

ADDRESSING CONSTRAINTS LIMITING THE FLOW OF PRIVATE SECTOR INVESTMENTS FOR CLIMATE CHANGE ACROSS THE TEXTILE VALUE CHAIN

SETTING THE CONTEXT

PAKISTAN'S TEXTILE VALUE CHAIN (TVC)

60%
Total Exports

8.5%
GDP

40%
Industrial Workforce Engaged

PAKISTAN'S TEXTILE INDUSTRY WORLD-WIDE EMISSIONS

20% Pakistan's industrial emissions from textile sector → **8-10%** global GHG emissions overall

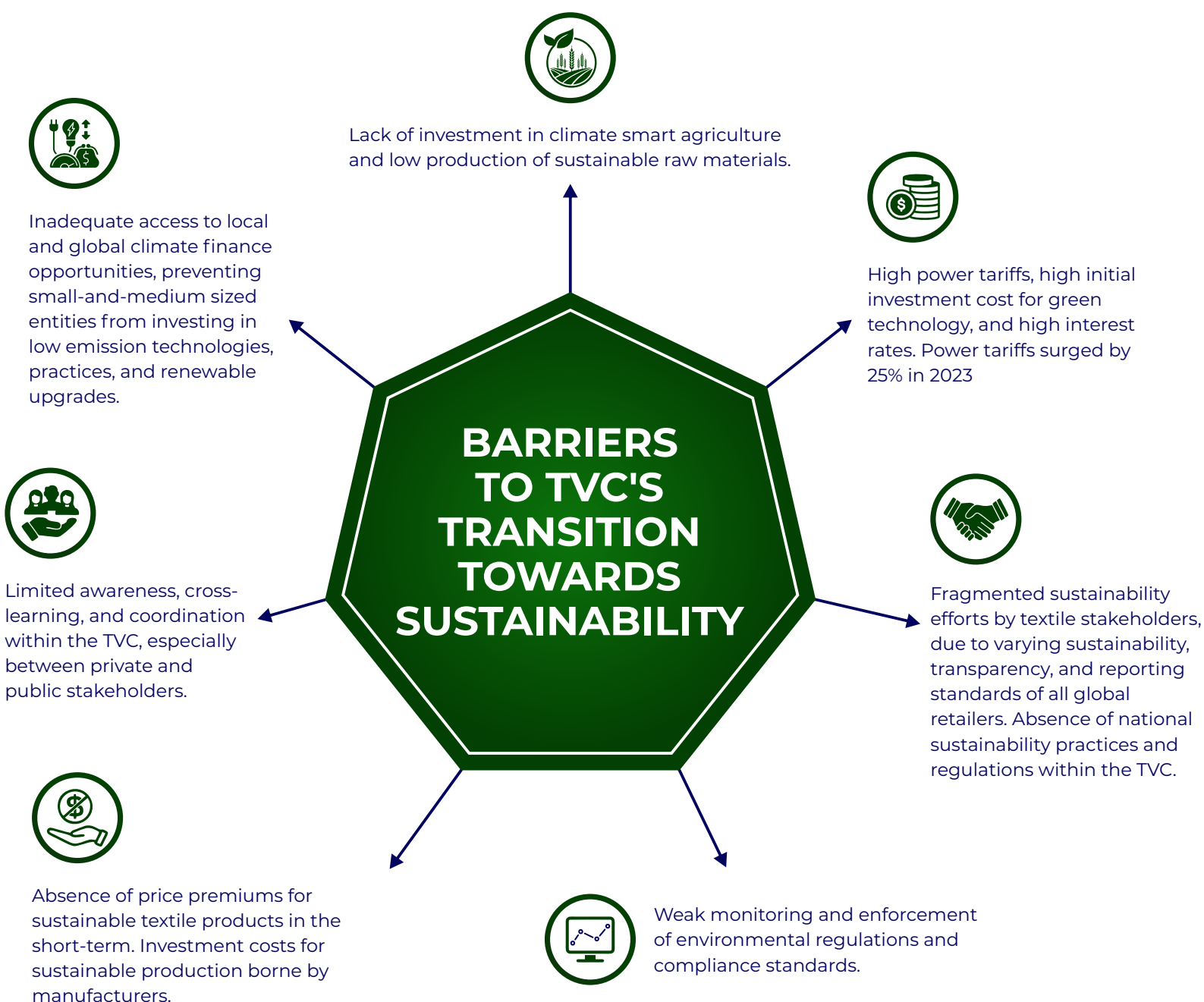
Growing need for sustainable textile processes, both worldwide and within Pakistan.

GLOBAL TEXTILE PLAYER

10TH Largest Textile Exporter

15% sharp decline in Pakistan's exports from 2022 to 2023

SBP Annual Report 2023, External Sector



WAY FORWARD



Systems Approach breaks down the TVC into different parts, providing an in-depth insight into how each segment will affect the whole value chain. The implementation of a holistic systems approach covering Pakistan's entire TVC, is recommended for building and positioning a robust TVC within the global textile system with clear outcomes aligned with the national development plans, industrial policy and global sustainability trends.



Private Sector can drive sustainability in Pakistan's TVC by investing in renewable energy, sustainable materials, energy efficiency and conservation. By backing strategic investments and promoting transparency through traceability technology, they can inspire industry-wide adoption. Additionally, they can attract further investment, support innovative projects through incubators, and address talent shortages by investing in training programs. By aligning TVC capabilities with global retail demands, the private sector can forge collaborations, promote sustainable brands, and advance the sustainability transition across the entire value chain.



Government is a key stakeholder for the TVC. It must create a comprehensive industrial policy, focusing on sustainability and global alignment. This involves developing specialized textile industrial clusters with environment-friendly facilities to increase efficiency and reduce costs. By engaging in international trade diplomacy and setting sustainability and traceability standards, Pakistan can enhance its position in sustainable textile exports. The government should align green policies, provide targeted tax incentives, and support sustainable practices, particularly in cotton production. Additionally, global climate finance, like the Green Climate Fund, will be key to achieving the TVC's sustainability goals and creating public private partnerships and collaborations.

Enforcement of environmental regulation will foster a stable investment environment, strengthen regulatory frameworks, and attract climate finance to Pakistan's TVC.