

# **Proceedings Report**



## **Driving a Just Industrial Transition: Role of MDBs and Solar Rush in Pakistan's Textile Sector**

**(Launch of ADS' Two Research Studies & Multi-Stakeholder Policy  
Dialogue)**

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## Driving a Just Industrial Transition: Role of MDBs and Solar Rush in Pakistan's Textile Sector

### (Launch of ADS' Two Research Studies & Multi-Stakeholder Policy Dialogue)

#### Introduction of ADS

Based in Islamabad, the Alternate Development Services (ADS) is a research and capacity development institute with in-depth experience in proposing climate change options, including adaptation and mitigation. Its expertise spans limiting global warming, just energy transition, environmental conservation, and human rights. Through its Alternate and Renewable Energy Campaign – Pakistan (AREC-Pakistan), ADS promotes renewable energy deployment and industrial decarbonization, particularly across textile, apparel, sport, and leather sectors.

#### Background and Rationale

Pakistan's industry faces rising energy costs, mounting competitiveness pressures, and increasing compliance requirements, such as the ISO 9001, SA 8000 (social accountability), ISO 5001 (Energy Management), and ISO 14001 (Environmental Management), CE Marking, ASTM D5489 Standards (washing, bleaching, drying, ironing & professional care), WRAP (Worldwide Responsible Accredited Production), REACH (Registration, Evaluation, Authorization & Restriction of Chemicals with products entering the EU, National Environmental Quality Standards (NEQS-Pakistan), Bluesign (Resource efficiency, lowest impact on people and environment and, responsible chemical use), Waste & Pollution Rules, GOTS (Global Organic Textile Standard), CBAM and the international financing requirements as well as MDBs compliance with the corresponding national policies is reshaping national energy transition pathways. At the same time, multilateral development banks (MDBs) and international financiers are reshaping Pakistan's energy transition pathways and industrial financing landscape through their climate commitments, though implementation on the ground often falls short due to mismatches in country systems, reform sequencing, and social safeguards.

To inform this evolving landscape, Alternative Development Solutions (ADS) has completed two complementary research studies in 2025 that provide timely, evidence-based insights for an inclusive and just industrial transition:

**Study 1:** *Tracking Multilateral Development Bank Policies on Energy Conservation and Industrial Decarbonization: Implications for an Inclusive & Just Transition in Pakistan.*

This study critically examines the WBG's Country Partnership Framework (CPF) and the ADB's Country Partnership Strategy, assessing their commitments on renewables, energy efficiency, resilience, clean air, and just transition. It benchmarks these against Pakistan's national frameworks, including NDCs, IGCEP, National Energy Efficiency & Conservation Policy and Action Plan, National Clean Air Policy, carbon-market guidelines, and National Adaptation Plan. Using policy alignment matrices and political-economy diagnostics, it reveals directional alignments but highlights critical gaps in metrics, reform sequencing, institutional capacity, and operationalization of just-transition instruments. The study identifies near-term mitigation and competitiveness opportunities in power-system dispatchability, industrial deep retrofits, resilience, and air-quality co-benefits; evaluates implementation through a case study of the Punjab Green Development Program; and offers policy recommendations to bridge these gaps.

**Study 2:** *Scoping Study of Off-Grid Solar PV and Captive Power Systems in Pakistan's Textile Sector Under the CTBCM Regime: Techno-Economic and Environmental Feasibility Analysis.*

Based on primary data from 80 textile mills in Faisalabad and Multan, this study provides the most comprehensive assessment to date of the technical, financial, and regulatory feasibility of shifting captive

and grid-dependent textile units to off-grid and captive solar PV systems under CTBCM regime. Using GIS-based resource mapping, detailed LCOE and IRR/ROI modelling, emissions-impact quantification, and scenario analysis (wheeling charges, UoSC reforms, CBAM carbon pricing, CAPEX financing gaps, and regulatory delays), the study delivers concrete, bankable recommendations for NEPRA, CPPA-G, DISCOs, NPCC, textile associations, and development finance institutions.

