

Rules for the Climate Risk Fund-I (CRF-I)

**Under World Bank Funded Resilient
and Accessible Microfinance Project**

September 2025

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ABBREVIATIONS

ACFID	Agricultural Credit & Financial Inclusion Department
AFIC	Agriculture Finance Innovation Challenge
ATC	Agriculture Technology Company
CRF I	Climate Risk Fund I
CLF	Contingent Liquidity Facility
FIG	Financial Inclusion Group
FD	Finance Division (GOP)
GLP	Gross Loan Portfolio
IAL	Innovative Agriculture Liquidity
IF	Internal Finance
KIBOR	Karachi Inter Bank Offer Rate
MFPs	Microfinance Providers
MOF	Ministry of Finance
PFI	Participating Financial Institutions
PF	Private Fund
PMD	Programs Management Division
RAM	Resilient and Accessible Microfinance
RG	Repayment Guarantee
SBP	State Bank of Pakistan, acting as a trustee of the CRF-I
SECP	Securities and Exchange Commission of Pakistan
Trust	The CRF-I Trust Registered with the Government of Sindh
WB	World Bank

PREAMBLE

In view of the climatic risks, in particular flooding risks, and the structural challenges faced by the microfinance sector, coupled with the sector's central role in financial inclusion in the country, the World Bank has given financing amounting to USD125 million to the Government of Pakistan for the Resilient and Accessible Microfinance (RAM) project. The project has been approved with the objectives of enhancing access to microcredit and supporting the resilience of the microfinance sector and its borrowers in the face of rising climate-related shocks.

RAM has been designed in the context of increasing climate risks faced by the microfinance sector, in particular flood risk, and the lessons learned from catastrophic floods that hit Pakistan in 2022. The climate risks facing microfinance providers (MFPs) are particularly large given that the sector caters to the financing needs of economically vulnerable borrowers, whose exposure to climate risks is more pronounced than that of borrowers from commercial banks. The sector, while being a key conduit of financing for most of the borrowers from the formal financial system in Pakistan, predominantly caters to those borrowers who have traditionally struggled securing access to finance from mainstream banking. This includes women, small borrowers in the agriculture sector, borrowers in rural areas, and borrowers who fall at the bottom of the economic pyramid.

The project (RAM) is being implemented by a trust titled "Climate Risk Fund I (CRF-I)". The trust is registered with the Government of Sindh, as a specialize trust. GOP owns the CRF-I, while SBP has been designated as the trustee of CRF-I. The CRF-I has been capitalized with the proceeds received by GOP from the World Bank (WB).

The CRF-I would support climate resilience, adaptation and recovery and enhance access to finance by providing liquidity/financing to MFPs for on-lending to eligible micro-borrowers. The CRF-I is planned to achieve several objectives, including:

1. reverse disintermediation away from locations and sectors that are deemed more prone to flood risks through a contingent liquidity facility which will be deployed after a qualifying flooding event;
2. preserve the balance sheets of MFPs after the occurrence of a qualifying flood through the deployment of liquidity which will mitigate the impact on the asset quality of MFPs;
3. support the resilience of borrowers and potential borrowers residing in flood impacted areas;
4. enhance capital adaptation, resilience and productivity in the agricultural sector through the 'business as usual' Innovative Agricultural Liquidity (IAL) product; and
5. potentially transfer the economic costs of an extreme flood event outside of Pakistan through the risk-based deployment of international reinsurance.

1. INTRODUCTION

The CRF-I is established and capitalized as a Trust owned by the Government of Pakistan (GoP) and managed by the State Bank of Pakistan (SBP) as the Trustee. The CRF-I will provide liquidity both prior and post a 'qualifying' flooding event through two tailored products. Qualifying flood events are those that are deemed a 'disaster' by a relevant government agency or events which lead to a triggering of predefined triggers, grounded in flood risk modelling. Details on two products are given below:

1.1 INNOVATIVE AGRICULTURAL LIQUIDITY (IAL)

The IAL will enhance adaptation and resilience of MFPs and their borrowers while also enhancing access to finance through the provision of liquidity to MFPs for the origination of climate smart agriculture loans. These loans will be developed by bundling agriculture loans of MFPs with advisory support from Agriculture Technology Companies (ATCs). The IAL product aims at boosting the volume of agriculture finance through the microfinance sector, as well as boost productivity, sustainability, adaptation and resilience of borrowers, and consequently of MFPs, in particular to climate risks.

