



Bangladesh: Study on Energy Security

Project Name	Study on Energy Security
Project Number	48277-004
Country	Bangladesh
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 8839-BAN: Study on Energy Security Technical Assistance Special Fund US\$ 1.00 million
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions
Sector / Subsector	Energy - Conventional energy generation - Energy sector development and institutional reform
Gender Equity and Mainstreaming	Some gender elements
Description	<p>a. Link to Country Partnership Strategy/Regional Cooperation Strategy: The proposed capacity development technical assistance (TA) will conduct a study on the security of energy supplies in Bangladesh. The government has adopted a comprehensive energy development strategy as part of its Sixth Five-Year Plan. It includes measures to boost power supply emphasizing, among others, diversified primary energy sources. The government will try to exploit all forms of primary energy and increase electricity generating capacity based on different primary energy supply options. Implementation of this plan can be facilitated by a systematic study on energy security with the intention of diversifying the primary energy sources. The study can be extended by conducting feasibility studies on high priority power generation projects identified based on the recommendations. These studies are aligned with ADB's country strategy where key interventions in the energy sector include, among others, investments in new power-generating facilities.</p> <p>b. Impact The impact will be enhanced primary fuel diversification in Bangladesh's power sector. The indicator will be at least one project recommended by the study is commissioned by 2022.</p> <p>c. Outcome The outcome of the TA will be capacity of the Power Division of the Ministry of Power, Energy and Mineral Resources to diversify fuel sources for power generation increased . The indicator will be inclusion of the recommendations of the study included in an updated optimal power generation plan by 2017. This will enable Bangladesh to diversify fuel sources in its power generation system which will lead to greater reliability and adequate power supplies.</p> <p>d. Outputs The output of the TA will be (i) understanding of the overall security of energy supplies in Bangladesh improved, and (ii) of the most attractive baseload generation options confirmed with specific case studies provided. The indicators will be the final energy security study report submitted to the Power Division of the Ministry of Power, Energy, and Mineral Resources by 2017 and feasibility study report (s) of the specific case studies submitted to the Power Division, Ministry of Power, Energy and Mineral Resources by 2017.</p>

Project Rationale and Linkage to Country/Regional Strategy	Bangladesh's heavy reliance on domestic natural gas in power generation has become one of the main bottlenecks in generation capacity additions to supply the exponentially increasing demand for electricity. Even with a total generation capacity of 10,416 megawatt (2014), inadequate gas production has resulted in power shortages seriously impacting the economic activities and hindering government plans to expand power supply to the population without electricity access. Only 62% Bangladeshis has access to electricity and its per capita consumption stands at 321 kWh which is the second lowest in South Asia. It has been estimated that the economic loss in the industrial sector due to power outages can be as high as 1.7% of the GDP (2004 estimates). In addition, the energy sector suffers from issues such as inefficient sectoral allocation of gas and its use and poor financial sustainability in the sector mainly due to underpricing of gas and electricity. Considering these factors, fuel diversification in the power sector for greater reliability of electricity supply and for improved energy security, is therefore a pressing need. Government has already embarked on a fuel diversification policy with due consideration given to primary energy sources such as nuclear, coal and imported liquefied natural gas (LNG) for power generation. However, a systematic study on the way forward in fuel diversification and other related energy security issues remains to be undertaken.
Impact	Enhanced primary fuel diversification in Bangladesh's power sector

Project Outcome

Description of Outcome	Increased capacity of the Power Division of the Ministry of Power, Energy and Mineral Resources to diversify fuel sources for power generation
Progress Toward Outcome	

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Understanding of the overall security of energy supplies in Bangladesh improved 2. Feasibility of the most attractive baseload generation options confirmed with specific case studies provided
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Inception Workshop was conducted on 21 January 2016. The initial findings were presented with the stakeholders and the plan for the next steps.</p> <p>The Inception Report was prepared by the consultants and submitted on 23 February 2016.</p> <p>Energy Security Options Report was received in July 2016.</p> <p>Final Report on Energy Security (Phase I) was received on 23 January 2017</p>

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The government has requested this study as an urgent matter which needs to be attended to, in the energy sector. This has been discussed with the relevant institutions in the government during several ADB missions and also included in the COBP.
During Project Implementation	<p>Further stakeholder consultations will be under taken during the implementation of the TA and its activities will be adjusted to be in line with the outcome of such meetings.</p> <p>The progress of the TA will be monitored through inception, interim, draft final and final reports on the study. Further, a senior advisor appointed in the TA will continuously monitor and guide the consulting team during the whole period. Also there will be a minimum of two stakeholder meetings on the findings of the study to validate the approach of the study and the final findings.</p> <p>These meetings, a final dissemination seminar and an ADB publication will be used to disseminate the findings of the study among the key stakeholders.</p>

Business Opportunities

Consulting Services	<p>The services of the senior advisor (6 person-months) is on-going and the social safeguards specialist's contract (3 person-months) has ended.</p> <p>A consulting firm has been recruited to conduct a comprehensive study on energy security in Bangladesh with emphasis on its power generation sector.</p> <p>The consultants will also, based on the recommendations of the study and in consultation with the Government of Bangladesh and ADB, conduct adequate due diligence on the selected priority generation project(s) to support financing by ADB, other development partners and the private sector.</p> <p>Goods procured under the TA will be handed over to the BPDB on completion of the TA project.</p>
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Procurement No major procurement is expected. Any procurement of goods will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

Responsible Staff

Responsible ADB Officer	George, Len V.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Energy Division, SARD
Executing Agencies	<i>Bangladesh Power Development Board (BPDB) WAPDA Building, 9th Floor Motijhel C/A Dhaka-1000, Bangladesh</i>

Timetable

Concept Clearance	10 Nov 2014
Fact Finding	01 Nov 2014 to 02 Nov 2014
MRM	-
Approval	17 Dec 2014
Last Review Mission	-
Last PDS Update	30 Mar 2017

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Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Dec 2014	24 Feb 2015	24 Feb 2015	31 Dec 2017	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	200,000.00	0.00	0.00	0.00	1,200,000.00	17 Dec 2014	477,067.34

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