

Cancelling coal: where next for ADB's Jamshoro coal loans?

Executive summary

The Jamshoro coal power plant, located in Sindh province, Pakistan, was the last coal project directly funded by the Asian Development Bank (ADB) before the ADB committed to cease funding for new coal power plants in 2021. However, in the twelve years from the project's approval in 2013 to when the plant became fully operational in 2025, Pakistan moved on from the need for Jamshoro.

Put simply, Pakistan can no longer afford a project that will bring more problems than benefits. Power from Jamshoro will be permanently under-used, because the country's national grid is already oversupplied with energy due to a stagnation in demand and the growing contribution of distributed solar power.¹ Moreover, since the ADB's investment was approved, Pakistan's external debt has more than doubled to nearly \$140bn, and will be exacerbated further by loan repayments for Jamshoro.

This briefing summarises why the ADB should do everything in its power to ensure the early retirement of the Jamshoro coal power plant and repurpose the debt associated with the project to support a just transition based on renewables and a supportive energy storage system.

¹ Haneea Isaad, IEEFA. (2025). 'Expensive, underutilized Jamshoro coal plant exposes Pakistan's power sector overcapacity'. <https://ieefa.org/resources/expensive-underutilized-jamshoro-coal-plant-exposes-pakistans-power-sector-overcapacity>.

Below, we summarise:

- ➔ Why finance for the Jamshoro project contravenes the spirit of the ADB's no coal policy
- ➔ The local social and environmental impacts of the project
- ➔ Examples of how the project is not compliant with the ADB's safeguards
- ➔ How the project has exacerbated Pakistan's debt burden
- ➔ Why Jamshoro is not an effective or least cost option for providing power

Based on this, we conclude that the only just solution to Jamshoro must involve:

- ➔ Cancelling the debt: the ADB should cancel outstanding repayments for Jamshoro to help reduce Pakistan's debt burden and free up fiscal space for climate investments.
- ➔ Cancelling the coal: the ADB should work with the government of Pakistan to enable and finance the early retirement of the Jamshoro coal plant, as soon as possible.
- ➔ Repurposing for renewable energy storage: the ADB should support the repurposing of the Jamshoro power plant site for battery or thermal energy storage systems (BESS/TESS).

Jamshoro, coal, and the ADB

When the Asian Development Bank's 2021 Energy Policy committed to stop financing new coal power plants, the bank stated that it was simply formalising its existing practice of not making investments in new coal-fired power plants since 2013.² This policy describes coal as the "main source of greenhouse gases and air pollution in the Asia and Pacific region" and states that, as well as not financing new coal capacity, "the current energy and climate change contexts present the ... rationale" for the ADB to support the phase-out of coal-fired power plants in the region.³

The last coal-fired power plant that the ADB had committed to support was the 660 megawatt (MW) Jamshoro coal power plant in Pakistan, Unit 5 of the Jamshoro Power Station, which it funded via three loans worth a combined \$900m (due to cost savings and partial cancellations the final loan amount was reduced to \$638.8m).⁴ However, despite funding being approved by the ADB in 2013, the coal unit did not become fully operational until May 2025, due to a series of project and contractual delays. In this time, both the climate crisis and Pakistan's power sector have changed significantly, such that Jamshoro — an already risky investment — is now causing more harm than good. Despite this, at no point during these twelve years did the ADB appear to consider cancelling its support for Jamshoro.

2 Asian Development Bank (ADB) (2023). 2021 Energy Policy of the Asian Development Bank: Supporting Low-Carbon Transition in Asia and the Pacific, p.8. <https://www.adb.org/news/new-adb-energy-policy-support-energy-access-and-low-carbon-transition-asia-and-pacific>.

3 Ibid., p.19. "ADB will support the early retirement of coal-based power plants and...decommissioning of coal-fired power plants and site redevelopment ...Comprehensive planning for a just transition will underpin these operations."