The IAL is envisioned as a pilot to help lead to an evolution of the current agriculture product offerings by partnering MFPs with ATCs. The financing availed under the IAL product will be used exclusively to finance the product suite that will be designed to incorporate services offered by the ATCs. The IAL is designed for its demonstration effect, to prove its value proposition to the market. Hence, the MFPs are expected to tap into domestic private capital to scale up the product offering.

1.2 CONTINGENT LIQUIDITY FACILITY (CLF)

The CLF is designed to provide rapid liquidity to MFPs operating in flood-affected areas. Disbursements will only be triggered after qualifying flood events. The CLF can only be accessed if the MFPs have already active portfolios in the 'qualifying' flooded areas.

The quantum of liquidity provided to MFPs will depend on several criteria including the impact of floods on each MFP's portfolio, total active GLP, and each MFP's post-disaster liquidity needs, as well as the quantum of funds available in the CRF-I. This will be determined through Climate Risk Modelling for the microfinance sector and real time flood monitoring. The MFPs can use the CLF liquidity to restructure existing loans of their borrowers, restructure and top up existing loans, and give new 'recovery' loans to their current and new borrowers.

All end-borrowers must be from those geographies that have been impacted by the qualifying flood event. The liquidity provided to MFPs and the loans generated using it will provide a buffer at a time when livelihoods are temporarily impacted by the climate event. This level of support serves to protect the borrowers by giving them some 'breathing space' while also protecting the asset quality of MFPs.

2. TYPES OF INSTITUTIONS

The CRF-I would extend financing to Microfinance Banks (MFBs), Non-Bank Microfinance Companies (NBMFCs) and Non-Bank Finance Companies (NBFCs).

3. GOVERNANCE OF THE FACILITY

The CRF-I shall be managed through a Board of Trustees (BOT), chaired by the Deputy Governor, State Bank of Pakistan (SBP). The composition of the BOT is as follows:

1. Deputy Governor, SBP
2. Executive Director – FIG, SBP
3. Director – ACFID, SBP
4. Director – Finance, SBP
5. Director – Research Department, SBP
6. Joint Secretary – IF Wing, Finance Division, MOF
7. Member Climate Change – Ministry of Planning, Development & Special Initiatives
8. Director/HOD – Lending and PF Department, Specialized Companies Division, SECP

4. OPERATIONS OF CRF

4.1 ELIGIBILITY CRITERION

Application will be invited from MFPs for allocation of limits under CRF-I (**Annexure - 5**). Applicants would undergo a two stage screening process as described below based on the data submitted as per **Annexure - 6**.

STAGE 1 - INITIAL SCREENING:

MFPs wishing to apply to the CRF should meet the following minimum (**Table 1 of Annexure - 6**) requirements.

1. Be duly registered with a financial regulator, as evidenced by the registration certificate/ license from SBP or SECP, as applicable
2. Have at least three years of experience in providing microfinance services, as evidenced by the incorporation certificate/ date of commencement of business
3. Comply with AML/CFT policy/ rules, as evidenced by an AML/CFT policy in place and reports on AML/CFT incidents
4. Comply with the Code of Corporate Governance, as submitted through a declaration of compliance signed by the Company Secretary
5. Submit the last three years of annual audited accounts
6. Have a three-year average of operational self-sufficiency (OSS) above 100% (OSS = Operating revenue / (Financial expense + Loan-loss provision expense + Operating expense)
7. Provide the following information at the time of submission: staff headcount, number of branches, number of active clients, outstanding loan portfolio, and non-performing loans over 30 days

STAGE 2 - FULL ASSESSMENT:

MFPs that meet the minimum eligibility criteria in stage 1, will undergo a full assessment to determine qualification for borrowing from the CRF-I. This MFPs' assessment will include an in-depth analysis of their institutional, financial, and operational performance including the following:

1. Financial performance: the MFPs need to be operationally sustainable, show good portfolio quality (portfolio-at-risk, write-off), meet the regulatory minimum capital requirement, have a sufficient capital adequacy ratio (either CAR of 15% and above for the latest year or three

- years' average CAR of 8% and above), and abide by other prudential requirements (**Table 2 of Annexure - 6**);
2. Operational performance: the MFPs need to show strong governance and, sound credit management practices (loan origination, approval, and collection, collateral where needed), internal control systems, operational and IT processes, risk management including environmental and social risk management as well as clients screening capacities, human resources management, and business continuity (**Table 3 of Annexure - 6**).
 3. Other criteria, as developed and approved by the Board of Trustees (BOT).

