortage and climate change. The inadequate supply of energy has severely impacted the growth of industries/businesses and the welfare of public in general. Similarly, the effects of climate change have been observed in the form of devastating floods, droughts, heat waves and changing weather patterns. These changes essentially inhibit our ability to develop sustainably.

In order to support in overcoming these challenges, SBP decided to promote green banking i.e. use of indigenous resources especially renewable energy in order to ensure sustainable banking and development. For this purpose, the scheme has been amended based on the feedback received from various stakeholders. The scheme will provide concessionary financing for large renewable energy power projects as well as for small scale renewable energy solutions. The Scheme also facilitates installation of renewable energy based solutions/ projects under net metering system introduced by National Electric Power Regulatory Authority (NEPRA).

### **3. Scope**

The scheme shall be available for power generation using alternative / renewable energy sources (i.e. solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel). Scheme is available under three categories, as given below:

- 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.
- II. Prospective sponsors, desirous of installing renewable energy based solutions for generation of electricity up-to 1 MW.
- III. Vendors and suppliers certified under AEDB Certification Regulation 2018 for installation of wind and solar systems on lease basis or selling of electricity.

#### **4. Grant of Refinance**

- i. The State Bank shall provide refinance to each bank/DFI on service charges (mark-up) basis in terms of Section 17 (2) (d) read with Section 22 of State Bank of Pakistan Act 1956.
- ii. Refinance shall be allowed to the banks/DFIs by the concerned office(s) of SBP BSC (Bank) on submission of documents as may be required by State Bank of Pakistan. The documents required are attached.

#### **5. Participating Financial Institutions (PFIs)**

Financing under this Scheme shall be provided through all commercial banks and Development Finance Institutions (DFIs).

#### **6. Bank/DFI-wise Refinance Limits**

- i. Yearly limits shall be allocated to individual banks/DFIs under the Scheme.
- ii. The limits shall be allocated for each fiscal year from 1st July to 30th June.
- iii. Applications for sanction of limits for each fiscal year (July-June basis) shall be sent by the interested banks/ DFIs to the Director, Infrastructure, Housing & SME Finance Department, latest by 15<sup>th</sup> May each year. For the current year, the request for sanction of limits may be submitted within 30 days from the date of issuance of the Circular.
- iv. Applications for sanction of limits under the Scheme alongwith a requisition form detailing projects in pipeline with financing requirements expected to be disbursed during the year. The requisition form is attached.
- v. SBP shall review the utilization of limits by the banks/DFIs periodically and may cancel the unutilized limit for reallocation to other banks/DFIs. No bank/DFI shall be authorized to sanction financing with a view to merely utilize the limit under the Scheme.
- vi. The disbursements of banks/DFIs in the absence of valid refinance limit at the time of such disbursements shall not be considered for refinance under the Scheme.

#### **7. Category I of the Scheme**

The provisions under this Section (Section 7) are only applicable for Category I of the Scheme.

##### **a. Eligibility Criteria:**

- i. Financing shall be available to the prospective sponsors who intend to set up renewable energy power projects with a capacity ranging from more than 1 MW to 50 MW for their own use, selling of electricity to the national grid (including distribution companies) or combination of both.
- ii. The prospective sponsors shall be required to have completed applicable requirements of Alternative Energy Development Board (AEDB), National Electric Power Regulatory Authority

(NEPRA) and other relevant Government Departments / Authority (Federal or Provincial), in compliance with the prevalent Renewable Energy Policy of the Government of Pakistan.

- iii. The refinance under this Scheme 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, subject to adherence of other rules & regulations. However, maximum refinance allowed under the Scheme cannot be more than Rs. 6 billion for a single renewable energy project.

**b. Rates of Service Charges / Mark up:**

- i. The rate of service charges at which SBP will provide refinance to the banks/ DFIs shall be fixed for the entire duration of the loan, provided the borrowers continue to repay on due dates as per repayment schedule.
- ii. Service charges and rates for end users have been fixed as per the following:-

Rate of Refinance	Maximum bank/ DFI's Spread	Maximum End User Rate
3.00%	3.00%	6.00%

**c. Terms of Financing:**

- i. Financing under Category I of the Scheme shall be available for a maximum period of twelve (12) years including a maximum grace period of two (02) years from the date of first disbursement. The grace period may vary depending upon the type of renewable energy source. Therefore, banks/DFIs shall clearly mention the "grace period" in the repayment schedule to be submitted to the concerned office of SBP-BSC (Bank) at the time of availing refinance.
- ii. Principal amount of loans shall be repayable in quarterly or half yearly installments after prescribed grace period, if any.
- iii. Mark-up shall be paid on quarterly basis.