4 ADB. (2013). 'Pakistan: Jamshoro Power Generation Project'. <https://www.adb.org/projects/47094-001/main#project-pds>; Global Energy Monitor. (2026). 'Jamshoro power station'. https://www.gem.wiki/Jamshoro_power_station. The first four units all became operational between 1989 and 1991, using a mix of heavy fuel oil and liquified natural gas to generate electricity. A second coal unit was proposed at Jamshoro in 2023, but now appears to be cancelled.



The Jamshoro coal project has exacerbated pollution and environmental degradation for nearby communities and ecosystems. Here, local people inspect signs of waterlogging, salination of previously fertile agricultural land, and dumping of coal and other waste products. Photo by Alternative Law Collective.

This seems to go against the spirit, if not the letter, of the ADB's 2021 Energy Policy which applies to new ADB commitments from 2021 onwards. The ADB appears to consider its earlier, 2013, commitment to Jamshoro to be outside of the scope of the new policy. However, in 2021, the coal unit at Jamshoro had not yet been commissioned, and the ADB was still making disbursements to the project as recently as FY2024-25.⁵ **For most intents and purposes, this represents new finance for new coal-based capacity.** Thus, continued ADB support for Jamshoro contravenes the spirit of the 2021 Energy Policy.

The ADB has since claimed that the Jamshoro coal unit reduced environmental harm by displacing more polluting high furnace oil (HFO) units at the Jamshoro power complex.⁶ However, the Project Administration Manual shows that the strategy was not contingent on "converting existing HFO generation units" but also "envisioned the construction of new plants", and concedes that the addition of coal would increase emissions at Jamshoro

to 1,172 gCO₂/kWh.⁷ In practice, the addition of the coal unit was not tied to the retirement or conversion of Jamshoro's HFO units, which nearly ran their full licensed duration.

As well as upholding its commitment to finance the project despite long delays to construction, the ADB also missed an opportunity to support Jamshoro's early retirement through its Energy Transition Mechanism (ETM). During the ADB's 2022 ETM pre-feasibility study, which sought to identify candidates for early retirement of coal fired power plants, Pakistani civil society raised concerns that the Bank's multi-criteria analysis understated the environmental and social harms of coal projects, and urged the Bank to pursue the early retirement of Jamshoro. However, the ADB's final list of projects, ranked in order of suitability for early retirement, did not prioritise the retirement of Jamshoro, despite the significant risks.⁸ The ETM initiative in Pakistan subsequently stalled, with no official progress since the study was completed.

5 Audited financial statements for financial year 2024-25 show that ADB disbursed \$55.4 million to Jamshoro between July 2024 and December 2025. "Loan Utilization Status in FY 2024-25: US\$55.441 million". ADB. (2025). 'Audited Project Financial Statements: Pakistan Jamshoro Power Generation project'. p.27. https://www.adb.org/sites/default/files/project-documents/47094/47094-001-apfs-en_7.pdf.

6 ADB response to Recourse via email, 1 April 2026.

7 Asian Development Bank (ADB). 'Islamic Republic of Pakistan: Jamshoro Power Generation Project – Project Administration Manual'. Manila: ADB, October 2013, p.2.

8 In response, ADB said that "the Pre-FS, as an initial scoping exercise, used a multi-criteria analysis (MCA) for Pakistan's entire fleet of coal-fired power plants and other high-carbon power plants...The MCA methodology was updated based on the stakeholders' comments received". ADB response to Recourse via email, 1 April 2026.

With Jamshoro, the ADB has an opportunity to make good on its commitments to end coal financing and support early retirement while offering a genuinely just transition for those impacted. There is no better place to start than with Jamshoro; a wholly public-sector project that the ADB directly financed, and over which it retains significant leverage.

The local social and environmental impacts of Jamshoro

Since commencing operations in 1991 as an oil- and gas-fired facility, the Jamshoro Thermal Power Station has subjected surrounding communities and ecosystems to sustained social and environmental pressures, long predating the construction and commissioning of the coal-fired Unit 5. However, the construction of this coal unit has already intensified the very harms it was meant to remedy. Now it is fully operational, the plant is also certain to further exacerbate pollution and environmental degradation.

