

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. Multilateral and bilateral development partners in the energy sector in Bangladesh are the Asian Development Bank (ADB), Islamic Development Bank, European Investment Bank, Asian Infrastructure Investment Bank, United Nations Development Programme, and World Bank. In addition, bilateral development assistance is provided by governments of France, Germany, Japan, Kuwait, Norway, the Russian Federation, the United Kingdom, and the United States. Assistance takes the form of financing investments through loan financing and technical assistance comprising loans and grants. Subsectors receiving support include power generation, transmission, and distribution expansion and upgrading; natural gas and liquefied natural gas infrastructure; energy sector reforms, regulation, and sector planning; renewable energy and energy efficiency, including solar and wind power plants; rural electrification; generation plant upgrades; and capacity building. Recent and ongoing financing activities by development partners for investment projects in the electricity and gas industry are listed in the table below.

#### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Energy</b>			
ADB, IDB	Power System Efficiency Improvement Project	2011–2019	300.0
ADB	Reliance Bangladesh LNG and Power Limited and Reliance Bangladesh LNG Terminal Limited Reliance Bangladesh Liquefied Natural Gas and Power Project	2018–2021	503.0
ADB	Power System Expansion and Efficiency Improvement Investment Program (Tranche 1)	2012–2017	185.0
ADB, IDB, AFD	Power System Expansion and Efficiency Improvement Investment Program (Tranche 2)	2013–2017	310.0
ADB	Power System Expansion and Efficiency Improvement Investment Program (Tranche 3)	2015–2019	205.0
ADB	SASEC Second Bangladesh–India Electrical Grid Interconnection	2015–2018	120.0
ADB	Natural Gas Infrastructure and Efficiency Improvement Project	2016–2022	167.0
ADB	Power System Enhancement and Efficiency Improvement Project	2017–2020	600.0
ADB	Natural Gas Access Improvement Project	2010–2018	266.0
AIIB	Distribution System Upgrade and Expansion Project	2016–2019	165.0
AIIB	Natural Gas Infrastructure and Efficiency Improvement Project	2017–2022	60.0
ECA	Shahjibazar 330 MW CCPP Construction	2013–2015	365.0
ECA	Extension of Barapukuria Coal-Fired Thermal Power Station by 275 MW (Third Unit)	2013–2017	345.0
ECA	Chapai Nawabganj 100 MW HFO-Based Power Plant	2013–2015	142.7
ECA	Construction of Ghorashal 365 MW CCPP	2013–2016	322.0
ECA	Construction of Bibiyana 3 400 MW CCPP	2013–2018	430.5
EDCF	Bibiyana–Kaliakoir 400 kV and Fenchuganj–Bibiyana 230 kV Transmission Line	2010–2017	220.0
EIB	Bangladesh Power Energy Efficiency Project	2013–2020	96.5
JICA	New Haripur Power Plant Development Project (Phase I and Phase II)	2007–2017	355.2
JICA	Central Zone Power Distribution Project	2009–2017	86.3
JICA	Bheramara CCPP Development Project	2010–2017	388.2
JICA	Rural Electrification Upgradation Project	2010–2017	117.7
JICA	National Power Transmission Network Development Project	2013–2017	166.5

Development Partner	Project Name	Duration	Amount (\$ million)
JICA	Renewable Energy Development Project	2013–2019	100.7
JICA	Matarbari Ultra Super Critical Coal-Fired Power Project (I)	2014–2023	368.7
JICA	Natural Gas Efficiency Project	2014–2018	209.7
JICA	Dhaka-Chittagong Main Power Grid Strengthening Project	2016–2020	388.9
JICA	Energy Efficiency and Conservation Promotion Financing Project	2016–2021	106.5
JICA	Underground Substation Construction Project in Dhaka	2017–2022	277.0
IDB	Conversion of Sylhet 150 MW Power Plant to 225 MW CCPP	2013–2017	90.7
KfW	Productive Use of Renewable Energy	2014–2018	12.4
KfW	Improvement of Power Transmission in the Western Zone	2014–2019	70.6
KfW	Energy Efficiency in Grid-Based Power Supply Project	2016–2021	164.1
KFAED, ADFD, OPEC, PIFSA	Shikalbaha 225 MW Dual-Fuel CCPP Construction	2012–2017	260.0
India, Russian Federation	Ruppur Nuclear Power Plant	2017–2023	500.0
World Bank	Second Rural Electrification and Renewable Energy Development Project	2014–2018	233.0
World Bank	Rural Electricity Transmission and Distribution Project	2014–2020	600.0
World Bank	Siddhirganj Power Project	2008–2018	526.7
World Bank	Ghorashal Unit 4 Repowering Project	2015–2022	217.0
World Bank	Power System Reliability and Efficiency Improvement Project	2017–2021	59.0
UNDP	SREPPGen Project	2014–2018	4.1