**d. Other Terms & Conditions:**

- i. For financing requirements within the maximum limit of Rs. 6 billion, financing banks/DFIs may enter into consortium arrangements.
- ii. The financing bank/DFI may ensure that firm commitments for the portion of funding not to be financed by SBP (in the form equity, conventional bank finance etc.) are available for the project being financed by them under the Scheme, so that the project does not eventually suffer due to any funding gap. Firm equity commitment from the sponsors may be made in the form which is satisfactory for the financing bank/DFI. The State Bank of Pakistan would, however, not insist on fulfillment of this condition by a specified mode but would let the bank/DFI to satisfy itself in this regard.

- iii. Captive power projects which have already availed financing facilities under any of SBP's long-term refinance facilities shall not be eligible for financing under this Scheme.
- iv. The banks/DFIs shall ensure that disbursements by banks/DFIs are not made to the borrowers directly; instead payments are made to the manufacturers / suppliers / contractors in line with underlying contracts and construction milestones.
- v. Banks/DFIs shall ensure that contracts/agreements between sponsors and suppliers/contractors etc are made on arms length basis in order to avoid any conflict of interest.
- vi. Advance payment to the extent of 20% of the C&F value / ex-factory price/ EPC contract can be made from the financing availed under the Scheme in terms of related underlying agreement. Any advance payment extended by banks/DFIs in excess of 20% shall be eligible for refinance along with last scheduled payment to the supplier/ contractor.
- vii. The banks/DFIs shall not take more than three months in evaluating an application for financing under this Category of the Scheme from the date of receipt of complete information from the borrower.

#### **8. Category II of the Scheme**

The provisions under this Section (Section 8) are only applicable for Category II of the Scheme.

##### **a. Eligibility Criteria:**

- i. Financing shall be available to domestic, agricultural, commercial and industrial borrowers who are desirous of installing renewable energy based projects/ solutions of up-to 1 MW for generation of electricity. A borrower may install more than one renewable energy source based projects/ solutions of up-to 1 MW each with the condition that such projects must not be located contiguously.
- ii. The energy generated from these projects may be for own use or for supply to the distribution company as per the rules set by NEPRA under their Net Metering Regulations (as amended from time to time).
- iii. Refinance may be provided for 100% of financing provided by banks/DFIs to the eligible borrowers subject to adherence of other rules & regulations.

##### **b. Maximum amount of Refinance:**

The consolidated borrowing of a single borrower under this Category shall not exceed Rs. 400 million.

##### **c. Rates of Service Charges / Mark up:**

- i. The rate of service charges at which SBP will provide refinance to the banks/ DFIs shall be fixed for the entire duration of the loan, provided the borrowers continue to repay on due dates as per repayment schedule.

- ii. Service charges and rates for end users have been fixed as per the following:-

Rate of Refinance	Maximum bank/DFI's Spread	Maximum End User Rate
2.00%	4.00%	6.00%

**d. Terms of Financing:**

- i. Financing under the Scheme shall be available for upto a maximum period of ten (10) years, including maximum grace period of three (03) months.
- ii. Principal amount of loans shall be repayable in monthly, quarterly or half yearly installments.
- iii. Mark-up shall be paid on monthly or quarterly basis.

**e. Other Terms & Conditions:**

- i. Disbursements by banks/DFIs shall not be made to the borrowers directly; instead payments shall be made to the manufacturers / suppliers / contractors in line with underlying contracts and construction milestones.
- ii. Banks/DFIs shall ensure that contracts/agreements between sponsors and suppliers/contractors etc are made on arms length basis in order to avoid any conflict of interest.
- iii. Advance payment to the extent of 20% of the C&F value / ex-factory price/ EPC contract can be made from the financing availed under the Scheme in terms of related underlying agreement. Any advance payment extended by banks/DFIs in excess of 20% shall be eligible for refinance upon completion of the project.
- iv. The banks/DFIs shall not take more than one month in evaluating an application for financing under this Category of the Scheme from the date of receipt of complete information from the borrower.

**9. Category III of the Scheme**

The provisions under this Section (Section 09) are only applicable for Category III of the Scheme.

**a. Eligibility Criteria:**

- i. The financing under this Category is available to vendors / suppliers of renewable energy equipment certified under AEDB Certification Regulation 2018.
- ii. Moreover, the certified vendors/ suppliers shall also be required to obtain all applicable approvals of AEDB, NEPRA and other relevant government departments/ agencies (including distribution companies).

