

File S1: Stakeholder Interview Guide

Interview Guide Aligned with Report Structure

Stakeholder	Questions
Introduction	
Status for Investing in Sustainability in Leather and Textile Sectors (Green Finance Case)	
Banks representative	<p>Background: Green Banking Guidelines (GBG) released in 2017 by State Bank of Pakistan, targeting scheduled banks and DFIs within bank's remit. Core objectives: Reducing the portfolio risks of banks/DFIs to environmental factors; and, Leveraging finance to "transform the economy into a resource efficient and climate resilient one" (SBP 2017). Means for achievement of core objectives of SBC: Environmental risk management alignment with credit risk assessment and management; Green business facilitation through the development of innovative financial products and alignment of existing products with sustainability objectives; and, Banks' internal impact reduction, particularly through resource efficiency measures.</p> <p>Objectives: Understand level of awareness/engagement with Green Banking Guidelines Gauge degree of Green Banking Guidelines implementation, especially in relation to financing of sustainable production by leather/textile SMEs What's a suitable sample size?</p> <p>Questions: Have the Green Banking Guidelines affected your operations or planning? Would you be interested in / are you currently in the process of looking at avenues for the implementation of the Green Banking Guidelines within your institution? If so, do you have sector specific foci? What type of products would you look to / are you developing in line with these guidelines? Are you planning to offer any products specifically for sustainable production (green) activities within the textile/leather sectors? Have you received any guidance for alignment with Green Banking Guidelines? (For example, from government or DFIs) <i>Additional:</i> Any current policy or private sector incentives (beyond Green Banking Guidelines) that your institution is aware of for financing sustainable production by SMEs? Specifically in textile/leather sector?</p>
2. Gap Analysis of Green SME Financing for Textile and Leather Sectors	
2.1. Key Players	
National and provincial government, intermediaries, SMEs and regulators	<p>Background: Key stakeholder categories referenced in the draft report include: private and public banks, microfinance institutions, development finance institutions, equity investors, public sector / government, intermediaries (credit bureaus, cleaner production centres)</p> <p>Objective: Understand/map the relations between key actors relevant to financing sustainable production by leather/textile SMEs, building on initial stakeholder mapping exercise What is a suitable sample size?</p> <p>Questions: Are there any actors in your network (that you work with regularly) within the sustainability space? (For example, engagement with DFIs or government agencies specifically around green/sustainability financing, technical assistance, etc.)</p>
2.2. Available product offerings	
Banks and Industries	<p>Background: Sustainable production investments by the leather/textile sectors can broadly include: Purchasing and storage (resource efficient processes and technologies, replacement/moderation of carbon-intensive processes)</p>

Stakeholder	Questions
	<p>Process operation (load management, investment in human capital/trainings, control of process deviations through modernisation of facilities)</p> <p>Maintenance (tools/technologies for problem diagnosis, acquisition of more reliable equipment)</p> <p>Process optimisation and control (introduction of automation and control)</p> <p>Equipment and infrastructure (investment in cleaner equipment and resource-efficient systems)</p> <p>Objectives:</p> <p>Clarify number/types of bank (private/public) providing financial support to (a) SMEs within the leather/textile sectors and (b) for sustainable production, ideally in combination</p> <p>Gain better understanding of types of products offered to leather/textile SMEs generally and specifically for SP investments</p> <p>Questions:</p> <p>Within your SME financing activities, do you currently lend to textile/leather SMEs? What is the size of this lending portfolio (revenue estimates/ranges)? Or, do you have any other interactions with leather/textile SMEs? (e.g. technical support)</p> <p>[If not to leather/textile SMEs,] Do you lend for sustainable production / green investments (across any sector/ticket size, e.g. in line with government initiatives)? What are your lending requirements? Who do you lend to for green/sustainable purposes? What is roughly the size of this lending portfolio?</p> <p>What share of your activities relate to SME financing (across all sectors and ticket sizes)?</p> <p>What share of these clients are already investing in green / sustainable production through your financing? (For example, are already dedicating financing to wastewater management without an explicit link to “green finance” objectives/frameworks.)</p>
Intermediaries (Trade and Associations,	<p>Specifically for ILES partner, Cleaner Production Institute (CPI)</p> <p>What processes/technologies are SMEs within the textile/leather that come through the ILES programme looking to finance? (For example, to reduce water consumption and contamination)</p> <p>Does technical assistance (non-financial support) provided to leather/textile SMEs within ILES programme (or similar cleaner production activities) support financial planning and investment roadmap development in line with “green” objectives?</p> <p>What level of investment (ticket size) are SMEs who have received non-financial support looking to secure? For which purposes?</p>

