



ADBS FOSSIL GAS PORTFOLIO

Viewpoints from the Grassroots

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A Short Story



In 2005, the Asian Development Bank (ADB) provided USD 230.00 million for Gas Transmission and Development Project to build 165 km Bheramara-Khulna Gas Transmission Pipeline for supplying Domestic Fossil Gas (DFG) to Khulna city ([ADB 2017](#)). Before starting the project, ADB conducted a fact-finding Mission and a feasibility study under 0.48 million Technical Assistance (TA) Project ([ADB 2006](#)).

Total 946.31 acres of land was taken for the project for which 317 families and shops were displaced ([ADB 2005](#)). Expecting adequate gas supply, ADB provided another commercial loan of USD 84.12 million for constructing a 225 MW Dual Fuel Combined Cycle Power Plant in Khulna city ([ADB 2019](#)).

In 2015, the technical committee formed by the Government of Bangladesh found there is no sufficient gas at source. So, the Government had to scrap the project in 2016 and formed a probing committee to identify responsible persons/agencies for the damage of resources ([Arifuzzaman 2019](#)).

Consequences

Bangladesh is supposed to repay the first loan (Gas transmission) within 20 years at an interest rate of LIBOR + 0.60% which means the country pays more than USD 4 million every year and 80.5 million in the loan period without any economic output from the project. **Clearly a Bad Debt.**

As there is no gas, the Khulna 225 MW Power Plant has been running on highly expensive High Speed Diesel (HSD). It generates electricity at a rate of BDT 27.60 which is 400% more than the average price. The power plant is running on only 20% PLF and the government has to pay around USD 38 million annually and USD 836 million in lifetime as capacity charge ([BPDB 2021](#)).

The country has to pay back this loan (power plant) within 25 years at an interest rate of 1.5% which means USD 47.11 million in the loan period.

Who is responsible for the economic loss?

Be sure that ADB will say

WE KNOW NOTHING!

Rupsha 800 MW LNG Power Plant



But ADB didn't stop there. Under the Power System Expansion and Efficiency Improvement Investment Program, ADB financed for Sylhet 150 MW Power Plant, Baghabari 100 MW Power Plant and Shahjibazar 70 MW Power Plant too.

On the course of journey, ADB financed USD 500 million in 2018 to construct Rupsha 800 MW LNG based power plant in the premises of Khulna Newsprint Mills ([ADB 2022](#)). ADB relies on the LNG supply from India while India itself is struggling to collect sufficient LNG from the International market.

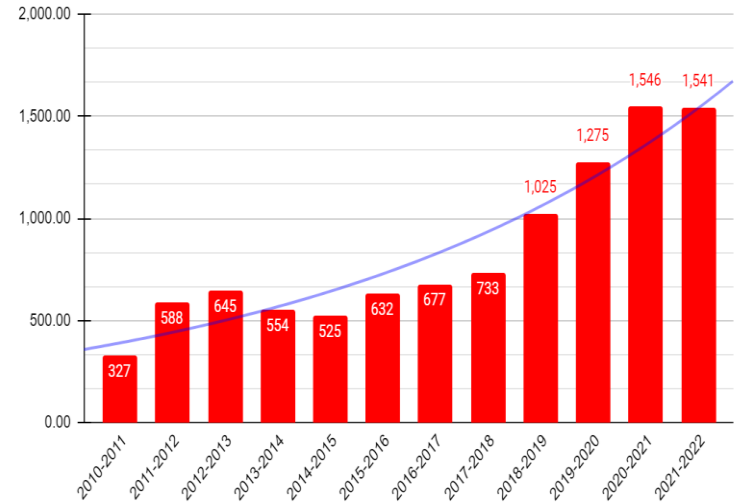
The project situated in a city of 1.5 million and on the River of Bhairab which is one of the few habitats for seriously endangered Ganges Dolphin and Irrawaddy Dolphins ([ADB 2018a](#)).

The project displaced 152 families, 33 shopkeepers, one school, one mosque and one graveyard of the freedom fighters. Nine employees of former factory lost their jobs ([ADB 2018b](#)).