## **Rationale for a Joint Launch Event**

The joint launch event is motivated by the strong interlinkages between multi MDB financing frameworks and the textile industry’s decarbonization opportunities. By presenting the two studies together, ADS will bridge the macro-policy perspective offered by MDBs with the micro-industry perspective of solar-PV feasibility, enabling an integrated dialogue on financing, regulation, and implementation challenges. This platform will strengthen collaboration among government, MDBs, regulators, industry, and civil society, catalyzing a coherent, evidence-driven national conversation that aligns international climate finance with domestic industrial transformation priorities and ensures Pakistan’s textile sector transitions sustainably, competitively, and inclusively

## **Objectives of the Event**

The event will present the findings of both ADS studies and highlight their implications for industrial decarbonization, while facilitating dialogue among multilateral development banks, policymakers, industry associations, and civil society on aligning financing and regulatory frameworks. It will also discuss opportunities for rapid solarization under the CTBCM, and the regulatory reforms needed to enable captive and off-grid solutions. In addition, the discussion will identify joint monitoring and advocacy pathways for MDB programs, renewable-energy reforms, and measures to boost industrial competitiveness. Finally, the session will reinforce ADS’s role as a research-driven institution that supports a just, inclusive, and evidence-based energy transition.

## **Date and Venue**

**Date:** Wednesday, December 24, 2025

**Venue:** Islamabad Hotel

## **Significance of the reports launch and consultation event**

The launch of ADS’s two complementary studies and the accompanying consultation event is of high significance as they pair macro-level analysis of MDB policy frameworks with micro-level, ground-verified evidence on solarization and captive power options in Pakistan’s textile sector. The reports and dialogue collectively illuminate practical pathways to align international climate finance, domestic regulation, and industry action for a just and competitive transition. Key aspects examined include:

- **MDB Policy & Financing Alignment:** A critical review of multilateral development banks’ country strategies and conditionalities, highlighting how MDB climate commitments translate (or fail to translate) into bankable support for industrial decarbonization, and identifying opportunities to better sequence reforms, metrics, and safeguards to unlock predictable finance.
- **Industrial Competitiveness & Just Transition:** Identification of mitigation measures that simultaneously reduce costs and improve competitiveness, such as deep retrofits, dispatchability upgrades, and resilience investments, while mapping social safeguards and job implications necessary for an inclusive transition.

- Solarization & Technical-Economic Feasibility: Evidence-based findings from 80 textile mills and GIS-mapped resource assessments that quantify LCOE, IRR/ROI, emissions reductions, and scenario outcomes under CTBCM, wheeling and UoSC reform assumptions providing concrete, economically viable options for captive and off-grid solar deployment.
- Regulatory & Institutional Roadmap: Practical recommendations for NEPRA, CPPA-G, DISCOs, NPCC, industry associations and DFIs to address wheeling tariffs, CAPEX financing gaps, operational reforms, and monitoring arrangements; enabling faster implementation, clearer compliance with international standards (e.g., CBAM), and joint advocacy to mainstream industrial solar and efficiency measures.

## Participants

The launch and consultation was attended by over 30 participants, bringing together senior academics, ADS & USPCASE researchers, policymakers and development advisors, industry compliance managers, civil society representatives, students, and media.

## Proceedings

The consultation began with the recitation of verses from the Holy Quran.

### Mr. Amjad Nazeer (CEO, ADS)

Mr. Nazeer said that over the past decade, hundreds of textile units have closed, mainly because Pakistan's energy costs are the highest in the region, almost double those of India, Bangladesh, and Vietnam. He noted that energy constitutes around one-third of production costs, and taxes and surcharges raise the burden even further, severely hurting competitiveness. He added that another major problem is the policy bias in favor of sugarcane, which has led to a steady decline in cotton production from about fifteen million bales to nearly five million. As someone from key cotton-growing areas, he said he has personally witnessed this decline, stressing that it is the outcome of deliberate policy choices. At the same time, he observed that the textile sector now faces new international requirements related to clean energy, emissions reduction, chemicals management, recycling, and circularity, including mechanisms such as CBAM and environmental certification standards that will increasingly govern export markets.



He said that despite challenges, some Pakistani firms have already shown that decarbonization can reduce both emissions and costs, citing Crescent Textile Mills as an example. The key, he argued, is affordable, reliable energy and accelerated use of renewable and hydropower resources, especially in Sindh, Balochistan, and the northern regions, backed by stronger transmission systems. Mr. Nazeer emphasized that green technologies, life-cycle assessment, concessional financing, and supportive policies are essential for competitiveness, and that both government and industry must act. He highlighted the role of UNDP and partners in promoting dialogue and green investment, and called for improved infrastructure, stronger green financial frameworks, and upgrading outdated industrial systems. He concluded by linking these points to ongoing research on solarization and solar mapping and invited the research team to share detailed findings.

