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Batch-61

Day: _____

Date: 20.07.24

Pakistan Affairs Assignment

Question: Pakistan's energy crisis was due to the lack of strategy and political will. Discuss.

Answer

1. Introduction:

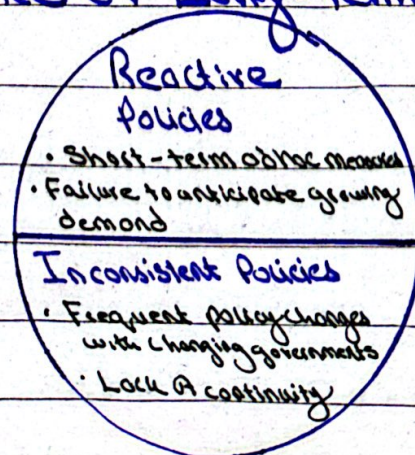
Pakistan's energy crisis is a persistent challenge, severely impacting the country's development and the daily lives of its citizens. Historically, Pakistan's energy sector has faced numerous challenges, including inadequate infrastructure, inefficient energy mix, chronic underinvestment, and persisting high levels of energy theft. These challenges have led to frequent power outages, which has disrupted industrial activity, hindered economic growth, and caused severe inconvenience to the general population. Energy is

A critical component of economic development, serving as the backbone for industrial production, transportation, and household consumption. The energy crisis in Pakistan has deep roots in the lack of a coherent, long-term energy strategy and the absence of political will to implement necessary reforms, and attract sustainable foreign investments in the form of Independent Power Plants (IPPs).

2. Assessing the Causes behind Pakistan's Energy Crisis

2.1 The Lack of Strategy

1) Absence of Long-term Planning:

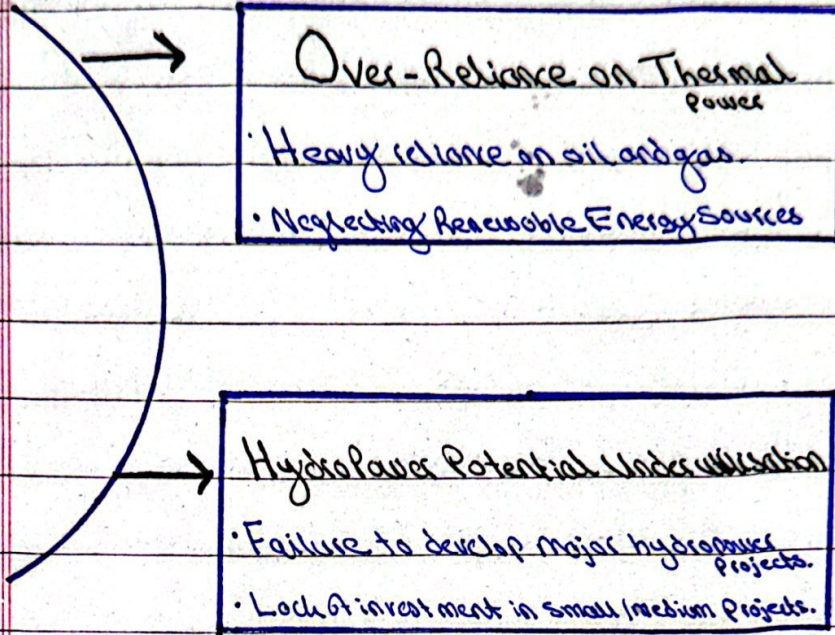


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2/b) Poor Energy Mix Management:



c) Inefficient Resource Allocation:

The energy sector in Pakistan has remained troubled due to the misallocation of funds in the sector which have focused on prioritising short-term gains over sustainable investments. Furthermore, governments have focused on providing ineffective subsidy distribution which has resulted in financial strain on the entire energy sector and the country's economic budget.

d) Lack of Infrastructural Development:

Pakistan has an outdated transmission and distribution systems with insufficient grid expansion. Resultantly, as per Scientia Magazine The transmission and distribution losses account for 18.3% of the electricity fed into the system. Moreover, the AT&C losses of Pakistan's power sector stand at 29.7%, highest in the region. Resultantly, Pakistan faces the problem of electricity shortfall of around 9,000 MW as the peak demand soars to 31,000 MW while the supply stands at 22,000 MW.