- iii. The financing shall be utilized by vendors/suppliers for onward leasing of renewable energy equipment or sale of electricity to ultimate owners/users. The capacity of a single renewable energy project/ solution shall not be more than 1 MW. The ultimate owners/users may be individuals/entities who, being clients, are the counterparties of vendors/ suppliers in their transactions of leasing out renewable energy equipment or selling of electricity. In case of leasing, the ultimate owners/users may be installing the RE equipment for their own use and/or supply to the Distribution Company under NEPRA's Net Metering Regulations.
- iv. A vendor may lease and/or install more than one renewable energy source based projects/ solutions of up-to 1 MW each for a single ultimate owner/user. However, any two or more of such projects/ solutions for a single ultimate owner/user must not be located contiguously.
- v. Refinance may be provided for 100% of financing provided by banks/DFIs to the eligible borrowers subject to adherence of other rules & regulations.

**b. Maximum amount of Refinance:**

The consolidated borrowing of a single vendor/ supplier under this Category shall not exceed Rs. 1 billion. For financing requirements within this limit, financing banks/DFIs may enter into consortium arrangements.

**c. Disbursement of Financing:**

- i. The vendor/ supplier shall avail the facility separately for each client, being the ultimate owner/user of installed RE equipment.
- ii. The disbursement shall be made to the vendor/supplier, within consolidated borrowing limit of that vendor/supplier, subject to completion of pre-disbursement formalities as laid down hereinafter.
- iii. The financing bank/DFI shall convey the cushion available within consolidated borrowing limit with each refinance disbursement request for a vendor/ supplier to the relevant SBP BSC. Any disbursement in excess of consolidated borrowing limit of that vendor/ supplier shall be subject to immediate recovery from financing bank/DFI and may also attract penalty as per the rates specified by State Bank of Pakistan.
- iv. To avail the facility, the lending bank/DFI shall submit disbursement request to the relevant SBP BSC office along with following documents (in addition to documents specified under Section 4(ii) above):
  - a. Agreement of lease or sale of energy between vendor / supplier and the ultimate owner/user along with schedule of payment of lease rentals or energy bills.
  - b. Schedule for repayment of finance to SBP BSC.
  - c. In case of leasing, proof of vendor/ supplier to have received upfront payment of not less than 20% of total installation price from the ultimate owner/user.
  - d. In case of energy sale agreement, security deposit by ultimate owner/user equivalent to expected average three months electricity bill in a remunerative account in the financing bank/DFI.



- e. Undertaking of ultimate owner/user to route his payments of lease rentals / energy bills through the bank/DFI.
  - f. Tripartite agreement creating lien of bank/DFI on the RE equipment installed.
  - g. Approvals of all relevant government departments / agencies, including issuance of license by NEPRA, approval / no objection of relevant distribution company etc.
- v. The banks/DFIs shall ensure that contracts/agreements between vendors/ suppliers and ultimate owners/users as well as those of vendors/ suppliers with their suppliers / manufacturers etc are made on arms length basis in order to avoid any conflict of interest.

**d. Rates of Service Charges / Mark up:**

- i. The rate of service charge at which SBP will provide refinance to the banks/ DFIs shall be fixed for the entire duration of the loan, provided the borrowers continue to repay on due dates as per repayment schedule.
- ii. Service charges and rates for end users have been fixed as per the following:-

Rate of Refinance	Maximum bank/DFI's Spread	Maximum User Rate	End
3.00%	3.00%	6.00%	

**e. Terms of financing:**

- i. The disbursements to the vendor/ supplier for a single client (ultimate owner/user) shall constitute a separate loan facility with its own repayment schedule not exceeding ten (10) years from the date of first disbursement to vendor/ supplier for that particular client.
- ii. The vendor/ supplier, being the borrower, shall remain liable for repayment of loan amount to the lending bank/DFI, irrespective of whether the ultimate owner/user makes rental/energy bills payments or not.
- iii. Principal amount of loans shall be repayable in monthly, quarterly or half yearly installments.
- iv. Mark-up shall be paid on monthly or quarterly basis.

**f. Other Terms & Conditions:**

- i. The vendors/ suppliers shall, on quarterly basis, submit Asset Health Report to the financing bank/DFI.
- ii. The banks/DFIs shall not take more than one month in evaluating an application for financing under this Category of the Scheme from the date of receipt of complete information from the borrower.

