SDGs & Sustainability

Pakistan Banking Sector Perspective

March 2022

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Foreword - State Bank of Pakistan

Pakistan made a commitment to the United Nations Sustainable Development Goals (SDGs) in 2016 by incorporating them into its development agenda. While the SDGs are challenging, Pakistan has made steady progress toward their achievement with the support of key stakeholders.. In this context, I am pleased to share that in collaboration with the State Bank of Pakistan (SBP), the United Kingdom Islamic Finance Council (UKIFC) and leading private banks have formed the 'Global Islamic Finance and UN SDGs Task Force – Pakistan Chapter'. This has demonstrated multi-stakeholders commitment towards achieving SDGs. This is surely a step in the right direction and would encourage other financial institutions to follow suit.

The SDGs cater to 17 different areas that help in achieving sustainable growth and the State Bank of Pakistan (SBP) has also worked towards their attainment. With regards to SDG-5, one key recent initiative aims at transforming financial institutions to be more diverse and inclusive by advising them to institutionalize gender intentional policies and practices and increase female financial inclusion. Similarly, in reference to SDG-13 pertaining to 'Climate Action', the Green Banking initiative of SBP is designed to inculcate environmental considerations in banking products, services and operations. To improve compliance with environmental laws and regulations, SBP issued Green Banking Guidelines and would continue to further strengthen these in light of the global best practices. In a major step to encourage the adoption of renewable energy sources, SBP also launched Financing Scheme for Renewable Energy which has proved very successful.

Linked to SDG 9, 'Industry, Innovation and Infrastructure', SBP has also led with initiatives to make the overall payment system more robust, efficient and in line with global best practices. ***Raast,*** our Instant Payment System is a major example of improving infrastructure and fostering innovation.

This report is unique in that it focuses on the current state of play in the banking industry in Pakistan with regards to sustainable banking. Within the horizon of the overall banking industry, Islamic banking naturally has strong linkages with SDGs. Islamic banking specifically caters to a segment that would otherwise be financially excluded; therefore the growth of Islamic banking will embrace several SDGs. On this front, I understand that with a special focus on UN Principles on Responsible Banking, the 'Global Islamic Finance and UN SDG Task Force – Pakistan Chapter' is playing an important role in encouraging banks in Pakistan to adopt these Principles.

I hope that this report will prove to be an important intellectual resource for bankers, investors, academics and the public at large. The State Bank of Pakistan looks forward to continued collaboration and cooperation with the UKIFC in its future endeavours.

Dr. Reza Baqir
Governor
State Bank of Pakistan

The State Bank of Pakistan has always fully supported the implementation of SDGs.

Knut Ostby
Resident Representative
UNDP Pakistan

The report's acknowledgment of the importance of the Sustainable Development Goals to achieve inclusive and equitable growth is a vision shared by UNDP Pakistan

Message from UNDP

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. They aim to address the challenges we face as nations and communities, to ensure growth that is both inclusive and sustainable.

As one of the first countries to pledge its commitment to the 2030 Agenda, Pakistan passed a National Assembly Resolution in February 2016, declaring SDGs as the country's National Development Goals. With this, Pakistan made a commitment to prioritize progress for those who are furthest behind. However, financing for development remains a key challenge in this endeavour.

The private sector has a fundamental role to play if the world is to achieve the SDGs. The UN estimates that there is a USD 2.5 trillion annual gap in the USD 5 to 7 trillion investments required to meet these targets. This has become all the more important in the wake of the COVID-19 pandemic, which has wreaked havoc on global economies and systems of social resilience.

In this context, we welcome the UKIFC report on the private sectors' engagement with themes of the SDGs and sustainability. The report's acknowledgment of the importance of the Sustainable Development Goals to achieve inclusive and equitable growth is a vision shared by UNDP Pakistan, aligning as it does with our own work on SDG Investments and Financing for Development.

To ensure that financing for COVID-19 recovery is aligned with the SDGs, UNDP partnered with the Government of Pakistan to produce the Pakistan SDG Investment Report 2021, to identify and prioritize investments in the sectors of climate change, social services, infrastructure, information technology, as well as flexible investment solutions for global investors. This forms the basis of the extensive work UNDP is doing under its flagship SDG Impact Initiative, the SDG Investor Map. The Map will empower investors with clarity, insights, and tools for exploring exciting new avenues to expand the pool of public and private sector financing for targeted sustainable development projects in Pakistan.

For this reason, it is especially heartening to see the private sector's emphasis on the SDGs, and potential areas of focus for sustainable growth. We welcome more initiatives like these, which aim to enhance private sector awareness and endorse the foundational promise of Agenda 2030: To leave no one behind. UNDP Pakistan is committed to working with the private sector to leverage investments in public sector development projects aligned with the country's Sustainable Development Goals.

Executive Summary

In February 2016, Pakistan became one of the first countries to adopt the 2030 Agenda of SDGs as the national development agenda after getting approval from the National Assembly. The Government of Pakistan has since prioritized fostering and improving sustainable development, the most monumental being the National Initiative for SDGs, a five-year project to institutionalize the 2030 Agenda. At the national level, the Federal SDGs support unit was established within the Ministry of Planning, Government of Pakistan with a mandate to advise and coordinate with respective ministries and prepare departments for a smooth implementation of the SDGs. Besides, four provincial support units for Sindh, Punjab, Balochistan, and Khyber Pakhtunkhwa were established. All these support units follow the UN guidelines on mainstreaming, acceleration, and policy support for SDGs to localize the ambitious and universal SDG framework in the context of Pakistan.

Pakistan's economy is currently facing dual challenge of climate change and inefficiencies in energy generation and distribution systems. To overcome these challenges, SBP has been proactively promoting Green banking related initiatives. Under the umbrella of Green banking, SBP issued the Financing Scheme for Renewable Energy (RE Scheme) in 2016 with a view to promote renewable energy projects in the country. Under the scheme, financing is available for power generation of up-to 50 MWs at maximum 6% end-user rate, using alternative / renewable energy sources (i.e., solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel). As of June 30, 2021, a total of 717 projects have been financed, with potential of adding 1,082 MWs of energy supply through renewable sources.

In line with the objectives of SDG-13 which requires action to combat climate change and its impacts, the Government of Pakistan has adopted measures to promote the upgrading of existing conventional brick kilns into modern zigzag technology-based brick kilns to reduce carbon emissions. Accordingly, SBP enhanced the scope of its refinance scheme for modernization of SMEs in 2019, to include a financing facility for upgradation of conventional brick kilns into modern zigzag technology-based brick kilns.

Considering the importance of housing and construction finance (SDG 11), State Bank of Pakistan has undertaken a variety of measures to boost financing for this sector through banking channels. In this regard, State Bank advised banks to gradually increase their credit to housing and construction sector to at least 5% of their domestic private sector advances during the CY 2021. This target was largely met by the banks with credit to housing and construction sector reaching to Rs 367 billion as of December 2021 compared to Rs 192 billion as of December 2020. For CY 2022, State Bank has increased this target from 5% to 7%.

Further, in order to provide opportunity to the individuals and households who currently do not own their houses to purchase or construct their own houses, State Bank has introduced Government's Markup Subsidy Facility for Housing Finance which is commonly known as Mera Pakistan Mera Ghar (MPMG) Scheme. Under this Scheme, Government provides markup subsidy, allowing banks to extend housing finance to the extent of Rs 10 million for a tenor upto 20 years to the eligible borrowers. Under this Scheme, banks have received applications worth more than Rs 276 billion as of end-December 2021, of which Rs 117 billion has already been approved. Banks have disbursed more than PRs 38 billion as of December 31, 2021 under this scheme.

Diversity and inclusivity are prerequisites of sustainable financing. Women's active participation is crucial to unleash the social and economic potential of any country and this cannot be realized without improving women's financial inclusion and addressing the gender gap within it (SDG-5). In Pakistan, there is a gender gap in access to financial services and to reduce this gap, State Bank of Pakistan has launched a gender mainstreaming policy titled "Banking on Equality: Reducing the Gender Gap in Financial Inclusion", which aims to improve women's access to financial services and create a gender balance in financial institutions policies and practices.

The State Bank of Pakistan has launched a gender mainstreaming policy titled "Banking on Equality: Reducing the Gender Gap in Financial Inclusion"

The launch of RAAST, Pakistan's first instant payment system, enabled end-to-end digital payments among individuals, businesses and government entities instantaneously (SDG-9). The Bank also introduced licensing and regulatory framework for setting up digital banks in Pakistan, promoting the move towards digitization as a greater pace.

Earlier in November 2020, State Bank of Pakistan (SBP) hosted the 2nd Global Islamic Finance & UN SDGs Task Force virtual meeting in November 2020 where the Governor SBP launched the Pakistan Chapter/Working Group of the Global Islamic Finance & UN SDGs Task Force. The Working Group consists of seven (7) commercial banks, two (2) micro finance banks, UKIFC, and SBP as Chair. It provided a platform to share experiences to promote engagement and a consistent approach amongst banking institutions towards the SDGs and the global Sustainable Banking movement.

The Working Group has prioritized SDGs for the banking sector and has conducted workshops on the Principles for Responsible Banking (PRB) and Sustainability. One of the key objectives of the Working Group was to produce a market overview / country level state of play report to understand the current state of engagement and awareness on sustainable finance besides assessing the need for capacity building.

Key findings of the Report include:

1. Opportunity to tap domestic and international capital markets for sustainable & environment friendly projects
2. Most Financial Institutions (FIs) have no training on SDGs and desire to learn more on sustainable and green finance. Thus, there is an immediate need for capacity building and training programs.
3. Support and commitment required from Board of Directors (BoDs) and Executive Managements towards SDGs and Green Finance lending to achieve market potential.
4. All FIs should have a well-capacitated Green Finance Department / sustainability team.
5. FIs should earmark SDGs and Green Finance in their strategic plans, and demonstrate their ownership at all levels of hierarchy and publicly report progress.
6. Enhanced Government driven policy with emphasis to identify and prioritize SDGs.
7. Behavioral change and awareness campaign required with increased regulatory oversight and timelines for action plans.
8. Sustainability and SDGs alignment should be considered as part of the credit-rating process and annual reports of all organisations. Rating Agencies can develop guidelines.
9. Joint Venture Development Financial Institutions to enhance SDGs and Green Finance project lending.
10. A taxonomy on what constitutes SDGs and Green Finance should be agreed by banks to avoid green washing and mislabeling. This will also help them develop green asset ratios.

The surplus liquidity of local and global Islamic banks can help in addressing the trillion dollars funding gap for SDGs while a strong growth in socially responsible Sukuk can help narrow the funding gap. Conventional banks can evenly play a significant role in meeting SDGs and Green Finance given the huge potential in these socially responsible and environment friendly investment opportunities. Estimates suggest that up to US$50 billion[1] could be raised by 2025 through Green and Sustainability Sukuk. Social Sukuk remains a key growth area.

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- All the members of the Working Group, who attended meetings and provided data for their ongoing projects related to the SDGs, Sustainability, and Green Finance, besides facilitating interviews of their Chief Executive Officers (CEOs).
- The support of UKIFC senior team (Chris Tait and Omar Shaikh) for initiating and providing guidance for this Report besides coordinating and supporting the Working Group activities along with S. Fahim Ahmad.

