ADB ASIAN DEVELOPMENT BANK

Bangladesh: Sustainable and Resilient Energy Sector Facility in Bangladesh

Project Name	Sustainable and Resilient Energy Sector Facility in Bangladesh
Project Number	54108-001
Country	Bangladesh
Project Status	Approved
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 9961-BAN: Sustainable and Resilient Energy Sector Facility in Bangladesh Technical Assistance Special Fund — US$ 1.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	Energy - Electricity transmission and distribution - Energy efficiency and conservation - Energy sector development and institutional reform - Renewable energy generation - biomass and waste - Renewable energy generation - solar - Renewable energy generation - wind Finance - Infrastructure finance and investment funds - Small and medium enterprise finance and leasing Industry and trade - Large and medium industries - Small and medium enterprise development
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	The proposed transaction technical assistance (TA) facility will support Government of Bangladesh during 2020-2022 to improve performance of the country's energy sector through technical, policy and capacity development support for investment projects in power and gas sectors. During this period, Asian Development Bank's (ADB) energy portfolio in Bangladesh is expected to increase by $1.7 billion, equivalent to the current ADB portfolio developed during 2015-2020. The TA facility will combine the preparation of various projects in Bangladesh during 2020-2022. Such an approach is expected to result in a better-performing energy portfolio in Bangladesh than would be achieved through project-specific TA because of improved (i) response time by providing the country with consistent energy solutions; (ii) quality of outputs through efficient delivery systems; (iii) sector assessment and policy support; and (iv) knowledge sharing across sub-sectors.
Project Rationale and Linkage to Country/Regional Strategy	Bangladesh has achieved consistent and steady economic growth, with real gross domestic product (GDP) estimated at 7.1% in fiscal year (FY) 2016, 7.3% in FY2017, and 7.8% in FY2018. The government aims to accelerate the growth to 8.0%, on average, between now and 2021. The structure of the Bangladesh economy is gradually shifting from agriculture to manufacturing and services. The industrial growth rate is also expected to increase to 10.9% from 9.6% during the same period. Availability of adequate and affordable energy is a major impediment in achieving the country's growth and development objectives. The power sector in Bangladesh is characterized by recurring shortages of electricity generating capacity in the face of ever-rising demand in a growing economy. In FY2015, per capita electricity consumption was 310 kilowatt-hours (kWh); this was lower than most of the other countries in South Asia, indicating that power sector infrastructure facilities in Bangladesh require significant capacity additions. In tandem with increasing power generation capacity, investments in the transmission and distribution networks are crucial to address bottlenecks for the evacuation of bulk power from power stations to major load centers and further uninterrupted delivery to end users. Bangladesh's renewable energy potential is estimated at 3,666 megawatt (MW) . The country has been slow in developing renewable energy, despite its Renewable Energy Policy's, and Vision 2021's plan to generate up to 10% of its power from renewable energy by 2021. Land acquisition has been a major hurdle in developing utility scale solar photovoltaic power plants, as existing land policy restricts the use of agricultural land for large solar power plants. The government has encouraged private sector participation in renewable energy development through competitive bidding and unsolicited proposals. However, only a few of the proposed projects have advanced due to land constraints and inability to reach financial closure. Bangladesh is one of the most energy-intensive countries in South Asia. The final energy consumption tripled over the past decade. Industrial growth has been one of the key drivers of Bangladesh's increasing energy intensity, accounting for 47% or almost half of the final energy use. Considering the development scenario, Bangladesh's emissions are expected to increase dramatically by 2030. The government recognized the importance of green growth and passed the Energy Efficiency and Conservation Master Plan up to 2030 (EECMP), which aims to restructure and improve economic institutions toward more efficient use of natural resources and improved competitiveness of the economy, which will be achieved through increased investments in technological innovation, natural capital, and economic instruments. This will contribute to responding to climate change, reducing poverty, and addressing sustainable economic development challenges. One of the important strategic objectives is to reduce primary energy consumption per GDP (energy intensity) by 15% by 2021 and 20% by 2030 compared to the 2013 level. To this end, the government has requested ADB to finance series of investment projects to (i) expand national power transmission network as well as increase capacity of its power distribution systems, (ii) diversify overall generation mix by substantially increasing renewable energy generation capacity, and (ii) facilitate investment in energy efficiency solutions with preferential terms that will stimulate energy efficiency and conservation in Bangladesh. The TA facility is required to support preparation and implementation of these projects, as well to provide policy advisory services and capacity development support. The TA facility's outputs will be: (i) improved planning, project design, and readiness; (ii) improved institutional capacity in project administration and energy sector service delivery; and (iii) improved knowledge management and sharing among sub-sectors.
Impact	

Project Outcome
Description of Outcome
Progress Toward Outcome
Implementation Progress

Description of Project Outputs	
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide

Summary of Environmental and Social Aspects
Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Business Opportunities	
Consulting Services	Consulting services. ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations (2017, as amended from time to time) and its associated staff instructions and/or project administration instructions. Survey and other support services will be carried out by the consultant following the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations (2017, as amended from time to time) and its associated staff instructions and/or project administration instructions. Multidisciplinary team of individual consultants will be recruited to carry out activities identified under the TA facility and approximately 43 person-months of international consultants' input and 30 person-months of national consultants' input will be required. The expertise of the consultants will cover the entire range required to conduct necessary due diligence for the ensuing projects. The recruitment will follow ADB's individual consultant selection process and will use time-based and/or output-based partial lump-sum contracts. Consultants will be deployed based on the requirements of each ensuing project. Individual consultant selection rather than firm selection is considered appropriate, because the TA facility involves multiple activities that are not necessarily interdependent and will require a varied range of consultants' expertise and services. Since the 2021 and 2022 investment projects have not yet been fully conceptualized, the engagement of individual consultants offers the necessary flexibility in preparing those projects. To prepare a series of investment projects as planned to be supported by this TA facility, important synergies may be reaped from engaging the same consultants for a standard set of due diligence.
Procurement	Not applicable

Responsible ADB Officer	Yusupov, Aziz A.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Energy Division, SARD
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines Ministry of Power, Energy and Mineral Resources WAPDA Building Motijheel Commercial Area, Dhaka-1000 Bangladesh

Timetable	
Concept Clearance	-
Fact Finding	-
MRM	-
Approval	14 Apr 2020
Last Review Mission	-
Last PDS Update	15 Apr 2020

TA 9961-BAN

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	-	0.00

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