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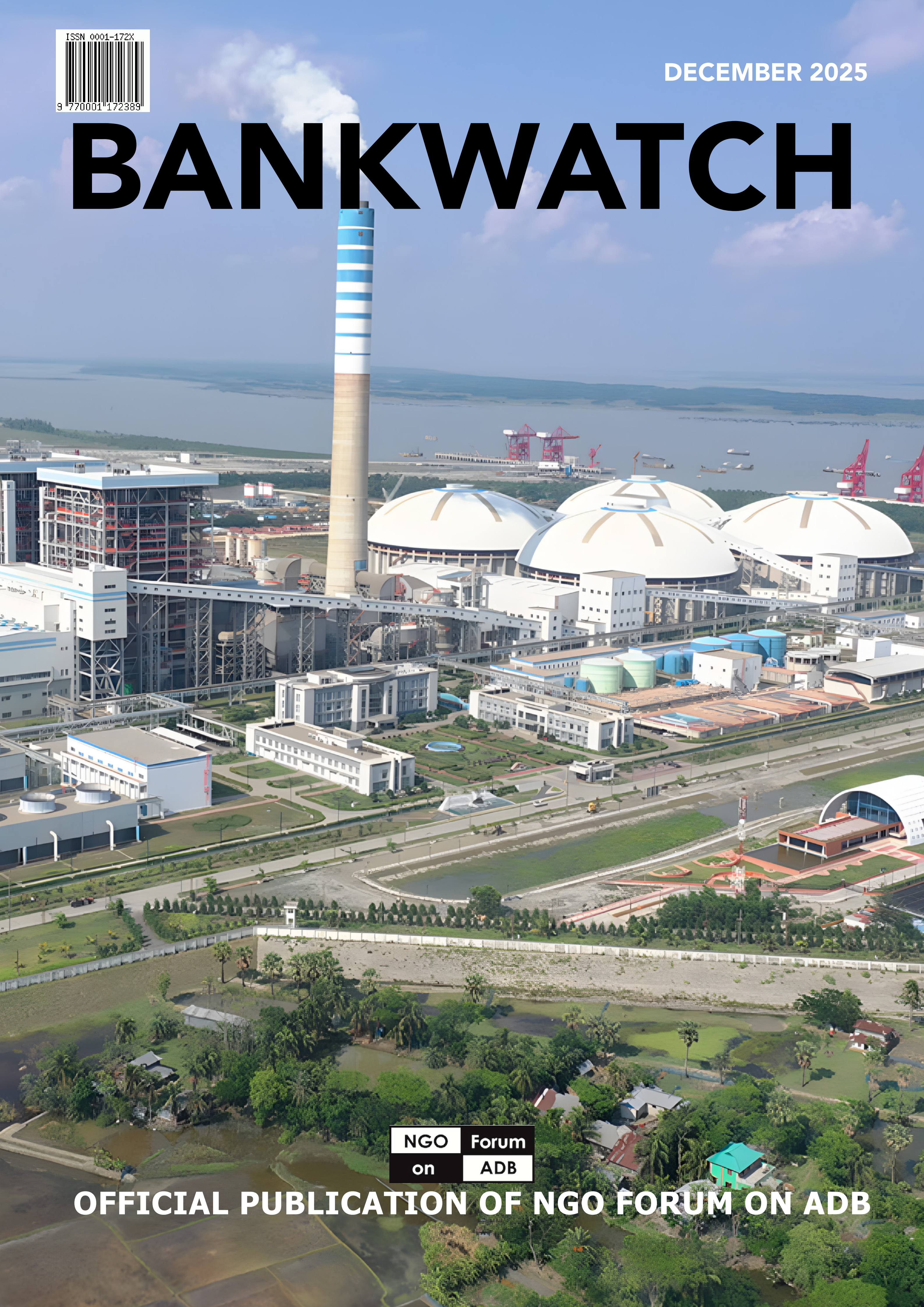
BANKWATCH



NGO Forum on ADB

OFFICIAL PUBLICATION OF NGO FORUM ON ADB

SCAN ME

INSIDE

ABOUT THE COVER PHOTO

Gas-fired power plant infrastructure at the Rupsha 800 MW power project in Bangladesh, illustrating continued large-scale investment in fossil fuel energy despite the escalating climate crisis and the urgent need for a shift to renewable and low-carbon alternatives. The project highlights the long-term environmental and climate risks associated with new gas infrastructure.

Photo credit: Bangladesh China Power Company Ltd (BCPCL) | bcpcl.org.bd.

ADB'S FOSSIL FUEL INVESTMENTS DEEPENING BANGLADESH'S ENERGY CRISIS

by Shamiur Rahman Lipu

The Asian Development Bank's (ADB) continued emphasis on fossil fuel projects is worsening Bangladesh's economic, environmental, and energy vulnerabilities, according to new findings presented at the Bangladesh Energy Conference 2025.

