

## ***High-Level Plenary:***

### **Green Financing for Clean Energy Transition in Pakistan**

Global warming has led to an accelerated increase in temperatures over the past 150 years. Since the Industrial Revolution, temperatures have increased by slightly over 1°C, and could increase by 3-5°C by the year 2100 as per the current trajectory (MEFIN 2020). As a corollary of the accelerated temperature increase, extreme weather events have become the norm and are causing more and more damage – often unprecedented. Global losses from adverse weather events in 2017 reached a record USD 320 billion (Ibid.). However, the vulnerability of countries to the occurrence of such events, and the associated losses they incur, varies.

Pakistan's vulnerability to the effects of climate change is well known and documented. Pakistan was ranked 8<sup>th</sup> on the GermanWatch long-term Climate Risk Index (2021) despite the country's total contribution to the global Greenhouse Gas (GHG) emissions being only 0.9% (439.49 MtCO<sub>2</sub>e) the preceding year (Climate Watch 2020). However, the recent floods in Pakistan in 2022 have led to an enormous amount of economic cost due to life and livelihood losses, infrastructure destruction and loss of agricultural land and much more, highlighting the vulnerability of the country despite its small global GHG footprint.

Facing the prospect of huge losses owing to an increase in the frequency of adverse events, Pakistan pledged to reduce its carbon emissions by 50% compared to its business-as-usual scenario in its 2021 Nationally Determined Contributions (NDCs) by 2030 (GoP 2021). 35% of its projected emissions reduction is conditional on international financial support, while 15% is unconditional. Preliminary assessments estimate the cost of its green energy transition alone at USD 101 billion by 2030, and an additional USD 65 billion by 2040. Despite the obvious and critical need to promote green financing, there is an absence of a conducive and sustainable policy framework which caters for environmental risk management, or green investments and financing. Pakistan only taps a tiny portion of the funding it could tap to achieve its climate targets and to tackle the Just Energy Transition. This is especially true for tapping private sector which comprises of 80% of the potential funding.

Hence, there is a need for tangible steps to reduce risks around green financing and green products and services. Key stakeholders such as the Pakistan Stock Exchange (PSX) along with the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) have a crucial role in promoting green financing, green shares and green trade.

With a broad and inclusive panel of experts, ranging from key stakeholders from banks and Development Finance Institutions (DFIs) to representatives from the public and private sectors as well as from the Non-Governmental Organisations (NGOs), this high-level plenary aims to tackle the following questions:

- What tangible steps has Pakistan taken to increase access to green finance, and what further steps need to be taken to scale up green finance post-COP27?
- How can Pakistan make the best use of its scarce resources and access to international capital, while learning from global best practices in terms of utilising green finance efficiently?
- How can developing countries in general, and Pakistan in particular, highlight their increased vulnerability to adverse events on the international stage and make a case for access to global green finance in proportion to the threats faced?
- What role could green financing play to mitigate the climate related threats faced by marginalised communities to ensure a just and inclusive adaptation pathway?

- Which are the most important shortcomings inhibiting rapid establishment of a thorough green financing system in Pakistan?

### **References**

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GoP 2021, 'Pakistan Updated Nationally Determined Contributions 2021,' Government of Pakistan, <<https://unfccc.int/sites/default/files/NDC/2022-06/Pakistan%20Updated%20NDC%202021.pdf>>.

MEFIN 2020, 'Climate and Disaster Risk Management Strategies are Essential in the face of Increased Frequency and Severity of Climate-Related Extreme Weather Events,' Climate Risk Briefing Paper, Mutual Exchange Forum on Inclusive Insurance, May, <<https://mefin.org/climate-risk-insurance.html>>.

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