



ERD/M&PRD/PR/01/2021-46

May 4, 2021

## **State Bank of Pakistan and Unilever Pakistan join hands to promote Renewable Energy**

Governor State Bank of Pakistan (SBP) Dr Reza Baqir has said that financing for sustainable development is the need of the hour and Financial Institutions have a crucial role in this area. He was addressing a webinar jointly hosted by SBP and Unilever Pakistan to create awareness about the SBP's Renewable Energy Financing Scheme which has been used by Unilever to convert 30% of its factories to renewable energy.

Dr. Baqir stated that the Pakistan faces challenge as a result of climate change and adopting prevention strategies are of paramount importance. In this regard he pointed out that the SBP has issued Financing Scheme for Renewable Energy (<https://www.sbp.org.pk/Incen-others/sme-4.asp>) with a view to promote renewable energy projects. Governor Baqir highlighted the key features of the scheme that can be beneficial for the stakeholders ranging from the corporates to the individuals. The scheme has evolved over time and received strong response and Dr. Baqir urged participants to benefit from this facility. As of February 2021 financing of around Rs36 billion have been extended for 521 projects producing approximately 850 MW. He went on to add that mobilization of financial resources towards resource efficient and sustainable avenues would play a central role in mitigating climate change. Pakistan is member of Global Sustainable Banking Network (SBN) since 2015 and green/ sustainable finance policies are being aligned with global environmental and social standards and best practice.

Chairman and CEO of Unilever Pakistan, Mr. Amir Paracha in his address said that the Renewable Energy Financing Scheme offers tremendous social and business value to companies and producers both in terms of their environmental footprint and cost savings ambitions. The financing scheme in Pakistan has enabled them to fast-track their renewable energy goals whilst remaining financially feasible. He mentioned that Unilever is sharing this as a best practice for other corporate players, as its sustainability in its best form. They are benefitting the country and environment whilst their own business has seen a positive impact.

SBP's Renewable Energy Financing scheme is an innovative solution that aims to encourage investments for clean energy in Pakistan. This is part of the country's efforts to diversify the energy mix and reduce climate change impact. The scheme offers varied financing options ranging from PKR 400 million to PKR 6 billion for a range of entities and persons. This includes captive energy units as well as commercial projects and individual consumers who may share excess production with the national grid. The SBP issued its Financing Scheme for Renewable Energy in 2016 and based on positive feedback the scheme was revised in July 2019. SBP also introduced a Shariah compliant version of this Scheme in August 2019. The scheme aims at meeting Pakistan's growing electricity demand through renewable energy and promoting clean energy projects as part of Sustainable Development Goals (SDGs). It promotes the use of indigenous resources such as wind, solar and hydro to generate electricity as well as encourages the use of renewable energy at consumer level to support NEPRA's Net Metering Regulations.



As part of this financing scheme, Unilever availed a loan of PKR 833 million through Standard Chartered Bank to set up 8.85 MW of renewable energy production facilities across four factories in Punjab. This effort is in line with Unilever’s global mission for carbon neutrality and sustainability in its manufacturing process. Unilever has committed to remove carbon emissions from operations by 2030, as well as net zero emissions from their products by 2039, which will be 11 years ahead of the 2050 Paris Agreement. The renewable energy solution was implemented by Reon Energy Limited, producing 13 million KW units of energy per year, resulting in annual savings of PKR 182 million and a reduction in 5,075 tons of CO2 emissions. The impact of projects such as the one implemented by Unilever prove the benefits of adopting renewable energy solutions by the wider industry in Pakistan.

The webinar was attended by various chambers, media organizations, Presidents and CEOs of banks, energy experts, representatives of Pakistan Business Council and senior officials from SBP.

\*\*\*\*\*