The ADB must take immediate action to stop these harms from cascading across the local area and the Indus Delta.

Exacerbation of water scarcity, waterlogging and land degradation

Sindh province, where Jamshoro is located, is an already water-stressed region. Industrial agriculture, the construction of hydroelectric

dams and canals and increasingly extreme droughts (as a result of accelerating climate change) are all contributing to this situation, and the construction of Jamshoro has exacerbated water scarcity further.⁹ These impacts are contributing to a series of cascading crises that are devastating local communities, biodiversity and agriculture.

The plant was constructed adjacent to a rich ecosystem that had long sustained local fishing communities. However, the discharge of untreated or inadequately treated effluents from Jamshoro into the Indus river are widely perceived to have degraded fish stocks and contaminated water downstream.¹⁰ A study commissioned by the irrigation department also affirms the contamination of the river by the power plant.¹¹ Groundwater in the surrounding communities has deteriorated to the point where aquifers that were once drinkable are no longer safe, with communities directly attributing this to decades of contaminated water originating from the plant.

Prior to the construction of the power station, villages around the Jamshoro site were widely regarded as a productive and liveable agricultural landscape. The land was fertile, groundwater was potable, and the region was known for supplying fodder across Pakistan. However, communities living within approximately five kilometres of the plant now describe nearly 1,400¹² acres of surrounding land as having become effectively unproductive¹³.

9 ADB has claimed that section 6.8 of the 2013 EIA assesses the project's water use to be "minimal relative to Indus River flows" without "significantly affect[ing] river dynamics or contribut[ing] meaningfully to regional water scarcity". However, this assessment lacks any empirically grounded local or system wide assessment of future e-flows and seasonal and climate impacts. As noted by ELAW, "For a major new user on a stressed river system, a robust hydrological and ecological assessment should examine climate change, cumulative abstractions and sensitive habitats— not just compare average abstraction to average discharge". Environmental Law Alliance Worldwide (ELAW) (2025). 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013 and Addendum to Environmental Impact Assessment of Jamshoro Power Generation Project October 2024', p.9.

10 PRIED. (2024). The cost of thermal power generation at Jamshoro: a social and environmental disaster, p.15. <https://www.pried-pk.org/wp-content/uploads/2024/08/Social-and-Environmental-Costs-of-Jamshoro-Power-Generation-Project-R02-1.pdf>.

11 SIDA Hyderabad. (2010). 'Discharge of Manchar Lake water into River Indus'. <https://sida.org.pk/download/emuwsip/Discharge%20of%20Manchar%20Lake%20water%20into%20River%20Indus,2010.pdf>.

12 Communities in villages such as Ramzan Rajar, Haji Imam Bax, and Chakar Khan Rajar report widespread land degradation. In CP No. D-380/2017 before the Sindh High Court (Hyderabad Bench), a committee found 187 acres affected by waterlogging— excluding additional land rendered uncultivable.

13 Testimony of residents of Ramzan Rajar, Haji Imam Bax and other Goths in the proximity of Jamshoro power plant and our field visits affirm the veracity of widespread issues related to water logging and land degradation.



Prior to the construction of the Jamshoro power station, this was productive and liveable agricultural land. It is now effectively unproductive, as seen in the high levels of soil salination. Photo by Alternative Law Collective.

For local residents, the cumulative result has been the transformation of the surrounding landscape into what they describe as a 'sacrifice zone', where land, water, and traditional livelihoods have been subordinated to the continued operation of the power facility.

Air pollution and health impacts

Air pollution is a given in proximity to a coal-fired power plant. But the air around Jamshoro was already severely contaminated before the coal unit was under construction, with high levels of small particulate matter (PM2.5) above safe levels. Workers at Jamshoro have reported respiratory diseases, breathing problems and lung ailments, while residents of the surrounding villages have also reported impacts from air pollution.¹⁴ This will increase significantly now that the coal unit is fully operational.

