

UK-funded Karandaaz to promote sustainable energy and economic development

A UK commitment to provide financing for renewable energy and energy efficiency to Pakistan's industrial Small and Medium Enterprises (SME) sector has been signed by the Department for International Development (DFID).

As part of DFID's Sustainable Energy and Economic Development (SEED) programme, Karandaaz will invest over £15 million to promote renewable energy generation and efficiency measures in Pakistani businesses. The SEED programme will work with firms, businesses, and financial institutions to demonstrate the financial viability of enhancing investments in clean energy and energy efficiency improvements.

The agreement was signed between Joanna Reid, Head of DFID Pakistan and Ali Sarfraz, CEO Karandaaz Pakistan. Karandaaz Board of Directors' Chairperson, Dr Shamshad Akhtar was also present at the occasion.

Speaking at the occasion, Joanna Reid, Head of DFID Pakistan said:

Less than 4% of Pakistan's electricity is generated from renewable sources. We are working to change that.

I believe that this investment in sustainable energy will go a long way in promoting energy-efficient and environment-friendly options for businesses, and at the same time help to generate more jobs and achieve greater prosperity.

Speaking at the occasion, Dr Shamshad Akhtar, Chairperson Karandaaz said:

Economic and urban development is a national priority for Pakistan. With 39% of the population residing in cities, Pakistan is not only the most urbanised, but also the fastest urbanizing country in South Asia. Pakistani cities' contribution to its GDP growth however, is much lower than in peer countries.

It has been estimated by the IFC that as much as 11%-14% of the energy utilised in Pakistan could be saved through energy conservation and efficiency measures, which is equivalent to two hours of power supply each day.

This grant from DFID will help bridge the financing gap and enable the emergence of sustainable and efficient energy for Pakistan's private sector, resulting in more vibrant and economically friendly cities, more competitive businesses and more jobs all leading to

Pakistan moving closer to its targets as set under SDGs.

Speaking at the occasion, Ali Sarfraz, CEO Karandaaz said:

Karandaaz is proud to have established itself in a short span of time as a trusted partner of DFID to implement this additional focused financing programme for sustainable energy and energy efficiency in Pakistan. We will work closely with multilateral partners to pave the way for increased investments in the sustainable energy sector. This will also promote low carbon growth.

According to a latest World Bank study, more than 75% of Pakistani firms cite energy provision as a major constraint to growth. Where available, electricity provision is costly and inefficient, lowering competitiveness of industry and services. Daily load shedding and large leakages in the distribution system mean manufacturing firms cite access to electricity amongst the top obstacles to growth.

Climate and environment are a global priority for DFID. Domestically and internationally, the UK has been leading the way on climate change. This programme is also an opportunity for Pakistan to draw on UK expertise in clean energy for greener growth.

Further information

- According to Global Competitiveness Report, energy shortage has directly impeded Pakistan's ability to compete in international markets for Pakistan's export sector. Widespread use of renewable energy and energy efficiency is yet to kick off. 17% of the energy utilised in Pakistan could be saved through energy conservation and efficiency measures, which according to some estimates is equivalent to two hours of power supply each day.
- A market assessment conducted by the IFC in 2014 found that potential savings range from 11%-14%. The same assessment estimated the demand for renewable energy investment across six industrial sectors at \$2.2 billion. Incentives for firms and residences to switch to renewables have been initiated, but these have so far proven ineffective and the use of energy from renewable sources, excluding hydropower, is still under 4% of total energy generation as estimated by Hydrocarbon Development Institute of Pakistan.

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