4.2 LOAN TENOR

The loan tenor to MFPs under the IAL will be up to 48 months. The MFPs are expected to lend the funds to the same clients for a maximum two to three loan cycles, depending on the loan. Following a period of up to four years, the MFPs will repay the IAL in full.

The CLF loan tenor will be up to 24 months. Applicant MFPs will be able to choose their preferred tenor. Pricing will be increased as the tenor does. For up to 12-month tenor, no additional interest would be charged. For up to 24-month tenor, an additional 1% interest rate would be charged to MFPs.

4.3 ALLOCATION OF LIMITS

ALLOCATION PROCEDURE UNDER IAL:

The total amount of liquidity each eligible MFPs can access under IAL will be based on the weighted average score of individual MFP viz-a-viz the total applicants for the IAL.

ALLOCATION PROCEDURE UNDER CLF:

The total amount of liquidity each eligible MFPs can access per event will be calculated for as a function of the following variables (to be determined by the CRF-I secretariat). The variables will be equally weighted, but maybe altered by the Board of Trustees from time to time or depending upon specific circumstances of each event

1. The impact on the MFP portfolio, defined as the total GLP affected for that MFP as a proportion of the total GLP affected across all MFPs
2. The relative impact of the flood event on each MFP, as calculated by the proportion of each MFP's affected portfolio, which lies in flooded tehsils relative to its own total GLP
3. A strong liquidity management prior to the flood event and a deteriorating liquidity level after the event: MFPs with strong ex-ante management and deteriorating liquidity will be eligible for relatively more funds than others, as they would be the ones with more need.

If a flooding event qualifies for financing under the CLF facility of the CRF, eligible MFPs will be informed of the activation of the facility, in addition to the maximum amount of financing (limits) that they may secure from the facility.

The CRF-I would extend financing to approved MFPs as per their Finance Release Request Form (**Annexure - 1**). For disbursement of the assigned limits, MFPs will have to submit an Undertaking (**Annexure - 3**) with CRF-I along with Demand Promissory Note (**Annexure - 4**).

4.4 PRICING

Pricing under different products of the CRF-I is given below:

INNOVATIVE AGRICULTURE LIQUIDITY (IAL):

1. Microfinance Banks: KIBOR minus cost of ATC services
2. Non-Bank Microfinance Companies: KIBOR minus cost of ATCs service

KIBOR means Six month KIBOR, offer side

CONTINGENT LIQUIDITY FACILITY (CLF):

1. Microfinance Banks: KIBOR
2. Non-Bank Microfinance Companies: KIBOR
3. Pakistan Microfinance Investment Company (PMIC): KIBOR minus 100 BPS

KIBOR means Six month KIBOR, offer side

4.5 REPAYMENT

MFPs would be required to pay mark-up up to July 15th and Jan 15th of every year for January to June and July to December, respectively.

However, the principal amount will be recovered in one bullet payment at the maturity of limit. The MFPs will have an option to pay the principal in four quarterly installments at the maturity. MFPs can partially or fully repay their loans before maturity without any penal charges.

4.6 UTILIZATION AND PENALTIES

The penalty on non-compliance will be determined in line with the nature and severity of violations on case-to-case basis, following SBP's practices.

4.7 COLLATERAL AND GUARANTEES

In the case of MFBs, given that the SBP is a regulator of MFBs, and given that the MFBs maintain deposits with the SBP, these deposits will serve as collateral for the line of credit/liquidity extended by the CRF-I. CRF-I funds would be disbursed to NBMFCs/NBFCs without requiring collateral/guarantee.

5 UTILIZATION AND MONITORING

5.1 PROPER UTILIZATION OF THE FUND

The loans shall not be used for the purpose other than defined in these rules. In this regard, the MFPs will ensure that strong internal controls are established. All relevant, federal and provincial acts and SBP/ SECP prudential regulations shall be strictly observed while utilizing the facility. The internal audit of each MFP shall submit a compliance certificate.

