



PRESS RELEASE

World Bank-backed LNG expansion in Pakistan to create another expensive, unsustainable fuel-based energy model: study

KARACHI, LAHORE and ISLAMABAD, JUNE 22, 2022: International and local experts have raised the alarm on World Bank's support and expansion of gas and LNG infrastructure in Pakistan that can pose a great threat to Paris Agreement goals and cause a catastrophic climate change crisis.

Discussing the findings of a research study by Recourse, a Netherlands-based non-profit organization, the experts urged the World Bank and International Finance Corporation (IFC) to stop investing in costly LNG imports and gas expansion and support the Pakistani government to use its own indigenous, sustainable, and renewable sources of energy such as wind and solar.

The [research study](#), titled 'The Trouble with Gas in Pakistan: How the World Bank's support for fossil gas has imperiled Pakistan's transition to clean energy' was launched in a webinar on Wednesday organized by the Alliance for Climate Justice and Clean Energy, a coalition of civil society organizations working on energy transition in Pakistan.

Fran Witt, Senior Consultant at Recourse, said, "The Bank and IFC continue to support gas and LNG expansion in Pakistan, leading the country to another unsustainable fuel-based energy model that is likely to lead to stranded assets." She added that this is diverting the much-needed funds away from investments in sustainable renewable energy. "Gas cannot be considered a 'transition' fuel to cleaner energy systems, but is rather a carbon-intensive high emitting fossil fuel, similar to coal, potentially diverting funds away from cleaner renewable alternatives," Witt added.

Referring to the proposed construction of an LNG terminal by Tabeer LNG Ltd. in Port Qasim, M. Abdul Rafay, Associate at Alternative Law Collective, said expanding gas infrastructures pose a costly threat to biodiversity and marine life – especially the mangroves which are already in severe distress owing to unchecked industrial excesses in the area. "The feasibility evaluation of these projects inevitably fails to factor in dangers to the environment posed by methane leaks and the cost needed to mitigate them," he said.

Rafay added that the LNG floating units impede traditional fishing routes for local fishing communities, causing destruction to their livelihood. "The outdated environmental impact assessment omits crucial details of the project and provides no clarity on why it has been allowed despite human settlements within a 4km radius," he said.

Hanea Isaad, Energy Finance Analyst at Institute for Energy Economics and Financial Analysis, a US-based think tank, said, "Pakistan's inability to service fuel-related debt amidst rising fuel prices and a severely weakening rupee has not only led to fuel shortages in the power sector but has also given rise to widespread load-shedding and rising energy bills."



Alliance for
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Isaad pointed out that Pakistan procures almost 44% of its LNG on the spot market, where recent volatility has led to Pakistan procuring the fuel upwards of \$30/mmbtu, a cost that is directly transferred to the consumers. “As a result, the average cost of electricity in Pakistan has risen to PKR 25/KWh from PKR 15/KWh, with no relief in sight for the poor,” she said, adding that the industrial sector is also facing gas shortages whereas the rising costs lead to narrower profit margins. Isaad said that the current situation could have been avoided had the government diversified the energy supply by incorporating a higher share of renewables in the energy mix.