

## The Diامر-Bhasha Project: A Continuing Challenge for Pakistan

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### Summary

*First proposed in 1980, the Diامر-Bhasha Dam has failed to see the day of light in the last 40 years. Pakistan has now inked a deal with a Chinese state-run firm to build the dam. However, it faces several challenges.*

On 13 May 2020, Pakistan signed a deal worth PKR442 billion (S\$3.7 billion) with the Chinese state-run firm China Power to build the 272-metre high Diامر-Bhasha Dam. The total cost of the project was pegged at around PKR1.497 trillion (S\$12.15 billion), which is significantly higher than the [earlier estimate of US\\$14 billion](#) (S\$19 billion). The Diامر-Bhasha Dam will be constructed on River Indus in Gilgit-Baltistan and Khyber Pakhtunkhwa. Under the terms of deal, China Power will hold 70 per cent of share while the remaining 30 per cent will be with Frontier Works Organisation, a commercial arm of the [Pakistan Armed Forces](#). This contract covers the construction of a diversion system, main dam, an access bridge and a 21 megawatts [Tangir hydropower project](#). The dam is expected to be completed by March 2028.

At the start of construction, this project is expected to create about 16,500 jobs. Once in operation, it will irrigate around 1.23 million acres of [agriculture land](#) and generate [18.1 billion](#) units of electricity annually. The Diامر-Bhasha dam will have gross water storage capacity of 8.1 million acre feet (MAF) and usable storage [capacity of 6.4 MAF](#).

The Diامر-Bhasha Dam project was first suggested in 1980. In 1984, Montreal Engineers Company Ltd carried out feasibility study and [identified Bhasha](#) as the dam site. In 1988, this report was [reviewed by a panel of experts](#) set up by the Water and Power Development Authority (WAPDA). Ten years later, in 1998, the project was first inaugurated by then Pakistan [Prime Minister Nawaz Sharif](#). In 2006, to generate hydropower and for irrigation purposes, then Pakistan President General Pervez Musharraf decided to construct five multi-purpose projects, including the Diامر-Bhasha Dam, [in phases](#).

Pakistan sought [US\\$ 5billion](#) (S\$6.9 billion) from the World Bank to fund the Diامر-Bhasha Dam. It also approached the Asian Development Bank (ADB) which, in principle, agreed but set a pre-condition – Pakistan should develop a [national consensus](#) over the project. The ADB's pre-condition was institutionally fulfilled, as, in July 2010, [the Council of Common Interest](#) approved the project. However, in 2012, both the international finance institutions [withdrew their support](#), largely due to India's opposition to what is located in "illegally occupied territory" by Pakistan. In 2013, the Diامر-Bhasha project [was put forward](#) again and, in 2014, the ADB said that it would help the construction of the project to ["the extent possible"](#). However, in 2016, the ADB again declined to [fund the project](#).

In 2016, the Diamer-Bhasha Dam was included in the 'Indus Cascade' which China had promised to build under the China Pakistan Economic Corridor (CPEC) framework. A year later, Pakistan removed the dam from the CPEC arrangement due to stringent conditions laid down by China. Pakistan felt that these conditions were against its interests and, hence, [not "doable"](#). Instead of looking for funders, in 2018, Pakistan decided to crowd-fund the dam project, along with the Mohmand Dam. The initiative found overwhelming political support but, in terms of collection, by December 2019, only [PKR11.75 billion](#) (\$9.97 million) were collected. Pakistan's precarious financial condition and insufficient collection of money could have probably led to a re-negotiation of the deal with China.

As in the past, India lodged its "protest and shared concerns with both China and Pakistan on all such projects in the Indian territories under Pakistan's [illegal occupation](#)". In response, China stated that its cooperation with Pakistan aims to "boost local economic growth and improve people's livelihoods for the [benefit of all](#)".

Due to the Diamer-Bhasha Dam's impact on lower stream, in Sindh, a number of political workers, Sindhi nationalists, water experts and others have questioned the "feasibility, tenability and [profitability of the dam](#)".

In Gilgit-Baltistan, many people believe that most of the infrastructure benefits have been given to Bhasha in Khyber Pakhtunkhwa, while the water runs through [Diamer](#). Despite the changes in the Gilgit-Baltistan Order 2018 in which powers over the mineral, hydropower and tourism sectors have been shifted to the [legislative assembly of Gilgit-Baltistan](#), the federal government continues to enjoy unfettered rights over the [region's affairs](#).

There are issues of financial compensation and [royalty for Gilgit-Baltistan](#). In 2019, the Diamer-Bhasha Dam Affectees Action Committee held a protest in Rawalpindi seeking compensation for their land acquired to [build the project](#). However, information available on WAPDA's website says that PKR31,063 million (\$263 million) have been released for compensation payment to the affected persons [in Gilgit-Baltistan](#).

The Diamer-Bhasha Dam has common problems which big dams create. First, in their research work published in *Energy Policy* in 2014, a group of researchers from Oxford University concluded that mega-dams "[don't make economic sense](#)". Their study singled out the Diamer-Bhasha Dam as a case for "potential cost and [construction overruns](#)". Second, it could flood 100 kilometres of the Karakoram highway, [damage villages](#) and about 35,000 people could be [displaced](#). Third, once completed, the Diamer-Bhasha Dam is expected to cause water shortage in the Indian Union Territory [of Ladakh](#). Fourth, it will also affect thousands of [50,000-year old rock carvings](#) in the region. Finally, such investments in Pakistan's hydropower sector will further push the country into huge [hydro debt](#) and make it even more vulnerable to interference and influence by foreign countries.

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