Impacts on ecosystems and livelihoods

Many communities in the vicinity of the Jamshoro power station are dependent on fishing, farming or livestock for their livelihoods. Over time, however, pollution from the power station has contributed to lower

yields, dwindling resources, and sickness among animals. Local residents have reported depleted fishing stocks since the power station first came into operation. Cattle have fallen sick and crops, affected by wastewater and degraded land, have been destroyed. The impacts of these changes have fallen hardest on pastoralists, fisherfolk, farmers and small landowners, many of whom are increasingly leaving the area as a result of losing their livelihoods.¹⁵

Non-compliance with ADB safeguards

The ADB's support for Jamshoro not only goes against the spirit of the 2021 Energy Policy; the project also fails to comply with its environmental and social safeguards, and its provincial environmental regulations. As the ADB committed to finance Jamshoro in 2013, the Bank's 2009 [Safeguard Policy Statement](#) (SPS) applies. Analysis by Environmental Law Alliance Worldwide (ELAW) demonstrates that both the original Environmental Impact Assessment (EIA) for Jamshoro (produced in 2013), and the 2024 addendum, fail to comply with the SPS in numerous ways.¹⁶

¹⁴ PRIED, The cost of thermal power generation at Jamshoro, p.17.

¹⁵ PRIED, The cost of thermal power generation at Jamshoro, p.16.

¹⁶ ELAW, 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013, p.1. ADB has contested some of these findings in a response to Recourse via email on 1 April 2026. While we have adapted some parts of this report for accuracy, this analysis by ELAW still merits consideration as it demonstrates that, while the EIA may have conducted relevant assessments in many areas, its analysis was weak and insufficient to prevent environmental and social harms

A key factor is the EIA's failure to properly take into account the existing degradation of the project site as a result of the Jamshoro Thermal Power Station's two previous decades of operation. The SPS requires that, "when the project involves existing activities or facilities, relevant external experts will perform environmental audits to determine the existence of any areas where the project ... is causing environmental risks or impacts".¹⁷ In response to this research, the ADB reiterated that the EIA does identify some instances of existing legacy impacts from the Jamshoro Thermal Power Station. However, the EIA fails to properly assess the trade offs associated with the heightened risks, address the impacts, or require sufficient mitigation measures to rectify the legacy effects of the new coal unit.¹⁸

a. Weak analysis of greenhouse gas (GHG) emissions and alternatives

The SPS requires borrowers to "examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts".¹⁹ However, as ELAW demonstrates, the assessment conducted for Jamshoro was based on a "one-dimensional" cost analysis and did not compare the impacts of each option, negated the benefits of renewable energy, and failed to assess non-generation alternatives such as energy efficiency,

demand-side management, and grid loss-reduction.²⁰ This clearly contravenes the requirements of the SPS to fairly weigh up the benefits of project design alternatives. Furthermore, while the EIA does estimate project-related CO₂ emissions, it does not adequately address the "global impacts, including climate change" of these emissions.²¹

b. Inadequate measurement and treatment of PM_{2.5} pollution

The ADB's SPS requires project EIAs to be based on "accurate" and "comprehensive" baseline data.²² However, baseline PM_{2.5} pollution measurements were taken over only two days, at three sites, and then extrapolated across the year.²³ Furthermore, the EIA acknowledges that baseline PM_{2.5} levels were already above acceptable levels established in Pakistan's National Environmental Quality Standards (as well as World Health Organisation and International Finance Corporation guidelines), but does not establish a plan to avoid exacerbating existing pollution, as required by the SPS.²⁴ This approach fails to establish the comprehensive and accurate baseline data on PM_{2.5}, and then evades responsibility for mitigating further pollution. Moreover, the EIA only includes a nominal assessment of cumulative impacts to air pollution resulting from Jamshoro's proximity to other coal plants in the region.²⁵

occurring.