Experts and civil society groups called for an urgent pivot toward renewable power, warning that the current investment pattern is locking the country into an expensive and unstable energy system.

The report, "MDBs in the Energy Sector of Bangladesh," was presented by Fossil Fuel Campaigner and Coordinator at the NGO Forum on ADB Sarmin Akter Bristy, in a session. The event was moderated by the Forum's Executive Director Rayyan Hassan on Sunday.

Hassan said ADB's "fossil-heavy investment model" exposes Bangladesh to fuel shortages, rising debt, and heightened climate risks while clean energy remains severely underfunded.

In another session titled "Problems and Potentials of RE Application in Bangladesh," experts highlighted how policy barriers and poor implementation continue to stall renewable energy growth despite significant potential.

Earth Executive Director Anwar Hossain noted that nearly 90% of household rooftop solar systems are non-functional, having been installed mainly for compliance rather than power generation.

"If these were operational, a substantial volume of electricity could be added to the grid," he said.

BSREA President Mostofa Al Mahmud said high upfront solar costs require strong financial incentives.

He pointed to "invisible barriers" in policymaking, citing delays in reducing tariffs on solar equipment. "Months have passed with no action. This suggests resistance from vested interests," he said.

Energy finance researcher Sheikh Ruhul Amin added that Bangladesh's 20-30% renewable energy target is still not considered "bankable" by major financiers, including the ADB. He warned that unrealistic targets pose financial risks unless aligned with investment viability.

HEAVY GAS INVESTMENTS, LIMITED RENEWABLES

NGO Forum's analysis shows ADB has invested $17.34 billion across 106 energy projects in Bangladesh, including $5.995 billion for 36 gas-focused projects supporting 3,659 MW of capacity.

Most of this assistance is loan-based -- 60% from the Technical Assistance Special Fund, 36% from high-interest Ordinary Capital Resources (OCR), and only 4% from the Asian Development Fund.

Major investments include gas-fired plants like Bibiyana II (341 MW), Rupsha (800 MW), and Reliance Meghnaghat (715 MW), along with pipeline construction and sectoral development initiatives such as the Power System Master Plan.

IDLE PLANTS, RISING COSTS

Despite the investments, several ADB-backed plants remain idle because of gas shortages and incomplete pipeline infrastructure.

The Rupsha 800 MW and Reliance 715 MW plants are fully built but non-operational, forcing Bangladesh to pay hefty capacity charges. "These plants represent the costliest form of energy insecurity," Bristy said.

ADB-funded gas plants are projected to emit 174.71 million tonnes of CO_2 over their lifetimes. Built across more than 160 acres along ecologically stressed rivers, these projects have already triggered displacement, livelihood losses, and long-term social disruptions.

RENEWABLES SIDELINED

While ADB has supported 3,659 MW of gas-based generation in Bangladesh, renewable energy financing remains marginal -- only 225.8 MW of solar worth $118 million, and no investments in wind.

Gas accounts for 91.34% of ADB's energy portfolio in Bangladesh, compared with just 8.66% for solar.

On 24 November 2025, ADB approved amendments to its 2021 Energy Policy, opening the door to financing nuclear energy, critical mineral supply chains, carbon capture technologies, and methane reduction in fossil operations.

Experts warned these shifts could steer Bangladesh toward costlier and riskier technologies instead of low-cost, resilient renewable options.

They urged the government and development partners to prioritise clean energy, reset current targets, and remove policy barriers to ensure a sustainable and secure energy future.

**** Article orginally published in Finance Today.*

Gas-fired power plant infrastructure at the Rupsha 800 MW project in Bangladesh, highlighting continued investment in fossil fuel energy.
Photo: seetaoe.com

Suralaya Power Complex. Photo by Melvinas Priananda

COAL OVER CLIMATE:
THE ADB'S MISSED OPPORTUNITY TO END COAL FINANCE

by Recourse

When the Asian Development Bank (ADB) published its Energy Policy in 2021, it stated proudly that the exclusion on financing new coal power production "formalizes ADB's current practice of not financing new coal-fired power and heating plants". As recently as July 2025, the bank claimed that it has "completely phased out financing for coal… having ceased all new coal project investments in 2013". It seemed a welcome step forward.

However, research by various civil society organisations has since called the robustness of this coal exclusion policy into question. In October 2025, analysis published by Recourse brought the point home, by comparing the ADB's policies with those of other development finance institutions, including the AIIB, the European Investment Bank (EIB), British International Investment (BII), and the Dutch FMO.

