



## External Relations Department

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### **SBP enhances scope of refinance facility to support health facilities**

On 17<sup>th</sup> March, 2020, SBP introduced a refinance scheme, titled Refinance Facility to Combat Covid-19 (RFCC), to support the hospitals and health sector for providing services to directly fight against Covid-19. Under this scheme, banks provide concessional loans at a maximum end-user rate of 3 percent for 5 years for hospitals and medical centers to purchase medical equipment and set up isolation wards for developing capacity and supporting the health sector in fight against COVID-19. Since its inception up till 2<sup>nd</sup> July 2020, Rs 6.4 billion of concessional credit have been approved for hospitals and other eligible facilities to fight COVID-19.

Keeping in view the encouraging response and the potential to help developing the health facilities in the country, **SBP has now expanded the scope of this refinance facility further.** The scheme now allows manufacturers of protective gears and equipment, including items such as masks, dresses, testing kits, hospital beds, ventilators etc. to avail financing under RFCC. Moreover, to cope with the rising needs of the health facilities in general in the country, SBP has allowed hospitals serving patients even other than COVID-19 to avail this facility. Refinance facility will be available for setting up or expansion of the existing hospitals fulfilling minimum specified standards. For setting up new hospitals under this scheme, payments will be released by the banks on completing relevant milestones. Details are provided in the circular at: <http://www.sbp.org.pk/smeffd/circulars/2020/CL16.htm>

RFCC is highly subsidized facility where SBP provides refinance to banks at 0% whereas banks can keep a maximum margin of 3%. Some of the banks treating this as part of their CSR are keeping margins very low.

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