- iii. In case of government entities/ departments being ultimate owners/ users as clients of vendors/suppliers, SBP may examine requests for relaxing maximum limit of 1 MW for a single project/ solution.

#### **10. Repayment of Financing**

- i. If a borrower repays the loan amount or its installment, in part or in full, before the due date(s), the banks/DFIs shall be under obligation to repay the amount(s) so received within three working days to the concerned office of SBP-BSC (Bank) failing which fine for late adjustment of loan will be recovered from the concerned bank/DFI, at the rate specified by the State Bank.
- ii. The refinance granted by SBP-BSC offices to the banks/DFIs shall be recovered on the due dates as reported in the original repayment schedule from the account of the banks/DFIs maintained with the respective office of the SBP BSC (Bank). In case a borrower fails to make repayment of the amount of installment as per the original repayment schedule(s), the bank/DFI will be entitled to charge normal rate of mark up on such overdue principal amount besides taking other actions to recover the same as are incidental to such defaults.
- iii. In no case, the liability of banks/DFIs to pay/repay to SBP BSC the principal amount of refinance, or mark up or any other charges or penalty thereon shall be dependent upon the recovery from the borrowers nor shall such liability be affected by any default on the part of the borrowers.

#### **11. General Terms & Conditions**

- i. Financing under the Scheme shall be subject to compliance with all rules and regulations including Prudential Regulations. Further, compliance with the instructions related to foreign exchange regulations/ policy must be ensured, for which Exchange Policy Department of SBP may be contacted separately.
- ii. The financing bank/DFI shall approach relevant SBP BSC for refinance at the earliest, not later than four (04) weeks after disbursement of financing to the borrower.
- iii. Financing banks/DFIs shall ensure fulfillment of requisite pre-disbursement formalities by the borrower through due diligence as per their own internal arrangements to avoid malpractices and mis-utilization of funds under the Scheme.
- iv. Besides applying due diligence process as per their lending policies, standard / appropriate procedures in such types of financing, banks/DFIs may also impose any specific condition(s), considered appropriate by them in such type of transactions, while sanctioning loan under the Scheme to protect their interests.
- v. Where an application for financing under the Scheme is declined, the bank/DFI will explicitly apprise the reasons for rejecting the application to the prospective borrower.
- vi. Refinance shall be provided on the basis of certification by the Internal Audit of financing bank/DFI with regard to confirmation that the loan is within the terms and conditions laid down in the Scheme. A copy of the said Internal Audit Certificate shall be submitted to the concerned office of SBP BSC (Bank) at the time of availing refinance for the first time for a borrower while copies of

certificates in respect of subsequent disbursements may be submitted at the time of availing last refinance for the same borrower/project.

- vii. Second-hand equipment/machinery shall not be eligible under the Scheme.
- viii. Acquisition of land shall not be eligible for financing under the Scheme.
- ix. For a borrower under any Category of the Scheme, the financing bank/DFI may structure loan as per own terms & conditions for any amount exceeding the limit specified under that Category.
- x. Financing under the Scheme shall be checked/verified by SBP's Banking Inspection Department (BID) during inspection of the banks/DFIs to ensure that the same has been allowed as per the terms and conditions of the Scheme.
- xi. Where a bank/DFI considers the requests of their borrowers for rescheduling of loans granted under the Scheme, the principal amount of refinance shall only be rescheduled in a way that total tenor of refinancing under the Scheme does not exceed maximum period as prescribed under each Category from the date of first disbursement made by the banks/DFIs. Further, the borrower shall be liable to make payment of mark-up at the rate applicable on the date of such rescheduling or the original rate, whichever is higher.

## **12. Fines**

- i. In case of violation of the terms & conditions of the Scheme, the SBP shall reserve the right to recover the amount of refinance granted to the bank/DFI along-with fine at the rate of Paisa 60 per day per Rs 1000/- or part thereof.
- ii. In case, a borrower makes early repayment(s) of the amount of loan/installment(s) and bank/DFI fails to repay the same to concerned office of SBP-BSC within three working days as mentioned above, late adjustment fine will be charged from the concerned bank/DFI at the rate of Paisa 60 per day per Rs 1,000/- or part thereof.

## **13. Period of Scheme**

Financing under this Scheme shall be available for projects under Category I achieving financial closure and new sanctions under Category II or III after date of issuance of this Circular and up-to June 30, 2022 only.