5.2 REPORTING AND AUDIT

MFPs shall conduct separate accounting and audit of all loans extended under the CRF-I and submit a summary report on quarterly basis (or as and when required) to the CRF-I Secretariat defining sectors, geographic distribution and gender coverage or any other variable as advised by the Secretariat (**Annexure - 7**), duly attested by internal audit. MFPs shall maintain an MIS on loans extended under CRF-I providing information on full loan processing cycle and a holistic picture of the complete portfolio. The MIS shall be able to generate reports at the portfolio level and borrower level. MFPs shall submit quarterly reconciliation of the project account accompanied by a copy of the bank statement. The Secretariat will monitor financial data, results indicators, and compliance with the CRF-I objectives and criteria on a quarterly basis or more frequently if deemed necessary.

To ensure appropriate usage and compliance with all the terms and conditions, the MFPs will arrange SBP approved external audit of the facility, and the report will be submitted along with summary to the CRF-I secretariat (**Annexure - 9**). Furthermore, SBP inspection teams may carry out unscheduled inspections of the CRF-I portfolio of MFBs for its intended usage and compliance of the terms and conditions of the undertaking signed between CRF-I and the MFPs. The Secretariat may seek clarifications with respect to any deviations and may cancel portions of financing that are not compliant with the requirements of the CRF-I, after giving appropriate notice period. The MFPs will also report the grievances/ complaints and E&S incidents as and when occurred, as per CRF-I ESMS Policy and Procedures.

6 CONTACT DETAILS

1. The contact details at SBP, for the purpose of allocation of limits, return submission, reporting and queries are as follows:

The CRF-I Trust Secretariat

Agricultural Credit & Financial Inclusion Department,
State Bank of Pakistan, I.I. Chundrigar Road, Karachi.

Phone: +92 21 3311-5567/5587

Email: PMD.Reporting@sbp.org.pk

2. The contact details at SBP BSC for operational matters, i.e. limit disbursement, repayment, markup payments, submission of signed documents etc., are as follows:

Financial Inclusion Support Department,
SBP BSC, I.I. Chundrigar Road, Karachi.

Email: FSMD@sbp.org.pk

Phone: +92 21 9922-1990

ANNEXURE – 1: FINANCE RELEASE REQUEST FORM

The Chief Manager,
SBP BSC (Bank),
Karachi.

Date: -----

Dear Sir/ Madam,

Request for Release of Finance Amount
Under Approved Limit of Climate Risk Fund I

- 1- This is with reference to CRF-I letter No. ----- regarding the allocation of limit to us under the CRF-I. In this regard, we hereby submit our application for disbursement of Rs. - ----- (Rupees ----- only). This requested allocation is based on a reasonable estimate of amounts that can be disbursed within three months after availing funds.
- 2- We certify that the details of disbursements under CRF-I will be recorded separately and the summary statement in this respect will be submitted on quarterly basis. Also, the records will be made available to SBP team/ external auditors during on-site inspection/ review.
- 3- We hereby submit/have already submitted the Undertaking and the Demand Promissory Note for the full amount of the limit allowed by CRF-I under the **[CLF/IAL]** conveyed through the abovementioned letter (at Para 1 above).
- 4- We hereby commit to abide by the conditions set forth in the abovementioned letter and the Undertaking and all the other instructions issued by SBP from time to time with regard to the CRF-I beside all the other applicable regulations.

Yours faithfully,

For and on behalf of **MFP**

through its authorized signatories

Date: -----

Signature: -----

Designation: -----

Seal:

Date: -----

Signature: -----

Designation: -----

Seal:

