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For immediate release

PRESS RELEASE

This week, a Grant Financing Agreement of EUR 12 million (around BDT 1.24 billion) was signed between the French Development Agency (AFD) and the Government of Bangladesh to support advanced digital solutions in the power and energy sector in Bangladesh. This agreement is part of a larger multi donor project involving the joint commitment of AFD and the European Union (EU), for a total investment of EUR 112 million.

The project, called “Power Factor Improvement and Smart Grid under Dhaka Power Development Company (DPDC) Dhaka, Bangladesh” is the first ever smart grid project in Bangladesh and will be implemented over the next 5 years. Through this project, 1,141,000 people will benefit from a significant improvement in the quality of electricity service. It will also prevent an accumulated 104,000 tons of CO2 emissions per year, thereby contributing to Bangladesh’s climate goals. With this project, AFD and the EU are reinforcing their role in supporting the Government of Bangladesh in the search for and use of advanced digital solutions in distribution stations and in medium-voltage grids. The goal is to equip existing infrastructure with these new, innovative and reliable technologies in order to ensure services are prepared for the future.

A core aspect of Bangladesh’s economic development strategy is an improved performance of the power sector in terms of generation, transmission, and distribution.

Today, the smart grid in Bangladesh is in its early stages, and merely consists of deploying smart meters. Overall, and not just including the project with the DPDC, the smart grid solution is of great operational value. It makes it possible to carry out maintenance upstream of failures and to optimize the use of equipment (power transformers, circuit breakers, etc.). Real-time algorithms will continuously analyze the hardware connected to the grid and thus extend its life. The digital presence at all levels of the network allows for better knowledge of the network and anticipation of outage-related events. The smart grid gives a more reliable, accessible grid. Improving its grid performance will consequently eliminate the pollution caused by the diesel generators which are used as back-up during grid outages.

The EU Ambassador, Rensje Teerink, said *“The European Union is committed to supporting Bangladesh in adopting advanced digital solutions in power distribution, in view of a sector decarbonisation, thanks to the joint effort with one of our Member States, France. This project is also relevant for the Team Europe Initiative on Green Energy Transition, which involves the EU, its Member States and like-minded partners. It aims at supporting Bangladesh in its transformative, low-carbon development, through an increased use of renewable energy and energy efficiency enhancement.”*

Benoit Chassatte, AFD Country Director said *“For AFD in Bangladesh, 2020 was an opportunity to amplify existing commitments to modernize Dhaka’s power grid. This is the first ever initiative in Bangladesh to equip the existing grid with reliable, cutting-edge new technology, allowing DPDC to optimize energy distribution without making an unnecessary additional heavy network capital investment. In addition, AFD has increased its commitment in the energy and power sector in Bangladesh by financing (EUR 151.56 million) in 2020 the Infrastructure Development Company Limited (IDCOL) and the Bangladesh Infrastructure Finance Fund Limited (BIFFL), both public financial institutions specializing in the financing of infrastructure and renewable energy projects, and the promotion of green initiatives.”*

BACKGROUND INFORMATION

About AFD

French Development Agency (AFD), the world’s oldest development agency, is public and solidarity-based development bank aims to help build ‘a world in common’. AFD Group is a central actor in France’s Development policy and supports state, companies, local authorities and NGOs. It operates in a number of sectors (energy, health, biodiversity, water, urban planning, and capacity development) and offers a wide range of financial and non-financial services. The main priority is to fight against climate change and poverty, and help stabilize fragile or post-crises crisis countries to fight against. Through its network of 85 agencies, AFD operates in 108 countries, where it is currently financing, monitoring and supporting over 2500 projects.

In Asia and the Pacific, AFD promotes green and inclusive growth and low carbon economic. Climate is at the core of AFD’s strategy in South Asia where or project expected to offer no less than 70% climate co-benefit.

Present in Bangladesh since 2012, AFD supports projects in urban development and infrastructure, as well as in the power & green energy sectors. In addition, AFD also focusses on corporate and social responsibility. As of 2020, AFD has committed EUR 910 million to Bangladesh including EUR 24 million in the form of grants.

About Dhaka Power Distribution Company (DPDC):

In Dhaka, there are two distribution companies namely, DPDC and DESCO. AFD is currently financing through a EUR130m loan a project for expansion and strengthening the DPDC power network system under Power System Expansion and Efficiency Improvement Investment Programme (PSEIIP).

DPDC has an operating service area of about 350 square kilometres and provides distribution services to more than 1.2 million customers of Dhaka City Corporation areas and Narayanganj city. The distribution system consists of 61 substations and 5,213 kilometres of lines.

DPDC provides distribution services through thirty-six Network Operations and Customer Services (NOCS) offices.

The mission of this electric utility company is:

- to deliver quality electricity with service excellence,
- to make electricity available on demand within the geographical area of DPDC,
- to ensure customers' satisfaction,
- to develop a new mind-set for all of the employees congruent with corporate culture,
- to reach self-sufficiency and profitability by increasing income and reducing expenditure.

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The European Commission is the EU's executive body.

"The European Union is made up of 27 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders".