

Invest with Impact

Growth made possible through abundant renewable energy potential

Clean energy for growth

Due to its economic and population growth, Pakistan's energy needs are rapidly growing. Over the past decade, the country experienced a severe gap between energy demand and supply. This resulted in power shortages which have cost 2% of gross domestic product in recent years. Pakistan has seen its energy demand increase by over 5% annually in recent years, while it is still heavily dependent on fossil fuel imports. This makes it vulnerable to global oil price volatility. The Pakistan government underwrites the importance for access to a much more sustainable energy mix to meet energy demands.

Generally, there is a power shortage between 4GW and 6GW. The shortage for a substantial part, stems from a lack of investment in the infrastructure and has negatively impacted economic and social development in Pakistan. By end of 2019 some 65 million Pakistani had no access to electricity via a grid connection. At the same time the Pakistan government also sees the need to scale power production up with 24,000 Megawatts of additional capacity by 2030.

With tremendous potential to generate solar and wind energy and decreased technology costs, renewable energy presents a promising solution. Since 2018, the Pakistan Government is actively prioritizing and endorsing the potential for including clean, affordable and sustainable energy resources, to meet the energy needs in the country. Installed capacity of alternative and renewable energy sources in the power sector has already risen from 0.2% in 2013 to 5.2% of total installed capacity in 2018.

New technology for the market

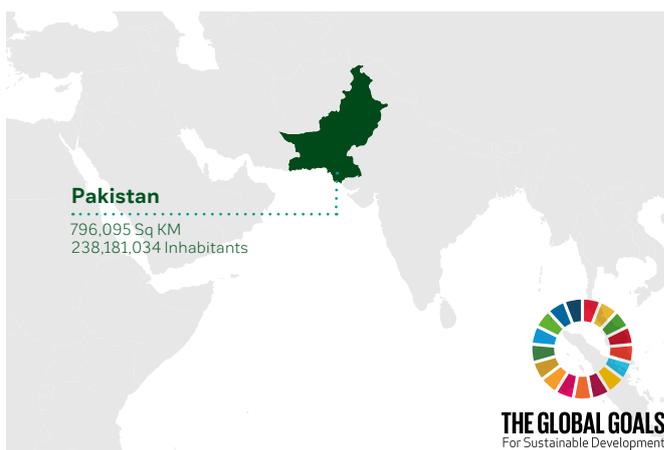
In 2018 Gharo Solar (Pvt.) Limited (Gharo Solar) began the development and construction a 50 MW PV solar project.

The solar project makes use of innovative bi-facial solar panels, which increases the total energy generation. This is the first time that bi-facial solar panels are utilized in Pakistan. The project has been operational since 2019 and is able to serve power demands for around 190,000 Pakistanis.

As the project is situated in the south-eastern part of Pakistan in the province of Sindh, most of not all of the energy will be used in its provincial capital, Karachi. Karachi is not only the largest city of Pakistan, it is among the world's largest megacities.

The loan

In 2018, FMO provided USD 22.5 mln to Gharo Solar (Pvt.) Limited (Gharo Solar) for the development, construction and operation of a 50 MW PV solar project in Pakistan. Other loans were provided by two local commercial parties: Bank Alfalah and Bank of Punjab.



A broader perspective

For countries to prosper, proper utilization of energy is vital. Shortage problems affect the daily lives of people and significantly hinder economic growth. Power shortages are thus one of the biggest barriers to development. That is why it is part of FMO strategy to finance long-term projects which power economies, promote the transition to a low-carbon system and safeguard energy security.

Pakistan is growing in terms of number of internationally funded projects and Gharo Solar is an opportunity to increase the country's professional capacity to deal with environmental and social matters. That's why FMO has also invested via its Capacity Development program into the Gharo Solar project to support them to identify, manage and mitigate Environmental & Social related risks. By contributing to the cost of hiring for example external consultants, trainers and experts to facilitate the knowledge transfer and provision of technical expertise FMO enables the people of Gharo Solar to reduce risk and apply high standards overall.

Of the construction workforce 28% was recruited from nearby villages for different roles in civil and electrical installation. Signs that it has the potential to drive development in areas that are not connected to the grid, enlarging the investment impact. It will boost Pakistan's energy self-reliance, as well as contribute to reducing greenhouse gas emissions. By making use of solar energy, roughly 54,000 ton carbon dioxide equivalents are avoided per year by this project alone.



The development of

Impact	
 MW solar	50mw
 Battery capacity	62 GWH p/y
 households served (eq.)	190 000
FMO investment	
FMO loan	USD 22.5 mln
Fund part	USD 2 mln

“It takes more than finance to build a profitable and sustainable business.”



The Fund Manager

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Contact

Privium T: +31 20 46 26 644 W: www.fmopriviumimpactfund.nl



The Investment Advisor

FMO Investment Management BV ('FMO IM') is a MiFID licensed Dutch investment firm and 100% subsidiary of the Dutch development bank FMO NV. FMO IM advises on the loan portfolio at the request of the Fund Manager. All loans offered to the fund have successfully completed the investment process of FMO and have thus been added to FMO's own loan portfolio.

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