ANNEXURE – 2: FACILITY OFFER LETTER

Date: -----

Facility Offer Letter (FOL) for ----- under the CRF-I

Borrower/ Obligor	[Name of the MFP]-[MFB/NBFC/NBMFC]
Purpose	To promote and support the microfinance sector in Pakistan, by providing, up to the Maximum Exposure Amount, Climate Financing to Qualified MFPs in accordance with the terms of the CRF-I Rules and E&S Policy and Procedures with a view to enhance access to microcredit and/or support persons and businesses impacted by, and/or projects that build resilience to climate risk and other challenges arising due to climate change.
Lender	Climate Risk Fund I - Government of Pakistan (GOP)
Geographical Scope	Territorial Limits of Pakistan
Security/Collateral	The MFPs must submit a Demand Promissory Note to Trustee [SBP/SBP BSC] along with Undertaking.
Facility Type	Demand Finance
Facility Amount	PKR ----- Million
Tenor	----- Years
Pricing	Six (6) Months KIBOR minus ----- bps (KIBOR Offer side on the first day of the markup period i.e. 1 st January for Jan-Jun and 1 st July for Jul-Dec), payable by 15 th of the subsequent month of half year.
Achievable/ Targets	The MFP shall ensure that: <ul style="list-style-type: none"> 1- all loans disbursed comply with E&S Policy and Procedures 2- develop a Stakeholder Engagement Plan 3- develop Labor Management Procedures 4- disclose their E&S policy on website

Other Terms and Conditions

- a. The MFP is required to communicate its acceptance within one week of this FOL.
- b. The MFP shall sign an undertaking with the Trust/ Trustee before disbursement of the loan.
- c. The facility availed by MFP should be disbursed to the target borrowers within three (03) months of availing funds. In case of non-compliance, the facility given to respective MFP will be discontinued along with recovery of funds that remained un-utilized.
- d. Trust/ Trustee shall conduct a periodic review of the portfolio. In case of non-satisfactory performance, Trust/ Trustee shall have the right to recall the partial/ full outstanding loan amount.
- e. MFP will maintain separate accounting of transactions under CRF-I and reconciliation of the funds to ensure utilization of the same for specific purpose.
- f. MFP will be required to provide the list of “Authorized Signatories” for correspondence as well as signing of the Undertaking, and details of “Bank Account” for transfer of funds.
- g. In case of any dispute among the stakeholders under CRF I, the decision of Trust/ Trustee would be considered as final.

- h. Trust/ Trustee and/ or its representatives shall have access to financial records of the MFP as well as the partner institution related to the CRF-I.
- i. Trust/ Trustee shall have a right to call back the loan amount if the registration/ license of the MFP is cancelled/ withheld/ withdrawn by the SECP/ SBP due to any reason whatsoever.
- j. The MFP shall abide by all the conditions set under the Undertaking, DP note, Finance Release Request Form, and all other instructions issued from time to time.

Accepted and agreed on this _____ day of _____, 20_____.

For and on behalf of

through its authorized signatories

Date: -----

Date: -----

Signature: -----

Signature: -----

Designation: -----

Designation: -----

Seal:

Seal:

ANNEXURE – 3: UNDERTAKING

The Chief Manager,
SBP BSC (Bank),
Karachi.

Dear Sir/Madam,

This is in consideration of making available to us a line of credit (LOC) under Climate Risk Fund I [Trust]; not exceeding Rs. ----- (Rupees----- only), through letter No.----- dated ----- against which we are delivering to you a Demand Promissory Note made by us in your favor.

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

- a. We shall pay/ repay the principal and mark-up amount of finance and any other charges thereon to you in accordance with the agreed schedule of payment. In no case, our liability to pay/ repay you the principal amount of finance, or mark up or any other charges thereon shall be dependent upon the recovery from the borrowers nor shall our liability be affected by any default on part of the borrowers.
- b. As security for the said finance, we are delivering herewith a bill of exchange/ demand promissory note of the assigned limit, and also on each occasion of enhancement (if any) we shall deliver to you, bills of exchange/ demand promissory notes duly endorsed in your favor, as are acceptable to you and drawn on and payable in Pakistan.
- c. We undertake that we shall not extend finance in terms of this agreement unless we are satisfied that all parties liable there under are financially sound and credit worthy. Further, the risk of default will be borne by us.
- d. We shall not sanction finances for any purpose other than those prescribed under the CRF-I rules, this Undertaking and CRF-I E&S Policy and Procedures. We shall also obtain a declaration from our customers to the effect that the funds or any part thereof should not be utilized except for the purpose spelt out in the CRF-I Rules and E&S Policy. We shall also make reasonable effort to verify the authenticity and applicability of such declaration by the customers during tenure of the loans.
- e. Further, we shall:
 - I. Make all reasonable efforts to ensure that environmental and social performance of sub-loans is in compliance with the applicable Environmental and Social requirements, as specified below, through adequate implementation of the CRF-I E&S Policy and Procedures:
 - (i) applicable Environmental and Social national and local laws and regulations of Pakistan;
 - (ii) Environmental and Social Management System (ESMS) is in place; and
 - (iii) List of Excluded Activities set forth in Appendix to E&S Policy and Procedures