1 https://www.id.undp.org/content/indonesia/en/home/presscenter/pressreleases/2021/20210928.html

Acronyms

ADP	Annual Development Plan
BAHL	Bank Al Habib Limited
BoDs	Board of Directors
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
EnvRM	Environmental Risk Management
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
FY	Fiscal Year
GBG	Green Banking Guideline
GDP	Gross Domestic Product
GEFI	The Global Ethical Finance Initiative
IBA CEIF	Institute of Business Administration Centre for Excellence in Islamic Finance
IsDB	Islamic Development Bank
MCB	Muslim Commercial Bank
	MICS Multiple Indicator Cluster Survey
MoP&SI	Ministry of Planning Development & Special Initiatives
NDCs	Nationally Determined Contributions
NGOs	Non-Governmental Organizations
NRSP	National Rural Support Programme
OIC	Organization of Islamic Cooperation
PBC	Pakistan Broadcasting Corporation
PCP	Pakistan Centre for Philanthropy
PRB	The UN Principles of Responsible Banking
PTF	Parliamentary Task Force
P&DD	Planning and Development Department
PSLM	Pakistan Social and Living Standards Measurement Survey
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
UKIFC	Islamic Finance Council UK
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WAPDA	Pakistan Water and Power Development Authority
WHO	World Health Organization
1 USD	= 178 Pak Rupees

Background

Islamic Republic of Pakistan is the world's fifth most populated country with the second-largest Muslim population among Organization of Islamic Cooperation (OIC)

The Global Islamic Finance and UN SDGs Task Force is a unique collaboration between public and private sectors spearheaded by UKIFC and HM Treasury[2] which explores the role of Islamic finance industry in addressing the funding gap of around $2.5 trillion per annum to achieve the SDGs and realize the associated commercial opportunities. Islamic finance[3] industry assets are expected to reach $3.8 trillion in 2022 as it is a growing field globally, particularly in Muslim countries.

In July 2020, the Global Task Force met virtually and inaugurated the work in this area. The President of the Islamic Development Bank (IsDB) welcomed this initiative launching two initial working groups. For better coordination Country Level Working Groups were considered, with SBP and UKIFC taking initiatives besides 9 local banks as participants and UNDP Islamabad as Observer. (See Appendix B for Pakistan's Working Group members). UK Islamic Finance Council (UKIFC) is a specialist & advisory not for profit development body focused on promoting and enhancing the global Islamic and ethical finance industry. It was launched in 2005 and registered in Scotland.

The Working Group of Pakistan Chapter was announced on 16th November 2020 at the 2nd Global Islamic Finance & UN SDGs taskforce meeting hosted[4] by the SBP and coordinated by UKIFC with following objectives:

1. Understand the current state of the Pakistan market with regards to awareness and knowledge of SDGs and responsible banking.
2. Share experiences on approach to SDGs and Responsible Banking. Bring Pakistan banks in line with leading international practices.
3. Encourage engagement and develop a common approach to the SDGs and Responsible Banking for financial institutions in Pakistan, e.g., encouraging adoption of the PRB by banks.
4. Produce a toolkit / briefing paper providing a market analysis and practical guidance to assist and encourage financial institutions in Pakistan to engage with the SDGs.

Pakistan Economy

Islamic Republic of Pakistan is the world's fifth most populated country with the second-largest Muslim population among Organization of Islamic Cooperation (OIC). With a nominal GDP of Rs 36,490 billion and a GDP growth of 5.6% in FY21, Pakistan is an economically and geopolitically important player in the South Asian region. Services contributes the highest towards GDP with a share of 56.18 percent, followed by Agriculture at 25.71 percent and then industrial sector contributing 18.11 percent towards GDP.

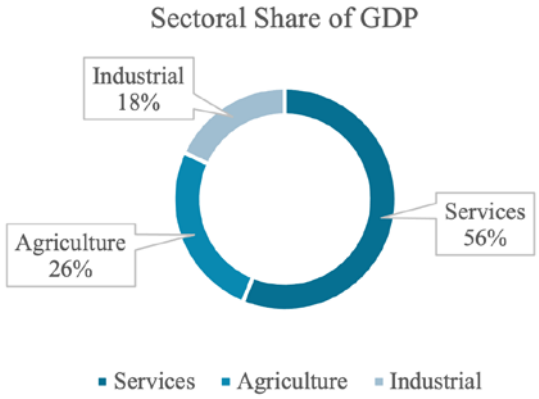


Figure 1 Sectoral Share of GDP

FY21 was a challenging year for the global economy, with Covid-19 clinching its claws over the world and resurfacing now and then with a new wave, the world had a complex but essential task of getting the economy back on track. With a similar situation, Pakistan

2 HM Treasury is the Government and finance ministry of UK.
3 Appendix D
4 Appendix B

also had to introduce policies and mechanisms at both fiscal and monetary levels to contain the effects of Covid-19.

The sustained pace of inoculation policy support provided over FY20-21 after the Covid outbreak, specifically the refinance schemes provided by the SBP, contributed to this growth momentum seen during FY22 so far. In addition, the pro-growth tilt of the FY22 budget in terms of expansion in development spending to push construction and allied industries, tax and duty incentives for raw materials and capital goods, and the availability of power subsidies also provided a sustained impetus to economic activity.

The SBP took several unprecedented policy measures since mid-March 2020 to support Pakistan's economy during the Covid-19 pandemic, which provided relief to industry and individuals alike. From lowering the cost of borrowing to providing the industry with vital refinancing facilities, SBP played an essential role in the V-shaped recovery of Pakistan's economy. SBP slashed the policy rate by 625 bps from 13.25% to 7.00% promptly over a short period of 3 months to cope with the massive slump in demand and fall in inflation. SBP also introduced refinance facilities in the health sector to support the public and private sectors' efforts to counter Covid-19. Simultaneously, SBP introduced the concessionary Temporary Economic Refinance Facility (TERF) to revive the industry's appetite for long-term investment. TERF was a concessionary refinance facility aimed at promoting investment (both new and expansion), as well as Balancing, Modernization and Replacement (BMR).

Along with the above, Pakistan recorded the highest growth in remittances, which stood at USD 29.37 billion, owed to the constant efforts of SBP for the digitization of banking and financial services. Schemes such as Roshan Digital Account (RDA) facilitated overseas Pakistanis to contribute positively towards the revival of the economy. As of February 2022, RDA has received over USD 3.6 billion in funds.

Government efforts and the zest from the private sector to recover from Covid-19 reverberations also positively contributed to Pakistan's economy. The recent surge in Start-up funding was a welcome sight in such tempestuous times. The year 2021 was when Pakistani startups finally joined the big league, collectively raising a record USD 365.87 million, which was not only 450 per cent higher than the USD 66.44 million raised in 2020 but also more than the amount raised in all previous years combined[6]. This was possible through constant efforts for digitizing the economy and introducing favorable environment for external investors. Pakistan improved 28 places in the index for Ease of doing business (EODB) and stood at 108th position for FY20.

Moreover, the development of the IT sector has promising results for Pakistan's economy. Pakistan, which has about 60% of its 220 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. Pakistan has more than 2000 IT companies & call centers, and the number grows every year. Moreover, the country hosts more than 300,000 English-speaking IT professionals with expertise in current and emerging IT products and technologies, 13 Software technology parks, more than 20,000 IT graduates and engineers produced each year, and rising startup culture. In accordance with Pakistan Vision 2025 and the Digital policy of 2018, the ICT industry size is targeted to reach USD 20 billion by 2025 . To realize the aspirations of Vision 2025[7], the federal government has also introduced Special Technology Zones (STZs). STZs will provide the necessary legislative and institutional support for the development of the national technology sector.

Another welcoming news was the boom in automobile sector of Pakistan. FY21 saw important growth in the uptake for vehicles and attracted new foreign competitors in the market. For example, car sales have registered a growth of 61.5 percent during Jul-Jan FY22, compared to 17.9 percent growth in the same period last year.

Banking Industry in Pakistan

Pakistan's banking sector consists of forty-four (44) banks with 16,170 branches as of 31 December 2021[8]. The banking sector has twenty-nine (29) commercial banks, eleven (11) microfinance banks and four (4) specialized banks. The banking network also includes four (4) foreign banks.

There are also Government owned specialized banks that provide finance to agriculture, industry and cooperatives. Joint ventures

6 https://www.bloomberg.com/news/articles/2021-12-09/funding-of-pakistani-startups-crosses-300-million-this-year
7 https://invest.gov.pk/it-ites
8 https://www.sbp.org.pk/reports/stat_reviews/Bulletin/2021/Dec/index.html

between the government of Pakistan and governments of other countries, working as Development Finance Institutions (DFIs), provide financial assistance to promote investment in industry, agriculture and trade. Foreign institutions and strategic investors, either directly or in collaboration with local partners or sponsors, can conduct banking business in Pakistan as a locally incorporated company, in general, with a maximum foreign ownership of 49 per cent. Prior to the outbreak of Covid-19, the banking sector of Pakistan was recovering from the unstable macroeconomic conditions at home with the constant support of SBP.

The global outbreak of covid-19 halted all spheres of economy and resultantly affected the banking sector of Pakistan as well. The overall performance of the banking sector, which dominates the financial services sector of Pakistan, remained relatively strong over the last few years despite macroeconomic challenges, the ongoing COVID-19 pandemic and other structural issues. Its asset base stood at Rs 30.06 trillion as at 31st December 2021.

Despite the impact of the COVID-19 pandemic, the credit risk indicators have improved and banks' capital levels remained well above the minimum regulatory requirements and international standards. This was helped by the SBP's various policy measures, such as the deferment of principal payments and restructuring/rescheduling of loans as well as the strong capital and liquidity cushions to banks, which were built over time under a prudent regulatory regime.

With the rise in advances and contained increase in non-performing loans (NPLs), the gross NPLs to loans ratio declined to 7.9 percent as at 31st December 2021 from 9.2 percent as at 31st December 2020. Due to prudent approach adopted by the banks during the COVID-19 pandemic, provisions (specific and general) increased, which resulted in an increase in the provisions coverage ratio to 91.3 percent as at 31st December 2021 as compared to 88.4 percent as at 31st December 2020.

As a result, the level of net non-performing loans (NNPLs) decreased to Rs 75.35 billion as at 31st December 2021 from Rs 96.73 billion as at 31 December 2020. While NNPLs to net loans ratio decreased to 0.7 percent as at 31st December 2021 from 1.2 percent as at 31st December 2020, which demonstrates a reduction in risks to the solvency of banks from delinquent loans.

The constant efforts of SBP in all spheres helped the banking sector to wither the effects of Covid-19 with some ease. SBP introduced Loan Extension and Restructuring Package Pakistan (Debt Relief Scheme) to facilitate the borrowers in restructuring and deferment of their loans. The Debt Relief Scheme aimed to preserve the solvency of the borrowers and enable them to combat the temporary economic disruptions.

Likewise, SBP in collaboration with the banking sector introduced Roshan Digital Accounts (RDA) for digital onboarding of overseas Pakistanis, further increasing the inflow of much required forex reserves through Naya Pakistan Certificates (NPC). NPCs are sovereign instruments issued by the Government of Pakistan. NPCs offer attractive risk-adjusted returns over different maturities. They are administered by the State Bank of Pakistan and available in both conventional and Shariah compliant versions.

While Covid-19 had negative consequences on the asset side, it forced the banking sector toward digital transformation. The increase in digital transactions saw huge rise. The journey of migrating from a cash intensive economy towards a digital economy continued as e-banking showed year on year growth of 42.5 percent volume-wise and growth of 42.2 percent value-wise, by end September 30, 2021. The launch of RAAST, Pakistan's first instant payment system, enabled end-to-end digital payments among individuals, businesses and government entities instantaneously. The Bank also introduced licensing and regulatory framework for setting up digital banks in Pakistan, promoting the move towards digitization as a greater pace.

SBP's efforts for increasing financial inclusion saw a new turn with the introduction on Banking on Equality (BoE) to promote gender equality and increase the participation of marginalized communities in the economy. Pakistan is on a journey to achieve the sustainable development goals and above initiatives are a testimony to the efforts that the private and public sector is putting towards SDGs.

Green & Sustainable Banking

The rise of climatic changes leading to frequent natural calamities has been one of the reasons for deadly blow to human lives as well as the economy. As a result, more and more countries and financing industries are adopting environmentally progressive economic policies, through Green Banking[9].

