



PRESS RELEASE

Experts urge World Bank not to sabotage Pakistan's energy sector green energy transition and re-direct it towards a renewable future

KARACHI, LAHORE and ISLAMABAD, March 22, 2022: The World Bank has attracted severe criticism for its role in pushing Pakistan's energy sector into debt and sabotaging its transition into clean energy. Experts associated with at least two international think tanks believe that the bank's support for Thar coal power project will help them soon become the largest source of air pollutants, such as mercury and CO₂, in South Asia.

Sharing the findings of their research studies, these experts shed light on the World Bank's role in Pakistan's energy and environmental crisis at an online panel discussion held on Tuesday. The webinar was organised by the Alliance for Climate Justice & Clean Energy (ACJCE), a coalition of think tanks and civil society organisations working on energy transition in Pakistan.

Discussing her research [study](#), Heike Mainhardt, Senior Advisor at Urgewald, a Germany-based non-profit organisation, said the World Bank's technical assistance in Pakistan provided a road map to attract investors into country's coal sector from 2009 to 2012. "Arguably, the Bank's most important actions were tariff policy reforms that made new coal power investments in Pakistan the world's most profitable. As a result, Pakistan is tied to very high capacity payments for coal power, leading to high subsidies and consumer tariffs," she said. Heiki added that it is the World Bank's responsibility to help Pakistan re-direct its power sector development from coal to renewable energy.

Fran Witt, Campaigns Lead at Recourse, a Netherlands-based not-for-profit organisation, discussed the research [study](#) co-published by Recourse and Alternative Law Collective (ALC), a Pakistan-based firm. She said that the World Bank's Development Policy Finance (DPF) for Pakistan's energy sector amounted to \$1.4billion from 2020 to 2021 and therefore, has a huge impact on energy policy and investment. She suggested that all fossil fuels must be included on the Excluded Expenditures list for DPF, through which the World Bank can support the Pakistani government to build its energy from Pakistan's sustainable renewable energy sources instead of relying on expensive coal or LNG imports.

Zain Moulvi, Director Research at ALC, said that the World Bank's tacit support of Thar coal and its damaging DPF loan conditionality demonstrates the complex mechanisms through which it can instigate crises in Pakistan's energy sector. "The Thar coal projects will significantly raise electricity tariffs and have already caused massive displacement and loss of livelihood in Thar. They are further projected to cause up to 29,000 air pollution-related deaths," Zain said. He added that the Bank's flagship PACE project – supposedly meant to facilitate Pakistan's transition to cheap and clean energy – has instead forced the country to plan its energy mix around costly, socially and environmentally destructive fossil fuels and large hydro projects.



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Appreciating the research studies' authors for shedding light on international financial institutions' support for dirty and costly projects in Pakistan and elsewhere in the Global South, Ahsan Kamal, Lecturer at Quaid-i-Azam University said, "Despite claims of being a leader in knowledge and investment for development, the World Bank has a long history of ignoring definitive research that shows coal, gas and large hydropower projects damaging to the environment, humans, and economy," he said.

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