17 ADB. (2009). Safeguard Policy Statement, p.32. <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>.

18 ADB response to Recourse via email, 1 April 2026.

19 ADB, Safeguard Policy Statement, p.16.

20 ELAW, 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013', p.6.

21 ADB, Safeguard Policy Statement, p.16, p.38.

22 Ibid., p.31.

23 ELAW, 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013', p.1.

24 ELAW, 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013', p.3; ADB, Safeguard Policy Statement, p.16. Appendix 12 of the 2013 EIA acknowledges PM_{2.5} exceedances of NEQS and proposes revision, but this remains unimplemented. The project also appears to lack a Strategic Environmental Assessment as required under Section 18 of the Sindh Environmental Protection Act. Court proceedings (CP No. D-380/2017, Sindh High Court Hyderabad). See https://sindhhighcourt.gov.pk/downloads/source_files/Sindh%20Environmental%20Protection%20Act,%202014-Final.pdf.

25 ELAW, 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013', p.10.



Lands surrounding the Jamshoro power station are now waterlogged, with terrible consequences for local communities that depend on fishing, farming or livestock for their livelihoods. Photo by Alternative Law Collective.

c. Non-compliant handling of waste ash

The SPS requires pollution prevention measures to be consistent with “internationally recognized standards such as the World Bank Group’s Environmental, Health and Safety Guidelines”.²⁶ When it comes to managing waste ash, the World Bank guidelines mandate dry ash handling; however, the Jamshoro EIA describes how waste ash “will be sluiced or conveyed to a mixing vessel where water will be added and the product will be conveyed to an ash pond”.²⁷ Furthermore, waste management is not planned in an “environmentally sound manner” as required by the SPS.²⁸ As ELAW highlights, the EIA provides “no groundwater flow modeling ... no dam-safety analysis, no flood/earthquake stability assessment, and no long-term closure/rehabilitation plan for the ash pond”.²⁹

d. Water pollution

The SPS requires that EIAs include “safeguarding the life-supporting capacity of ... water ... ecosystems” and that “Renewable natural resources will be managed

in a sustainable manner”.³⁰ However, the EIA’s assessment of downstream impacts and risks to biodiversity in the Indus Delta is inadequate.³¹ The EIA characterises existing pollution as “natural” (a characterisation communities and independent technical notes reject). Furthermore, despite the EIA acknowledging that a damaged effluent pipeline historically led to uncontrolled open drainage, unregulated ponding, and seepage towards the river, the pipeline has yet to be replaced as of 2025.³²

e. Insufficient assessment of health impacts

The SPS mandates that EIAs should consider “all potential impacts and risks of the project” including impacts to community and occupational health and safety.³³ However, despite this requirement (and despite PM2.5 levels being above safe limits established by the WHO), the EIA contains only a limited modelling of project-related pollutants, and fails to estimate the impacts on community health, including mortality, or plans to mitigate

26 ADB, Safeguard Policy Statement, p.16.

27 ADB. (2013). Jamshoro Power Generation Project: Environmental Impact Assessment, p.87.
<https://www.adb.org/projects/documents/jamshoro-power-generation-project-eia-oct2013>.

28 ADB, Safeguard Policy Statement, p.16.

29 ELAW, ‘Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013’, p.8.

30 ADB, Safeguard Policy Statement, p.36.

31 ELAW, ‘Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013’, p.9.

32 PRIED, p.14.

33 ADB, Safeguard Policy Statement, p.31.

these.³⁴ Analysis by ELAW argues that “failure to use epidemiological concentration-response functions to estimate quantifiable public health burdens (like mortality or morbidity) violates requirements mandating comprehensive assessments of community health risks”.³⁵

f. Impact of coal transportation ignored

The Jamshoro Power Generation Project (JPGP) relies on Thar lignite for around 20% of its fuel and commits, under its 2013 EIA, to a comprehensive coal transport management plan. In practice, however, the Thar–Jamshoro rail infrastructure is being developed without adequate approvals and absent any environmental and social assessment in violation of local law, with communities reporting displacement, intimidation, water contamination, mobility disruptions, and disregard for local cultural practices. These impacts are absent from the EIA, despite coal transportation being explicitly within its scope.³⁶

As shown above, the gaps in Jamshoro's EIA are not inconsequential. They represent significant compliance failures which have caused tangible harm to communities and the environment.