Green Banking centers on developing and maintaining banking operations and services that would curtail negative environmental footprints and result in a more climate-resilient economy. Green Banking's core value is to instill environmental consciousness in the organizational culture, which has drastically changed the orientation of banking services and policies.

Box 1: Timeline of GBGs Implementation in Pakistan

SOURCE: COMPILED BY AUTHOR | SBP GREEN BANKING GUIDELINES

SBP Annual Performance Review 2014-15[10] laid down the vision for sustainable and Green Banking by boosting resource efficiency, observing environmental-friendly monetary policies, and focusing on renewable and other forms of energy. Taking the initiative forward, SBP came up with Green Banking Guidelines (GBGs) in 2017 facilitating the banks to play their part in saving the planet from further environmental degradation. The GBGs are focused on banks and development financial institutions (DFIs)[11].

The GBGs aim to reduce financial institutions vulnerability to environmental risks, fulfill their responsibilities for environmental protection, and provide finance to transform the economy into a resource-efficient and climate-resilient one. The GBGs emphasize the role of BoDs to put in place an adequate infrastructure for a smooth transition to, and functioning of the Green Banking system[12].

Figure 1: Functional Responsibilities
SOURCE: SBP GREEN BANKING GUIDELINES

The Securities and Exchange Commission of Pakistan (SECP) has also provided regulatory guidance to the financial sector under its ambit, which include[13]:

- Guidelines for the issuance of Gender Bonds / Sukuk to increase financial inclusion of women and encourage female entrepreneurship in 2021.
- Issuance of guidelines to combat climate change and to promote green finance, by allowing the corporate sector to raise funds from the capital market to finance or refinance projects that are environment friendly[14]. This will further help the financial industry in implementation of the SDGs in Pakistan.

9 THE CONCEPT OF GREEN BANKING IN PAKISTAN https://www.researchgate.net/publication/338901249_THE_CONCEPT_OF_GREEN_BANKING_IN_PAKISTAN
10 https://www.sbp.org.pk/reports/annual/arFY15/Vol1/APR-FY15(Complete).pdf
11 https://www.sbp.org.pk/smefd/circulars/2017/C8.htm
12 https://www.sbp.org.pk/smefd/circulars/2017/C8-Annex.pdf
13 https://www.secp.gov.pk/laws/guidelines/
14 https://www.secp.gov.pk/wp-content/uploads/2021/06/Press-Release-June-18-SECP-issues-Guidelines-for-Green-Bonds-Issuance-in-Pakistan.pdf?__cf_chl_tk=I9t.pFQjIsRzA.DkBa5Lq886uMgMcO2tKFz-Es_WxWTI-1645099890-0-gaNycGzNCKU

SBP's Initiatives on Green Banking

Pakistan's economy is currently facing dual challenge of climate change and inefficiencies in energy generation and distribution systems[15]. To overcome these challenges, SBP has been proactively promoting Green Banking. Under the umbrella of Green Banking, it has taken following initiatives for transition towards green economy:

1. SBP Financing Scheme for Renewable Energy

SBP issued the Financing Scheme for Renewable Energy (RE Scheme) in 2016 with a view to promote renewable energy projects in the country. However, based on positive feedback from relevant stakeholders, the scheme was revised in July 2019[16]. SBP also issued a Shariah compliant version of this scheme in August 2019[17].

Features of the RE Scheme: Under the scheme, financing is available for power generation of up-to 50 MWs at maximum 6% end-user rate, using alternative / renewable energy sources (i.e., solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel). The scheme comprises of three categories:

Under Category I, financing of up-to PKR 6 billion is available for prospective sponsors that want to set up renewable energy power projects, with capacity ranging from more than 1 MW up-to 50 MW, for generating electricity for own use or selling to the national grid or a combination of both. The maximum tenor of the loan is twelve (12) years including grace period of two (2) years.

Under Category II, financing of upto PKR 400 million is available for borrowers (including domestic, agricultural, commercial & industrial), who want to install renewable energy projects/solutions, with capacity ranging up-to 1 MW, for generation of electricity for own use and / or selling to distribution companies under NEPRA's Net Metering Regulations. The maximum tenor of the loan is ten (10) years including grace period of three (3) months.

Under Category III, financing of upto PKR 2 billion is available for renewable energy investment entities (RE-IEs) that intend to install renewable energy equipment, with capacity ranging upto 5 MW, on a lease basis, deferred payment sale or rental basis or selling of electricity to ultimate owners / users. The maximum tenor of the loan is ten (10) years including grace period of six (6) months.

Progress of the RE Scheme: The demand for renewable energy financing under SBP's concessionary scheme has grown exponentially since last year with outstanding amounts increasing by 243% in FY2020-21. As at June 30, 2021, a total of 717 projects have been financed, with potential of adding 1,082 MWs of energy supply through renewable sources.

Five (5) Years Progress in SBP Financing Scheme for Renewable Energy

Fiscal Year (end June)	2017	2018	2019	2020	2021
Outstanding (PKR in millions)	3,607	8,252	9,249	15,561	53,319

Enhanced the Scope of Refinance Scheme for Modernization of SMEs to Include Modern Zigzag Technology Based Brick Kilns

In line with the objectives of SDG-13 which require action to combat climate change and its impacts, the Government of Pakistan has adopted measures to promote the upgrading of existing conventional brick kilns into modern zigzag technology-based brick kilns to reduce carbon emissions. Accordingly, to further facilitate banks in Green Banking, SBP enhanced the scope of its refinance scheme for modernization of SMEs in 2019, to include a financing facility for upgradation of conventional brick kilns into modern zigzag technology-based brick kilns[18].

The volume of banking sector's advances and financing in various sectors is given at **Appendix F**. This needs to be reviewed in context of SDG & Sustainability goals.

15 https://www.sbp.org.pk/smefd/circulars/2019/C10.htm
16 https://www.sbp.org.pk/smefd/circulars/2019/C10-Annex-I.pdf
17 https://www.sbp.org.pk/smefd/circulars/2019/C12.htm
18 https://www.sbp.org.pk/smefd/circulars/2019/C9.htm

SBP's Enhanced Regulatory Framework

SBP is formulating further regulatory guidance with assistance from the International Finance Corporation (IFC) to enhance the skills base of banks on environmental and social risk management. This program will offer guidance on how banks/DFIs integrate climate related risks and other sustainability concerns into their risk management systems. It is a pioneering sustainable banking project as part of SBP's key green finance initiative. Implementation involves the formation of a steering committee and a technical Working Group from SBP, IFC and the Pakistan Banks Association to provide guidance on training programs.

The purpose is to increase the share and volume of bank loans screened against improved Green Banking Guidelines through awareness and increase the number of intermediaries that are able to provide trainings to banks via Master Trainers. Risk Management is a vital component of the proposed one year plus program which will provide a standard regulatory approved framework for banks to follow[19].

UN Sustainable Development Goals

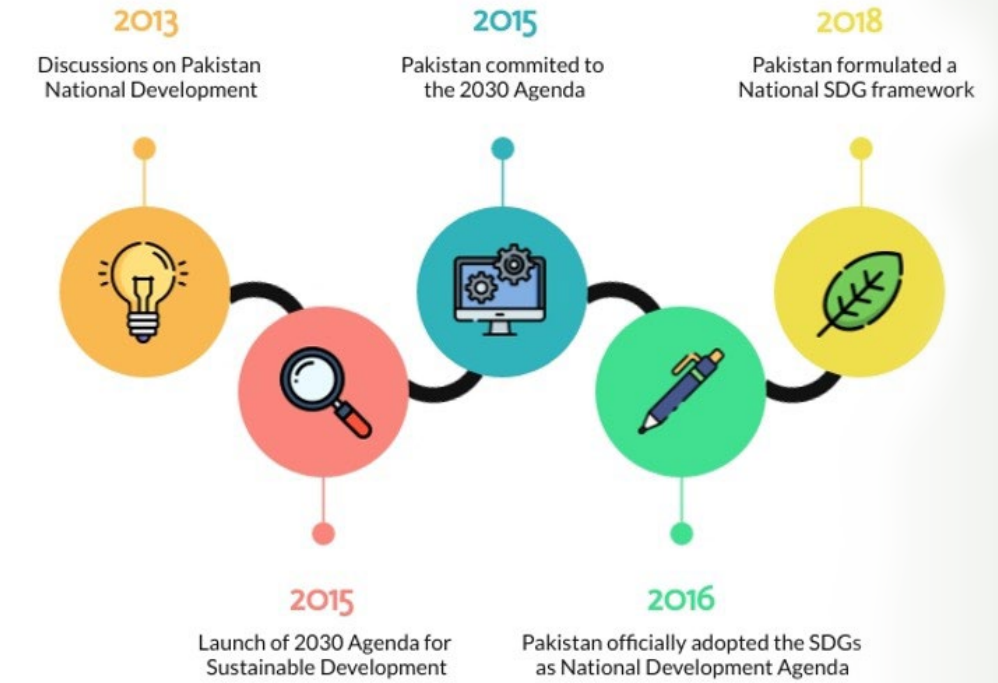
All UN Member States committed to the 2030 Agenda for Sustainable Development at the Sustainable Development Summit on 25 September 2015[20]. The Agenda comprises 17 SDGs to combat inequality, fight against poverty, provide quality education, and more by 2030. The SDGs were launched with the aim to improve living conditions for all citizens across the globe.

Each goal addresses a specific concern; however, all goals are interconnected and provide detailed guidelines and clear targets for every country to implement the SDGs as per their needs and priorities. For the 2030 agenda, poverty eradication and better and equal opportunities for everyone is of high priority.

19 Source "The News "April 29, 2021
20 https://www.sdgpakistan.pk

Figure 2:The SDGs
SOURCE: UN

Box 2:Timeline of SDGs Implementation in Pakistan
SOURCE:Working Group & https://www.sdgpakistan.pk/



In February 2016, Pakistan became one of the first countries to adopt the 2030 Agenda of SDGs as the national development agenda after getting approval from the National Assembly[21]. Government of Pakistan categorized the goals into the following priority levels, which can be compared to those compiled by the Working Group:

	Government of Pakistan	Pakistan Chapter Working Group
Priority-I	SDG 2: Zero Hunger SDG 3: Good Health and Well-being SDG 4: Quality Education SDG 6: Clean Water and Sanitation SDG 7: Affordable and Clean Energy SDG 8: Decent Work and Economic Growth SDG 16: Peace, Justice and Strong Institutions	SDG 7: Affordable and Clean Energy SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation, and Infrastructure SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 17: Partnership for the Goals
Priority-II	SDG 1: No Poverty SDG 5: Gender Equality SDG 9: Industry, Innovation, and Infrastructure SDG 10: Reduced Inequalities SDG 11: Sustainable Cities and Communities SDG 17: Partnership for the Goals	SDG 1: No Poverty SDG 2: Zero Hunger SDG 3: Good Health and Well-being SDG 4: Quality Education SDG 10: Reduced Inequalities SDG 16: Peace, Justice and Strong Institutions
Priority-III	SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 14: Life Below Water SDG 15: Life on Land	SDG 5: Gender Equality SDG 6: Clean Water and Sanitation SDG 14: Life Below Water SDG 15: Life on Land

The Government of Pakistan has since prioritized fostering and improving sustainable development, the most monumental being the National Initiative for SDGs. This initiative is a five-year joint project of the Ministry of Planning Development & Special Initiatives (MoP & SI), UNDP, Provincial Planning & Development Departments, and the Federal Government of Pakistan to institutionalize the 2030 Agenda.

