

# Introducing Socio-Environmental Management Policy Guidelines for the Financing of Electric Power Projects in Bangladesh

(バングラデシュにおける発電プロジェクト資金調達のための社会環境管理政策ガイドラインの導入)

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## Introduction

The energy related infrastructures in Bangladesh is quite small and insufficient, which is also not well managed by anybody concerned. Even up to last decade the energy was not the prime priority sector for the government. The per capita energy consumption in Bangladesh is 163kWh which is one of the lowest amounts in the world (*World Bank, 2010*). Still today half of the country's total energy consumption is dependent on wood, animal waste, crop residue, leaves and some other noncommercial energy sources. As of following chart biomass is the dominant as primary energy consumption source followed by natural gas, oil, coal etc. (*Tamim et.al. 2005*).

After the liberation of Bangladesh electricity became popular as energy source for living and industrial purposes which created huge demand of electricity. Electricity is the major source of power for country's most of the economic activities. Bangladesh's electric generation capacity was around 5.5 GW in February 2011. Only 47% of the population has access to electricity (BPDB 2011). The electric power plants in Bangladesh are using different kind of source fuel however; most of the electric power plants are established using the natural gas as raw material which is more than 88%. From following figure we can see the raw materials that are using to generate electricity at this moment in Bangladesh (MoF 2010).

## Objectives:

The research is opted to focus on the following issues:

1. To frame out social and environmental impacts and mitigation measures on different phases of constructing a electric power plants in Bangladesh along with the CO2 emission mitigation measures.
2. To establish procedures and methodologies for the Social and Environmental Due Diligence to be carried out by the FIs to finance electric power project;

3. Policy and implementation recommendations for this policy guideline by the Central Bank of Bangladesh.

## Methodology:

The following steps were followed in the methodology for preparation of this ESMF document. The whole report preparation consists of following seven steps.

1. Understanding the study objectives
2. Reviewing literatures of national and international background
3. Consultation with experts and some stakeholders in Bangladesh
4. Compilation and analysis of information
5. Preparation of final report.

It is to be mentioned here that, primarily these guideline is for the private sector electric power plants that would be established through taking the finance from banks/financial institutions in Bangladesh.

## Social and Environmental Management of Constructing Power Plants in Bangladesh:

In this study, a Social and Environmental Management policy guidelines for FIs is developed to finance electric power projects consistent with Bangladesh Environmental and Social Assessment laws. The possible potential social and environmental impacts are assessed and the mitigation and monitoring measures in different phases of project life is described. As this private plants are financed by the FIs, the role and involvement of FI and policy formulation and implementation procedure by the Central Bank is also discussed. The CO2 emission from these plants and its impact to climate change and mitigation measures is also a part of this study. We believe this study will help address the adverse social and environmental impacts during the whole life cycle of a project, especially, from the view point of Central Bank these guidelines might increase the potentiality of the FIs to finance this type of projects.