We found that the ADB is far from having the strongest policies against financing coal. In fact, its approach is riddled with loopholes:

- The ADB's coal exclusion applies only to new business, a critical weakness that allows the bank to continue making disbursements to existing coal projects in its portfolio.
- The policy contains no restrictions on doing business with clients engaged in coal expansion in other areas of their operations, and without maximum coal thresholds, the ADB can still finance major coal companies.
- There is no clear language to prevent financing for captive coal power for industrial uses or projects that rely heavily on coal power, a standard exclusion used by the AIIB and BII.

Closing these loopholes would not just be about making policy tweaks to solve hypothetical problems. It would have a real world impact for coal-affected communities across Asia.

One example is the Jamshoro coal-fired power plant in Sindh province, Pakistan, a country which is classed among the most climate-vulnerable in the world. Research by PRIED highlighted that the project has caused a "social and environmental disaster," including water contamination, air pollution, land degradation, increased health problems, and displacement of local communities — as well as the increased greenhouse gas emissions that exacerbate climate change. The ADB has contributed to these impacts by continuing to fund Jamshoro for its fifth, 660MW coal unit after the 2021 Energy Policy was introduced. Indus Consortium pointed out the hypocrisy of the bank claiming to stop coal financing while still disbursing funds.

Another example is the Java 9 & 10 coal power units, the most recent additions to the huge, 4,025MW Suralaya coal complex in Banten, Indonesia. This is Asia's largest coal plant, where local communities bear witness to similarly devastating impacts as those at Jamshoro. The ADB is exposed to this project and many others developed via the $600m loan it gave to Indonesian state utility PLN. This 'Results-Based Loan' (RBL) is ostensibly for promoting sustainable energy, but with insufficient ringfencing and no clause to rule out coal, the funds can be used for any activities in PLN's business plan, including a wave of new coal-fired power plants.

In the latest Energy Policy review, civil society called for the ADB to make good on its previous commitments, but the bank failed to act in the interests of people or the planet. ADB remains exposed to coal developers and financiers, and remains responsible for the devastating harms caused by coal. This is a missed opportunity, for which communities and countries across Asia will pay the price. The fight to end coal finance, unfortunately, continues.

Calls grow for balancing BRI benefits with social, environmental, labour risks

China has become Bangladesh's largest trading partner and one of its most significant development financiers, particularly through the Belt and Road Initiative (BRI).

Chinese loans have supported major infrastructure projects such as the Padma Rail Link, Karnaphuli Tunnel, and several coal and thermal power plants, including Payra and Banshkhali – investments that have strengthened connectivity, boosted industrialisation, and created jobs. China is also positioned to assist Bangladesh's transition to renewable energy and wider regional integration.

However, civil society representatives, academics and researchers caution that these opportunities come with governance, environmental, and social risks.

They point to limited transparency in China-funded projects, gaps in environmental and labour safeguards, and inadequate engagement with affected communities. They urged policymakers to prioritise accountability, disclose project information, strengthen rights protections, and phase out fossil-fuel dependence in favour of a genuinely "green BRI".

These views were shared at a discussion titled "Belt and Road Initiative (BRI) in Bangladesh: Problems, potentials and way forward" held today (20 November) at The Business Standard office in Dhaka.

The event was jointly organised by TBS, CLEAN, BWGED, RIMA 2025, and the NGO Forum on ADB. Hasan Mehedi, chief executive of CLEAN, presented the keynote, and the session was moderated by Sajjadur Rahman, deputy editor of TBS.

ECONOMIC POTENTIAL AND STRATEGIC SHIFTS

Dr Kazi Maruful Islam, convener of BWGED, noted that the BRI, launched in 2013, has grown from an infrastructure initiative into a broad strategic partnership among participating nations.

He said the BRI offers significant economic prospects but also raises concerns about sustainability and local impacts. With the partnership shifting from government-to-government to more business-to-business engagement, he stressed the importance of people-to-people connectivity. Civil society, he argued, can strengthen accountability and ensure projects serve community needs rather than merely financial interests.

Civil society representatives, academics, journalists and researchers attend a discussion titled 'Belt and Road Initiative (BRI) in Bangladesh: Problems, potentials and way forward' at The Business Standard office in Dhaka on 20 November 2025. Photo: Mehedi Hasan/TBS

INVESTMENT TRENDS, CONCERNS

Presenting the keynote paper, Hasan Mehedi said Chinese-funded megaprojects include the Padma Rail Link ($3.3b), Karnaphuli Tunnel ($1.2b), Payra ($1.9b), Banshkhali and Patuakhali coal plants ($1.8b each), and the Matarbari oil storage facility ($1b).

While total financing approaches $17b, actual FDI is only $1.4b, with most Chinese capital tied to power and construction rather than high-potential sectors like ICT, advanced manufacturing, or green technology.