## Session I – Solar Rush in the Textile Industry of Pakistan

### Dr. Syed Ali Abbas Kazmi (HOD Electrical Engineering – Power (EEP), USPCAS-E, NUST)

Dr. Kazmi said that Pakistan’s textile sector is the backbone of exports and industrial employment, yet it faces severe challenges of unreliable and expensive electricity. He explained that repeated grid failures, high tariffs, and fuel price escalation have pushed industries toward captive generation and solar adoption out of necessity rather than enthusiasm. He noted that industrial electricity in Pakistan costs many times more than in competing countries, making global competitiveness extremely difficult. As a result, firms increasingly rely on off-grid solar, captive systems, and hybrid arrangements to keep production running and reduce costs, especially as international buyers now demand cleaner energy and lower emissions under mechanisms such as CBAM.



He said the energy transition is underway but remains constrained by structural problems. Pakistan has significant installed generation capacity, but transmission constraints, derating in summer, and policy and regulatory complexity limit deliverable power. Dr. Kazmi explained that wheeling charges, losses, licensing hurdles, legacy capacity payments, and weak transparency create uncertainty for investors and industries. He added that solar deployment has expanded rapidly, but reliance on imported equipment pressures foreign exchange, concessionary green financing has ended, and regulatory clarity on net metering, gross metering, and market mechanisms such as CTBCM is still evolving.

Dr. Kazmi said that the study focused on textile hubs such as Faisalabad and Multan, using GIS mapping and techno-economic modeling to assess rooftop solar, captive generation, emissions, and compliance with CBAM. He noted that most facilities still depend largely on gas-based thermal power, reflecting high national emission intensity, while storage technologies and consortium-based power purchasing models are emerging. He emphasized that major barriers include policy inconsistency, inadequate grid upgrades, financial gaps, weak execution capacity, and investor concerns about profit repatriation. He concluded that industrial decarbonization is being driven mainly by export-market pressure, and that clear regulation, better infrastructure, and supportive financing are essential to make Pakistan’s textile sector competitive and compliant in the coming years.

In the 2<sup>nd</sup> session, Dr. Kazmi concluded that the central emerging challenge is curtailment: when the grid cannot absorb available generation, power is simply curtailed, raising the critical question of why large systems should be installed if their output cannot be utilized. He argued that a practical way forward is to operate net metering and CTBCM in parallel, retaining net metering to support SMEs while allowing larger industries to function under CTBCM and trade electricity among themselves so that neither group is disadvantaged. He emphasized the importance of differentiated pricing, explaining that instead of a uniform dollar-per-kilowatt-hour rate, the emerging “megawatt-miles” approach links price to distance, with lower tariffs for nearby, intra-cluster supply and higher costs for power transmitted over longer distances.

### Mr. Muhammad Usman Bin Ahmed (ETO, ADS)

Mr. Usman said that the core questions of the study were whether mapped textile industries are ready to inject solar energy into their systems and through which grid-interaction mechanisms this could practically occur. He explained that the current energy supply in these industries is still predominantly thermal, about 62 percent, because thermal generation remains more reliable than intermittent solar, which faces curtailment. He said the team modeled representative industrial loads and developed scenarios showing that meeting 100 percent of demand with solar alone is unrealistic: achieving only about 12 percent additional reliability would require roughly 1,600 MW of new solar capacity and close to one billion dollars of

investment. Therefore, some combination of backup from the grid, thermal generation, or battery storage will remain necessary, alongside a gradual phase-out of expiring thermal PPAs.

He said the study developed two main scenarios and eight cases within them, covering business-as-usual, capped net metering, full net metering, gross metering, and hybrid combinations with CTBCM. Mr. Usman explained that the levelized cost of electricity under current conditions is around PKR 46 – 47 per unit, while net metering can reduce it to about PKR 30–33 per unit, and gross metering may, in certain cases, bring it down to around PKR 18 per unit. He noted that high solar-adoption scenarios can theoretically lower costs further, but existing policies do not yet practically allow such a large-scale rollout. He added that peer-to-peer trading and CTBCM can avoid significant transmission losses and enable mutually beneficial pricing between buyers and sellers, though outcomes remain highly sensitive to trading and billing rates, especially for SMEs.



Mr. Usman said that environmental compliance under CBAM will soon become critical, requiring verified MRV systems and certificates based on product carbon intensity, with potential revenue from certificate trading where reductions are demonstrated. He noted that policy goals exist but implementation remains weak: renewable targets are unmet, CTBCM rollout is slow, capacity charges and network costs are high, and transmission infrastructure is insufficient to evacuate power to industrial hubs. He emphasized that large-scale solar adoption is technically and economically feasible but depends on supportive regulation, clear billing and trading mechanisms, transmission expansion, differentiated “megawatt-miles” pricing, and phased reduction of thermal PPAs. He concluded that combining CTBCM mechanisms for large industries and continued net metering support for SMEs, while managing curtailment risks, will be essential for competitiveness in export markets.