RE-1

**REFINANCE APPLICATION FORM**  
TO BE SUBMITTED BY THE BANK/DFI UNDER  
**SBP FINANCING SCHEME FOR RENEWABLE ENERGY**

The Chief Manager,  
SBP BSC (Bank),  
\_\_\_\_\_ (City)

Dear Sir,

**REQUEST FOR RELEASE OF REFINANCE  
FACILITIES UNDER THE CAPTIONED SCHEME**

With reference to the Limit of Rs.\_\_(total)\_\_\_\_\_ sanctioned by Infrastructure, Housing & SME Finance Department (IH&SMEFD) of State Bank of Pakistan vide its Letter No. \_\_\_\_\_ dated \_\_\_\_\_ under the captioned Scheme for the Financial Year \_\_\_\_\_; we submit herewith application for refinance facility amounting to Rs. \_\_\_\_\_ (current application) (Rupees in words) \_\_\_\_\_ only against the finance disbursed by us on \_\_\_\_\_ (date) \_\_\_\_\_ under SBP Financing Scheme for Renewable Energy (Scheme) to our borrower as per particulars given hereunder: -

- (i) Name of the borrower/ sponsor of project \_\_\_\_\_
- (ii) Business address of the borrower / sponsor of the project. \_\_\_\_\_
- (iii) Location / address of the Project financed \_\_\_\_\_
- (iv) Type & size of Renewable Energy Technology for which facilities have been sanctioned \_\_\_\_\_
- (v) Particulars of Finance as per Financing Agreement executed by us with our borrower. Amount \_\_\_\_\_  
Date \_\_\_\_\_  
Rate of mark up \_\_\_\_\_
- (vi) Period for which finance sanctioned \_\_\_\_\_
- (vii) Category of the Scheme under which loan is sanctioned Category I / Category II / Category III
- (viii) Name and address of ultimate owner / user (for Category III only) \_\_\_\_\_
- (ix) Purpose of the financing \_\_\_\_\_



2. We certify that the details of the contract(s) finalized by the above-named borrower / sponsor of the project and the payments made by us to them against the aforesaid contract have been placed in our record and shall be invariably provided to the inspection team(s) of SBP during the inspection of our bank/DFI.

3. We have already submitted / submit herewith the securities documents required under the captioned Scheme for the purpose of availing refinance, to the extent of the limit sanctioned by the IH&SME Finance Department in our favour through above referred letter, to your office vide our letter No. \_\_\_\_\_ dated \_\_\_\_\_. We also submit herewith/have already submitted a Demand Promissory Note for Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) signed by M/s. (Name of borrower/project ) referred to above and endorsed by us in your favour and request you to provide refinance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) out of our above referred limit and credit our Current Account with you.

4. We hereby certify that:-

- i) the terms & conditions as stipulated in the captioned Scheme have been complied with;
- ii) all the requirements of the Scheme have been fully met;
- iii) the eligibility of borrower and the project have been properly determined by us in accordance with the prescribed criteria / conditions set out in the Scheme in force on the date of the Financing Agreement/Undertaking referred to above;

5. We understand that the IH&SME Finance Department, State Bank of Pakistan has the right to appoint independent consultants to verify cases of refinance and agree to reimburse the cost so incurred in case the report of consultants indicates any irregularities on our part. We also agree to pay back any amount of refinance disbursed to us by the State Bank on the basis of this application if the State Bank subsequently concludes that such refinance was wrongfully claimed and also pay fine on such finance @ paisa 60 per day per Rs. 1,000 or part thereof, or such other rate as may be announced by the State Bank from time to time, for the period for which such finance is availed by us immediately.

6. We also undertake that in case irregularities are found to have been committed by the borrower due to negligence of our officials/staff to ensure compliance of the same or that such irregularities have been made by the borrower with the involvement of our staff/officer(s), besides taking appropriate action against our staff under our staff regulations or code of conduct, we shall indemnify and agree to indemnify and save harmless the State Bank against any claims, actions, costs, losses and expenses that it may incur due to litigation or otherwise on account of recovery of amount of refinance and the fine thereof for availing of refinance to which we/they were not entitled otherwise.

7. We hereby also authorize SBP BSC to recover the full or remaining outstanding amount of refinance along-with mark up and fines, if any, from any moneys held in our account or on our behalf in case the amount(s) falling due is not repaid by us on the due date(s) agreed to by us.