At the national level, the Federal SDGs Support Unit was established within the Ministry of Planning, Planning Commission, Development and Reform, and Government of Pakistan with a mandate to advise and coordinate with respective ministries and prepare departments for a smooth implementation of the SDGs. The Support Unit consists of technical experts from various fields such as Social Advisors, Economic Advisors, Data Analysts, Research Analysts, Admin & Finance Officers, and Communications Specialists. The national initiative brings all planning, statistical, and financing sectors to work collectively for the SDGs implementation in the country. The Unit has been allocated with the following interlinked and reinforcing outputs:

Policies and Plans	Data Reporting	Financing	Innovation
Mainstreaming SDGs in local development plans and strategies clearly delineating the resource requirements	Strengthening coordination, reporting, and monitoring mechanisms for SDGs	Financing flows increasingly aligned with 2030 Agenda	Supporting integrated and innovative approaches to accelerate progress on SDGs on priority areas

SOURCE: SDGPAKISTAN.PK

The Unit is actively providing research and policy management support and monitoring progress towards the SDGs. At the same time, the team is working to create awareness amongst stakeholders about Agenda 2030 and the SDGs through various communication activities and tools[22].

Besides the Federal SDGs Support Unit, four provincial Support Units for Sindh, Punjab, Balochistan, and Khyber Pakhtunkhwa were established. All these Support Units follow the UN guidelines on Mainstreaming, Acceleration, and Policy Support for SDGs to localize the ambitious and universal SDG framework in the context of Pakistan[23]. The units are funded by their respective provincial Governments, which is a display of strong commitment at the national and provincial levels towards SDGs.

Mapping Country SDGs Initiatives & Progress

Federal SDGs Support Unit[24]

- A parliamentary task force of 10 members was set up in 2019[25].
- In-depth review of policies and stock counting of national policies were conducted which helped in the identification of legislative gaps in finalizing a policy coherence brief with the parliamentary task force.
- Four research studies on implementing SDGs in national plans and policies were completed.
- Survey-based data collected from provinces between February and June of 2019 was put into the SDGs Dashboard Portal Application for testing.
- A strategic plan to bolster the potential of the private sector was drafted; hence, meetings were held with Securities and Exchange Commission of Pakistan (SECP), Pakistan Centre for Philanthropy (PCP), Pakistan Broadcasting Corporation (PBC), and Federation of Pakistan Chambers of Commerce and Industry (FPCCI) representatives.

In addition, the 4 provinces and Azad Kashmir have their independent support units to further national goals.

National Initiatives towards SDGs

1) Naya Pakistan Housing and Development Authority[26]

The Government of Pakistan has set several objectives to ensure Pakistan becomes a sustainable nation. The sustainable housing scheme for the underprivileged was one of the primary objectives. Hence, Naya Pakistan Housing Scheme was introduced to provide housing facilities at a low and affordable cost. The project is directly aligned with SDG-1 No Poverty, SDG 9 Innovation and Infrastructure, SDG 10 Reduced Inequalities, and SDG 11 Sustainable Cities and Communities. Moreover, Islamic Banks have facilitated the Government in arranging adequate Shariah-compliant house financing solutions that are even accessible to the poor and lower-middle-class citizens of Pakistan[27]. All banks have housing loan targets to meet.

2) Ten Billion Tree Tsunami[28]

Funded by the United Nations Environment Programme (UNEP), the project aims to plant ten billion trees by 2023. The project, which began in 2019, has just reached a new milestone: the plant-

22 https://www.sdgpakistan.pk/web/sdgs
23 https://www.sdgpakistan.pk/uploads/pub/Annual_Report_2018.pdf
24 https://www.sdgpakistan.pk/uploads/pub/FINAL_ANNUAL_REPORT_2019_(14-10-2020).pdf
25 Ibid
26 https://naphda.gov.pk/about-us.aspx
27 https://naphda.gov.pk/InvestmentProposal.aspx
28 https://www.unep.org/news-and-stories/story/pakistans-ten-billion-tree-tsunami

ing of the billionth tree. The year 2021 also marks the start of the United Nations Decade on Ecosystem Restoration 2021-2030, and projects like the Ten Billion Tree Tsunami are critical to preventing, halting, and reversing ecosystem degradation on every continent and in every ocean. The project is aligned with SDG 15 Life on Land and SDG 13 Climate Action and sets Pakistan on the path of sustainable development.

3) WAPDA Green Bond[29]

The Government of Pakistan launched a 500-million-dollar Euro Bond issued by WAPDA to finance the construction of 10 dams, to produce 10,000 megawatts of environment friendly energy for 100,000 acres of land. The Euro Bond will help provide the country with an adequate power supply. Moreover, the project is aligned with SDG 7 Clean and Affordable Energy and SDG 13 Climate Action which will lead Pakistan to a sustainable economy and make Pakistan less dependent on non-renewable resources.

4) Ehsas Program

Ehsas program was launched in March 2019 by the Division of Poverty Alleviation and Social Safety to reduce disparity, empower people, and lift lagging districts. Ehsas' focus is on creation of a 'welfare state' by neutralizing elite capture and leveraging 21st century tools—such as using data and technology to create precision safety nets; promoting financial inclusion and access to digital services; supporting the economic empowerment of women[30].

29 http://www.wapda.gov.pk/images/phocadownloadapp/Inverstor-Corner-greenBond-2021/wapda%20green%20bond%20framework%20draft%20final%20v17.pdf
30 https://www.pass.gov.pk/

Banking Sector Initiatives & Input

To assess current level of understanding and knowledge of Green Banking, SDGs, and Sustainability amongst the banking sector professionals primary research was undertaken. As the research question tends to investigate banking industry's current state of play and to explore their future endeavors around Sustainable and Green Banking, a qualitative method of research was employed using content analysis, a comprehensive survey, and semi-structured in-depth interviews with senior stakeholders.

Data was collected from the websites and annual reports of banks besides from the websites and reports published by various stakeholders e.g., SBP, SECP, IsDB, UNDP, UKIFC, ISRA, and others.

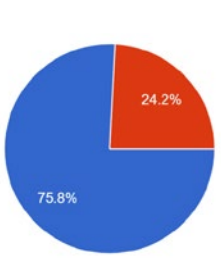
The comprehensive survey was conducted in which 28 banks (list attached in Appendix E) participated and a total of 124 respondents submitted their responses.

In addition, 5 in-depth semi-structured interviews of senior management of banks including CEOs of Islamic and conventional banks were conducted to identify the gaps in implementation of SDGs in banking sector.

To showcase the efforts of the banking industry in Pakistan for the implementation of SDGs, Green Banking and responsible banking, major activities of banks (see Appendix A) also included in the report.

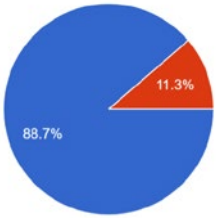
Survey Results on SDG Awareness

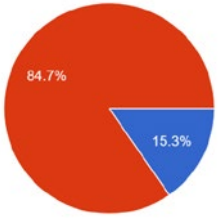
The survey revealed a gap in awareness in banks regarding the SDGs and sustainable development more broadly. Moreover, banks have not been able to fully translate SDGs into implementable banking plans which would bolster sustainable development and responsible banking. The survey also identified the need of training sessions that banks must initiate (highlighted from question 3, 4 and 7).



Q1:
Have you heard about SDGs in your institution?

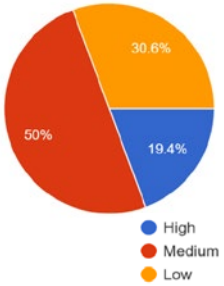
Q2:
Do you know about Green Finance?

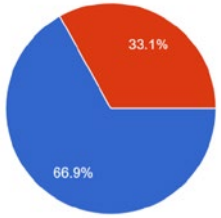




Q3:
Have you attended any training arranged for SDGs?

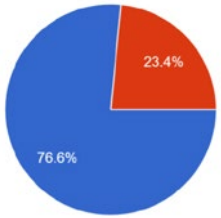
Q4:
What is the level of action and awareness of SDGs/sustainability/climate change in your bank's lending/CSR activity?





Q5:
Have you gone through SBP's Guidelines on Green Banking?

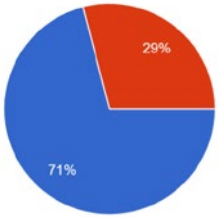
The comprehensive survey was conducted in which 28 banks participated and a total of 124 respondents submitted their responses.



Q6:
Do you know if your institution is working on SDGs or Green Finance?

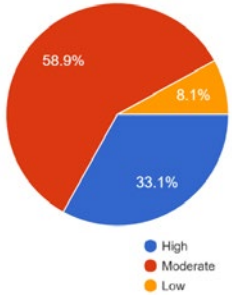
Q7:
Would you like to learn more about SDGs and Green Finance?

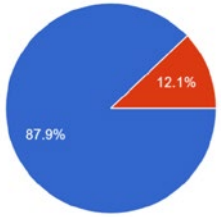
The 100% positive response on the willingness to learn about SDGs and Green Finance demonstrates the scope and need of trainings on SDGs and sustainable finance.



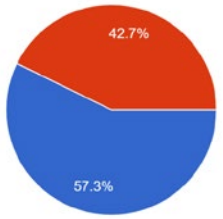
Q8:
Does your bank follow 4-Ps approach i.e., 'purpose - people - planet - profit', where profit maximization is not the main purpose?

Q9:
Does your board/senior management support such activity in lending/CSR matters?



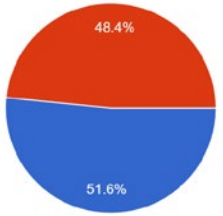


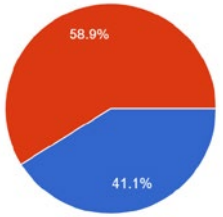
Q15:
Under sustainable banking, do you agree banks should stop derivatives and loans/ financing to toxic projects?



Q10:
Does your bank prioritize SDGs with country level SDGs?

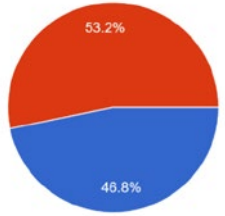
Q13:
Does your bank have a Green Finance/ SDG department or Green Banking Office to progress on this matter as advised in SBP's GBGs?

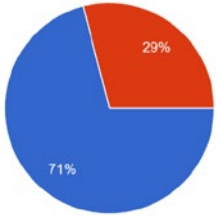




Q14:
Does your bank disclose status of SDGs' implementation in the annual report?

Q11:
Has your bank earmarked some of SDGs in its strategic plan? If yes, what is your bank's vision for the next three years?





Q16:
Do you think there is an enabling policy environment (regulatory & legal) available in the country with respect to green financing and realizing SDGs? If no, what recommendations would you like to make to plug the gaps?

Summary of key survey insights

While most respondents said that they know about the SDGs, an in-depth knowledge on the subject is missing. Few professionals were aware of the strategic plans of their respective banks regarding the SDGs. Most admitted that their institutions have not set any specific targets for achieving sustainable development. Responses revealed a general lack of awareness and progress towards SDGs in the banking industry, which is critical to address.

Those with awareness have initiated programs which are yet to reach their desired potential.

There was unanimous agreement on need for capacity building of banks' staff on SDGs and Green Finance. Generally, there was positive feedback on Regulatory support. Knowledge of Principles of Responsible Banking was also found to be lacking.

Interview Results on SDG Awareness

During the interviews of CEOs and Islamic Banking Heads it transpired that the banking industry appreciates the Green Banking Guidelines issued by SBP and its facilitation. Despite SBP's efforts, there is a clear need for better awareness about SDGs implementation and Green Finance, including at the level of BoD and senior management. Coordinated actions are needed by the Government, Regulators, and banking industry for capacity building besides implementation of SDGs and Green Finance. A collaborative effort is required by all concerned.

Few banks have a Green Finance department, and most do not share SDGs implementation in their annual report or on their websites. It is however recommended that SDGs' implementation should be part of the banks' strategic plans and SBP should consider advising the banks to mandate such disclosures through their annual reports, website or through separate reports.

