

 Early Warning System

ADB-45203-006

Natural Gas Infrastructure and Efficiency Improvement Project



### Quick Facts

|                         |                              |
|-------------------------|------------------------------|
| Countries               | Bangladesh                   |
| Financial Institutions  | Asian Development Bank (ADB) |
| Status                  | Active                       |
| Bank Risk Rating        | A                            |
| Voting Date             | 2016-11-18                   |
| Sectors                 | Energy, Infrastructure       |
| Investment Type(s)      | Loan                         |
| Investment Amount (USD) | \$ 227.00 million            |



### Project Description

#### DESCRIPTION

The project aims to (i) improve efficiency in natural gas production by installing seven wellhead gas compressors at location A of Titas gas field, and (ii) expand natural gas transmission pipeline capacity by constructing an approximately 181-kilometer, 36-inch parallel gas transmission pipeline from Chittagong through Feni to Bakhrabad.

#### PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

In Bangladesh, natural gas exploration and production has not kept pace with demand growth. Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) has not done extensive exploration for many years due to lack of public funds. Exploration in offshore blocks stalled in the early 2000s for various reasons, including unattractive production-sharing contracts. To combat the gas crisis, there is an urgent need to accelerate gas exploration and production. The Government of Bangladesh established the gas development fund in 2012 to support upstream activities and undertake large-scale exploration in onshore and offshore areas. BAPEX has initiated well appraisals, such as three-dimensional seismic surveys and development of discovered and producing gas fields, to prove additional gas reserves. Bangladesh Oil, Gas and Mineral Corporation (Petrobangla) has assigned offshore exploration rights to and signed new production-sharing contracts with international oil companies to complement BAPEX's onshore exploration program. In the meantime, Petrobangla is pursuing a program to increase recovery from existing gas fields by installing wellhead gas compressors.

Inadequate gas transmission infrastructure is another hurdle in Bangladesh's gas sector. The gas transmission infrastructure coverage is not able to serve the country's key market areas, as most gas supply points are in the northeast and central regions, while delivery points are in the central, south, and west. Ongoing Asian Development Bank loans have greatly enhanced the transmission capability. However, the Chittagong area is still suffering from a gas supply shortfall due to full capacity attainment of the existing 175 km, 24-in Bakhrabad Chittagong gas transmission pipeline. To enhance the throughput capabilities and facilitate transmission of additional gas, the gas transmission network must be expanded to accommodate the upcoming diversified gas supply sources from imports and offshore discoveries into the national gas network.

#### IMPACT

Energy sector contribution to sustainable economic growth increased (Bangladesh Seventh Five-Year Plan

#### OUTCOME

Efficiency in gas production improved and gas transmission pipeline capacity expanded.

#### CONSULTING SERVICES

The recruitment of consultants will follow ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

#### PROCUREMENT

Project-related procurement will be carried out following ADB's Procurement Guidelines (2015, as amended from time to time). As the project will be jointly financed by ADB and AIIB, universal procurement will be applied to works, goods, and consulting services to be financed under the project.



### Investment Description

- Asian Development Bank (ADB)

Loan 3461-BAN: Natural Gas Infrastructure and Efficiency Improvement Project

Ordinary capital resources US\$ 100.00 million

Loan 3462-BAN: Natural Gas Infrastructure and Efficiency Improvement Project

Concessional ordinary capital resources / Asian Development Fund US\$ 67.00 million

Loan 8318-BAN: Natural Gas Infrastructure and Efficiency Improvement Project

Asian Infrastructure Investment Bank US\$ 60.00 million



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### Contact Information

#### ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>

#### CONTACTS

Responsible ADB Officer Zhang, Hongwei

Responsible ADB Department South Asia Department

Responsible ADB Division Energy Division, SARD

Executing Agencies

Bangladesh Gas Fields Company Ltd.

Birashar, Brahmanbaria

Brahmanbaria-3400

Bangladesh

Gas Transmission Company Ltd.

F-18/A, Sher-E-Bangla Nagar

Administrative Area, Agargaon

Dhaka, 1207



### Bank Documents

- [Bangladesh Natural Gas Transmission and Distribution Development Investment Program](#) [Original Source]
- [Bangladesh Natural Gas Transmission and Distribution Development Investment Program](#) [Original Source]
- [Loan Agreement \(Ordinary Operations\) for Loan 3461-BAN: Natural Gas Infrastructure and Efficiency Im](#) [Original Source]
- [Loan Agreement \(Special Operations\) for Loan 3462-BAN: Natural Gas Infrastructure and Efficiency Imp](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Component 1 Titas Gas Field Location](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Component 2 Chittagong-Bakhrabad Gas](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Component 2 Chittagong-Bakhrabad Gas](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Procurement Plan](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Project Administration Manual](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Report and Recommendation of the Pres](#) [Original Source]
- [Natural Gas Infrastructure and Efficiency Improvement Project: Resettlement Plan](#) [Original Source]
- [Project Agreement for Loans 3461 and 3462-BAN: Natural Gas Infrastructure and Efficiency Improvement](#) [Original Source]
- [Project Disclosure PDF](#)