Yours faithfully,



\_\_\_\_\_  
(Authorized Signature with  
name and designation)

\_\_\_\_\_  
(Authorized Signature with  
name and designation)

Encl: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



RE-2

**FORM OF THE AGREEMENT**  
TO BE OBTAINED FROM THE BANK/DFI UNDER  
SBP FINANCING SCHEME FOR RENEWABLE ENERGY

(To be stamped as an agreement in accordance with the law in force in each province)

(Place) \_\_\_\_\_

Date \_\_\_\_\_

The Chief Manager,  
SBP BSC (Bank),  
\_\_\_\_\_ (City)

Dear Sir,

In consideration of your agreeing to make available to us refinance under Section 17 (2) (d) read with Section 22 of State Bank of Pakistan Act, 1956, not exceeding Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) under State Bank of Pakistan's Financing Scheme for Renewable Energy for \_\_\_\_\_ years vide IH&SMEFD Letter No.-----dated ----- for which amount we i.e. \_\_\_\_\_ (concerned bank / DFI) have delivered to you a Demand Promissory Note made by us in your favour.

2. Now, we do hereby agree to the terms and conditions as set out herein under :-

- (a) We shall pay / repay the principal or mark up amount of refinance and any other charges / penalty thereon, to you in accordance with the agreed schedule of payment. In no case our liability to pay / repay you the principal amount of refinance, or mark up or any other charges or penalty thereon shall be dependent upon the recovery from the borrower nor shall our liability be affected by any default on the part of the borrower.
- (b) As security for the said refinance, on each occasion we intend to avail refinance against finance extended by us, we shall deliver to you, demand promissory notes duly endorsed in your favour, as are acceptable to you and drawn on and payable in Pakistan, arising out of bonafide finance provided by us to our borrowers, an entity eligible for financing as per criteria spelt out in the Scheme for setting up of Renewable Energy Power Projects under SBP Financing Scheme for Renewable Energy (Scheme) and it is understood that the aforesaid accommodation may be made and will continue on the faith of the truth and correctness of such certificates.
- (c) We undertake that we shall not extend finance or deliver to you any demand promissory note in terms of this agreement unless we are satisfied that all parties liable there under are financially sound and credit worthy.
- (d) The maximum rate of mark up to be charged by us from the borrower shall not exceed \_\_\_\_\_% p.a. from the service charges (*mark up*) payable to you on refinance as worked out under the provisions of the Scheme.
- (e) Service charges shall be payable by us to you on monthly, quarterly or half yearly basis on last days of the months/ calendar quarters / calendar half years each year or on maturity of the



promissory notes, whichever is earlier. Where the above schedule date falls on a public /weekly holiday, we shall make payment of the due amount of service charges on next working day after such due date. You are hereby authorised, at your discretion to reimburse State Bank with the amount of service charges by charging the same to our current account with you in case we fail to make payment on the due date in full, as required under the Scheme without seeking any debit authority from us. You shall also be entitled to charge fine on us, at a rate specified in the Scheme from time to time, on our failure to make payment whether on account of inadequate balance in our account or otherwise.

- (f) The maximum amount of refinance that you shall provide to us in the case of each project / borrower financed by us would be in line with the provisions of the Scheme and shall not exceed the amount actually disbursed by us under the Scheme. .
- (g) The Demand Promissory Note (notice of dishonour of which Promissory Note is hereby waived in terms of Section 98 of Negotiable Instrument Act, 1881), furnished by us with this agreement and the demand promissory notes delivered to you in terms of clause (j) below shall, notwithstanding the existence of a credit balance at any time or any partial payments or fluctuations of accounts or withdrawal of any part of this security, be a continuing security for repayment of all sums due or found due under this agreement, along-with Service Charge due thereon to you, and all costs, charges or expenses, which you may be entitled under the law to recover from us.
- (h) We shall neither sanction nor permit any of our customers to use the finances for any purpose other than those prescribed under the Scheme. Any finances provided by us under this Scheme shall be subject to the terms of our Charter. Further, we shall obtain a declaration from our customer to the effect that he/she shall not utilize the finances or any part thereof except for the purpose spelt out in the Scheme.
- (i) No financial assistance shall be given by us to any of our Directors or to any company, firm or group or association or project in which any of our Director is interested either directly or indirectly except in financial assistance against tangible security which will be provided with the approval of the majority of our Directors, excluding the Director concerned.
- (j) We shall endorse and deliver to you demand Promissory Notes executed in our favour by our Customers under this financing arrangement with a certificate that (i) the same arises out of bonafide finances provided by us under the Scheme (ii) all parties liable there under are financially sound, solvent and credit-worthy and that by virtue of such endorsement and delivery, we certify the genuineness of signatures as well as authority of all persons thereon (iii) the finances provided to parties liable on such promissory notes have not been classified by you as substandard / doubtful / loss.
- (k) Without prejudice to your rights against us as financier for the realization of any demand promissory note delivered to you under clause (j) at maturity, we agree, if you so desire, to take at our expense, all steps as may be necessary to realize the money from our customer and forthwith pay the same to you. We agree that the fact of your not taking steps to endorse payment of such demand promissory note or any of them against the signatory or signatories thereon shall in no way release us from our liability there under and we agree that it shall not be necessary for you to give any notice of dishonour of such Promissory Note.
- (l) In addition to clauses (j) & (k), we shall hold upon trust securities / security documents presently held by us or which may be obtained by us from our customers to whom finance is made available under this Scheme, as security for due repayment of finance with return / profit thereon. Further, on your demand we undertake to assign to you all such securities and secured documents, and