Most banks have taken some initiatives to implement SDGs, Green and Sustainable banking e.g., clean energy. Those aligned with SDGs include no poverty, gender equality, reduced inequality, quality education, good health, and well-being, zero hunger, affordable and clean energy, decent work and economic growth, industry, innovation, and infrastructure, responsible consumption and production, climate change, partnership for the goals, and sustainable cities and communities (Appendix A).

This is quite encouraging; however more needs to be done particularly by banks who are lagging. Capacity building in banks will help here but needs to be aggressively stepped up.

Interviewee insights

- Government is suggested to issue green bonds/Sukuk to attract responsible investors that are desirous to invest in environment friendly projects. The projects that are going to be financed from the proceeds of green bonds may be aligned with SDGs Agenda 2030.
- All relevant stakeholders should come together to develop a taxonomy for eligible green projects. The green taxonomy will help the issuers for green bonds and investors in identifying green projects. The taxonomy may be aligned with National Climate & Environmental objectives of Pakistan and SDGs Agenda 2030.
- Government should come forward with a strict regulatory framework at a national level and subsidies for green projects, besides encourage customers and banks to finance such projects. They must be given incentives so that investment can be diverted and attract foreign investors.
- Green investment policy should also be focused on projects for international investors. For the second tier, companies should be motivated to transform themselves to be greener. Industries should be given incentives for it as well.
- Implement an awareness campaign and behavioral change towards the SDGs with annual analysis. National institutions should play a positive and encouraging role in funding green and SDG aligned projects.
- Almost all stakeholders and professionals stressed the need for conducting training and awareness sessions for employees

Most banks have taken some initiatives to implement SDGs, Green and Sustainable banking

on the SDGs to make Green Banking a priority by allocating mandatory targets. The progress must be regularly checked by the Government bodies. Build a timeline to track the targets that needs to be complemented by ownership at the level of BoD and senior management. This would require a clear policy on carbon emission and carbon tax while developing sustainable green energy solutions for medium and long term.

- Build a timeline and action plan that is measurable and attainable, that has buy-in and ownership at the board level and management, towards creating the enabling environment. Government should provide incentives to corporate sectors in transitioning to reusable or sustainable energy.
- Subsidized financing for customer as per targets assigned to the banks by the SBP for disbursements. Mandatory reporting in annual accounts on green financing or SDGs. Tax reduction for banks meeting certain level of disbursement targets.
- Country SDGs compliant sectors and areas should not be limited to environmental issues only. Existing toxic (carbon intensive, polluting) projects should be tasked to convert to environmental-friendly processes. There should be a higher risk rating and higher markup charge for toxic projects. Some factories and shops are using highly toxic materials and processes which are illegal and must be curbed. Un regulated logging and converting forests and parks into constructed areas without environmental replacement should be checked. A national level consensus and target setting for cutting carbon emissions, growing forests, and ending all sorts of discriminatory behaviors is required.
- Loan pricing should reflect alignment with SDGs, sustainability, and higher rate for toxic projects.
- Sustainability and SDGs alignment must be made part of the rating process by rating agencies.
- It must be made mandatory for Annual Reports to mention sustainability practices, SDGs alignment and response to climate change/emissions.
- Awards for Best Bank should include a category for sustainability and SDG alignment.
- Each Bank in the Working Group should adopt at least one SDG project and present in Working Group meetings (4 identified).
- A Specialized Development Bank should be established to finance SDG and sustainability projects. Existing Development Finance Institutions should be encouraged to support such projects. This will require developing project finance expertise and long-term funding.
- A Sovereign Wealth Fund should be considered to be established which could invest in SDG projects.
- There is a critical need for capacity building in Sustainability and Green Finance.
- Banks should be encouraged to implement the UN Principle of Responsible Banking (PRB) namely:

Principle 1: **Alignment**	Principle 2: **Impact & Target Setting**	Principle 3: **Clients & Customers**
Principle 4: **Stakeholders**	Principle 5: **Governance & Culture**	Principle 6: **Transparency & Accountability**

SOURCE: **https://www.unepfi.org/banking/bankingprinciples/more-about-the-principles**

Suggested action based on research responses

Consolidating the findings of the survey and in-depth interviews the following action points have been identified:

1. UKIFC and GEFI to conduct long term virtual, tailor-made, capacity building training programme in collaboration with NIBAF/SBP for officials of SBP and commercial bank Personnel.
2. UKIFC and GEFI to deliver further presentations to Banks' senior management on the PRB and sustainability. Two workshops on the PRB have already been held.

3. IFC program to be held with SBP on Regulatory guidelines / supervision (consider TCFD implementation and GFANZ).

4. Pakistan Chapter of UKIFC Global Task Force should continue monthly meetings to promote co-ordination and insights sharing amongst participant banks and monitor the progress on action taken.

5. Bank should have a dedicated 'SDG and Green Finance Department' headed by a senior official to set targets and liaise with top management and BoD.

6. SBP to set up "Facilitation Desk" for banks to enhance Regulatory Support. Banks to provide feedback on support required.

7. More Islamic Banks should play an active role in SDG / green financing, especially those with international expertise and backing considering the natural alignment of Islamic principles and sustainability.

8. Bank should create awareness among their clients' base toward the SDGs and Green Finance.

9. A taxonomy on what constitutes green should be agreed by banks to avoid green washing. This will also help them develop green asset ratios

Conclusion

The role of the financial industry in facilitating the establishment of a sound and sustainable economy is important. Thus, the task of allocation of financial resources towards economic activities that can successfully balance the economic, environmental, and social goals is of critical importance. This enabling environment will facilitate a transition to a green and more sustainable economy.

This report aims to provide a situational analysis of the present state of SDGs implementation and level of awareness, primarily amongst the financial sector in Pakistan. Gaps have been identified and practical suggestions provided to address these e.g., a capacity building program. It is essential that respective parties take note of these suggestions and once agreed take the necessary steps to implement and achieve the desired results. The financial sector can and must to play a leading role in the global sustainability transition. Resources will need to be allocated to ensure action steps are implemented and deliverables monitored.

Appendix A:

SDGs, Green & Sustainable Banking Initiatives

1. Al Baraka Bank Pakistan (ABPL)

ABPL's focus is on green finance and climate impacts. Developed product for renewable energy i.e., ABPL Islamic Finance Facility for Renewable energy targeting corporate/commercial/SME customers. ABPL recently collaborated with United Nations Development Program (UNDP) Pakistan and is in discussion with them on CSR projects like clean affordable energy, fostering innovation, improved health and wellbeing, youth empowerment, and poverty alleviation. ABPL is concentrating on Quality Education, Good Health and Well-being, Zero Hunger, Clean Water & Sanitation, Affordable & Clean Energy, Gender Equality and Climate Action.

2. Allied Bank Limited (ABL)

ABL's focus is on Quality Education, Good Health & Well-Being and Zero Hunger by contributing to universities and organizations providing food to the needy, besides health care facilities. Female employees account for 18% of staff. ABL strives to provide a decent work environment and growth opportunities to clerical and non-clerical staff by supporting their education. It has achieved a 15% reduction in fossil fuel consumption through conversion to clean or efficient energy alternatives. 1,000 fruit trees have been planted and a partnership with Karandaaz helps to promote access to finance for micro and SME enterprises.

3. Askari Bank

Askari Bank has introduced the 'Askari Ujala Finance' in January 2022, under the ambit of SBP Refinance Scheme for SME and Individuals at subsidized rates for small-scale renewable energy sources with onward sale to the National grid. Bank has installed solar system to power ATMs at two locations and using LED lights in all new branches. Digital platforms are used to reduce paper use. Bank will start utilizing SBP financing scheme for Renewable Energy by Feb 2022 and for women entrepreneurs in underserved areas by June 2022. The bank has finalized 3 products especially for females.

4. Bank Al Habib Limited

Green Banking Policy, Environmental Risk Management System and Due Diligence Checklists are under process. To date bank has converted 24 branches to solar and launched mobile banking vans for branchless banking. Collaboration with World Wildlife Fund (WWF) Pakistan for Green Building / Office Certification to achieve sustainability. Energy, paper, fuel, water, and waste disposal are priorities of Bank Al Habib, hence installed energy-efficient electronic equipment, Duplex printers, implemented 3R's philosophy i.e., Reduce, Reuse & Recycle, and placed indoor plants in offices. The bank has engaged experts for Green Banking advisory services and developing Green Banking awareness among around 2,500 staff through awareness programs, periodic bulletins, tutorials, and capacity building sessions.

5. Bank Alfalah Limited (BAFL)

The Bank has adopted integrated sustainable finance approach in its financing activities. Thus, Green Banking Policy and Environmental and Social Management System (ESMS) have been put in place. 'Alfalah Green Energy' is a term finance facility for customers to install solar energy equipment for power generation. To support Green Banking, BAFL launched several initiatives such as Solar ATMs, paperless banking, regular saver lights, introduced a fee for printing receipts at ATMs which reduces litter and cost of printing. BAFL has signed MOU with Akhuwat, strategic partnerships with academic institutions, financing of salary & wages to avoid job losses under SBP Refinance Scheme. Partnered with Government for Ehsaas Emergency Cash Programme in 2020. With Focus on the good health and well-being of its employees and their families' sponsorships provided for the education of staff and families. Donations are made to The Citizens Foundation for free education of children. 17% of bank's staff are females. BAFL has relevant policies like maternity leave, flexible hours, and childcare allowance. Also Launched products like Alfa wallet, Ghar Asaan (Low-Cost Housing under Mera Pakistan Mera Ghar Scheme) and promoted microfinance credits through U-Microfinance Bank by issuing a Social Bond. BAFL complies with IFC Exclusion List whereby it does not support any activity pertaining to Child Labor and arms.

6. Bank of Punjab (BOP)

BOP has developed Green Banking Policy and integrated Environmental Risk Management in the credit approval process by making the Green Banking checklist an integral attachment of the credit proposals of Corporate/Commercial and Infrastructure Project Finance transactions. BOP trained its Risk Management Staff and worked on conversion of brick kiln into Zig Zag Technology as well as working on Punjab Green Development Program. Regarding Banking on Equality Policy of SBP, BOP devised policies on Gender Mainstreaming Policy, D&I Policy, Prevention form Harassment Policy and Affirmative Action Policy. BOP is working on an action plan for improving ratio of women in workforce and the same is being implemented e.g., targets to improve ratio of women in work force have been included in KPIs of C-Suite executives. BOP is working on a plan for deployment of 'Gender Champions' at customer touch-

points and is on track to meet SBP milestones in this regard. To promote Lending to Females, BOP has rolled out various concessions in Lending Products for female clientele. BOP has launched program "Shamsi Tawanai" and is participating in SBP Financing Scheme for Renewable Energy.

7. BankIslami Pakistan Limited (BIPL)

BIPL focus on all SDGs and took several initiatives for their implementation e.g., developed Green Banking Policy and launched one touch banking to promote paperless banking and set up a dedicated Real Estate & Developer Finance Desk to focus on housing infrastructure projects with special focus on low-income housing. Under CSR activities launched campaign "Plantation for Nation". Employees were given trainings on SDGs & Islamic Finance. BIPL emphasis is on the renewable energy and infrastructure projects that impact positively towards the clean & sustainable environment and special focus on inclusive growth in rural areas. BIPL strongly believes in gender diversity, inclusion, equality, and safe working culture, and have a comprehensive gender mainstreaming human resource action plan in place to serve as a guideline for enhancing women employment rate.

8. Dubai Islamic Bank Pakistan Limited (DIBL)

DIBPL has developed its Green Banking Policy and implementing it in a progressive manner. The Green Banking office is established and training its staff by utilizing e-learning portal. The environmental risk management is integrated with the credit risk assessment procedure. For Own Impact Reduction, DIBPL has started working on baseline scenario development and has designed some format for the collection of consumption data. In ATMs, the option for transaction receipts has been made optional to reduce the paper wastage and printing related consumptions. DIBPL has used Islamic Refinance Scheme for Modernization of SME's (IRFMS) and Islamic Financing Facility for renewable Energy (IFRE) for their customers. DIBPL took initiatives with reference to the Banking on Equality Policy of SBP and launched exclusive product for Pakistani women and prepared policy on Gender Diversity & Inclusion (GDI) in which remote working, child day care and maternity leaves are important points.

