

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Multilateral development partners in the energy sector in Bangladesh are the Asian Development Bank (ADB), Islamic Development Bank, and the World Bank. In addition, bilateral aid comes from France, Germany, Japan, Kuwait, Norway, the Russian Federation, the United Kingdom, and the United States. Subsectors receiving support include power generation, transmission and distribution upgrading, energy sector reforms and sector planning, energy efficiency, rural electrification, generation plant upgrades, and capacity building. Financing by other development partners is listed in the table.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
ADB, KfW	Development of New 132/33 kV and 33/11 kV Substation under DESA Project	2006–2012	\$53.00
ADB, IDB	Construction of Ashuganj 450 MW Combined-Cycle Power Plant (North)	2011–2015	\$365.40
ADB, JBIC	Construction and Expansion of Grid Substation with Distribution Line (Phase 1)	2005–2012	\$94.00
CIS, Russian Federation	Rehabilitation and Modernization of Ghorashal Thermal Power Station Unit 1 and 2	1997–2012	\$30.80
DFID	Increasing Palli Bidyut Samiti's customers by 1 million under its distribution system	2006–2013	\$42.41
KfW	Rehabilitation and Modernization of Ashuganj Power Station Unit 3, 4, and 5 (revised)	2000–2011	\$125.00
EDCF	Bibiana-Kaliakoir 400 kV and Fenchuganj–Bibiana 230 kV Distribution Line	2010–2013	\$209.86
Germany	Sustainable Energy for Development	2009–2011	\$10.62
IDA	Construction of Siddhirganj 335 MW Peaking Combined-Cycle Power Plant	2009–2015	\$253.40
IDA	Efficient Lighting Initiative for Bangladesh (Parts 1 and 2)	2009–2012	\$34.10
IDA	TA for Implementation of Bangladesh Power Sector Reform (Phase 2)	2011–2015	\$16.62
JICA	Bheramara Combined-Cycle Plant Development (360 MW)	2010–2014	\$504.90
JICA	Construction of Haripur 360 MW Combined Cycle Power Plant and Associated Substation	2009–2012	\$427.70
JICA	Bangladesh Central Zone Power Distribution Project	2009–2013	\$119.40
JICA	Rural Electrification Upgradation Project (Rajshahi, Rangpur, Khulna and Barisal divisions)	2010–2015	\$161.24
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JDCF	Rural Electrification Expansion Chittagong–Sylhet Division Programme 1	2010–2014	\$60.71
KfW	Sustainable Power Sector Development	2007–2012	€23.00
KfW	Transmission Efficiency Improvement through Reactive Power Compensation at Grid Substation and Reinforcement of Goalpara Substation	2008–2012	\$26.64
KOICA	Solar Power Run Irrigation Pump and Solar Home System	2011–2013	\$3.27
KOICA	Solar Power Systems in Bangladesh Parliament	2011–2012	\$1.10
Kuwait Fund	Greater Chittagong Power Distribution Project	2009–2013	\$12.22
NDF	Power Sector Development	2003–2011	€8.30
NORAD	Power Sector Development	2003–2011	\$10.00
USAID	Improved Capacity for Energy Access (Focus on the Bangladesh Electricity Regulatory Commission and Rural Electrification)	2008–2011	\$7.70
World Bank	Power Sector Development (Focus on the Bangladesh Electricity Regulatory Commission, Petrobangla, and Power Division)	2004–2011	\$15.50

Development Partner	Project Name	Duration	Amount (million)
World Bank	Siddhirganj Peaking Power Plant Project and the Bahrabad-Siddhirganj Pipeline	2008–2016	\$350.00
World Bank	Design of Project Management System Framework (focus on power and gas companies)	2008–2010	\$0.75
World Bank	Sigddhirganj–Maniknagar 230 kV Distribution Line Construction	2009–2011	\$47.77

ADB = Asian Development Bank, CIS = Commonwealth of Independent States, DESA = United Nations Department of Economic and Social Affairs, DFID = Department for International Development of the United Kingdom, EDCF = Economic Development Cooperation Fund, IDA = International Development Association, IDB = Islamic Development Bank, JBIC = Japan Bank for International Cooperation, JDCF = Japan Debt Cancellation Fund (Bangladesh), JICA = Japan International Cooperation Agency, KOICA = Korea International Cooperation Agency, kV = kilovolt, MW = megawatt, NDF = Nordic Development Fund, NORAD = Norwegian Agency for Development Cooperation, TA = technical assistance, USAID = United States Agency for International Development.

Source: Planning Commission, Revised Annual Development Program, May 2012.

B. Institutional Arrangements and Processes for Development Coordination

2. The Economic Relations Division of Bangladesh's Ministry of Finance coordinates all assistance by the major development partners, and the Ministry of Power, Energy, and Mineral Resources is responsible for energy sector coordination. There is coordination and information exchange between the development partners for core areas of assistance. ADB, as the leading development partner for the energy sector, chairs the energy committee.

C. Achievements and Issues

3. ADB has been coordinating development partner interactions and helped bilateral and multilateral agencies to channel their assistance, minimizing the potential for overlaps and conflicting policy advice. As a result, development partners, including ADB, have delivered assistance by way of policy dialogue, structured lending, and nonlending programs. Recent cofinanced projects in the energy sector include the Power System Expansion and Efficiency Improvement Investment Program, where ADB coordinated with multiple cofinanciers such as the Islamic Development Bank, Agence Française de Développement, and European Investment Bank a \$1.6 billion sector-wide intervention. This covers generation improvements, transmission expansion, distribution improvements, and renewable energy development with the Bangladesh Power Development Board; distribution companies like the Dhaka Power Distribution Company and Dhaka Electricity Supply Company; generation companies like North-West Power Generation Company and Power Grid Company of Bangladesh; the Rural Electrification Board; and the Power Division of the Ministry of Power, Energy, and Mineral Resources.

D. Summary and Recommendations

4. ADB's energy sector program was rated successful by the Independent Evaluation Department. However, sector-specific issues remain to be solved, including tariff reforms, cost recovery, and diversification of energy sources. Development partners are well placed to support continued lending and non-lending activities, and to support in particular improvement of the investment climate to encourage private sector participation, broader access to electricity, and an increase in per capita consumption of electricity.