#### **Ms. Qurrat ul Ain Cheema (CEO, Gen-II)**

She said that it had been a very successful session and thanked the participants for their kind words and commendations. She shared that she had previously worked on industrial decarbonization, particularly with the cement sector, and had also engaged with other industries. She stressed that the same policy and technical gaps were repeatedly identified over the last three years, and similar recommendations had consistently been given to both the government and the private sector. She pointed out that electricity tariffs in Pakistan are high compared to international markets, increasing production costs and making Pakistani products less competitive globally. She added that during a green hydrogen training with regional participants, it became clear that Pakistan’s policy rates around 10% were higher than in neighboring South Asian countries, which discouraged international investors despite the country’s resource potential.



She further said that financial schemes also carry challenges. She referred to a State Bank of Pakistan scheme, also mentioned by Dr. Aaliya Was Qadri, noting that although the base rate through commercial banks was 2%–4%, after including additional charges the total cost could reach around 50%, significantly increasing CAPEX for new technologies. She stressed that climate change is already affecting production, citing the textile sector where cotton yields have been impacted. She highlighted studies in Multan and Punjab showing around 40% yield reductions and said that climate-smart agriculture and technical training for farmers are essential. On emissions, she pointed out that different tools are used by different studies and asked for a centralized emissions calculation system to cover Scope 1, 2, and 3 emissions. She said she had already shared this recommendation with the Ministry of Climate Change in 2023.

She emphasized the importance of digital twin systems to allow industries to input and scan data, share information, and document tools used in manufacturing. She added that data transparency and real-time monitored data, accompanied by advisories and rulebooks, are critical. She stressed the need for policy reforms in the industrial carbon sector with coordination among NEPRA, industry associations, and financial institutions, noting that while larger industries may self-finance, SMEs would require support, especially under mechanisms like CBBCM. She also highlighted the importance of centralized systems in telecom and other sectors to ensure equal opportunity. Finally, she said that Monitoring, Reporting, and Governance systems are essential not only for sectors individually but also for meeting NDC commitments with the European Union, and she encouraged the development and sharing of such models with the government. She concluded by welcoming any questions, comments, or feedback.

#### **Mr. Asad Mehmood (Consultant, National Energy Efficiency and Conservation)**

In the market we are discussing, for which our association also has representatives, there is a lot of misinformation. This misinformation is being spread in a way that suggests government-controlled development is taking place. The names of city supply companies and their operations are now starting to come to light, and after the fourth amendment, more companies will begin to emerge. Each will continue to operate according to its daily rules, regulations, dealings, and standards. So, we are also keeping the conveners involved. Additionally, efforts toward disintegration continue, aiming to systematically manage daily upstream and downstream operations. At the same time, our industry is also being aligned with industrial quotas and coordinating with chambers.



There is a direct and indirect link between studies and decarbonization, but local clients do not benefit from it. Even if they are receiving guidance from colleagues, they need to use publicly available sources at a higher level. When disclosures are eventually made, if your main industry aligns with smaller units or mills, then mandatory reporting and transparency will apply to them. We hope that sessions like these will help sensitize them and support our efforts. Thank you.

#### **Dr. Afia Malik (Senior Research Economist, PIDE)**

Dr. Afia appreciated the researchers and commended the quality of their study. She mentioned that she and her colleagues had worked on many reports addressing sectoral and reliability issues, and their engagement in the power sector formally began around 2020, though implementation lagged because the focus remained on building organizations and accommodating government and retired secretaries within them. She stressed that Pakistan has never developed a comprehensive power policy based on overall system requirements; instead, each policy has been designed to benefit specific industrial players. She referred to the 1994, 2002, and 2015–16 policy cycles, noting how incentives were provided to different groups over time, including Chinese coal-based plants, and said this has now created the challenge of phasing out imported coal capacity already financially committed. She added that although generation capacity increased, transmission and substations were neglected except in donor-funded projects, and she emphasized that the distribution sector remains the biggest bottleneck. She said that until governance and distribution improve, challenges such as billing inefficiencies, inability to absorb renewables, reverse flows, and tripping will persist. She explained that revisions to the net-metering policy are focused on protecting the distribution sector, and she pointed out that while registered net-metering consumers receive attention, unregistered consumers remain largely ignored in an overall inefficient system.



