

# BANGLADESH

## Increasing Access to Energy



### Energy for All Initiative

Energy and human development are clearly linked. Access to modern energy empowers human development, reduces the daily burdens of the poor, creates new economic opportunities, and allows for the delivery of critical services ranging from health care to education. With Asia home to majority of the world's people without access to electricity or modern fuels, the Asian Development Bank (ADB) has prioritized its lending in the energy sector to enable access, especially of the rural poor, to modern energy. Established in 2008, the Energy for All Initiative strengthens ADB's support for innovative projects that provide energy access. The ADB-led Energy for All Partnership has also brought together stakeholders to take on energy poverty at the regional level by scaling up innovative, but proven, business-based approaches.

### Background

Bangladesh, with a population of about 150 million, is greatly challenged in providing energy for its people. Limited electrification, energy shortage, and heavy reliance on a single primary energy source (i.e., natural gas that fuels 85% of the country's power generation) all contribute to low access to energy. The government has undertaken a major program to address power shortage, and aims to raise electricity coverage—from 47% of households in 2009 to 65% in 2015. But Bangladesh will need continued assistance to realize this objective, as it presently has the lowest rates in South Asia.

**Access to Electricity:** More than half of the country's population has no access to electricity. Supply is further constrained by frequent power outages, especially during periods of peak demand. Demand is rising, and is already nearly double the country's generating capacity.

**Access to Modern Fuels:** Bangladesh's access to modern fuels is low, with less than 10% of the country's population having access. Nine out of 10 people in Bangladesh still burn traditional biomass, putting their health at risk from smoke inhalation.

### ADB Support

ADB assistance to Bangladesh has focused on power and gas generation, transmission, and distribution, and, as it moves forward, will be on enhancing access to modern energy.

Since 1973, ADB has lent Bangladesh about \$13 billion through 218 loans. Of this amount, \$3.2 billion, or 25%, has gone to the energy sector. More information can be found on ADB's page on Bangladesh ([www.adb.org/countries/bangladesh/main](http://www.adb.org/countries/bangladesh/main)).

The following samples of ADB projects have increased energy access in Bangladesh.

#### 2008: Public-Private Infrastructure Development Facility Loan – \$165 million

[www.adb.org/projects/40517-013/main](http://www.adb.org/projects/40517-013/main)

One component of this project will provide a line of credit of \$33 million to the Infrastructure Development Company for promoting renewable energy systems in Bangladesh. The company will finance the setting up of renewable energy systems, such as solar home systems and/or biomass installations, through a microfinance-based, direct sales program. An additional grant of \$1.3 million will subsidize



the price of solar home systems to end users—rural households with no access to grid electricity.

**2010: Natural Gas Access Improvement Project**  
**Loan – \$100 million**

[www.adb.org/projects/38164-013/main](http://www.adb.org/projects/38164-013/main)

One component of this project will build an 845-kilometer gas transmission and distribution pipeline to meet the growing power supply demand, and to expand coverage to less developed areas in the southwest part of the country.

The new infrastructure will enable an estimated 200,000 households to access gas. The displacement of biomass fires with natural gas will benefit the health of women and the poor, who are the most vulnerable to indoor air pollution from hearth fires. The project will also facilitate access of 1,400 industrial and commercial establishments and 35 compressed natural gas filling stations. Industries such as jute mills, textile weaving factories, small cottage industries, and commercial entities (such as restaurants and bakeries) will benefit, generating significant employment opportunities; thus, reducing poverty.

**2010: Bangladesh–India Electrical Grid Interconnection Project**  
**Loan – \$100 million**

[www.adb.org/projects/44192-013/main](http://www.adb.org/projects/44192-013/main)

The Bangladesh–India Electrical Grid Interconnection Project will establish a cross-border link between the western electrical grid of Bangladesh and the eastern electrical grid of India, hence facilitating the exchange of electricity between the two countries. Infrastructure for high-voltage connections, such as transmission lines and a station, will be constructed to eventually enable Bangladesh harness energy throughout South Asia.

**2012: Power System Expansion and Efficiency Improvement Investment Program (Facility Concept)**

[www.adb.org/projects/42378-014/main](http://www.adb.org/projects/42378-014/main)

This project's direct access to energy component is part of a \$700 million loan to significantly boost Bangladesh's power supply system, which will reduce outages and supply shortages that are crippling the economy and causing severe hardship across the country.

Under the project, 450,000 households will be provided with new power connections through expanded and upgraded generation, transmission, and distribution facilities funded by a multitranche financing facility. This upgrade will also increase efficiency, leading to a drop of almost 2.5 million tons per year in carbon emissions from energy generation.

Staff of sector institutions will be trained on the power system and also on financial management. In addition, a pilot project with around 200 solar energy-driven irrigation pumps will be put up, benefiting around 4,000 poor farming families.

## Partnerships for Development

For ADB, forging partnerships with a diverse group of institutions is crucial in addressing the risks and challenges facing the region. Development challenges of scale—such as ensuring universal access to energy—cannot be addressed by any single organization or country. Partnerships mobilize resources (financial, human, and other); leverage knowledge; meet unique needs for highly specialized development projects; and make aid more effective throughout Asia and the Pacific.

ADB is always seeking new partners to support inclusive, environmentally sustainable growth and development in the region.

### For more information, contact



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