China's energy investments in Bangladesh total 5,610MW, of which 4,171MW come from coal. He noted that although China leads globally in renewable investments, it has not extended renewable-energy loans to Bangladesh; only $197m in equity has gone to solar and wind.

Major concerns include limited public disclosure, mandatory procurement from Chinese contractors, non-transparent environmental assessments, and repeated labour conflicts at sites such as Banshkhali and Payra.

Mehedi recommended that China increase genuine FDI, strengthen contractor accountability, align with green development goals, close loopholes in fossil-fuel financing, and support locally rooted adaptation and renewable projects.

NEED FOR TRANSPARENCY, RIGHTS PROTECTION

BWGED's Monower Mostafa outlined three priority concerns. First, he called for public disclosure of Chinese loans, deposits, and financial flows to enable scrutiny. Second, he stressed the need for more meaningful engagement with local communities and civil society.

Third, he emphasised the importance of safeguarding labour and human rights, noting past incidents that underline the need for stronger oversight.

PERSPECTIVE FROM CHINESE BUSINESSES

Han Kun, president of Chinese Enterprises in Bangladesh, said the BRI is a partnership framework that combines government financing, private investment, and joint ventures. Past fossil-fuel projects, he argued, reflected the technological context of the time, while future investments will depend on Bangladesh's policy support for renewables.

He said Chinese loans – often at 2-3% – remain competitive and that infrastructure investment reflects China's long-term commitment to Bangladesh's growth. Trade agreements such as an FTA could facilitate industrial relocation, create jobs, and expand Bangladesh's export capacity.

Han acknowledged concerns regarding labour rights and transparency but stressed that responsibility is shared among investors, governments, and civil society. He noted that many Chinese firms now publish ESG and CSR reports and urged similar disclosure requirements for joint ventures to improve governance.

LABOUR RIGHTS AND SOCIAL STANDARDS

Sekender Ali Mina, executive director of Safety and Rights Society, said Chinese investments generate employment across construction, manufacturing, and services and bring skill-building opportunities.

Yet gaps persist in labour standards, workplace safety, grievance mechanisms, and union rights. He called for stronger inspections, worker participation, and accountability to ensure that economic growth does not come at the expense of social equity.

GOVERNANCE GAPS IN BANGLADESH

CPD's Abrar Ahammed Bhuiyan noted that many of the risks identified in BRI projects are rooted in Bangladesh's own governance weaknesses – environmental oversight, anti-corruption systems, land acquisition processes – which affect investors from all countries. He said project delays, disputes, and irregularities are not unique to Chinese investments.

TRADE IMBALANCE AND PROCUREMENT ISSUES

Wasiur Rahman Tonmoy of MJF highlighted the widening trade gap: Bangladesh imported $16.64b from China in FY24 but exported only $715m.

He said Bangladesh has struggled to utilise China's duty-free access due to weak product diversification. He also warned that single-source procurement in some Chinese-funded projects raises concerns about cost, quality, and long-term technological dependence.

ENVIRONMENTAL AND FINANCIAL BURDENS

GSCC's Tahrim Choudhury Ariba said large infrastructure loans strain Bangladesh's fiscal capacity, diverting resources from critical sectors like healthcare. The country must consider whether long-term repayment obligations outweigh project benefits.

LONG-TERM PARTNERSHIP AND SAFEGUARDS

Rayyan Hassan of the NGO Forum on ADB stressed that China's engagement in Bangladesh is long-term and requires flexible, inclusive structures. He added that China lacks clear outbound environmental and social standards, creating uncertainties about how Chinese developers should operate abroad.

**** Article orginally published in The Business Standard.*

TANGGUH LNG:
Big project, huge risks, backed by ADB and AIIB

by Recourse

In West Papua, one of the world's most biodiverse regions, a massive fossil fuel project is expanding, backed by the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), and the International Finance Corporation (IFC).

Tangguh LNG is Indonesia's largest natural gas extraction and liquified natural gas (LNG) production site, and the cause of myriad harms to local people and the environment.

Its expansion exposes a troubling contradiction: MDBs that claim alignment with the Paris Agreement are still channeling funds into fossil fuels, threatening Indigenous lands and ecosystems, and making Indonesia even more vulnerable to the climate crisis.

A report by Trend Asia and Recourse examines how MDBs supported Tangguh LNG through direct and indirect finance since 2005:

- A $350m loan from the ADB in 2005 to support the initial construction, and another $400m loan in 2016 to support the expansion to a third LNG production facility (Train 3).
- Indirect finance by the ADB and the IFC, through their financial intermediary client, the Indonesia Infrastructure Finance, and by the AIIB through its investment in the infrastructure debt security Bayfront Infrastructure Capital IV.

Scan the QR code to watch the short video by Trend Asia

Read the full report : bit.ly/Tangguh25

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