The macroeconomic context and how Jamshoro exacerbates debt

Despite being a development bank whose mandate is to reduce poverty, the ADB's support for Jamshoro is contributing to a worsening debt situation in Pakistan. Pakistan has faced high levels of external debt since the 1970s. Between 1990 and 2016, external government debt payments averaged more than public spending on health care.³⁷ Since the ADB's loans to the Pakistani government were approved in 2013, Pakistan's external debt has more than doubled from \$60bn to nearly \$140bn in 2025.³⁸ The ADB remains one of the largest sources of debt for the Pakistani economy, currently representing almost a fifth of the country's overall external debt. Since the approval of the loan for the Jamshoro power plant, debt servicing to the ADB has been, on average, \$984m.³⁹

Aspects of the project design are exacerbating this debt situation. For instance, the Institute for Energy Economics and Financial Analysis (IEEFA), a thinktank based in the US, argues that, because the ADB's loans to the project are routed through the Pakistan government at a significant markup, distribution companies in Pakistan's power sector are taking on significant additional debts.⁴⁰

34 In its response to Recourse in April 2026, the ADB points to Table 9.1 and Section 9.15 of the EIA as evidence of health and safety considerations. However, the EIA only performed simple pass/fail comparisons of modeled ground-level pollutant concentrations against ambient air quality standards. Crucially, the assessment completely failed to use epidemiological concentration-response functions to estimate the actual public health burdens that would result from adding project-related PM2.5, PM10, NO2, and SO2 to the local environment. ELAW, 'Evaluations of Environmental Impact Assessment of Jamshoro Power Generation Project October 2013', p.3.

35 Ibid.

36 ADB's response to Recourse (April 2026) stated that the “Thar–Jamshoro railway infrastructure is a separate project” not financed by the Bank. This is inconsistent with its own procurement guidance which recognises that ADB projects can have “considerable environmental, social and economic impacts” and must integrate such considerations into procurement decisions. Given this, ADB cannot avoid responsibility for this associated infrastructure.

37 Debt Justice. 'Debt crisis in Pakistan'. <https://debtjustice.org.uk/countries-in-crisis/debt-crisis-pakistan>.

38 CEIC. (2025). 'Pakistan External Debt'. <https://www.ceicdata.com/en/indicator/pakistan/external-debt>.

39 Debt-servicing payments to the ADB increased by 23% from FY 2022-23, and then increased again by 22% from FY 2023-24.

40 IEEFA. (2025). 'Expensive, underutilized Jamshoro coal plant exposes Pakistan's power sector overcapacity'.

This in turn has exacerbated the phenomenon of 'circular debt' in Pakistan's power sector, whereby a combination of unpaid subsidies for distribution companies and delayed payments to power producers have resulted in power plants running idle and blackouts for consumers.⁴¹ In this scenario, no-one wins.⁴²

The Jamshoro project's reliance on imported coal also contributes to this debt crisis. The ADB imposed this design choice on the Pakistani Government's own policy preference: insisting that the plant operate on expensive imported coal rather than cheaper domestic sources.⁴³ This decision has had lasting macroeconomic consequences. By locking the plant into a fuel supply chain where at least 80% of coal must be imported, the ADB forced Pakistan to assume additional foreign exchange burdens at a time of acute balance-of-payments stress. As a result, Jamshoro compounds external debt vulnerabilities, exposes the country to global commodity shocks, and undermines fiscal stability.

Other international financial institutions have reinforced Pakistan's coal pathway. In July 2023, the International Monetary Fund (IMF) approved a Stand-By Arrangement (SBA) for Pakistan aimed at restoring fiscal stability. While the programme acknowledged Pakistan's climate vulnerability, IMF-supported budgets have simultaneously accommodated substantial public spending on coal infrastructure.⁴⁴

However, local coal has its own costs: as a dirtier, more polluting fuel, Thar coal will exacerbate the environmental costs of the project, as well as the economic costs of environmental degradation associated with the loss of livelihoods and natural resources. The answer to Pakistan's debt crisis cannot be more local coal, but instead must rest on the cancellation of illegitimate coal debts and the repurposing of Jamshoro power station for renewable energy storage. If Jamshoro were to be decommissioned, this could also free up a significant amount of budgetary resources which could instead be invested in essential public services or help to service Pakistan's considerable external debt.