2.2 The Lack of Political Will

a) Frequent Government Changes:

Political instability has led to inconsistent energy policies leading to the lack of long-term commitment to energy projects. In addition, corruption in the energy sector due to the mismanagement of energy companies

Operating at the public level is prevalent.

b) Policy Implementation Failures and Political Influence:

Due to lack of political will there are major delays in the ^{timely} implementation of energy projects leading to project delays and cost overruns. The weak political will becomes a source for poor governance and ineffective regulation resulting in higher energy prices, eventually.

In addition, the energy sector patronage fuels inefficiency and corruption because of the lack of accountability and unfair decision-making.

Furthermore, the political will is determined by public support which naturally opposes higher prices. Consequently, political leaders take populist measures overriding sustainable energy strategies.

3. The Impact of the Crisis

a) Economic Consequences:

Due to lack of planning, ^{Short-term} strategy & sound and weak political will, Pakistan is currently facing an energy shortfall of 9,000 MW. The Shortfall has led to reduced industrial productivity which as per estimates negatively impacts GDP growth by 2% - 5% annually. Furthermore, since 1994 till date the energy prices in Pakistan have soared by approximately 530% resulting in rapid inflation and increased cost of living.

b) Social and Environmental Consequences:

The frequent power outages negatively impacts social lives where households face load-shedding leading to reduced activity. Moreover, to fulfill the shortfall the government due to lack of strategy went forward with quick solutions like Thermal power plants as they take significantly less time to function over hydropower projects. The overreliance on Thermal power has contributed

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to environmental pollution

4. Evaluating The Kalabagh Dam Case Study and Circular Debt Crisis

a) Kalabagh Dam Project:

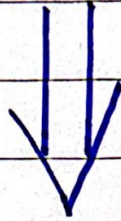
The Kalabagh Dam project which was intended to provide 3,500 MW energy with cheaper costs as compared to thermal power projects has been stalled for years due to political disagreements. Despite the critical time at which Pakistan stands at the edge of complete energy crisis, the political leaders are unable to form a consensus in the name of national interest, indicating lack of political will.

b) Circular Debt Crisis:

The accumulation of circular debt is due to the unpaid energy bills and subsidies which has been impacting the economy while Pakistan has been trapped due to lack of

Strategic Planning.

As of November 2023 The
Circular Debt has exceeded
PKR 5.73 Trillion



The impact has been a major
financial strain on energy companies
and disruption in energy supply.

5. Measures to Address The Energy Crisis

5.1 Long-term Energy Policy and Diversification A Energy Mix :

Pakistan needs to adopt a comprehensive, long-term energy strategy with the focus on ensuring policy continuity across different governments. In addition,

investing gradually in renewable energy sources to enhance hydropower development and utilisation is key to lower energy cost and to protect the environment from degradation.

5.2 Modernising Infrastructure:

The upgradation of transmission and distribution systems is key for the energy sector to operate sustainably in Pakistan. Furthermore, through political will the electricity grids can be expanded to underdeveloped areas. Furthermore, if political will to resolve the energy crisis present then a progressive environment to attract private sector investment should be conducted which differs from traditional IPP structure and contracts and is beneficial for Pakistan's economy.

5.3 Political Commitment:

Solving the energy crisis in Pakistan cannot be possible

Without unconditional Political Commitment.

Political Consensus Building <ul style="list-style-type: none"> • Enhancing role of regulatory bodies through political consensus. • the politicizing the energy sector. • Agreement on critical projects. 	Public Awareness and Participation <ul style="list-style-type: none"> • Engaging public in energy conservation and efficiency. • Promoting awareness about important energy sector reforms.
Strengthening Regulatory Framework <ul style="list-style-type: none"> • Increased role of regulatory bodies. • Enhanced transparency and accountability in energy sector. 	Anti-corruption Measures <ul style="list-style-type: none"> • Implementing strict anti-corruption measures. • Ensuring merit-based appointments and impartial decision-making in public energy companies.

6. Conclusion

Pakistan's energy crisis is a multifaceted issue primarily driven by lack of strategic planning and political will. Despite substantial potential, the country's energy sector has been plagued by short-term, inconsistent policies, inefficient resource management, and outdated infrastructure. Political instability and corruption have further exacerbated the situation. Addressing the issues requires comprehensive, sustained, long-term policy reforms with strong political commitment to achieve energy security and ^{economic} growth.