agree that upon such assignment the provisions of clauses (j) and (k) shall, mutatis mutandis, apply.

- (m) In addition to the preceding clauses, we agree that as and when you demand, we shall create valid legal charge on any or all of our assets as may be demanded by you.
- (n) We expressly understand that you are entitled to cancel or recall or advance the date of repayment of this finance at any time and for any reasons without any prior notice to us and that you are not obliged to provide any finance to us any time and for any reason against this Scheme and that by executing a promissory note in your favour of lodging demand promissory note under clause (b) or by providing finance to any customer on the faith of this agreement, we have acquired no right or claim to demand finance from you under this Scheme. We also expressly agree that you have the sole right to vary, amend, alter or add to the terms and conditions of the Scheme without any reference to us and we agree to invariably comply with the same.
- (o) We agree that on default of repayment by us on any promissory note tendered under this agreement, you have our authority to debit without further reference to us, all of our accounts now held or held hereafter or adjust any moneys worth which may, howsoever, become due from you or come into your possession or control to the extent of the amount due from us under any such promissory note or in terms of the clauses referred herein before or otherwise under this agreement.
- (p) We agree that notwithstanding anything contained elsewhere in this agreement, the amount of this finance along-with Service Charge due thereon due to you will become due and payable, if we commit breach of any of the terms and conditions of this agreement.
- (q) No indulgence or delay in exercising any of your rights hereunder shall be deemed a waiver of any right and no waiver of any of your right hereunder shall be construed as a waiver of any other rights you may have.

Yours faithfully,

\_\_\_\_\_  
 (Authorized Signature with name and designation)  
 for \_\_\_\_\_ (Bank / DFI)

\_\_\_\_\_  
 (Authorized Signature with name and designation) for \_\_\_\_\_ (Bank / DFI)

Witnesses:

1. \_\_\_\_\_  
 \_\_\_\_\_

2. \_\_\_\_\_  
 \_\_\_\_\_



RE - 3

**DEMAND PROMISSORY NOTE \***  
(TO BE SUBMITTED BY BANK/DFI)

Place: \_\_\_\_\_  
Date: \_\_\_\_\_

Rs. \_\_\_\_\_

On demand we \_\_\_\_\_ (name of the bank/DFI) promise to pay to the State Bank of Pakistan, Banking Services Corporation, (City) or order the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for value received plus service charges @ \_\_\_\_\_% p.a. plus fines and charges determined by State Bank of Pakistan for re-financing under SBP Financing Scheme for Renewable Energy .

(Authorized signature of the bank /DFI)

( Name & Seal )

\* To be stamped in accordance with the law in force in each Province.

Witnesses:

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_



RE -4

**DEMAND PROMISSORY NOTE \***  
(TO BE SUBMITTED BY THE BORROWER)

Place: \_\_\_\_\_

Date \_\_\_\_\_

Rs. \_\_\_\_\_

On demand we       (name of the borrower / sponsor of the project)       promise to pay to the       (name of the bank / DFI)       or order the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for value received plus service charges @ \_\_\_\_\_% p.a. and / or such charges as may be specified by the State Bank of Pakistan under SBP Financing Scheme for Renewable Energy. .

( Authorized signature of the borrower)

( Name & Seal )

Note :- Demand Promissory Note requires to be endorsed by the bank / DFI concerned in favour of its head office / principal office through which refinance is being claimed and further endorsed by them in favour of the Office of SBP BSC (Bank) concerned.

\* To be stamped in accordance with the law in force in each Province.