Jamshoro's increasingly irrelevant role in Pakistan's power sector

There would be a different conversation to be had about Jamshoro if it was an essential project for meeting Pakistan's energy needs. If this were so, perhaps there could be an argument that some costs are necessary to ensure that such an important project continues.

But the truth is different: as well as being an ecological, social and financial disaster, the Jamshoro power station is of diminishing importance to Pakistan's power sector.

41 Asad Hashim. (2019). 'Lights out: 'Circular debt' cripples Pakistan's power sector', Al Jazeera. <https://www.aljazeera.com/economy/2019/5/24/lights-out-circular-debt-cripples-pakistans-power-sector>.

42 ADB says that it is "working closely with the Government of Pakistan and other development partners to reduce inefficiencies and reform subsidies". ADB response to Recourse via email, 1 April 2026.

43 "Prime Minister Raja Pervez Ashraf had placed a ban on imported coal-powered plants in a bid to encourage consumption of Thar coal in such projects. However, the ADB resisted the move and refused to extend loans for Thar coal-based power plants." Tribune. (2013). 'Coal-fired power plant: Govt's about-turn paves way for \$900m ADB loan'. <https://tribune.com.pk/story/507021/coal-fired-power-plant-govts-about-turn-paves-way-for-900m-adb-loan>.

44 Budget records indicate roughly PKR 30.79 billion allocated to Jamshoro. In parallel, the government has committed about PKR 17.12 billion to the Thar coal railway link—a project marred by repeated delays and a steep escalation in costs, rising from PKR 53 billion to approximately PKR 90 billion. Government of Pakistan (2025). Public Sector Development Programme 2025–26. Islamabad: Planning Commission.



Jamshoro coal power plant. Photo by Alternative Law Collective.

In May 2025, the Jamshoro coal unit dispatched, on average, only 6% of its power to the national grid. In fact, only 3.12% of the plant's power capacity is expected to be dispatched, on average, between 2027 and 2035.⁴⁵

In part, the cause for this is a chronic overcapacity issue in Pakistan's national grid. Another issue has been the new sources of power that have become available in recent years. High electricity prices and falling technology costs have facilitated the rapid adoption of rooftop solar power across Pakistan's cities.⁴⁶ New wind and hydropower projects have also come online in recent years, increasing the oversupply of power in Pakistan's energy sector.

The end result is that Jamshoro's coal power plant is simply no longer needed.⁴⁷ On the contrary, Jamshoro is exacerbating a series of different crises: the climate and biodiversity crises; Pakistan's external debt crisis; and the crisis of overcapacity in Pakistan's power sector.

The costs outweigh the benefits from this project. Another way forward is needed.

There is an alternative: how the ADB can create a genuinely just transition for Jamshoro

The people of Pakistan are being forced to pay multiple times over for Jamshoro: through their taxes, their energy bills, and with their lives and livelihoods.⁴⁸ There is therefore a clear developmental objective, in line with the ADB's mandate, to be achieved by repurposing the Pakistan government's debts related to the Jamshoro project so that they can instead support a just energy transition, through a combination of debt relief, early retirement of the coal unit, and a repurposing of the plant for renewable energy storage.

Cancel the debt

The Jamshoro project meets the widely recognised criteria of illegitimate debt in international law — particularly its absence of public benefit, the ADB's awareness of the harms associated with the project,

45 NEPRA. (2025). Indicative Generation Capacity Expansion Plan (IGCEP) 2025–2035 (Revised Draft); IEEFA. (2025). 'Expensive, underutilized Jamshoro coal plant exposes Pakistan's power sector overcapacity'.

46 World Resources Institute. (2025). 'The Perfect Storm Fueling Pakistan's Solar Boom'. <http://wri.org/insights/pakistan-solar-energy-boom>.