ADB = Asian Development Bank, ADFD = Abu Dhabi Fund for Development, AFD = Agence Française de Développement, AIIB = Asian Infrastructure Investment Bank, CCPP = combined cycle power plant, ECA = export credit agency, EDCF = Economic Development Cooperation Fund, EIB = European Investment Bank, HFO = heavy furnace oil, IDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, KFAED = Kuwait Fund for Arabic Economic Development, kV = kilovolt, MW = megawatt, LNG = liquefied natural gas, OPEC = Organization of the Petroleum Exporting Countries, PIFSA = Public Investment Fund of Saudi Arabia, SASEC = South Asia Subregional Economic Cooperation, SREPPGen = Sustainable Renewable Energy Power Generation, UNDP = United Nations Development Programme.

Sources: Government of Bangladesh, Ministry of Planning, Planning Division, Planning Commission. 2016. *Revised Annual Development Programme 2015–2017*. Dhaka; and ADB.

## B. Institutional Arrangements and Processes for Development Coordination

2. Coordination of assistance by the development partners is carried out by the Economic Relations Division of the Ministry of Finance. Energy sector coordination is managed by the Ministry of Power, Energy and Mineral Resources. At the implementation level for day-to-day work, the Power Cell of the Power Division of the Ministry of Power, Energy and Mineral Resources coordinates assistance to the noncore activities of the power sector. Coordination among the development partners and information exchange is established for core areas of assistance. ADB, as the leading development partner for the energy sector, co-chairs (along with the Power Division) the Local Consultative Group, a coordination mechanism for the Government of Bangladesh and its development partners.

## C. Achievements and Issues

3. ADB has coordinated development partner interactions since Bangladesh joined ADB in 1973 and helped bilateral sources to channel their assistance, minimizing the potential for overlapping assistance and conflicting policy advice. As a result, development partners, and ADB in particular, have delivered high-quality assistance by way of appropriate policy dialogue, structured lending and nonlending programs, and significant financial assistance.

4. Recent support by ADB for distribution, the Bangladesh Power System Enhancement and Efficiency Improvement Project complements the World Bank-funded Rural Electricity Transmission and Distribution Project and the Japan International Cooperation Agency-funded Rural Electrification Upgradation Project.<sup>1</sup> ADB support aims to improve delivery of electricity to existing customers and expand the distribution network to reach new customers, while the World Bank and Japan International Cooperation Agency assistance aims to increase the upstream capacity of the distribution network.

5. ADB is financing a 7-megawatt solar park currently under construction at Kaptai, while the World Bank has committed finance for a 50-megawatt solar power generation plant. ADB has committed to support more investment in solar power in the country operations business plan for Bangladesh, 2018–2020.<sup>2</sup>

6. It is required by the government that technical, commercial, safety, and economic regulation of the electricity industry be fully implemented, including the measurement and reporting of the technical and commercial quality of service, and the compensation of customers when norms are violated. While economic regulation (by way of tariff determinations) is being conducted, there is a need (i) to establish a predictable tariff filing and determination cycle, after revisions; and (ii) for more information on allowed revenue of each entity for sustainable development of the whole power sector.

#### **D. Summary and Recommendations**

7. Bangladesh requires more investments in power generation, transmission, and distribution to serve the growing demand from existing customers and to meet the government's goal of serving all households by 2021. While several larger power plants are at an advanced stage of development, significant new oil-fired generating capacity is required to serve the immediate needs of growing demand until larger gas- and coal-fired power plants are ready for operation. Transmission network strengthening and new lines are required to interconnect power plants to the grid and to serve the growing demand in the major load centers, while more investments are required to extend and strengthen the distribution network. Since renewable energy is a key component of achieving the Power System Master Plan 2016 goals,<sup>3</sup> more investment and innovative technologies will be required to achieve sustainability of energy supplies in the longer term from now to 2041.

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<sup>1</sup> ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Administration of Grant to the People's Republic of Bangladesh for the Bangladesh Power System Enhancement and Efficiency Improvement Project*. Manila; World Bank. 2014. *Bangladesh: Rural Electricity Transmission and Distribution Project*. Washington, DC; and Japan International Cooperation Agency. 2010. *Bangladesh: Rural Electrification Upgradation Project*. Tokyo.

<sup>2</sup> ADB. 2017. *Country Operations Business Plan: Bangladesh, 2016–2020*. Manila.

<sup>3</sup> Government of Bangladesh; Ministry of Power, Energy and Mineral Resources. 2016. *Power System Master Plan 2016*. Dhaka.