Witnesses:

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_



RE - 5

**UNDERTAKING/AGREEMENT TO BE SUBMITTED BY THE BORROWER**

**UNDER SBP FINANCING SCHEME FOR RENEWABLE ENERGY  
(TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE WITH THE  
LAW IN FORCE IN EACH PROVINCE)**

(Place) \_\_\_\_\_

Date \_\_\_\_\_

The Manager,

\_\_\_\_\_ Bank Limited/DFI,  
\_\_\_\_\_ Branch,  
\_\_\_\_\_ (CITY)

Dear Sir,

I/We do hereby certify and confirm that a finance of Rs. \_\_\_\_\_  
(Rupees \_\_\_\_\_ only) has been allowed to me/us by you under SBP Financing  
Scheme for Renewable Energy (Scheme) of State Bank of Pakistan on service charges basis @ \_\_\_\_\_%  
p.a.

2. I/We, further confirm and undertake that the aforesaid finance will be / has been obtained by  
me/us for setting up of Renewable Energy Power Projects as per the provisions of the Scheme under  
reference. I/We, confirm that aforesaid finance or any part thereof shall not be utilized except for the  
purpose spelt out in the Scheme.

3. I/We, do certify that the finance is being obtained by me/us against bonafide transaction and  
I/We submit the requisite documents along-with this application for your consideration of extension of  
finance facility to me/us from your bank/DFI under SBP Financing Scheme for Renewable Energy.

4. I/We, hereby confirm and agree that in the event of my/our failure to make payment on due date  
you have our Irrevocable Authority without reference to us, to recover from me/us and debit My/Our  
Account No. \_\_\_\_\_ maintained with you along-with fine or penalty applicable to  
me/us, if any as prescribed under the Scheme. I/We, authorize the bank/DFI to reimburse itself with the  
fine amount even if I/we have made a representation to SBP against imposition of fine under the Scheme.

5. I/We agree that notwithstanding anything contained elsewhere in this undertaking, the amount  
of this finance along-with Service Charge due thereon due to you will become due and payable  
immediately, if I/we commit breach of any of the terms and conditions hereof.

Yours faithfully,

\_\_\_\_\_  
Authorized Signature of the Borrower



\_\_\_\_\_  
Signature verified by the authorized  
Officials of Branch of Bank/DFI

Witnesses:

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

**Requisition of Refinance Limit under Renewable Energy Refinance Scheme For FY 20xx-yy**

**Category I**

**Name of Bank/DFI:**

S. No.	Name of Project/Borrower	Technology (e.g. Solar, Wind etc.)	Size (in MW)	Total Project Cost (in Million PKR)	Total Foreign Exchange Required (in US\$ M)	Sources of Financing				Share of Bank in Syndicate (if any) (in Million PKR)	Expected Disbursement up till June 20yy		Refinance Limit Requested (in Million PKR)	Status of Bank/DF's Internal Approval
						Equity		Total Debt			Date	Amount (in Million PKR)		
						Local (in Million PKR)	Foreign (in US\$)	Local (in Million PKR)	Foreign (in US\$) Million					
	<b>TOTAL</b>													

Prepared By: \_\_\_\_\_  
(Name, Designation & Signature)

Verified By: \_\_\_\_\_  
(Name, Designation & Signature)  
Officer must not be below the rank of SVP or equivalent

**Requisition of Refinance Limit under Renewable Energy Refinance Scheme For FY 20xx-yy**

**Category II**

**Name of Bank/DFI:** \_\_\_\_\_

S. No.	No of Projects/ Borrowers	Technology (e.g. Solar, Wind etc.)	Total Size (in MW)	Total Project Cost (in Million PKR)	Expected Disbursement up till June 20yy		Refinance Limit Requested (in Million PKR)	Status of Bank/DF's Internal Approval
					Date	Amount (in Million PKR)		
<b>Total</b>								

Prepared By: \_\_\_\_\_  
(Name, Designation & Signature)

Verified By: \_\_\_\_\_  
(Name, Designation & Signature)  
Officer must not be below the rank of SVP or equivalent

**Requisition of Refinance Limit under Renewable Energy Refinance Scheme For FY 20xx-yy**

**Category III**

**Name of Bank/DFI:**

S. No.	Name of Vendor	AEDB Certification Category	Technology (e.g. Solar, Wind etc.)	Pipeline of projects of vendor for FY 20xx-yy			Expected Disbursement up till June 20yy		Refinance Limit Requested (in Million PKR)	Status of Bank/DF's Internal Approval
				No. of Projects	Size (in MW)	Project Cost (in Million PKR)	Date	Amount (in Million PKR)		
<b>TOTAL</b>										

Prepared By: \_\_\_\_\_  
(Name, Designation & Signature)

Verified By: \_\_\_\_\_  
(Name, Designation & Signature)  
Officer must not be below the rank of SVP or equivalent