



STATE BANK OF PAKISTAN
Infrastructure, Housing & SME Finance Department
I. I. Chundrigar Road
Karachi

IH&SMEFD Circular No. 03

June 20, 2016

The Presidents/Chief Executives,
All Banks/DFIs

Dear Sir /Madam,

Revised SBP Financing Scheme for Renewable Energy

1. Background

State Bank of Pakistan announced the scheme for Financing Power Plants using Renewable Energy in 2009, with a view to promote renewable energy projects in the country. Keeping the low utilization of the scheme in view, the scope and financial mechanism have been revised to make it more attractive to borrowers and financing banks/DFIs.

2. Objective

Pakistan's economy is currently 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 overcome 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.

3. Scope

The scheme shall be available for power generated by using alternative / renewable energy sources (solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel). Scheme is available under two 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 MW¹, who have completed

¹ Subject to maximum refinance from SBP of Rs 6 billion per project. Banks/DFIs may structure loan as per their own terms & conditions for any amount exceeding this limit.