

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Bilateral Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-007
Status:	Continuing
Planned FY 2005 Obligation:	\$2,000,000 DA
Prior Year Unobligated:	\$1,000,000 ESF
Proposed FY 2006 Obligation:	\$2,000,000 DA
Year of Initial Obligation:	1996
Estimated Year of Final Obligation:	2007

Summary: The USAID energy program in Bangladesh strengthens key institutions in the energy sector by providing technical assistance, training, and other support to increase institutional capacity through reforms in the gas and power sector; improve the enabling environment to attract foreign investment; and improve and expand rural power sector infrastructure and performance to alleviate poverty in rural areas. Assistance to reform the energy sector addresses both power and gas, involving policy changes but with a prime focus on regulatory reform. Through technical assistance, training, and direct staff effort, USAID aggressively supports effective sector "unbundling," providing much greater transparency in this notoriously corrupt sector. More specifically, USAID is the lead in supporting the independence and effectiveness of the new Bangladesh Energy Regulatory Commission (BERC). An effective BERC will contribute significantly to a successful "unbundling" effort, further enhance transparency, and directly address certain types of corruption. Similarly, USAID supports continued independence, accountability, and transparency in the rural electrification cooperative system established through longstanding U.S. assistance. The program is working with nontraditional partners to explain the positive socioeconomic impact of rural electrification, publicize the benefits of USAID involvement in this sector to the people of Bangladesh, and maximize the impact of programmatic activities. For instance, USAID has worked with imams and other local leaders in rural areas to encourage payment of utility bills, discourage pilfering of power, and promote the use of electricity to enhance educational and employment opportunities.

Inputs, Outputs, Activities:

FY 2005 Program: Expand and Improve Access to Economic and Social Infrastructure (\$1,000,000 DA, \$1,000,000 ESF Prior Year Unobligated). Continued assistance for rural electrification through grid-based and renewable energy (solar) programs will consolidate and advance past successes. In particular, USAID will provide training and technical assistance to further strengthen the management and technical capabilities of the Rural Electrification Board (REB) and its constituent rural electric cooperatives. The intent is to ensure the sustainability of USAID's longstanding effort in this sector while attracting and leveraging other donor support for a more coordinated overall technical assistance effort. A grant to Grameen Shakti to expand renewable solar power through the use of photo-voltaic technology in remote areas without grid-based power service will improve access to economic opportunities and social benefits. In addition, there will be an enhanced gender focus in USAID's rural electrification effort to involve rural women in the socioeconomic development process and improve the quality of life. USAID will continue using the Development Credit Authority (DCA) to leverage private capital to increase participation in infrastructure expansion. Grantees and contractors include: National Rural Electric Cooperative Association (NRECA), Grameen Shakti, Prime Bank, and Hong Kong and Shanghai Banking Corporation (HSBC).

Improve Economic Policy and Governance (\$1,000,000 DA). USAID will focus on the independent and effective operationalization of the BERC through technical assistance from the National Association of Regulatory Utility Commissioners (NARUC). An effective and independent energy regulatory commission will encourage greater transparency, improve governance, and help loosen government controls in the energy sector. Enhanced capabilities and performance of the BERC should reduce corruption and pilferage in the sector. Other support will be provided to improve economic policy and governance, strengthen management and commercial operations, and seek new alliances. Grantees and contractors

include: NARUC, United States Energy Association, U.S. Asia Environmental Partnership, and the University of Houston.

FY 2006 Program: Expand and Improve Access to Economic and Social Infrastructure (\$1,350,000 DA). The rural electric program will end in September 2007, and USAID will carefully assess additional needs to ensure the sustainability of this successful program. USAID may expand support for renewable energy to establish photovoltaic installations in off-grid areas and pursue an enhanced gender and entrepreneurial focus. USAID intends to use the DCA mechanism (\$250,000) to facilitate infrastructure development in the energy sector. Grantees and contractors include: NRECA, Grameen Shakti, Prime Bank, HSBC, and private banks to be determined (TBD).

Improve Economic Policy and Governance (\$650,000 DA). USAID expects to continue modest assistance to the BERC as it assumes a greater role in energy sector reforms, including “unbundling.” By this time, the BERC will be adequately staffed for operations but will likely require greater capacity building to strengthen expertise. Investor confidence is expected to increase as the BERC consolidates its monitoring role within the sector. Regulatory assistance will advance the development of regulations to meet the demand of an evolving market transitioning from complete government ownership to joint public-private ownership. Grantees and contractors include: NARUC, United States Energy Association, U.S. Asia Environmental Partnership, University of Houston, and others TBD.

Performance and Results: In FY 2004, continued support to the energy sector in the form of technical assistance and training focused on rural electrification and regulatory reform. USAID assistance in rural electrification increased the capacity of the REB and rural power cooperatives to provide access to economic and social improvement opportunities. New rural connections averaged close to 2,000 per day, up from 1,400 per day in FY 2001. By the end of FY 2004, the number of rural connections stood at 5.6 million, up from about 5.0 million in FY 2003. The total number of legal power connections grew from 7.2 million in FY 2003 to 7.9 million in FY 2004, exceeding the target of 7.7 million. USAID’s longstanding involvement in the rural electrification sector has already helped to leverage more than \$1 billion in other donor funding, and future efforts that receive USAID support are likely to continue to be complemented by large contributions from other donors. This is a reflection of USAID’s experience and influence with the GOB and other stakeholders, despite the relatively small amount USAID now spends in this sector.

Energy reform assistance has shifted to the establishment of the BERC. During FY 2004, USAID celebrated a milestone achievement when the BERC formally initiated operations. An effective and independent BERC is expected to encourage greater transparency, improved governance, and help loosen government control of the energy sector.

US Financing in Thousands of Dollars

Bangladesh

388-007 Bilateral Energy	DA	DCA	ESF
Through September 30, 2003			
Obligations	38,621	229	1,599
Expenditures	31,442	0	455
Unliquidated	7,179	229	1,144
Fiscal Year 2004			
Obligations	2,513	0	0
Expenditures	3,169	229	1,032
Through September 30, 2004			
Obligations	41,134	229	1,599
Expenditures	34,611	229	1,487
Unliquidated	6,523	0	112
Prior Year Unobligated Funds			
Obligations	0	0	1,000
Planned Fiscal Year 2005 NOA			
Obligations	2,000	0	0
Total Planned Fiscal Year 2005			
Obligations	2,000	0	1,000
Proposed Fiscal Year 2006 NOA			
Obligations	2,000	0	0
Future Obligations	4,200	0	2,500
Est. Total Cost	49,334	229	5,099