- II. Implement the mitigation and management measures specified in the Environmental and Social Management Plan (ESMP) as contained in CRF-I E&S Policy, where such plan is necessary.
 - III. Provide an annual E&S reporting to Secretariat on format communicated by Trustee within 90 days after the end of each calendar year.
 - IV. Manage the working conditions of our workforce in accordance with relevant aspects of the World Bank Performance Standards on Labor and Working Conditions as described in E&S Policy and Procedures.
 - V. Within three days of occurrence, we will require our borrowers to notify us, and in turn, we will notify Trustee/Trust of any social, labor, health and safety, sexual, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, any material impact on compliance with applicable E&S requirements.
 - VI. Maintain an easily accessible grievance redressal mechanism acceptable to Trust/Trustee to address feedback and grievances relating to the bank's investment activities.
 - VII. Maintain updated E&S policy and ESMS on website.
- f. We agree that notwithstanding anything contained elsewhere in this Undertaking, the amount of this finance along with markup will become due and payable, if we commit breach of any of the terms and conditions of this Undertaking.
 - g. Mark-up amount shall be payable by us to you on every half-year end i.e. June 30 and December 31, while payment of principal will be made in the last four quarters of the loan period or in bullet form, or as agreed. If any of these dates fall on holiday, the next working day will be considered the due date for payment.
 - h. Trustee shall have a right to charge penal interest and penalties in any form in case any of the loan covenants/ rules e.g. disbursement of loans for any purpose other than those prescribed under the CLF/IAL, misreporting etc. are not met by us in any form whatsoever.
 - i. Trust/ Trustee shall have access to our financial records related to the CRF-I.
 - j. For the purpose of markup calculation, average daily balance of 360 days would be considered as a year.
 - k. You are hereby authorized to collect penal markup and/ or penalties in any form and principal and mark-up from our account in case we fail to make payments on due dates, without seeking debit authority from us. You shall also be entitled to charge fine on us, at a rate specified by Trust/ Trustee from time to time and also retrospectively, on our failure to make payment whether on account of inadequate balance in our account or otherwise.
 - l. You have our authority to debit all of our accounts now held or held hereafter or adjust any money 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 Undertaking.

- m. 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,

For and on behalf of the **MFP**

through its authorized signatories

Date: -----
Signature: -----
Designation: -----
Seal:

Date: -----
Signature: -----
Designation: -----
Seal:

Witnesses

Name: -----
Signature: -----
CNIC: -----
Address: -----

Name: -----
Signature: -----
CNIC: -----
Address: -----

ANNEXURE – 4: DEMAND PROMISSORY NOTE

Place:

Date:

Amount Rs.

On demand, we ----- (the MFP) promise to pay the Trustee (SBP/SBP BSC) of the Climate Risk Fund I (CRF-I) or order the sum of Rs. -----/ (Pak Rupees ----- only) for value received plus markup @ ----- (KIBOR offer side) per annum plus fines and charges determined by Trustee (SBP) for financing under the CRF-I.

For and on behalf of the **MFP**

through its authorized signatories

Date: -----

Date: -----

Signature: -----

Signature: -----

Designation: -----

Designation: -----

Seal:

Seal:

ANNEXURE – 5: REQUEST FOR ALLOCATION OF LIMIT FORM

The Secretariat,
Climate Risk Fund-I (CRF-I),
Agriculture Credit & Financial Inclusion Department (ACFID),
State Bank of Pakistan, Karachi

Dear Sir/Madam,

With reference to Circular No. ---- /----- dated ----- issued by the Agriculture Credit and Financial Inclusion Department (ACFID) of State Bank of Pakistan (Secretariat to the CRF-I) conveying the availability of funds under the Climate Risk Fund I (CRF-I); we submit herewith request for allocation of limit under the [CLF/IAL] for an amount of Rs. ----- (Pak Rupees -----).

