

## PAKISTAN

### Developing Hydroelectricity In Pakistan With The Harpo Power Plant



While it is heavily dependent on fossil fuel imports, Pakistan has huge untapped hydropower potential. AFD supports the Pakistani government in its mission to develop the hydropower sector through the construction of a run-of-river hydroelectric plant in Harpo (Gilgit), with a capacity of 35 megawatts.

#### CONTEXT

The energy sector in Pakistan is witnessing a major crisis. Load shedding is a common practice and can last from 6 to 21 hours per day, depending on the locality. In June 2012, the deficit exceeded 8,000 MW, for a demand of 19,000 MW. These power cuts have a significant negative impact on Pakistan's economy (estimated at a loss of 2% at a 3% GDP growth rate) and the living conditions of the population.

Over the last twenty years, most of the power production capacity development has been focused on thermal power - an easy solution with low investment costs and reduced implementation periods, but with very high operating and maintenance costs. This paradoxical situation is all the more regrettable for a country that is highly dependent on fossil fuel imports while having a huge untapped hydropower potential: only 6,700 MW are installed of a potential capacity of 54,000 MW.

In October 2010, the Government of Pakistan endorsed a new energy sector strategy, based on the following 5 priorities: strengthening regulation and governance, rationalising tariffs and subsidies, developing financial capacities, energy efficiency and emergency investments for energy security. This last objective includes the development of small and medium hydropower plants.

#### DESCRIPTION

The project boasts of the following achievements, among others:

- A 35 MW hydroelectric power station, without a dam or reservoir
- A transmission line to connect the project to the Skardu Regional Centre, as well as the power stations needed to serve the entire area
- Supporting measures including the necessary studies, the consideration of environmental and social impacts, project management and a capacity-building component for local authorities to be financed by the AIF.

#### IMPACTS

- Restoration of continuous service during peak periods for the Skardu area's 356,000 inhabitants in 2018, with the commissioning of a 35 MW hydroelectric plant
- Economic development and improvement of the people's living conditions in northern Pakistan
- Production of renewable energy, non carbon emitting, respectful of the local environment, partly adding value to the country's huge hydropower potential
- Electric power at a particularly attractive cost price as

02/04/2014

Project start date

30/08/2020

Project end date

 Harpo  
Location

 Energy  
sector(s)

 Sovereign Concessional Loan  
financing tool(s)

 50 000 000 EUR  
Financing amount

 89 months  
Duration of funding

ONGOING  
Status

Islamic Republic of Pakistan  
Beneficiaries

compared to thermal alternatives and a reduced hydrocarbon import bill for the country.