2.3. Green financing challenges

Banks and SMEs	<p>Background:</p> <p>Green Banking Guidelines recommendations for banks/DFIs within SBP’s remit to develop green banking processes and products include:</p> <p>Establish policy on green banking to inform key stakeholders, including banks/DFIs, investors, bank employees, public authorities of centrality of green considerations to banking activities.</p> <p>Develop internal structures supported by administrative procedures to manage green banking requirements, including for identifying, assessing, mitigating, monitoring and reporting on environmental risks.</p> <p>Design financial mechanisms that are aligned with green investments in renewable energy, energy efficiency and other environmentally friendly practices.</p> <p>Build a system to reduce the environmental impacts from banks/DFIs’ portfolio operations.</p> <p>Offer a structural approach for capacity development of the financial sector in line with green banking.</p> <p>Arrange periodic banks/DFIs portfolio reviews to assess environment risk status and report to relevant stakeholders, including public authorities, higher management and shareholders.</p> <p>Key demand- and supply-side challenge categories (relating to both leather/textile SMEs and financial institutions, respectively) include:</p> <p>Ticket size</p> <p>Risk / return profiles</p> <p>Green-SP Technologies</p>
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Stakeholder	Questions
	<p>Time horizon</p> <p>Security / collateral</p> <p>Impact at scale</p> <p>Human capital and skills</p> <p>Regulatory and legal frameworks</p> <p>Objective:</p> <p>Pinpoint/validate the core challenges facing interviewees in financing sustainable production by leather/textile SMEs</p> <p>Questions:</p> <p>What are your barriers to product design and delivery of SME financing for sustainability purposes? Any barriers specifically relevant to textile/leather sectors?</p> <p>Considering government initiatives for green banking, what are barriers to your institution aligning with Green Banking Guidelines recommendations?</p> <p>What information/data/criteria does your institution require to better assess expected returns for investments in green SMEs? (For example, technology vetting, financial indicators of productivity improvements, etc.)</p>

Applying Lessons from Global and Regional Green Financing

National and provincial government, and regulators	<p>Background</p> <p>With the development of Sustainable Development Goals (SDGs) and the introduction of Green Climate Funds (GCF), there emerged opportunities for all the different businesses in the world. Developing countries facing most of the consequences of environmental degradation falls in the merit of green finance. Emerging markets, also known as emerging economies or developing countries, are nations that are investing in more productive capacity. They are moving away from their traditional economies that have relied on agriculture and the export of raw materials. Leaders of developing countries want to create a better quality of life for their people. They are rapidly industrializing and adopting a free market or mixed economy. Emerging markets are important because they drive growth in the global economy.</p> <p>Objectives:</p> <p>Collect information from interviewees on the support and knowledge sharing they require in order to build processes and products to finance sustainable production by leather/textile SMEs to better align the selection of global/regional best practices examples</p> <p>Questions:</p> <p>Have you gained any expertise/advice for green lending from other players in your network, especially from global actors?</p> <p>Is there any other information/advice you require in order to develop green financing products/structures?</p>
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4. Recommendations

File S2: Stakeholder Mapping

Organisation	Ecosystem Stakeholder Group
Financial Sector	
State Bank of Pakistan	National Bank
National Bank of Pakistan	
First Women Bank	Public Scheduled Bank
Sindh Bank	
Bank of Punjab	
Khyber Bank	
HBL Habib Bank Limited	
MCB Bank Limited	Private Scheduled Bank
United Bank Limited	
JS Bank	
Standard Chartered Pakistan	
Faysal Bank Limited	
Samba Bank Limited	
Allied Bank Limited	
The Bank of Khyber	
Bank Alfalah Limited	
Askari Bank	
Citibank Pakistan	
Meezan Bank Limited	Private Scheduled Islamic Bank
Al Baraka Bank	
Dubai Islamic Bank	
MCB Pakistan (Muslim Commercial Bank)	
SME Bank	Specialised Schedule Bank
Industrial Development Bank	
Pakistan Banks' Associations (PBA)	Banking Association
Government	
Ministry of Textile Industry	Government Ministries
Ministry of Industries and Production	
Ministry of Climate Change	
Ministry of Planning, Development & Reform	
Securities and Exchange Commission of Pakistan	Public Sector Agencies
Chamber of Commerce and Industries	
Water and Sanitation Agency (WASA)	
Energy Boards / Departments	
Environmental Protection Agencies	
National Productivity Organisation (NPO)	
Electronic Credit Information Bureau	Credit Bureau
Intermediaries	
Cleaner Production Institute (CPI)	Cleaner Production Centres
National Cleaner Production Center (CPC)	

Organisation	Ecosystem Stakeholder Group
Establishment of CP Centers at Attock Refinery, Sialkot, and Textile College Faisalabad	Research / University
Department of Fibre & Textile Technology, University of Agriculture, Faisalabad	
Program for Industrial Sustainable Development	
National Research Center (LRC) - PCSIR	
National Institute of Leather Technology	
National Textile University Faisalabad and Karachi	
Textile Engineering Department at Mehran University of Engineering Science and Technology Jamshoro	
Textile Engineering Department NED University Karachi	
All Pakistan Textile Mills Association (APTMA)	Industry and Trade Association
Pakistan Ready-Made Garments Manufacturers & Exporters Association	
All Pakistan Bedsheets & Upholstery Manufacturers Association	
Karachi Cotton Association	
Pakistan Hosiery Manufacturers & Exporters Association	
Pakistan Gloves Manufacturers & Exporters Association	
Pakistan Tanners Association (PTA)	
All Pakistan Textile Processing Mills Association (APTPMA)	
Garments Manufacturers and Exporters Association (PLGMEA)	Civil Society
World Trade Organisation Pakistan	