For and on behalf of the **MFP**

through its authorized signatories

Date: -----

Date: -----

Signature: -----

Signature: -----

Designation: -----

Designation: -----

Seal:

Seal:

ANNEXURE – 6: INFORMATION REQUIRED FOR SCREENING PROCESS

Please submit all the documentary evidence along with **Annexure-6** at:
PMD.Reporting@sbp.org.pk

Table 1: Information Required for Initial Screening*		
As of latest Financial Year		
Parameters/Indicators		Applicant Response (Yes/No)
1	Registration Certificate/License from SBP/SECP, as applicable	
2	Evidence of three years of services, by the Incorporation certificate/Date of commencement of business, attached	
3	Compliance certificate with AML / CFT rules, attached	
4	Declaration of compliance signed by the Company Secretary with the Code of Corporate Governance, attached <i>For MFBs (SBP PRs)</i> <i>For NBFC/NBMFCs (SECP PRs)</i>	
5	Last three years annual audited accounts, attached <i>If available online, please provide the link to website</i>	
6	Have a three-year average Operational Self-Sufficiency above 100% (OSS = Operating revenue / (Financial expense + Loan-loss provision expense + Operating expense) <i>Operating Revenue must not include investment income</i>	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
7	The MFP must provide the following information at the time of submission <i>(amount or number, as the case may be)</i>	
7a	Staff Headcount	
7b	Total Number of branches	
7c	Total Number of active clients	
7d	Total Outstanding Loan portfolio	
7e	Non-performing Loans (GLP overdue by 30 days)	
	<i>*Missing information would render the applicant ineligible</i> <i>T means the latest financial year</i>	

Table 2: Information Required for Full Assessment - Financial and Social Performance		
As of latest Financial Year		
Parameters/Indicators		Institution Response
1	Capital Adequacy Ratio (CAR) – For MFBs	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
2	Debt to Equity Ratio (D/E) – For NBMFCs/NBFC	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
3	Return on Assets (ROA) before tax	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
4	PAR 30: Portfolio at risk (30 days) / Gross loan portfolio	
	Year 1 (T)	

	Year 2 (T-1)	
	Year 3 (T-2)	
5	Write-off ratio: Value of loans written off / Average gross loan portfolio	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
6	Number of Female Borrowers	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
	Year 4 (T-3)	
7	Amount of Outstanding Agriculture Financing	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
	Year 4 (T-3)	
8	Gross Loan Portfolio	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
	Year 4 (T-3)	
9	Number of Total Outstanding Borrowers	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
	Year 4 (T-3)	
10	Number of New Outstanding Borrowers	
	Year 1 (T)	
	Year 2 (T-1)	
	Year 3 (T-2)	
	Year 4 (T-3)	
11	Average Monthly High-Quality Liquid Assets (HQLA) – (T) = (Cash and Cash-Like Assets + Government Securities)	
12	Average Monthly Deposit Outflows (including those matured) – (T)	
13	Average Monthly Inflows – (T)	
14	Average Monthly Outflows (including matured liabilities) – (T)	
*Non-compliance with the regulatory capital and leverage requirements at Sr. 1 and 2 or higher infection ratio in portfolio at Sr. No. 4 and 5, would render the institutions ineligible for finance		
* T means latest Financial Year		

Table 3: Information Required for Assessment of Operational Performance As of Latest Financial Year	
The following is the status of compliance with respect to prudential regulations.	
Areas	MFPs Response (Yes/No)
1. Risk Management	
2. Internal Controls	
3. Corporate Governance	
4. IT operations and Security	
Notes:	
1. For MFBs, SBP PRs will be applicable.	
2. For NBFC/NBMFCs, SECP PRs will be applicable.	

3. The information provided on operational performance by MFPs will be validated from the latest available supervisory reports/ratings of SBP/SECP.