She further said that the challenge is not limited to net metering alone, as behind-the-meter installations are rapidly increasing, many belonging to productive consumers who are often subsidized. She stressed that the government's focus on registered net-metering consumers is largely because they are visible in the system and enjoy higher tariff benefits, whereas governance failures prevent proper engagement with unregistered users. From the industry side, she said that significant efforts toward decarbonization are already being made and emphasized that decarbonization is not only about adding renewables but about improving efficiency. She noted that many industries invested in combined heat and power systems but later faced restrictions on captive gas and additional levies, which discouraged them. She warned that without clarity, policy consistency, and focus, Pakistan cannot manage these intertwined economic and energy challenges. She concluded by stressing that what is required is not only deep decarbonization, but broader economic transformation.

**Mr. Amir Imran (Manager compliance Sustainability & HSE, Kohinoor Textile Mills Ltd.)**

Amir Imran congratulated the team on the successful study and said that when discussing climate change and the environment, the conversation should not be limited to profit alone. He asked why impacts are calculated only in monetary terms when production systems exist within broader ecosystems, and he stressed that stakeholders themselves are affected by negative environmental consequences. He said that while profit is important for businesses, especially in developing countries, the role of advisors is to remind all stakeholders of their responsibilities toward future generations. He emphasized that if current practices continue, they will not be sustainable, and he observed that industry in Pakistan largely survives on inefficient energy use. He also said that although policies regarding diversity and inclusion exist on paper, real facilitation for differently abled persons is missing at the national level.



He stressed that small steps taken so far are piecemeal and argued that collective responsibility is required from every stakeholder. He said that compliance frameworks such as SBTi are being followed and scope 1, 2, and 3 emissions are being calculated for disclosure to customers. He emphasized community ownership, transparency, and data sharing, warning that when management focuses only on profitability, lower-level staff struggle because they know the reality on the ground. He said he has worked in the sector for twelve years, covering policy, compliance, health and safety, and sustainability, and that his group employs hundreds of people annually. Turning to decarbonization, he stressed that emissions control, monitoring, and accurate accounting are essential for entering international markets, yet many companies still lack basic tracking and receive limited government support for efficiency investments.

He noted that globally the textile sector emits around 4 billion tons of CO<sub>2</sub> annually, with fast fashion accelerating demand and 44% of emissions arising from manufacturing. He highlighted challenges of economic resilience, high production costs in Pakistan compared with competitor countries, and shortages in infrastructure and skilled labor. He said SMEs face additional barriers such as limited capacity, digitalization gaps, high capital costs, long payback periods, and expensive certifications; he pointed out that certification may cost thousands of euros per unit and government backing is inadequate. He added that sourcing organic cotton is difficult due to climate shocks and regulatory constraints. He emphasized that his company practices circularity recycling wastewater, harvesting rainwater, and reusing denim and cotton waste and said sustainability is not merely a metric but a way of operating.

He stressed that his organization is committed to major reductions in emissions and said they have already achieved some targets beyond what European partners required under scope-3 assessments, which was appreciated internationally. He encouraged Pakistan to capture a larger share of global business to

strengthen its economy and natural resource base in the long run. He concluded by inviting participants to visit their facilities, said he was available for questions, and emphasized that collaboration, especially on solar research, was important and would continue in the coming months.

## **Session II – The Role of MDBs in Industrial Decarbonization**

### **Mr. Twangar Kazmi (Consultant, Climate finance)**

Mr. Twangar Kazmi stated that Pakistan's industrial decarbonization agenda cannot be separated from the way multilateral development banks (MDBs) structure the country engagement frameworks. He argued that while MDB strategies signal ambitious climate and clean-energy objectives, their operational footprints in Pakistan reveal misalignments; notably between high-level Country Partnership Framework (CPF)/Country Partnership strategy (CPS) targets and the on-the-ground requirements for market operations, MRV, and social safeguards. He stressed that without clearer sequencing, time-bound KPIs, and instruments that explicitly finance just-transition measures, MDB commitments risk producing headline targets rather than deliverable outcomes for industry and workers.



He explained that the study systematically mapped CPF and CPS commitments against national frameworks (NDC 3.0, IGCEP, NEECA, Clean Air Policy) and applied a just-transition lens; governance, technology and finance flows, labor and social protection, and environmental integrity. Using the PGDP case and a J-T alignment index, the analysis exposed gaps in operational readiness (CTBCM systems, metering and settlement infrastructure), weak MRV/registry arrangements for carbon markets, and limited provisions for reskilling and local transition funds. He noted the textile sector analysis (Faisalabad, Multan) combined GIS resource mapping with LCOE, IRR and emissions modelling to show that solar and hybrid captive models are bankable in many cases; but only if wheeling, tariff clarity, CAPEX support, and FX risk mitigation are addressed.