Several clashes happened due to over-exploiting the labours, absence of health and financial supports during the pandemic and mismanagement of the developers. The labourers were taken to the jail ignoring their legal demands.

Consequences

1. The project was approved on 26 June 2018. It was clear at that time that no gas is coming to Khulna through the pipeline ADB built. Besides, there were not a single LNG Terminal or LNG importing infrastructures in Bangladesh. **On which basis the ADB approved the project?** To make money only or increase the stranded assets?
2. On the day of approval, the installed capacity in the power sector of Bangladesh was 15,953 MW while maximum demand was 10,958 MW. Overcapacity was 31.3%. After 4 years, installed capacity of this year is 22,512 MW while maximum demand is 14,782 MW. Thus, the overcapacity reaches at 34.3%%.
3. To compensate the stranded assets, the Government paid USD 1,541 million to the private power companies in FY 2022. This power plant will take additional 126 million dollar per year. **Why does ADB took the duty to diminish the economy of Bangladesh?**



Meghnaghat 718 MW Power Plant



Bangladesh currently has 2 LNG terminals which can supply around 850 MMCFD imported LNG to the national grid, while the domestic gas fields can supply maximum 1,925 MMCFD. The gas fields are drying and LNG price is skyrocketing everyday.

Knowing the shortage of fossil gas, ADB further approved a project named Reliance Meghnaghat 718 MW LNG Power Plant and provided USD 200 million for the project.

There are 5 power plants, with a capacity of 1093 MW, in operation on the Meghnaghat Island and other 4 power plants, with a capacity of 2485 MW, are under construction.

How come ADB approved such a project without any Strategic Environmental Assessment?

Consequences

1. Reliance was a convicted bank defaulter when ADB financed for the project. Reliance Power took the money and repaid INR 1540 crore (USD 208.11 million) loan to US Exim Bank. In this case, **ADB gives life to a dirty company which was in the ICU of financial market.**
2. Dhaka is one of the highest polluted and unlivable cities in the world. This power plant will further pollute the city with 70 tonnes of hazardous air polluting particles. From this aspect, **ADB is contributing Dhaka to be totally unlivable and its citizens to suffer with different health hazards.**
3. ADB knew that Reliance would transfer its old machineries from Samalkot (Andhra Pradesh, India) in the name of greenfield power project. Even then, **ADB allowed Reliance to pollute Bangladesh instead of discouraging to do that.**
4. The power plant will take USD 103.5 million as capacity charge annually and USD 2.28 billion in the period of 22 years which will put additional burden on the fragile economy and poor citizens of Bangladesh. As a result, **ADB is not supporting the country for economic development rather helping to go it down.**



Do you have the capacity, really!



These two projects shows that the Asian Development Bank (ADB) and its consultants recommended for financing the projects:

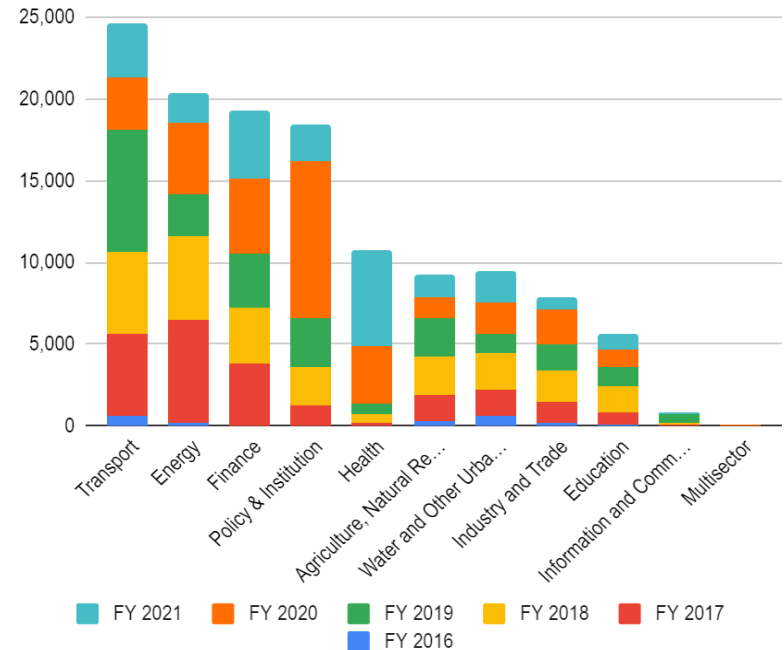
- Without assessing the negative impacts on the environment and economy;
- Without any understanding on future fuel supply, market volatility and national energy security;
- Without taking stocks of the country's current energy mix and pipeline of the projects.
- Without any idea about reducing carbon emission in Bangladesh, let alone the zero emission target by 2050.