9. Habib Bank Limited (Islamic Banking Window)

The customer base has now increased to 802K. HBL has increased customer reach by establishing new commercial centers and by providing loans to Small & Medium Enterprises (SMEs) at discounted rates under different refinancing schemes. Low-cost housing needs of lower to middle class families are also catered to. The bank has approved "no new coal" policy to support green financing and acted as co-manager for the first ever issuance of Green Euro-Bond. HBL has launched 'Nisaa 'to include, enable and empower women to contribute to the economy.

10. Habib Metropolitan Bank (HMB)

HMB is adopting energy efficient solutions such as replacement of lights with low energy consumption LEDs, replacing cooling solutions to greener inverter-based air conditioning units and installation of UPS and solar panels as primary backups for ATMs. Bank has rolled out a Green Banking Policy with defined roles and responsibilities while conducting trainings of staff on Green Banking. Bank has also launched a Consumer Banking Solar Panel Financing scheme. Female ratio in workforce is 12% and HMB have included females in senior positions. Gender mainstreaming policy, Diversity & Inclusion policy and Maternity leaves are included in the policy of HMB to make it more inclusive and gender friendlier.

11. JS Bank Limited

JS Bank's accreditation process with the Green Climate Fund has been successfully completed. With this accreditation, JS Bank will be able to access GCF financing of up to USD 250 Million for its projects. It is the only private sector accredited entity in the Country. JS Bank in collaboration with the Sindh Government has launched Sindh's first ever Drive Through Vaccination Centre, as part of its CSR initiative. The bank has introduced an initiative known as Reboot- A virtual returning to work program for females after a career break in multiple impactful roles while enhancing female participation. As part of its mission of Inclusion for all project Uraan has been developed for "People of Determination" in March 2021. As part of this project differently abled people are inducted into the Bank. 33% of the branch network country wide is now powered by solar to promote clean and renewable energy sources.

12. MCB Islamic Bank

MCB Islamic Bank has devised Green Banking Policy and designated a senior executive as Chief Green Banking officer. Its staff was trained on Green Banking and an Environmental Risk Management (ERM) manual was developed in 2019. MCB Islamic availed SBP Financing Scheme for Renewable Energy, Refinancing Facility for Modernization of SMEs and refinance and Credit Guarantee Scheme for Women Entrepreneurs in Underserved areas by tapping new customers. It also has policy on Banking on Equality. Products are launched for women customers and trainings are conducted regularly for female workforce. Goals have been set to enhance the female workforce and female customers of the bank.

13. Meezan Bank Limited

Extends support to farmers through KissanBaithak and collaboration with Akhuwat Islamic Microfinance. Meezan Bank & Bayer Pakistan have partnered for a meaningful collaboration. 'KissanBaithak' (Farmers Literacy Program) aims to develop collaboration between farmers and the Bank through a specifically designed financial literacy and inclusion campaign. This initiative originally contributed towards SDG 11 (Sustainable cities and communities), but it also helps the bank to reach

out to potential banking customers thus contributing towards SDG 10 (Reduced inequalities). Multiple sessions of Farmer Literacy Program for Islamic Financial Solutions have also been organized in the rural villages of Badin, Hyderabad, Sahiwal, Sadiqabad, Depalpur, Okara, Yazman, Shorkot, Kunri, Layyah, Chistiyan, Multan and D.I. Khan. The bank also collaborated with Akhuwat Islamic Micro Finance to structure Shariah compliant microfinancing solutions for supporting those entrepreneurs for Rikshaw Financing, working capital financing, property financing. Many more projects are in pipeline. As part of Climate Action through Financing Renewable Energy, Meezan Bank is committed to driving growth for green banking initiatives. In 2020, Meezan Bank led the financing of five wind power projects – totaling 200MW, besides two solar power projects of 13 MW.

14. National Bank of Pakistan (NBP)

During October 2020 a Green Banking Office was formed in NBP's Inclusive Development Group (IDG). NBP has installed 495 solar powered panels for some of its Branches/ATMs across the country. NBP has provided green financing facilities to its Corporate, Investment and Commercial / SME clients totalling Rs. 26.093 billion which include hydropower, waste management system, wind-power and solar-powered projects under SBP renewable energy finance scheme and infrastructure projects. In line with Government of Pakistan's vision to promote SMEs, NBP is extending refinance facility for modernization of SMEs. NBP is actively participating in promoting and handholding of SMEs especially Women Entrepreneurs. In November 2021, the Management Subcommittee for Implementation of Banking on Equality (BOE) Policy was formed to oversee the implementation of SBP Banking on Equality Policy, as endorsed by the Bank's Executive Committee.

15. NRSP Microfinance Bank Limited (Islamic Division)

NRSP MFB Ltd. (Islamic Division) believes in Sustainable solutions for its customers under Shariah compliant mode of finance to ease their business growth and help in improving their living standard. Considering well-defined sustainable goals of UN i.e., gender equality, NRSP IMD has opened opportunities for female entrepreneurs to get finance and grow their businesses. The division has financed females under Ijarah, Diminishing Musharakah and Murabaha i.e., around 245 customers have been provided with the opportunity to support their families to purchase / renovate / construct housing, to purchase vehicle / tractor besides working capital to grow their businesses. Regarding SDG 7 (affordable and clean energy), the division has provided financing for solar turbines and systems to replace the use of fossil fuel for farmers through financing with a positive impact on the environment to overcome noise and air pollution. The profit / loss distribution mechanism of Islamic Banking has provided an equal opportunity for depositors / savers to get a better return with reference to SDG 10 (Reduced Inequality). In addition, need based financing has empowered the division to assist customers with genuine needs and ensure compliance of SDG 12 (Responsible Consumption and Production).

16. Silk Bank Limited

Solar systems are currently being used by 36 Branches to power ATMs, IT systems, essential lighting, Alarm Systems. The credit approval process for Corporate Banking is being carried out through workstream, a paperless system, for the last ten years. SilkDirect app called digisilk has been launched on a trial basis. Recently, Silkbank has also launched WhatsApp Banking Solution via WhatsApp for their customers in collaboration with the global cloud communications provider, Infobip. This is a step forward for the banking sector to choose authenticated and encrypted channels to communicate with their customers securely.

17. Sindh Bank Limited

With focus on financial inclusion and prosperity objectives Sindh Bank has launched a product specifically for women "Mohtarma Account", and drafted policy of Gender Mainstreaming to enhance female employees and ensure mentorship of young female employees. The policy also addresses harassment issues at work. Sindh bank works on a wide range of projects especially Renewable Energy projects such as Solar, Wind, Biomass/ Bagasse and Hydro.

18. Soneri Bank Limited

The bank has established Green Banking Office, launched Green Banking Policy, and disclosed Green Banking activities in its Annual Report. For Own Impact Reduction, the bank conducts regular trainings of the staff, converted 11 ATMs to renewable energy sources and creating awareness of GBG. The bank has deployed a model of Environmental Risk Rating and implemented a loan originating system. The Product Program Manual for Renewable Energy Finance has been developed. The tentative plan for launch of this product is March end 2022. Only one loan is currently outstanding under Refinancing Facility for Modernization of SMEs' whereas no disbursement has been made in 'Refinance and Credit Guarantee Scheme for Women Entrepreneurs in Underserved Areas'. The internal policy for financial inclusion of Women has been approved by the Board of Directors. Women centric current account and Term deposit products have been developed and launched.

19. Standard Chartered Bank

'Future Makers' by Standard Chartered is a global initiative to tackle inequality and promote greater economic inclusion in communities. The bank provides young people from low-income households, particularly girls and people with visual impairments, with opportunities to take part in community programmes focused on education, employability, and entrepreneurship. Over 16,000 girls are participating, and the program is currently actively running across 47 schools in Karachi and Islamabad. Entrepreneurship is another pillar of Futuremakers. Under this pillar the bank launched the #SCWomenInTech programme in 2019 with the objective of providing a financially

inclusive environment for females by providing mentorship, training, and seed funding.

20. Summit Bank Limited

Green Banking policy has been developed and regular staff trainings on Green Banking and ERM are held. Checklist and procedures are in place by the Internal Audit Division from a Green Banking perspective. To promote paperless environment office automation of various processes is done and internal correspondence is through emails. The online banking system is present in 192 branches and internet, mobile, SMS banking is promoted. Solar Energy Panels and Long Back up UPS are being used for operating the ATMs, networking equipment, CCTV, Fire and security alarm systems, emergency lights, computers, etc. after the office hours.

21. The Bank of Khyber (BOK)

As per the Green Banking Guidelines issued by SBP, BOK established its Green Banking office and developed Internal Environmental Risk Management System. Digitization and core banking is implemented in all branches of the bank to reduce paper consumption. BOK not only shifting its own branches to Renewable Energy Solar Power systems to reduce carbon footprint but also supporting its customers to change their business models from fossil fuel-based generators to Solar Powered clean and renewable energy system. BOK has launched campaigns to create awareness on World Water Day, Earth Day with its Tree Plantation initiatives.

22. United Bank Limited (UBL)

Under Renewable energy schemes, UBL disbursed loans to different sectors i.e., Poultry, Cold storages, Flour mills, Traders, and manufacturing units. Under women entrepreneur scheme UBL disbursed loans country wide to promote different sectors such as Salons, Retail and Food Industry. Schemes are available for UBL's SME customers booked under product programs or non-product programs. UBL has established a Green Banking Office headed by Chief Green Banking Manager. The office co-ordinates with various stakeholders to develop Environmental Risk Management, Sustainable Green Finance, Resource Efficiency policies and Capacity Building to promote green banking initiatives. Diversity, Equality, and Inclusion (DEI) policy has been formulated and approved by Human Resource Compensation Committee. Presently working on developing DEI e-Learnings for all staff.

22. Zarai Taraqiati Bank Limited (ZTBL)

Green Banking office has been established and Green Banking Policy is awaiting approval from the Board. Green capacity building program for staff and Green Awareness campaigns for clients has also been launched. Environmental Risk Management is integrated with bank's credit risk assessment procedures. There are 7 Green Banking products launched by ZTBL and 3 of its branches are designated Green Banking branches. ZTBL has introduced 2 credit schemes specifically for women. There is a day care facility for women staff and more than 470 females are employed. The bank is focusing on enhancing the number of active accounts of women customers. ZTBL is a specialized financial institution, extending agricultural credits to small farmers.