He added further caution on implementation: even well-designed MDB instruments will falter if political-economy frictions, weak utility governance, and limited subnational capacity are not confronted head-on. The study finds that DISCO shortfalls, opaque legacy liabilities, and perverse tariff incentives can neutralize technically sound investments; likewise, small and medium textile units remain cash-constrained and sensitive to FX and payment risks. Mr. Kazmi argued for pragmatic sequencing; start with tightly scoped, high-impact retrofits and wheeling pilots paired with ring-fenced performance payments, expand blended-finance windows that absorb FX and credit risk, and embed transparency and anti-corruption safeguards into MDB conditionalities. Only by aligning incentives across federal and provincial actors, regulators, MDBs and industry buyers can policy ambitions convert into measurable emissions reductions and resilient competitiveness.

Mr. Kazmi concluded that industrial solarization is being pulled by market pressures and export compliance rather than pushed by an enabling policy-finance architecture; bridging that gap requires MDBs to adopt performance-linked, de-risked financing windows, explicit just-transition instruments, and tight coordination with provincial actors and industry associations.

### **Panel Discussion Insights:**

The panel deliberation on "MDB Priorities & (Mis)alignment with Pakistan's Decarbonization Plans," moderated by Mr. Amjad Nazeer (CEO, ADS), featured contributions from Dr. Afia Malik (Energy Expert and Economist), Mr. Zubair Faisal Abbasi (Development and Public Policy Advisor), Mr. Abdul Khaliq

(Debt and Development Expert), and a dedicated session by Dr. Khadim Hussain (Researcher and Central Secretary, ANP). The discussion critically examined the structural challenges in MDB engagement, emphasizing misalignments, debt implications, and the need for greater equity and accessibility in climate finance.

### **Mr. Zubair Faisal Abbasi (Development and Public Policy Advisor)**

Mr. Abbasi commended the ADS study as excellent work, particularly appreciating its evidence-based approach and practical recommendations. He emphasized the value of the civil society interventions outlined but suggested enhancing future iterations with deeper micro-level analysis, such as targeted surveys of affected communities and industries, to capture granular governance patterns and on-the-ground realities. Drawing on classical industrial policy principles, he argued that successful transitions require coordinated action across all sectors; finance, education, energy, and beyond; working in unison toward common goals. He highlighted the central role of institutions like the Planning Commission in orchestrating this policy coherence, urging Pakistan to draw lessons from East Asian economies' models of strategic, integrated development planning.



Mr. Abbasi introduced the concept of restorative justice as essential for ensuring energy transitions are truly just and equitable, addressing historical inequities and compensating vulnerable groups impacted by shifts away from fossil fuels. He critiqued multilateral development banks (MDBs) for adhering to a "distorted form of neoliberalism" that prioritizes market-driven solutions over holistic, state-led equity. While acknowledging potential in Pakistan's policy-making capacity, he expressed disagreement with optimistic views of Dr. Kazmi about it in the previous session, stressing the need for stronger institutional reforms to realize this potential.

### **Mr. Abdul Khaliq (Debt and Development Expert)**

Mr. Khaliq praised the study's innovative "menu card" for civil society interventions, noting its utility as a practical toolkit for advocacy. However, he pointed out a key gap: the absence of a comprehensive framework for financing mechanisms, which he argued is critical for operationalizing just transitions. Linking climate finance to broader debt campaigns, he asserted that debts contracted under dictatorships, in secrecy, or illegally should be deemed illegitimate. He framed climate financing and just transitions as emerging challenges intertwined with debt issues, revealing that approximately 70% of global climate finance is provided as loans rather than grants. This, he warned, exacerbates debt stress in Global South countries like Pakistan, trapping them in cycles of borrowing.



Mr. Khaliq advocated reframing "climate finance" as "climate justice" to highlight its political dimensions, emphasizing that debt is fundamentally about power and political dominance rather than pure economics. He stressed that without debt justice; through grants, concessional loans, or outright relief; climate justice remains impossible. For Pakistan, facing roughly \$2 billion in monthly repayments (including to the IMF), he called for immediate debt relief and the establishment of a parliamentary debt audit commission to scrutinize obligations.

He noted that Pakistan's interest repayments exceed combined spending on health and education, underscoring systemic inequities. While acknowledging that the IMF has incentives to prevent default (to

protect its own interests), he insisted that the core demand must center on climate justice beyond mere economics, ensuring clean energy futures do not come at the cost of deepened indebtedness.

