Early Warning System

AIIB-001032

Pakistan: Grid Stability Enhancement Project

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Quick Facts

Countries	Pakistan
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	B
Voting Date	2026-10-01
Borrower	Government of the Islamic Republic of Pakistan
Sectors	Energy, Infrastructure
Investment Type(s)	Loan
Investment Amount (USD)	$ 92.50 million
Loan Amount (USD)	$ 92.50 million
Project Cost (USD)	$ 694.80 million

Project Description

As stated by the AIIB, the Project aims to boost Pakistan's national grid resilience against operational disturbances, expand south-to-north transmission capacity, optimize generation resource utilization, lower consumer power costs, and modernize the transmission network to reliably serve present and future electricity demand.

The proposed AIIB Project is part of the first phase of the Boosting Energy Security through Transmission in Pakistan (BEST-PAK) Multiphase Programmatic Approach (MPA) of the World Bank (WB). The WB MPA, with a total program envelope of USD 2,712.9 million, comprises four phases:

- Phase 1 - Grid Stability Enhancement for USD 694.8 million
- Phase 2 - 750 megawatt hours (MWh) Battery Energy Storage Systems (BESS) for USD 377 million
- Phase 3 - Matiari-Moro-Rahim Yar Khan (MMR) 500 kV Transmission Line for USD 859.0 million
- Phase 4 - Strengthening Existing Assets (Central and Northern Regions) USD 782.1 million.

Implemented by the National Grid Company (NGC), the Project supports the installation of reactive power compensation devices to tackle critical grid stability challenges, including system reliability constraints and enabling full-scale integration of Variable Renewable Energy (VRE). It also includes technical assistance (TA) for Project delivery and preparation of subsequent phases under the WB's MPA. In detail, this Project consists of:

- **Component 1: Grid Stability Enhancement (USD688.8 million).**
  - (a) Subcomponent 1.1. Static Synchronous Compensator (STATCOMs): Supporting the installation of two 400-megavolt-ampere reactive (MVAr) modular STATCOMs for 500 kilovolts (kV) at Dadu substation, two 400 MVAr modular STATCOMs for 500 kV at Rahim Yar Khan substation, one 400 MVAr modular STATCOM for 500 kV at Guddu substation.
  - (b) Subcomponent 1.2. Fixed Reactive Power Compensation Devices: Supporting the installation of fixed reactive power compensation devices, including switched capacitor banks, comprising a bank of 2x48 MVAr capacitors at each of the 17 substations, bus-connected reactors totaling 1,132 MVAr at nine substations rated 765, 500, and 220 kV with associated spares, 259 MVAr line-connected reactors at the Islamabad West terminals of the double-circuit 500 kV line to the Maira substation.
- **Component 2: Project Implementation Support TA (USD6.0 million, WB).** This component provides hands-on TA to the NGC's Project Management Unit (PMU) to facilitate the delivery of Phase 1 and accelerate readiness for subsequent BEST-PAK phases. It finances an experienced owner's engineer/project management firm to support the preparation of bidding documents and oversee design, procurement, factory acceptance testing, installation, and commissioning; NGC institutional strengthening to upgrade planning and analytical tools, and support targeted upskilling and twinning partnerships with international utilities on advanced transmission planning and operations; fiduciary capacity building; E&S capacity building to operationalize the Environmental and Social Framework (ESF), including grievance redress and other compliance requirements; and support for stakeholder coordination and timely effectiveness of Phase 1, as well as readiness for future phases in line with the WB requirements (including the ESF).

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Total Project Cost: USD694.8 million

Financing Plan:

- WB: USD375.9 milliono
- IsDB: USD92.7 million
- AIIB: USD92.5 million
- NGC: USD133.7 million

Private Actors Description

As stated by Devex, National Transmission & Dispatch Company (NTDC) was incorporated on 6th November, 1998 and commenced commercial operation on 24th December, 1998. It was organized to take over all the propertise, rights and assets obligations and liabilities of 220 KV and 500KV Grid Stations and Transmission Lines/Network owned by Pakistan Water and Power Development Authority (WAPDA). NTDC operates and maintains fourteen 500 KV and thirty eight 220 KV Grid Stations, 5110.48 km of 500 KV transmission line and 9686.32 km of 220 KV transmission line in Pakistan.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	National Grid Company of Pakistan Limited	Contractor	Energy

Contact Information

AIIB Team Leader:

Jianshi Yao - Senior Investment Officer
Email: Jianshi.yao@aiib.org

World Bank Team Leader:

Mohammad Anis - Senior Energy Specialist
Email: manis@worldbank.org

Borrower - Government of the Islamic Republic of Pakistan:

Abbas Khan - Senior Joint Secretary, Ministry of Economic Affairs, Government of Pakistan
Email: comisb@hotmail.com

Contractor - National Grid Company, Pakistan:

Sohail Bajwa - Executive Director (Strategic Asset Planning), National Grid Company of Pakistan
Email: sohailbajwa@ntdc.com.pk

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

Bank Documents

- Environmental and Social Commitment Plan
- Environmental and Social Management Plan
- Project Summary (September 1, 2026) [Original Source]
- Stakeholder Engagement Plan

Other Related Projects

- WB-P504536 BEST-PAK MPA Program Phase 1: Grid Stability Enhancement Project