47 ADB says that it disagrees with this analysis, but it did not contest the figures provided above on Jamshoro's underutilisation. ADB response to Recourse via email, 1 April 2026.

48 Under NEPRA's notified tariff (S.R.O. 1777(I)/2024), the Jamshoro coal plant's debt-service component is estimated at Rs 3.18/kWh at an 85% reference capacity factor, implying an annual debt-service obligation of PKR 15.6 billion. Because this liability is fixed in nominal terms, any decline in plant utilisation sharply increases the effective debt-service per unit of electricity generated.

and its contribution to unsustainable fiscal and environmental outcomes. As affirmed by the UN Human Rights Council (HRC), debt obligations that undermine fundamental rights or constrain a state's ability to meet basic social and environmental needs cannot be considered just.⁴⁹

The first step to ensure a just transition for Jamshoro is for the ADB to cancel outstanding debts related to the project. There is recent precedent for this: The ADB itself recently cancelled / redirected \$408m of loans to Bangladesh, and in 2022 the Islamic Development Bank cancelled its loan to support the second (now cancelled) coal unit at Jamshoro at the Pakistani government's request.⁵⁰ The ADB's response to this report highlighted that a total of \$261.2m from its original \$900m commitment to Jamshoro has already been cancelled or reallocated owing to "cost savings" or to urgently combat COVID-19.⁵¹

Debt cancellation is necessary not just on moral grounds but to free the fiscal space Pakistan needs to invest in renewables and climate resilience — particularly battery storage, grid flexibility for renewable integration, and affordable distributed solar solutions for energy-poor communities in Sindh.

Cancel the coal

The ADB must also work with the Pakistan government to secure the early retirement of Jamshoro. Such a move must adhere to the principles of a just transition, and be rooted in the close consultation of local communities and remediation of existing social and environmental harms in mind.⁵² The early retirement of Jamshoro would be a relatively low-risk project for the ADB. As a 100% government-owned asset, its retirement would not trigger Investor-State Dispute Settlement or sovereign default claims, unlike private coal plants. This makes it the least legally risky and most administratively feasible candidate for early retirement. Furthermore, IEEFA has argued that the early retirement of coal plants in Pakistan could "deliver substantial financial benefits for Pakistan's power and climate sectors".⁵³

Repurpose for renewable energy storage

Pakistan's government can use the fiscal resources freed up by the cancellation of the illegitimate Jamshoro debt to invest in rehabilitating and repurposing the site for more sustainable energy projects. Given Jamshoro's critical location as a power transmission junction, the site could be suitable for battery or thermal energy storage systems.⁵⁴ A just transition to renewable energy storage must also include social protections for, and the re-skilling of, current workers at the Jamshoro power station.

49 The UN has found the "increasing debt burden faced by the most indebted developing countries, in particular the least developed countries, to be unsustainable" and has therefore urged "international financial institutions and private creditors to participate in and implement the enhanced programme of debt relief without further delay". UN Human Rights Council (2024). Effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights; Jeff King. (2016). *The Doctrine of Odious Debt in International Law: A Restatement*. Cambridge University Press.

50 IEEFA. (2025). 'Expensive, underutilized Jamshoro coal plant exposes Pakistan's power sector overcapacity'.

51 ADB response to Recourse via email, 1 April 2026. Some of the loan reductions are also highlighted in the Project Data Sheet published on ADB's website: <https://www.adb.org/projects/47094-001/main#project-pds>.

52 This would also align with the UN HRC's finding on the "imperative to adopt integrated approaches that leverage climate finance to address both debt burdens and climate-related challenges. See: Effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, A/HRC/RES/58/12 (2025).

53 IEEFA. (2025). 'Expensive, underutilized Jamshoro coal plant exposes Pakistan's power sector overcapacity'.

54 In general, coal-fired power plants have been considered to be potentially suitable for conversion to battery energy storage systems. See EPRI. (2023). 'Repowering Coal-Fired Power Plants for Battery Energy Storage'. <https://www.epri.com/research/products/00000003002025591>.

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