

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

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## **ABSTRACT**

Energy, and especially electricity, has become the key component for the economic development of nations worldwide. Bangladesh has been struggling for a long time with her energy sources especially electric power. The gap between demand and supply of electricity has never been met and in 2007 alone the demand was 30% higher than the supply. By 2013, the Government plans to increase power generation to about 7000 MW which might somehow relieve this gap.

In order to meet this increasing energy demand and since the amount of investment involved is huge, the Bangladesh government is encouraging the private sector to participate in this challenge. Thanks to this initiative many small and medium scale electric power generation companies, mostly natural gas-based, have been established in the last couple of years. Many of these companies are running under Public Private Partnership (PPP) basis. While these power projects are important for the economy, they have significant social and environmental impacts which are not seriously addressed. In this sense it is imperative to establish a mechanism to determine and assess future potential environmental and social impacts of electric power projects. Due to lack of effective policies and guidelines, efficient and competent manpower, corruption and overall unawareness, it is difficult for the Govt.'s environmental agency to monitor and evaluate these projects and since most of these projects are financed by Financial Institutions (FIs), we propose that these FIs also to conduct the impact assessment and monitoring under the guidance and regulation of the Central Bank, the regulator of the FIs.

In this study, a Social and Environmental Management policy guidelines for FIs will be developed to finance electric power projects consistent with Bangladesh Environmental and Social Assessment laws. Apart from possible environmental impacts, the social impacts including land acquisition and involuntary resettlement issues are also considered. This descriptive study would be carried out by reviewing related literatures, consultation with stakeholders and compilation and analysis of information.

We believe this study will help address the adverse social and environmental impacts during the whole life cycle of a project. The mitigation, monitoring and institutional measures will also be a part of the policies. From the view point of Central Bank these guidelines might increase the potentiality of the FIs to finance this type of projects.

**Keywords:** Electric Power, Environmental Safeguard, Social Impact, Financial Institutions, Environmental Laws.