### **Dr. Afia Malik (Energy Expert and Economist)**

Dr. Afia Malik highlighted the inherent limitations of multilateral development banks (MDBs) as financial institutions driven by their own institutional priorities rather than fully aligning with Pakistan's ground realities and national needs. She noted that MDBs often avoid "non-bankable" initiatives; those lacking immediate commercial viability; despite their critical role in addressing Pakistan's energy and climate vulnerabilities.

She outlined three primary types of MDB lending: policy-based loans (conditional on reforms), project loans (for specific infrastructure), and technical assistance (TA). Critically, she observed that funds from technical assistance and even policy loans frequently cycle back to the MDBs through consultant fees, procurement requirements, or tied aid, providing limited net benefit to the recipient country. MDB objectives are often broad and non-trackable, leading to outcomes where Pakistan accumulates additional debt burdens without fully meeting its own priorities, such as those outlined in NDC 3.0.

Dr. Malik stressed that MDB benchmarks dominate programming, overshadowing Pakistan's specific requirements. She advocated strongly for prioritizing concessional loans (with low interest and extended grace periods) over standard terms, arguing that current lending practices exacerbate debt stress while failing to deliver transformative, locally relevant impacts.

### **Dr. Khadim Hussain (Researcher and Central Secretary, ANP)**

Dr. Hussain framed the discussion within broader structural critiques of the global economic model, characterized by overproduction and overconsumption. He argued that current approaches to energy transitions often seek to justify and sustain this flawed system rather than address its root causes. Turning to Pakistan-specific inequities, he pointed out stark disparities in emissions responsibility and climate impacts: while certain regions and elites contribute disproportionately to emissions, vulnerable provinces bear the heaviest burdens. For instance, Pakistan's overall green cover stands at just 3%, with Khyber Pakhtunkhwa (KP) accounting for 24% of this limited forest area. He linked deforestation and environmental degradation in KP and areas like Waziristan to the long-term effects of conflict and the "war on terror," which not only caused human losses but also destroyed vital ecosystems and generated significant war-related emissions.



Dr. Hussain also critiqued large-scale infrastructure projects, noting that provinces like KP and Gilgit-Baltistan suffer adverse impacts from mega-dams, including displacement and ecological disruption. He highlighted economic injustices, such as the closure of approximately 800 industrial units in Peshawar due to energy costs and reliability issues, despite KP producing some of the cheapest electricity in the country; yet local industries face expensive tariffs.

He emphasized that meaningful energy transitions cannot be discussed in isolation from existential challenges like poverty and interprovincial inequities. A key example cited was the allocation of approximately PKR 240 billion annually to elite subsidies, perpetuating inequality.

Finally, Dr. Hussain called for bridging the disconnect between technical knowledge production and public/policymaker engagement. He stressed the importance of translating complex findings into accessible

language for the general public and politicians to foster broader ownership and effective implementation of just transition policies.

### **Follow-up Webinar (6 January 2026):**

ADS convened a follow-up webinar, a couple of weeks later, on **6 January 2026**, moderated by Mr. Amjad Nazeer (CEO, ADS) and Mr. Abdul Haseeb Tariq (GCEO, ADS) and led by Mr. Twangar Kazmi, to further unpack the report’s technical and policy recommendations. The webinar brought together researchers, regulators, and industry practitioners for a focused Q&A on operational readiness for CTBCM, MRV design, and bankable solar-captive models, and it surfaced concrete next steps for pilot financing and provincial engagement.

In the webinar, Mr. Abdul Khaliq endorsed the study’s practical “menu card” for civil-society intervention and stressed the need for concessional, debt-sensitive financing windows. He urged MDBs and DFIs to prioritize grants or deeply concessional loans, guarantees to mitigate payment and FX risk, and explicit linkage of climate finance to debt-justice principles to prevent further fiscal stress while enabling an equitable industrial transition.



### **Concluding remarks**

Mr. Amjad Nazeer delivered the concluding remarks. He summarized the key insights presented throughout the event and emphasized the critical importance of transitioning Pakistan’s industrial sectors; particularly textile, leather, and the emerging solarization agenda; for cleaner, more resilient, and cost-effective energy systems which underpin green products. He highlighted that our two studies revealed high dependence on fossil fuels, substantial emission footprints, and major compliance gaps, while also demonstrating robust potential for renewable solar adoption and financially viable captive solutions. Mr. Nazeer stressed that overcoming policy, financial, and technological barriers; through coordinated action across government, MDBs, industry, and civil society, and by implementing critical finance and regulatory reforms; will accelerate industrial decarbonization and secure Pakistan’s competitiveness and social equity in the low-carbon transition.