Date _____

Date _____

Signature _____

Signature _____

Stamp: _____

Stamp: _____

Name: _____
(CFO/Company Secretary)

Name: _____
(Chief Internal Auditor)

ANNEXURE – 7: QUARTERLY UTILIZATION REPORT

Table 1: Loan Portfolio						
Particulars	Disbursed Portfolio			Outstanding Portfolio		
	Amount PKR	Loans #	Borrowers #	Amount PKR	Loans #	Borrowers #
Loans						
Total <i>(cumulative)</i>						
New <i>(during reporting period)</i>						
Tenor						
Up to 6 Months						
Up to 7-12 Months						
Up to 1-2 Years						
>2 Years						
Location*						
Rural						
Urban						
Gender						
Male						
Female						
Transgender						
Loan Sizes						
Up-to 100K						
100K-200K						
200K-300K						
300K-400K						
>400K						
Loan Type						
Livestock						
Poultry						
Fisheries						
Forestry						
Dairy						
Crops						
Housing						
Trade/Services						
Renewable Energy						
Transport						
Education						
Enterprise						
Collaterals						
Clean Lending						
Deposit						
Gold						
Pension Book						
Salary						
Social Collateral						
Post Dated Cheques						
Asset Ownership Document						
Asset Leasing						
Passbook						
Classification Status						
Regular						
Close						
Watch list						
OAEM						
Substandard						
Doubtful						
Loss						
Charge Off/Write off						
Day Past Due						
0-30 Days						
31-60 Days						
61-90 Days						
91-180 Days						
>180 Days						

Table 2: Loan Categories & Averages						
Loan Categories	Average Flat Rate	Average APR	Average Tenor	Max Loan Size	Minimum Loan Size	Average Loan Size
	%	%	Years	PKR	PKR	PKR
Overall						
New loans only						
Rural						
Urban						
Male						
Female						
Transgender						
Livestock						
Poultry						
Fisheries						
Forestry						
Dairy						
Crops						
Housing						
Trade/Services						
Renewable Energy						
Transport						
Education						
Enterprise						

*Rural/Urban to be decided as per the location of MFP's branch

Date _____

Date _____

Signature _____

Signature _____

Stamp: _____

Stamp: _____

Name: _____
(CFO/Company Secretary)

Name: _____
(Chief Internal Auditor)

**ANNEXURE – 8: SPECIMEN SIGNATURE OF AUTHORIZED SIGNATORY
TEMPLATE**

The Chief Manager,
SBP BSC (Bank)
Karachi.

Date: -----

Specimen Signature of Authorized Signatories

Dear Sir/Madam,

This is in consideration of making available to us a line of credit via letter no. -----
----- under CRF-I, not exceeding Rs. -----/- (Pak Rupees -----
-----).

Please find below the specimen signatures of authorized signatories for the facility:

Sr. No	Name	Designation	CNIC	Signatures

Your Sincerely,

For and behalf of the MFP

Name: -----

Designation: -----

Signature: -----

Stamp: -----

ANNEXURE – 9: SCOPE OF THE ANNUAL AUDIT

The Secretariat,
Climate Risk Fund I (CRF-I),
Agriculture Credit & Financial Inclusion Department (ACFID),
State Bank of Pakistan,
Karachi.

Certificate of Compliance with the Scope of Audit

Pursuant to the requirements under CRF-I rules and E&S Policy and Procedures of CRF-I, this is to certify that for the reporting period ending -----, -----[name of institution] has duly complied with all applicable terms and conditions, and reporting requirements as stipulated under the aforementioned rules and policy.

We confirm and verify that the institution meets the following:

1. compliant with the terms and condition spelt out in the Facility Offer Letter (FOL), Undertaking, DP note, CRF-I rules and E&S Policy and Procedures
2. data submitted as per **Annexure - 6** at the time of application was duly audited and certified
3. all loans were disbursed for the purposes described in the aforementioned documents
4. markup payments were made on schedule
5. principle amount was paid on or before the maturity date of loans
6. all loans were disbursed to financially sound and credit worthy borrowers
7. all loans were disbursed to borrowers within three months of the availing funds
8. easily accessible grievance redress mechanism is in place
9. have an approved stakeholder engagement plan to disseminate information through accessible and inclusive methods
10. Maintain approved labor management procedures in consonant with applicable national and provincial labor laws and World Bank Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions
11. maintain approved procedures for managing risks related to Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) at the workplace, manages SEA/SH related grievances through appropriate referral mechanisms
12. board approved E&S policy is publicly available on website
13. financial statements for last three years are publicly available on website
14. compliant with AML/CFT, principles of corporate governance

The detailed audit report is attached.

Date _____

Signature _____

Stamp: _____

Name: _____

(External Auditor)