Which made us concerned and raised questions on ADB and it's consultants' whether they have capacity to assess energy sector and have any inner intention to make the earth livable by the end of this century.

Investment Trend

1. ADB has invested USD 126.72 billion in Bangladesh since 2016 after the Paris Agreement. Energy is the second largest sector of Investments (16.1%) after Transport (19.5%) and before the Finance Sector (15.2%). Out of USD 20.34 billion invested in the Energy Sector of Bangladesh, only 2.87% came to promote Renewable Energy in the country.
2. The last three projects are: (a) Power System Enhancement and Efficiency Improvement Project (USD 200 million) (b) Sustainable and Resilient Energy Sector Facility (USD 2 million) and (c) Dhaka and Western Zone Transmission Grid Expansion Project (USD 300.75 million)
The basic trend is to expand Fossil fuel supporting Transmission and Distribution Lines, not the renewables.

How come ADB demands itself as a Climate Resilient Bank aligned with the Paris Agreement?



Historical Liabilities

Power Plant	Fuel	Capacity (MW)
Ashuganj 150 MW (APSCL) Power Plant (Unit 3)	DFG	129
Ashuganj 150 MW (APSCL) Power Plant (Unit 5)	DFG	129
Ashuganj 420 MW (APSCL) Power Plant (East)	DFG	400
Baghabari 171 MW (BPDB) Power Plant (Unit 1-2)	DFG	171
Bibiyana 341 MW (Summit) Power Plant (Unit 2)	DFG	341
Khulna 225 MW (NWPGL) Dual Fuel Power Plant	DFG/HSD	225
Meghnaghat 335 MW (Summit) Power Plant (Unit 1)	DFG/HSD	337
Meghnaghat 718 MW (Reliance) LNG Power Plant	LNG	718
Rupsha 800 MW (NWPGL) LNG Power Plant	LNG	800
Shahjibazar 100 MW (BPDB) Power Plant	DFG	100
Sirajganj 225 MW (NWPGL) Dual Fuel Power Plant	DFG/HSD	225
Sylhet 225 MW (BPDB) Power Plant	DFG	225
Total		3,800

ADB invested for at least 12 fossil gas and diesel based power plants in Bangladesh with a capacity of 3,800 MW.

These power plant emits at least 21.63 million tonnes of carbon to the atmosphere every year. That means, those could emit 540.8 million tonnes of carbon in their lifetime.

It is the historical liability or ecological debt ADB owes to Bangladesh. Similarly, it has similar ecological debt to the other developing countries too.

Demands

**JUST,
EQUITABLE AND
COMMUNITY-LED
DECENTRALIZED
ENERGY**

1. Build own capacity through appointing appropriate resource persons for conducting feasibility study for assessing Renewable Energy Projects, economic viability and sustainability;
2. Must take its historical liabilities and reperate it through financing for achieving 100% renewables in Bangladesh through utility scale and community based distributed RE projects;
3. Must help the developing countries to formulate equitable and just long term Renewable Energy Policies to achieve Zero Emission by 2050;
4. Stop financing Gas infrastructures and false solutions like Large Hydro, Ammonia, Waste-to-Energy, Blue Hydrogen and Carbon Capture, Utilization and Storage (CCUS).
5. Ensure proper monitoring and evaluation of the existing projects to protect the labourers, local communities and environment from destruction.

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MAKE ADB ACCOUNTABLE

EVERY DAY | EVERY DOLLAR

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