## Links

1. [https://epaper.pakobserver.net/pages.php?station\\_id=1&page\\_id=36266&date=2025-12-26](https://epaper.pakobserver.net/pages.php?station_id=1&page_id=36266&date=2025-12-26)
2. <https://www.thenews.pk/print/1388898-climate-change-debt-and-power-costs-push-pakistan-to-rethink-industrial-energy>
3. <https://e.jang.com.pk/detail/1009284>
4. <https://www.linkedin.com/feed/update/urn:li:activity:7411647064637329408>
5. [https://x.com/AREC\\_PAK/status/2005882601723380112?s=20](https://x.com/AREC_PAK/status/2005882601723380112?s=20)
6. [https://x.com/AREC\\_PAK/status/2005884189183189397?s=20](https://x.com/AREC_PAK/status/2005884189183189397?s=20)
7. [https://x.com/AREC\\_PAK/status/2005884669401702476?s=20](https://x.com/AREC_PAK/status/2005884669401702476?s=20)
8. <https://www.linkedin.com/feed/update/urn:li:activity:7411653494966841344>
9. <https://www.app.com.pk/national/pakistan-urged-to-align-clean-energy-transition-with-industrial-growth-export-needs/>
10. <https://climatecall.pk/pakistans-climate-and-energy-crisis-demands-structural-reforms-not-more-debt/>
11. <https://www.brecorder.com/news/40399233/pakistan-needs-structural-reforms-to-reduce-reliance-on-fossil-fuels-experts>
12. <https://tribune.com.pk/story/2583980/reforms-needed-to-cut-fossil-fuel-use>

## Annex I









## Agenda

### Driving a Just Industrial Transition: Role of MDBs and Solar Rush in Pakistan's Textile Sector

Kehkashan Hall II, Islamabad Hotel, G-6 Markaz, Islamabad

Time	Session	Details / Speakers
10:00 – 10:30 AM	Registration & Networking Tea	Participants arrival and networking
10:30 – 10:40 AM	Welcome & contextualizing the issue	Amjad Nazeer, Chief Executive, ADS
<b>Session I: Solar Rush in the Textile Industry of Pakistan</b>		
10:40 – 11:10 PM	Presentation of Study: Solar PV & Captive Power Feasibility in the Textile Sector	Dr. Ali Abbas Kazmi (HoD, USPCASE, NUST) Mr. Usman Bin Ahmad (ETO, ADS)
11:10 – 11:55 PM	Panel Deliberation: Solarization Barriers & Opportunities Under CTBCM: Accelerating an Inclusive & Competitive Industrial Energy Transition	Speakers/Panelists: Mr. Mustafa Amjad (Director Programs, RF) Ms. Qurat-ul-Ain Cheema (CEO, GEN II) Mr. Aamir Imran (Manager Compliance & Sustainability, Kohinoor Textile Mills) Moderated by: Mr. Amjad Nazeer
11:55 – 12:15 PM	Decarbonization in practice: Challenges for SMEs, Global Regulatory Pressures, and Industry's Response	Mr. Aamir Imran (Manager Compliance & Sustainability, Kohinoor Textile Mills)

<b>Session II: The Role of MDBs in Industrial Decarbonization</b>		
12:10 – 12:35 PM	Presentation of Study: Tracking MDB Policies on Energy & Industrial Decarbonization	Mr. Twangar Kazmi (Consultant, Lead author of the study)
12:35 – 1:25 PM	Panel Deliberation: MDB Priorities & (mis)alignment with Pakistan's Decarbonization Plans	<p>Panelists:</p> <p>Dr. Afia Malik (Energy Expert, Economist)</p> <p>Mr. Zubair Faisal Abbasi (Development and public policy advisor)</p> <p>Mr. Abdul Khaliq (Debt and Development Expert)</p> <p>Moderated by Mr. Amjad Nazeer</p>
1:25 – 1:45 PM	National Policies, Industrial Decarbonization, and the Role of Climate Finance in Green Transition	Dr. Afia Malik (Energy Expert, Economist)
1:45 – 2:05 PM	Federal and Provincial Policies in Facilitating and/or Constraining Adaptation and Mitigation with respect to Climate Change	Dr. Khadim Hussain (Researcher, Central Secretary, ANP)
2:05 – 2:20 PM	Interactive Session	All participants
2:20 – 2:30 PM	Note of Thanks & Closing Remarks	Amjad Nazeer, CEO ADS
2:30 PM onwards	Lunch & Networking	All Participants