



## “Sustainability through green financing & environmental compliance in textile sector” Seminar hosted by NTU & WWF

A day-long seminar on “Sustainability through green financing & environmental compliance in the textile sector” was co-hosted in Karachi by the National Textile University (NTU) Karachi Campus and WWF-Pakistan.

The seminar was organised under the aegis of the International Labour and Environmental Standards Applications in Pakistan's SMEs (ILES) project (2016-2022) funded by the European Union, and implemented by the International Labour Organization (ILO) and WWF-Pakistan, aims to improve national compliance with international labour and environmental standards. It provides necessary policy and capacity-building support to the federal and provincial governments and extends hands holding and capacity-building support to the enterprises from the textile industry. It has introduced its targeted enterprises to different approaches or methodologies

that enable them to reduce waste production, ensure efficient resource utilization as well as have better working conditions. Which in turn enables them to increase productivity and be more environmentally friendly. The project aims to contribute significantly to increasing competitiveness, as well as promote sustainable and inclusive growth in the textile sector in Pakistan.

The textile sector is central to Pakistan's economy and depends on the contributions of small and medium-sized enterprises (SMEs). These enterprises across sectors contribute to around 30 per cent of Pakistan's Gross Domestic Product (GDP) and account for an estimated 80 per cent of all enterprises in the textile sector (World Bank 2009; IFC et al. 2016). However, the unsustainable use of resources and poor environmental management practices, evident by the high levels of water and chemical

consumption and contamination, present a major threat to the sustainability of these sectors (Linstead 2015; Pakistan 2007, 2013). Despite relatively abundant water resources and regular monsoon rains, water shortages are expected in Pakistan (particularly in Karachi as well as around Lahore, Faisalabad, Rawalpindi and Sialkot), with estimates that the country will be water-scarce by 2035 (IFC et al. 2016, p.122).

These environmental challenges are compounded by a variety of factors including a weak and dispersed regulatory regime to ensure industrial compliance with environmental laws; ground and surface water pollution and overuse; and mounting industrial growth and urbanisation, with only 1 per cent of wastewater currently treated by textile firms before discharge (Hengstmann 2020) into seas and water bodies (rivers, irrigation channels).

The situation is further exacerbated by the concentration of water-intensive production in several industrial clusters. In light of these intersecting challenges, WWF-Pakistan's International Labour and Environmental Standards Application in Pakistan's SMEs (ILES) project has set out to improve water and resource management practices and energy consumption in the textile sectors, especially by resource-intensive SMEs,



through multi-stakeholder approaches. The means for achieving these goals lies within the establishment of partnerships between various stakeholder groups, including SMEs, public authorities, intermediaries working with SMEs, financial institutions, and multinational corporations (MNCs).

**The objective of the seminar includes:**

- ❖ Streamline and strengthen the regulatory regime and environmental compliance, including through mandates for green financing in the financial sector;
- ❖ Support training programmes around green financing and SCP for regulators, financiers, intermediaries and SMEs;
- ❖ Expand technical assistance to banks to develop activities in line with the Green Banking Guidelines (GBG), especially in support of environmental risk assessment and green business facilitation;

- ❖ Integrate environmental risk management into the core business of both SMEs and financial institutions through the adoption of robust risk assessment frameworks and practices;
- ❖ Share knowledge and best practices among stakeholders on green financing needs and opportunities across Pakistan with particular attention to disseminating effective environmental risk management and green business facilitation approaches, and
- ❖ Design tailored products that enable green investments by SMEs while responding to their specific investment needs and available financial data

The dignitaries on the DICE were Prof. Dr Tanveer Hussain (Rector NTU), Prof. Dr Khalid Pasha (Director NTU-KC), Assistant Prof. Dr Qamar Khan, (HoD Textile and Clothing NTU-KC) and Guest Speaker Mr Muhammad Abdullah Manager ILES Freshwater Programme WWF-Pakistan.

This seminar has served as the basis for the future development of comprehensive Green Credit Guidelines (GCGs) supported by tailored financial mechanisms for SMEs to invest in environmental sustainability, particularly in Pakistan's textile sector for the following expected results.

- a) Capacity of Federal and Provincial Environmental Administration strengthened to enforce environmental laws and standards in Pakistan.
- b) Improves the buy-in and institutional capacities of financial institutions to absorb and disperse capital through tailored green financing products for SMEs, and
- c) Textile sector SMEs implementing low carbon production practices through reduced water and energy footprint.
- d) Builds the knowledge and financial management capacities of SMEs to better access and allocate debt-based financing for green investments. ♦

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