Project Summary Information

	Date of Document Preparation: 10/26/26
Project Name	Climate Resilient Efficient and Clean Energy (CRECE) Program (Subprogram 1)
Project Number	P001055
AIIB member	Bangladesh
Sector/Subsector	Energy
Alignment with AIIB's thematic priorities	Green Infrastructure
Status of Financing	Under Preparation
Objective	To support the People's Republic of Bangladesh in implementing policy and institutional reforms to scale up renewable energy and electric mobility, improve energy efficiency, and reduce methane emissions from the natural gas sector.
Project Description	Bangladesh has made substantial progress in expanding electricity access and generation capacity. Electricity access increased from 47% of the population in 2009 to nearly universal coverage in 2025, while installed generation capacity expanded from 5,493 megawatts to 27,424 megawatts. Despite these gains, ensuring reliable, affordable and sustainable energy supply remains an important development priority. Transmission and distribution losses remained at approximately 10% in FY2024-25, and recurrent service disruptions continue to constrain household welfare and business activity. Addressing these challenges will require complementing infrastructure investment with policy and institutional reforms that improve efficiency, strengthen sector performance, and enhance energy-system resilience. Bangladesh's continued reliance on fossil fuels also exposes the economy to international fuel-price volatility, foreign exchange pressures and supply disruptions. In 2020, gas-fired generation accounted for 70% of electricity production, followed by heavy fuel oil at 23% and coal at 6%. Energy import dependence increased from 47.7% in FY2020-21 to 62.5% in FY2024-25, while declining domestic gas production has contributed to increased reliance on imported liquefied natural gas. Recent external supply and price disruptions have further highlighted the importance of diversifying the energy mix, scaling up domestic renewable energy (RE), and improving energy-use efficiency. Inefficient gas utilization and weaknesses in network management compound these challenges, undermining sector revenues and contributing to greenhouse gas emissions. These issues point to the need for improved metering, more accurate loss accounting, stronger regulatory oversight, and systematic leak detection and repair to strengthen gas-sector efficiency, reduce losses and mitigate methane emissions.

	Against this backdrop, the Program will support Bangladesh's transition toward a more efficient, resilient, and cleaner energy system through policy and institutional reforms to scale up RE and electric mobility, improve energy efficiency, and reduce methane emissions from the natural gas sector. Envisaged as a programmatic series comprising three subprograms, the Program will provide a framework for sequenced reforms that address structural constraints and support sustained progress toward the country's energy-transition objectives. The Program supports reforms embedded in Bangladesh's Five-Year Strategic Framework for Reform and Development (2026-2031), Renewable Energy Policy 2025, NDC 3.0, and its broader energy-transition agenda. Its preparation and implementation will be supported by continued coordination with the Asian Development Bank, the World Bank, and bilateral development partners to align technical assistance, promote complementary reform sequencing, and avoid overlapping requirements.
Expected Results	The Program will support reforms in three areas: (i) Scaling Up Renewable Energy and Mobilizing Private Investment; (ii) Accelerating Electric Mobility and Domestic EV Industry Development; and (iii) Advancing Energy Efficiency, Improving Gas Sector Performance and Methane Abatement.
Environmental and Social Category	Not applicable
Environmental and Social Information	**Applicable Policy and Environmental and Social Instrument.** AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and provisions related to CPBF set forth in Section 16 of the ESP, are applicable to the Program. Therefore, the provisions on Environmental and Social (E&S) categorization in the ESP do not apply. The Program predominantly supports policy, regulatory, fiscal, and institutional measures and is therefore not expected to have a direct physical environmental or social footprint. Some prior actions may, however, facilitate downstream investments that could generate indirect E&S impacts. These impacts would be subject to Bangladesh's existing environmental clearance and assessment, land, labor and occupational health and safety, waste management, sectoral, public-private partnership (PPP), and financial-sector E&S requirements. The assessment therefore considers whether the relevant national systems provide an established basis for managing such downstream risks. In accordance with AIIB's ESP, an E&S assessment matrix has been prepared and will be further reviewed and finalized during appraisal. The matrix identifies potential direct and indirect impacts associated with the prior actions, along with corresponding mitigation measures. The E&S assessment matrix will be disclosed in a timely manner on the Bank's website. **Environmental and Social Aspects.** The Program has predominantly positive environmental effects across its three reform areas, such as facilitating rooftop and utility-scale RE generation, contributing to reduced reliance on fossil-fuel-based

	electricity generation and lower greenhouse gas and air pollutant emissions, supporting electric mobility and domestic EV and battery manufacturing, with potential benefits from reduced vehicle exhaust. Some reforms may also facilitate downstream investments that could involve land-use changes, habitat disturbance, construction-related pollution, waste generation, industrial emissions, hazardous materials, and occupational health and safety risks. The potential for such impacts can be managed through applicable national systems. The Program is expected to generate positive social effects such as expanding opportunities for households, businesses, and public institutions to adopt RE and support investment and employment, improving access to electric mobility and to support employment and skills development in domestic EV and battery manufacturing. Potential downstream risks may include restrictions on land use, physical or economic displacement, including effects on informal land users, and labor and working-condition risks. Therefore, downstream implementation will need to comply with applicable national systems, particularly where land access, livelihoods, worker safety, community health and safety, or affordability/distributional effects could become material. In addition, possible gender-related opportunities and any material gaps in their implementation will be considered during appraisal and reflected in the E&S assessment matrix, as appropriate. **Program Grievance Redress Mechanism (GRM) and Monitoring Arrangement.** Individuals and/or communities who believe that they are adversely affected by the Program may submit complaints to the responsible government authorities and appropriate local/national grievance mechanisms. The availability of these mechanisms will be reviewed further during the appraisal process. The information of the GRMs to be used and AIIB's Project-affected People's Mechanism (PPM) will be disclosed in a timely and appropriate manner. The Finance Division (FD) of the Ministry of Finance of Bangladesh will serve as the executing agency for the Program, with overall responsibility for coordination and oversight. The FD will report to AIIB on the implementation progress, in coordination with other entities. AIIB will conduct periodic program monitoring to ensure that the policy actions continue to be put in place without reversal and to further strengthen links to infrastructure development.
Cost and Financing Plan	The total financing request by the government for the programmatic CPBF is USD1.5 billion, covering Subprogram 1, Subprogram 2, and Subprogram 3. Subprogram 1 financing is USD500 million.
Borrower	People's Republic of Bangladesh
Implementing Entity/Sponsor	Ministry of Finance Bangladesh; Power Division, Ministry of Power, Energy and Mineral Resources Bangladesh; Energy and Mineral Resources Division, Ministry of Power, Energy and Mineral Resources Bangladesh; Ministry of Road Transport and Bridges Bangladesh

Estimated date of loan closing (SBF)	December 2027		
Contact Points:	**AIIB**	**Borrower**	**Implementation Organization**
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Date of Concept Decision	November 3, 2026		
Estimated Date of Appraisal Decision	Q1-2027		
Estimated Date of Financing Approval	Q2-2027		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by AIIB to provide an 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 AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html