



External Communications Department

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Governor SBP Stresses the Need for Increasing Credit Allocation to Climate-Resilient Projects

Governor of the State Bank of Pakistan (SBP) emphasized the need to substantially increase credit allocation to projects that enhance climate resilience and promote environmentally sustainable growth. "It is essential that we leverage our financial sector's potential to align with the global shift toward sustainability, thereby contributing to both our national priorities and international commitments," said the Governor at the event titled, "Enabling Green Financing and Green Bonds via Credit Enhancement Solutions," organized by InfraZamin Pakistan.

The Governor's address focused on two main themes i.e, Pakistan's vulnerability to climate change and urgency of effectively tackling this challenge. He contextualized Pakistan's vulnerability to climate change, highlighting the progress made so far and the role of stakeholders, especially policymakers and the financial services industry, in developing viable solutions. The Governor highlighted the global urgency to address climate change, citing massive natural disasters such as the catastrophic floods in 2022, which caused economic losses of approximately \$30 billion in Pakistan.

Mr. Ahmad reiterated Pakistan's commitment to the Paris Agreement, which includes reducing emissions by 15 percent by 2030, with an additional 35 percent reduction contingent upon external financing. He also noted plans to generate 60 percent of all energy from renewable sources. He also elaborated on the significant strides made by Pakistan despite macroeconomic challenges, and the critical role played by SBP. He shared that SBP has introduced refinancing schemes for renewable energy, disbursing Rs. 94.7 billion by end of June 2024, financing more than 4,500 renewable energy projects with a cumulative energy generation capacity of almost 2,061 MW. SBP has issued comprehensive Green Banking Guidelines to enable regulated entities to recognize and manage environmental risks arising from their operations.

In collaboration with the World Bank, SBP is developing a comprehensive Green Taxonomy to establish a standardized framework for the classification of green and transitional activities. "This will provide a clear framework for identifying and classifying green and transitional activities, facilitating the flow of capital into sustainable projects," added Mr. Ahmad.

The Governor shared that SBP has included climate change risk as a key theme in its Strategic Plan 2023-28. This Plan outlines a range of goals and policy initiatives for the next five years to ensure sustainable growth. "This theme aligns with other themes in the Plan, including technological innovation, diversity and inclusion, productivity and competitiveness, and strategic communications," said the Governor.

The event also featured addresses from Mr. Philip Skinner, Head of Middle East, North Africa, and Pakistan at GuarantCo & Origination Lead at Nature at PIDG, Ms. Maheen Rahman, CEO of InfraZamin Pakistan and Mr. Muneer Kamal, CEO and Secretary General of the Pakistan Banks' Association.
