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ASIAN DEVELOPMENT BANK

Project Data Sheet

Project 55040-001

Project Name Dhaka Power System Expansion and Strengthening Project
Project Number 55040-001
Country / Economy Bangladesh
Project Status Active
Project Type /
Modality of
Assistance Loan
Technical Assistance

Loan 4399-BAN: Dhaka Power System Expansion and Strengthening Project

Source of Funding / Amount	Ordinary capital resources	US\$ 160.00 million
	TA 10203-BAN: Public-Private Partnership Capacity Building on Oversight and Implementation, and Supporting Gender Mainstreaming	
	Republic of Korea e-Asia and Knowledge Partnership Fund	US\$ 750,000.00

Operational
Priorities OP1: Addressing remaining poverty and reducing inequalities
OP2: Accelerating progress in gender equality
OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
OP4: Making cities more livable
OP6: Strengthening governance and institutional capacity

Sector / Subsector **Energy** / Electricity transmission and distribution

Gender Effective gender mainstreaming

Description

The proposed project supports the Government of Bangladesh in enhancing the electricity distribution network in the rapidly expanding city of Dhaka to ensure reliable electricity supply to residential, commercial, and industrial sectors. The project will construct substations, lay underground cables, and overhead lines to provide reliable, safe, and improved quality of electricity supply to 200,000 new and 1.1 million existing customers in Dhaka. In addition, the project will improve the energy efficiency and also support the improvement of the operational capacity of Dhaka Electric Supply Company (DESCO). The project's attached TA will enhance the government's and DESCO's public-private partnership (PPP) capacity, support the necessary reforms and develop a roadmap and action plan for strengthening DESCO's capacity for accessing commercial borrowing, and support inclusiveness in DESCO's operations by strengthening and monitoring gender equality and social inclusion (GESI) requirements during project implementation.

Project Rationale and Linkage to Country/Regional Strategy

Bangladesh is a low-lying country with a population of 174 million with a high vulnerability to risks arising from climate change and disasters triggered by climate events. Driven by manufacturing and services, Bangladesh's gross domestic product (GDP) has grown well above the average for developing countries achieving 7.9% in fiscal year (FY) 2019 but the growth decreased to 3.4% in FY2020 due to the global coronavirus disease (COVID-19) pandemic. It has since recovered with 7.1% GDP growth in FY2022 up from 6.9% in FY2021. Affected by higher global commodity prices, supply chain disruptions, and slowed external demand, growth has declined to 6.0% in FY2023 and is projected to be 6.5% in FY2024. The high levels of poverty have fallen consistently over the past decades, declining from 48.9% in FY2000 to 18.7% in FY2022. Bangladesh's Eighth Five-Year Plan (FY2021FY2025) targets attaining an annual 8.5% GDP growth, further reducing poverty, and raising living standards of Bangladesh with the long-term aim of becoming an upper-middle-income country by 2031 and a high-income country by 2041. To maintain the high economic development trajectory, Bangladesh is diversifying its industrial base from garments to investing in growing industries such as information technology, leather, jute, and pharmaceutical. Therefore, improving the quality and reliability of power supply coupled with enhancing electricity transmission and distribution network is a prerequisite for sustaining economic growth, poverty reduction, GESI, economic diversification, and achieving the target of becoming a high-income country by 2041. Also, given the exposure of the country to the adverse impacts of climate change, investing in a safe and resilient power supply system is beneficial for the more vulnerable sections of society.

Impact

A sustainable development pathway resilient to disaster and climate change developed.

Project Outcome

Description of Outcome Power supply in Dhaka's urban areas improved

Progress Toward Outcome

Implementation Progress

Description of Project Outputs	Climate- and disaster-resilient and GESI-responsive electricity distribution system in urban areas of northern Dhaka established Institutional capacity of DESCO improved Public-private partnership capacity of PPPA, Power Division of MPEMR, and DESCO improved
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Dhaka

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

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	A total of 11.0 international person-months and 8.0 national person-months of individual consulting services will be required under the TA (Table 4). All consultants will be selected and engaged in accordance with ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. Lump sum payments/output-based contracts will be considered under the TA.
Procurement	Proposed procurement risk classification is medium to high. DESCO has considerable procurement experience funded by ADB. The procurement capacity of the DESCO will be strengthened throughout project preparation and implementation of the project. Adequate arrangements need to be put in place for the project. The design phase will include identification of contracting packages.
Responsible ADB Officer	Sanda, Roka
Responsible ADB Department	Sectors Group
Responsible ADB Division	Energy Sector Office (SG-ENE)
Executing Agencies	<i>Dhaka Electric Supply Company Ltd. (DESCO)</i>

Timetable

Concept Clearance	20 Feb 2023
Fact Finding	30 Apr 2023 to 15 May 2023
MRM	-
Approval	29 Nov 2023
Last Review Mission	-
Last PDS Update	29 Nov 2023

Loan 4399-BAN

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Nov 2023	02 Jan 2024	01 Apr 2024	31 Dec 2028	-	-

Financing Plan

Loan Utilization

	Total (Amount in US\$ million)	Date	ADB		Others	Net Percentage
Project Cost	201.60	Cumulative Contract Awards				
ADB	160.00	23 Apr 2024	100.87	0.00		63%
Counterpart	41.60	Cumulative Disbursements				
Cofinancing	0.00	23 Apr 2024	0.00	0.00		0%

TA 10203-BAN

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Nov 2023	20 Mar 2024	20 Mar 2024	31 Aug 2028	-	-

Financing Plan/TA Utilization

ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Cumulative Disbursements	
		Gov	Beneficiaries				Date	Amount
0.00	750,000.00	0.00	0.00	0.00	0.00	750,000.00	23 Apr 2024	0.00

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