Appendix B:

Members of Pakistan Working Group

UK IFC Task Force - Members of Pakistan Working Group		
	Members	**Names & Designation**
1.	State Bank of Pakistan	Ghulam Muhammad Abbasi (Chair) Director, Islamic Banking Department
2.	UKIFC	Omar Shaikh Director
3.	UKIFC	Chris Tait Executive Manager
4.	UKIFC	S. Fahim Ahmad Senior Advisor
5.	Meezan Bank Ltd	Ahmed Ali Siddiqui SEVP / Head of Shariah Compliance
6.	Standard Chartered Bank	Azhar Aslam Head, Islamic Banking
7.	JS Bank	Asad Nasir Head of Sustainable Finance
8.	Habib Bank Ltd	Afaq Khan Head Islamic Banking
9.	Bank Alfalah Limited	Mr. Muhammad Imran Head of Islamic Banking
10.	Bank AL Habib Limited	Mr. Saif Abbas Head of Islamic Banking
11.	Allied Bank Limited	Mr. Raashed Rauf Shaikh Chief Islamic Banking Group
12.	First Microfinance Bank Limited	Mr. Kashif Zafar Head Communications & Product
13.	NRSB Microfinance Bank	Muhammad Hassan Warraich Head Islamic Microfinance Division
14. (Observer)	UNDP Islamabad	Ammara Durrani Assistant Resident Representative, DPU

Appendix C:

Financial Institutions in Pakistan

Table 6: List of Banks		
Banks Type	**Name**	
Public Sector Commercial Banks	First Women Bank Limited	National Bank of Pakistan
	The Bank of Khyber	The Bank of Punjab
	Sindh Bank Limited	
Specialized Banks	ZaraiTaraqiati Bank Limited	SME Bank Limited
	Punjab Provincial Cooperative Bank Limited	Industrial Development Bank of Pakistan Limited
Local Private Banks	Habib Bank Limited	United Bank Limited
	MCB Bank Limited	Allied Bank Limited
	Bank Al-Falah Limited	Bank Al Habib Limited
	Habib Metropolitan Bank Limited	JS Bank Limited
	Faysal Bank Limited	Askari Bank Limited
	Standard Chartered Bank (Pakistan) Limited	Soneri Bank Limited
	Silk Bank Limited	Summit Bank Limited
	Samba Bank Limited	
Islamic Banks	Meezan Bank Limited	Al-Baraka Bank (Pakistan) Limited
	Bank Islami Pakistan Limited	MCB Islamic Bank Limited
	Dubai Islamic Bank Limited	
Foreign Banks	Citi Bank N.A	Deutsche Bank AG
	Industrial & Commercial Bank of China	Bank of China Limited

Table 7. List of Development Finance Institutions

No	Name
1	Pakistan Kuwait Investment Company Limited
2	Pak-Brunei Investment Company Limited
3	Saudi Pak Industrial & Agricultural Investment Company Ltd.
4	PAIR Investment Company Limited
5	Pakistan Mortgage Refinance Company Limited
6	Pak Oman Investment Company Limited
7	Pak Libya Holding Company Limited
8	House Building Finance Company Limited
9	Pak China Joint Investment Company Ltd

Table 8. List of Microfinance Banks

No	Name
1	First Microfinance Bank Limited
2	Khushhali Microfinance Bank Limited
3	Pak Oman Microfinance Bank Limited
4	Mobilink Microfinance Bank Limited
5	Advans Pakistan Microfinance Bank Ltd
6	FINCA Microfinance Bank Limited
7	NRSP Microfinance Bank Limited
8	Telenor Microfinance Bank Limited
9	U Microfinance Bank Limited
10	APNA Microfinance Bank Limited
11	Sindh Microfinance Bank Limited

Appendix D:

Islamic Banking & SDGs Commonalities

Islamic Banking adheres to a set of values, norms, and laws which[31] govern economic affairs and financial transactions. These set of rules are known as the Shariah, which reflects Islamic teachings from the Holy Quran and the Hadith. Shariah underlines the protection of intellect, life, progeny, faith, and wealth as necessities. These objectives make up Maqasid al Shariah, also known as the objectives of the Islamic law, which are closely tied to the SDGs.

Table 9: Shariah Objectives and the SDGs

Objectives of Shariah	Relevant SDGs	
Protection of Life	SDG 2: Zero Hunger	SDG 6: Clean Water and Sanitation
	SDG 3: Good Health and Well-being	SDG 8: Decent Work and Economic Growth
	SDG 5: Gender Equality	SDG 11: Sustainable Cities and Communities
Protection of Intellect	SDG 1: No Poverty	SDG 4: Quality Education
	SDG 2: Zero Hunger	SDG 9: Industry, Innovation, and Infrastructure
	SDG 3: Good Health and Well-being	
Protection of Progeny	SDG 3: Good Health and Well-being	SDG 14: Life Below Water
	SDG 5: Gender Equality	SDG 15: Life on Land
	SDG 11: Sustainable Cities and Communities	SDG 16: Peace, Justice and Strong Institutions
	SDG 12: Responsible Consumption and Production	SDG 17: Partnership for the Goals
	SDG 13: Climate Action	
Protection of Faith	SDG 1: No Poverty	SDG 6: Clean Water and Sanitation
	SDG 2: Zero Hunger	SDG 10: Reduced Inequalities
	SDG 3: Good Health and Well-being	
Protection of Wealth	SDG 1: No Poverty	SDG 8: Decent Work and Economic Growth
	SDG 3: Good Health and Well-being	SDG 10: Reduced Inequalities

SOURCE: LEVERAGING ISLAMIC FINANCE TO ACHIEVE SUSTAINABLE DEVELOPMENT GOALS| IRTI.ORG

31 https://irti.org/product/leveraging-islamic-finance-to-achieve-sustainable-development-goals/

Islamic finance strives for equality, integrity, and fairness, it follows certain principles to protect the public interest and prevent harm in the society. The principles include the prohibition of interest-based transactions, refrainment from illicit activities, and avoidance of speculative transactions. Islamic finance promotes profit and loss sharing, and asset backed financing. These principles have a significant impact on the SDGs including economic productivity and real trade and business transactions.

Figure 3: Implications of Islamic Finance Principles on SDGs

SOURCE: IRTI.ORG

Furthermore, the principles incorporate social responsibility, which leads to the development of Islamic social finance. The Islamic economic and financial system supports equitable wealth distribution which leads to various mechanisms such as Zakat (compulsory charity in Islam), Sadqah (voluntary charity), waqf (endowment), and Qard e Hasna (Benevolent Loan) to ensure socio-economic justice in the Muslim community. Islamic social finance is vital to meet the SDG targets. Islamic almsgiving, specifically Zakat and Sadqah provide abundant funds to eradicate poverty (SDG 1) and hunger (SDG 2) bringing food security.

Table 9: Progress of Islamic Banking[32]				
	Dec 2019	**June 2021**	**Dec 2019**	**Dec 2020**
Assets (PKR)	3,284 billion	4,797 billion	14.9%	17%
Deposits (PKR)	2,652 billion	3,822 billion	16.6%	18.7%
Branches	3,226	3,583		

Financial institutions (both conventional and Islamic) are trying to implement the SDGs in their work environment; hence several steps have been taken in this regard.

32 https://www.sbp.org.pk/ibd/bulletin/2021/Jun.pdf

Appendix E:

Banks Participated in Survey

Sr. No.	Bank Name
1.	First Women Bank Ltd.
2.	National Bank of Pakistan
3.	Sindh Bank Limited
4.	The Bank of Khyber
5.	The Bank of Punjab
6.	The Punjab Provincial Cooperative Bank Limited
7.	SME Bank Limited
8.	Zarai Taraqiati Bank Limited
9.	Al Baraka Bank (Pakistan) Limited
10.	BankIslami Pakistan Limited
11.	Dubai Islamic Bank (Pakistan)
12.	Meezan Bank Limited
13.	MCB Islamic Bank Limited
14.	Allied Bank Limited
15.	Askari Bank Limited
16.	Bank Al Habib Limited
17.	Bank Alfalah Limited
18.	Faysal Bank Limited
19.	Habib Bank Limited
20.	Habib Metro Bank Limited
21.	JS Bank Limited
22.	MCB Bank Limited
23.	Samba Bank (Pakistan) Limited
24.	Silk Bank Limited
25.	Soneri Bank Limited
26.	Standard Chartered Bank (Pakistan) Limited
27.	Summit Bank Limited
28.	United Bank Limited

Appendix F:

Pakistan Banking Sector's Advances and Financing in Various Sectors

Classification of Scheduled Banks' Advances by Borrowers

All Banks

(End of Period: Million Rupees)

BORROWERS	2020	2020			2021		
	Jun	DecR			JunP		
	All Banks	All Banks	Commercial Banks	Specialized Banks	All Banks	Commercial Banks	Specialized Banks
1. FOREIGN CONSTITUENTS	**1,977.8**	**2,420.4**	**2,420.4**	**-**	**2,846.0**	**2,846.0**	**-**
2. DOMESTIC CONSTITUENTS	**7,961,484.9**	**8,241,094.8**	**8,093,318.0**	**147,776.8**	**8,687,975.7**	**8,550,621.3**	**137,354.3**
I. GOVERNMENT	**878,558.8**	**821,531.5**	**820,701.5**	**830.0**	**995,216.0**	**994,216.0**	**1,000.0**
a. Federal Government	272,175.8	277,732.8	277,732.8	-	287,364.5	287,364.5	-
01. Commodity Operations	202,141.5	201,087.0	201,087.0	-	210,913.3	210,913.3	-
02. Others	70,034.3	76,645.8	76,645.8	-	76,451.2	76,451.2	-
b. Provincial Governments	606,383.0	543,798.7	542,968.7	830.0	707,851.5	706,851.5	1,000.0
01. Commodity Operations	594,991.9	532,646.6	531,816.6	830.0	700,734.2	699,734.2	1,000.0
02. Others	11,391.1	11,152.1	11,152.1	-	7,117.4	7,117.4	-
c. Local Bodies	-	-	-	-	-	-	-
II. NON-FINANCIAL PUBLIC SECTOR ENTERPRISES (NFPSE)	**1,160,167.8**	**1,138,214.2**	**1,138,214.2**	**-**	**1,104,543.4**	**1,104,543.4**	**-**
01. Agriculture, hunting and forestry	-	-	-	-	-	-	-
02. Services	498.7	773.4	773.4	-	807.7	807.7	-
03. Utilities	705,340.3	686,783.4	686,783.4	-	670,176.4	670,176.4	-
04. Transport, storage and communications	278,801.7	289,169.4	289,169.4	-	297,193.3	297,193.3	-
05. Manufacturing	74,375.6	81,121.9	81,121.9	-	69,980.7	69,980.7	-
06. Mining and Quarrying	-	-	-	-	-	-	-
07. Construction	-	11,908.9	11,908.9	-	11,995.0	11,995.0	-
08. Commerce and Trade	79,677.3	54,514.8	54,514.8	-	52,614.7	52,614.7	-
09. Others	21,474.2	13,942.4	13,942.4	-	1,775.7	1,775.7	-
III. NON-BANK FINANCIAL INSTITUTIONS (NBFIs)	**101,329.7**	**114,591.5**	**114,407.1**	**184.3**	**124,534.1**	**124,339.7**	**194.4**
01. Mutual Funds and AMCs	2,154.4	3,066.0	3,066.0	-	3,045.3	3,045.3	-
02. Insurance & Pension Funds	5,356.8	4,475.0	4,475.0	-	4,468.1	4,468.1	-
03. MFIs and DFIs	45,153.1	55,924.0	55,924.0	-	56,692.8	56,692.8	-

04. Stock Exchange & Brokerage Houses	11,356.4	14,642.7	14,642.7	-	16,893.0	16,893.0	-
05. Modarabas	4,170.9	4,009.4	4,009.4	-	3,647.9	3,647.9	-
06. Other NBFIs	33,138.1	32,474.3	32,290.0	184.3	39,787.1	39,592.7	194.4
IV. PRIVATE SECTOR (BUSINESS)	**5,126,151.9**	**5,362,494.8**	**5,218,203.0**	**144,291.8**	**5,559,655.7**	**5,425,820.8**	**133,834.9**
a. Agriculture, forestry and fishing	279,744.1	291,382.7	166,491.7	124,891.0	291,864.1	177,924.0	113,940.1
01. Crop and animal production, hunting and related service activities	278,424.9	289,803.6	164,959.6	124,844.0	290,384.4	176,490.5	113,893.9
i. Growing of Wheat, Rice, Sugar Cane & Cotton	119,886.0	129,892.4	82,805.0	47,087.4	138,334.5	95,568.8	42,765.7
ii. Growing of tropical, subtropical, pome and stone fruits & vegetables.	23,987.0	22,999.5	5,153.7	17,845.7	21,258.2	5,550.2	15,708.0
iii. Growing of other fruits, vegetables and crops	7,307.1	7,762.3	6,694.0	1,068.2	7,702.1	6,613.7	1,088.5
iv. Raising of livestock and other related activities	89,237.1	96,094.6	47,560.2	48,534.5	95,050.7	49,036.6	46,014.1
v. Other agricultural support activities	38,004.2	33,051.4	22,743.2	10,308.2	28,035.4	19,717.8	8,317.6
vi. Hunting, trapping and related service activities	3.5	3.5	3.5	-	3.5	3.5	-
02 - Forestry and logging	76.5	91.1	84.6	6.5	87.0	80.1	6.9
03 - Fishing and aquaculture	1,242.6	1,488.0	1,447.5	40.5	1,392.8	1,353.4	39.3
b. Mining and quarrying	81,456.0	78,208.6	78,199.5	9.1	65,790.8	65,781.8	9.1
01. Mining of coal and lignite	36,596.0	33,114.8	33,114.7	0.0	36,783.4	36,783.4	0.0
02. Extraction of crude petroleum and natural gas	41,509.5	41,814.1	41,814.1	-	26,873.4	26,873.4	-
03. Mining of metal ores	705.4	673.9	673.9	-	375.1	375.1	-
04. Other mining and quarrying	2,616.4	2,573.3	2,564.3	9.0	1,727.7	1,718.6	9.0
05. Mining support service activities	28.8	32.6	32.6	-	31.3	31.3	-
c. Manufacturing	3,186,601.9	3,292,231.6	3,280,443.0	11,788.7	3,442,203.7	3,429,881.9	12,321.8
01. Manufacture of food products	752,935.0	778,938.8	768,457.4	10,481.4	886,748.5	875,728.9	11,019.5
02. Manufacture of beverages	27,369.7	28,244.2	28,172.5	71.7	26,429.1	26,402.0	27.1
03. Manufacture of tobacco products	851.2	1,174.4	1,131.1	43.3	3,023.1	2,977.4	45.7
04. Manufacture of textiles	1,041,707.7	1,087,303.8	1,087,125.8	178.0	1,060,776.0	1,060,586.8	189.1
i. Preparation and spinning of textile fibers	410,562.2	399,432.2	399,417.9	14.2	352,944.8	352,930.6	14.2
ii. Weaving of textiles	198,401.8	202,314.8	202,237.5	77.3	215,340.7	215,267.5	73.3
iii. Finishing of textiles	195,418.7	180,289.9	180,280.1	9.8	194,948.0	194,938.2	9.8
iv. Manufacture of knitted and crocheted fabrics	30,937.5	36,203.2	36,162.4	40.7	39,920.8	39,880.1	40.7
v. Manufacture of made-up textile articles, except apparel	116,074.7	163,757.1	163,755.0	2.1	150,177.2	150,171.4	5.9
vi. Manufacture of carpets and rugs	3,076.7	2,477.5	2,470.1	7.4	2,233.9	2,223.0	10.9
vii. Manufacture of other textiles n.e.c.	87,236.0	102,829.2	102,802.8	26.4	105,210.5	105,176.2	34.3
05. Manufacture of wearing apparel	124,598.4	136,166.7	135,955.9	210.8	149,597.6	149,378.1	219.4
06. Manufacture of leather and related products	30,979.6	33,801.9	33,737.9	63.9	36,630.6	36,567.3	63.3
i. Tanning and dressing of leather; dressing and dyeing of fur	6,626.9	7,670.4	7,643.5	26.9	7,296.3	7,269.9	26.4
ii. Manufacture of luggage, handbags and the like, saddlery and harness	1,340.6	1,417.6	1,417.6	-	1,712.5	1,712.5	-
iii. Manufacture of footwear	23,012.0	24,713.9	24,676.8	37.0	27,621.9	27,584.9	36.9
a). Leather wear	19,700.9	21,727.7	21,691.0	36.7	24,107.1	24,070.5	36.7
b). Rubber and Plastic wear	3,311.2	2,986.2	2,985.8	0.4	3,514.7	3,514.5	0.3

3.10 Classification of Scheduled Banks' Advances by Borrowers

All Banks

(End of Period: Million Rupees)

BORROWERS	2020	2020			2021		
	Jun	DecR			JunP		
	All Banks	All Banks	Commercial Banks	Specialized Banks	All Banks	Commercial Banks	Specialized Banks
07. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	4,989.8	4,632.8	4,614.9	17.9	5,607.6	5,591.6	16.0
08. Manufacture of paper and paper products	43,197.3	42,756.6	42,715.6	41.1	49,988.8	49,947.0	41.8
09. Printing and reproduction of recorded media	12,683.5	14,950.2	14,919.3	30.9	15,971.0	15,950.3	20.7
10. Manufacture of coke and refined petroleum products	87,118.8	112,853.1	112,853.1	-	107,404.2	107,404.2	-
11. Manufacture of chemicals and chemical products	265,094.0	264,017.8	263,921.2	96.6	274,866.9	274,770.2	96.7
12. Manufacture of basic pharmaceutical products and pharmaceutical preparations	60,436.1	79,151.8	79,146.5	5.3	79,090.9	79,085.6	5.3
13. Manufacture of rubber and plastics products	45,604.9	45,889.9	45,838.3	51.6	51,071.8	51,014.8	57.0
14. Manufacture of other non-metallic mineral products	220,349.0	212,298.6	212,249.3	49.3	215,817.0	215,767.3	49.7
15. Manufacture of basic metals	172,309.9	177,294.4	177,147.7	146.7	192,457.1	192,285.7	171.4
16. Manufacture of fabricated metal products, except machinery and equipment	40,358.8	33,704.3	33,683.1	21.2	32,595.7	32,576.4	19.3
17. Manufacture of computer, electronic and optical products	6,546.7	4,603.8	4,594.2	9.6	3,590.0	3,587.1	2.9
18. Manufacture of electrical equipment	108,912.7	117,296.2	117,267.4	28.7	127,486.4	127,450.7	35.7
19. Manufacture of machinery and equipment	18,659.9	13,200.2	13,183.5	16.7	12,788.0	12,769.0	19.0
20. Manufacture of motor vehicles, trailers and semi-trailers	64,169.0	43,929.5	43,920.0	9.5	46,080.3	46,070.7	9.5
21. Manufacture of other transport equipment	12,606.1	13,778.8	13,777.3	1.4	18,491.8	18,491.4	0.4
22. Manufacture of furniture	3,457.0	3,884.6	3,804.9	79.8	3,461.6	3,381.4	80.2
23 Other manufacturing	41,343.5	41,994.6	41,861.5	133.1	41,861.1	41,729.1	132.0
24. Repair and installation of machinery and equipment	323.3	364.7	364.7	-	368.7	368.7	-
d. Electricity, gas, steam and air conditioning supply	490,261.9	532,076.2	532,075.4	0.8	558,562.7	558,540.0	22.7
e. Water supply; sewerage, waste management and remediation activities	15,076.2	23,204.2	23,204.1	0.1	24,150.4	24,148.9	1.4
f. Construction	129,053.8	145,073.6	144,859.6	214.0	153,525.4	153,218.5	306.8
01. Construction of buildings	68,031.9	87,957.9	87,784.6	173.2	106,380.7	106,131.6	249.1
02. Civil engineering	59,660.9	55,809.6	55,769.5	40.1	45,600.8	45,543.0	57.8
03. Specialized construction activities	1,361.0	1,306.2	1,305.5	0.6	1,543.9	1,543.9	-
g. Wholesale and retail trade; repair of motor vehicles and motorcycles	413,485.9	437,793.8	433,809.3	3,984.6	432,401.8	428,357.6	4,044.3
01. Wholesale and retail trade and repair of motor vehicles and motorcycles	22,172.6	27,192.7	26,824.4	368.3	28,777.3	28,366.8	410.4
02. Wholesale trade, except of motor vehicles and motorcycles	234,252.2	247,996.4	247,858.0	138.3	239,884.5	239,663.8	220.7

03. Retail trade, except of motor vehicles and motorcycles	157,061.1	162,604.8	159,126.8	3,478.0	163,740.1	160,326.9	3,413.2
h. Transportation and storage	119,388.8	119,825.0	117,007.2	2,817.8	113,663.6	110,978.9	2,684.6
i. Accommodation and food service activities	37,048.0	43,058.7	42,905.1	153.6	42,888.2	42,735.4	152.8
j. Information and communication	150,911.8	160,045.3	160,011.9	33.4	174,550.7	174,511.9	38.8
k. Real estate activities	29,438.7	24,868.8	24,868.0	0.8	30,892.2	30,891.4	0.8
l. Professional, scientific and technical activities	49,077.9	51,611.2	51,602.5	8.7	48,700.0	48,690.9	9.1
m. Administrative and support service activities	57,315.8	56,148.8	56,032.8	116.0	59,839.6	59,718.0	121.6
n. Education	22,496.0	31,436.0	31,298.7	137.3	32,301.4	32,194.6	106.8
o. Human health and social work activities	14,564.7	18,082.3	18,046.6	35.7	19,890.1	19,853.9	36.2
p. Arts, entertainment and recreation	2,534.9	3,307.6	3,304.1	3.5	3,099.2	3,091.3	7.9
q. Other service activities	47,695.6	54,140.2	54,043.4	96.8	65,331.7	65,301.7	30.0
V. TRUST FUNDS AND NON-PROFIT ORGANIZATIONS	17,929.1	19,281.7	19,239.2	42.5	15,023.1	14,988.1	35.0
VI. PERSONAL	675,799.8	783,094.1	781,010.9	2,083.2	885,860.4	883,892.8	1,967.7
a. Bank Employees	140,841.3	163,675.7	161,617.9	2,057.8	177,131.0	175,191.5	1,939.5
b. Consumer Financing	534,076.2	618,612.1	618,586.6	25.5	707,916.6	707,888.5	28.1
01. For house building	79,803.3	86,184.2	86,184.2	-	103,630.8	103,630.8	-
02. For transport i.e., purchase of car etc	211,112.9	256,386.2	256,384.0	2.2	308,095.7	308,092.1	3.6
03. Credit cards	43,047.8	51,493.7	51,493.7	-	55,073.6	55,073.6	-
04. Consumers durable	7,925.6	6,206.7	6,198.6	8.1	6,080.5	6,072.7	7.8
05. Personal loans	192,186.6	218,341.3	218,326.2	15.2	235,036.0	235,019.3	16.8
c. Other	882.3	806.4	806.4	-	812.8	812.8	-
VII. OTHER	1,547.9	1,887.1	1,542.2	344.9	3,142.9	2,820.6	322.4
TOTAL	**7,963,462.7**	**8,243,515.2**	**8,095,738.4**	**147,776.8**	**8,690,821.7**	**8,553,467.4**	**137,354.3**

Appendix G:

About UKIFC

The UKIFC is a specialist advisory and development body focused on promoting and enhancing the global Islamic and ethical finance industry. Established as a not-for-profit in 2005 the practitioner-led UKIFC has been at the forefront of identifying synergies and co-ordinating activities between Islamic and conventional ethical finance. In so doing the UKIFC has pioneered a number of internationally acclaimed and award winning initiatives that have moved the debate in Islamic finance to consider the broader ethical finance thematic. With a unique insight into both the Islamic and ethical finance markets the UKIFC is regularly approached by stakeholders, in both mainstream ethical finance and Islamic finance, for advice and support. Its capabilities include:

- UN SDGs – stakeholder endorser of the UN Principles for Responsible Banking and expertise in advising, capacity building and monitoring tools for all financial institutions (specialist tool kit for Islamic financial institutions)
- Advising on integrating Islamic with broader ethical finance strategies for product design to widen product appeal
- Advising conventional ethical finance bodies on adding an Islamic finance dimension to tap into new markets
- Planning, organising and supporting Islamic, ethical and inter-faith finance events/conferences for publicity, product launches, educational and awareness purposes

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SDGs & Sustainability

Pakistan Banking Sector Perspective

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