



VISUAL: STAR

Finance is key to Bangladesh's energy transition



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Bangladesh is facing a double whammy. On one hand, climate-change induced events continue to ravage the country, compelling it to spend 6-7 percent of its annual budget on adaptation each year. On the other hand, transitioning to capital-intensive clean energy is also a necessity for the country given its reliance on fossil fuels, which increases costs and drives up inflation. These competing priorities mean that Bangladesh will need to consistently invest in critical climate-resilient infrastructure and clean energy technologies in the next several decades.

To achieve these goals, it is important that Bangladesh streamline its funding schemes and identify viable sources of financing.

Drivers of a clean energy transition
Cyclone Remal, which hit Bangladesh in May 2024, affected as many as 3.8 million people, damaging 150,000 houses. This was not a one-off event. Although Bangladesh is prone to cyclones of similar magnitude or more, such extreme events are likely to become frequent in future. As a result, the country will need more funding to adapt to climate change.

There are several reasons why Bangladesh should invest in clean energy. Dependence on imported

for electricity and gas.

However, raising tariffs cannot eliminate the subsidy burden. The subsidy for the power sector soared to Tk 395.35 billion (\$3.34 billion) in fiscal year (FY) 2022-23 from Tk 296.58 billion (\$2.51 billion) in FY2021-22 despite the 15 percent tariff hike on electricity between January and March 2023.

Bangladesh must invest more in renewable energy and energy efficiency to reduce fossil fuel imports to reverse the increasing trajectory of the subsidy burden.

Energy transition will necessitate billions in financing

According to the Integrated Energy and Power Master Plan (IEPMP 2023), Bangladesh plans to install a total of 37.8GW new renewable energy (primarily solar and wind) capacity until 2050 under the advanced technology scenario (ATS) (taking the in-between growth scenario which considered the average of the growth rates projected in the country's perspective plan and the International Monetary Fund's estimates). The IEPMP estimates that the combined capacity of 37.8GW renewable energy without energy storage systems will cost Bangladesh \$37.4 billion.

However, renewable energy

insufficient financing schemes, but also the challenges posed by the current banking and finance framework in the country.

For instance, Bangladesh Bank's refinancing scheme of Tk 4 billion (\$33.84 million) for environment-friendly projects has recently been increased to Tk 10 billion (\$84.6 million) but the cap for a loan to a solar park is only Tk 0.3 billion (\$2.54 million). The loan amount is inadequate in relation to the required finance volume even for a 10 megawatt (MW) solar project.

To accelerate its energy transition, Bangladesh should explore available financing avenues, such as multilateral development banks (MDBs), green bonds, private equity funds, investment promotion and financing facilities.

The Infrastructure Development Company Limited, a non-banking financial institution (NBFI), finances utility-scale clean energy projects in Bangladesh with funding from multilateral and bilateral agencies. Likewise, another NBFI, the Bangladesh Infrastructure Finance Fund Limited, can extend debt finance to clean energy projects. However, other local financial institutions should also develop the capacity to access the low-cost finance offered by MDBs. As the country mostly imports clean energy technologies, funding in US dollars is of utmost importance to ensure a smooth opening of letters of credit (LCs) for projects.

Bangladesh Bank published a policy for the issuance of green bonds by banks and financial institutions in 2022. Green bonds can help expedite the clean energy transition in Bangladesh by raising funds for capital-intensive clean energy projects. Institutional investors have a major role to play as a large-scale renewable energy project may require funding worth several hundred million US dollars. It is imperative to incentivise individual investors with green bonds when the government's saving instruments provide lucrative returns.

A lack of equity among sponsors often delays renewable energy projects. Private equity firms with a focus on environmental, social and governance (ESG) may invest in renewable energy projects. These firms are still at a nascent stage in Bangladesh.

Bangladesh Bank's Investment Promotion and Financing Facility, supported by the World Bank, helped develop infrastructure projects in the country. While the funding phase has ended, a new phase, if launched, may speed up the energy transition. The scheme will be fit for purpose as the fund is disbursed in dollars with a tenor of 20 years.

Early preparation to identify and access finance while developing the capacity of local financial institutions is key to driving an effective and sustainable energy transition. The situation demands a bold response—defining a path that will not compromise the needs of the country, both on the climate adaptation and energy transition fronts.

Responsible is something to be

Review of 'We Are the Leaders We Have Been Looking For' by Eddie Glaude Jr



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A new book explores how people can regain their political fate from professional politicians and be the heroes that we need today. Eddie Glaude Jr, a professor at Princeton University and a preeminent scholar, is the author of *We Are the Leaders We Have Been Looking For* (2024). His previous best-selling books include *Begin Again* (2020).

It is a beautiful book—some called it “a lyrical meditation”—but in reading it, it also feels like there is an urgency to the writing. What is driving that? Professor Glaude contends that people have subcontracted their responsibility for democracy for too long. They have outsourced it to charismatic leaders and the so-called heroes. If we do not take responsibility now, we may very well lose it. And we are going to need to take a hard look at what we take ourselves to be.

What exactly would he like us to do?

His idea is simple. If people are going to become the

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undermines democracy? He posits that when heroes become larger than life, we end up giving ourselves over to them. And the moment we start giving ourselves over to them, we stop doing the difficult work of becoming better human beings.

He writes about Ella Josephine Baker (1903-1986), iconic leader of the civil rights movement who criticised professionalised, magnetic leadership and promoted grassroots organising and the ability of people to comprehend their conditions and advocate for themselves. She worked not only to lift those up who fall in the cracks and crevices of American democracy but also to create a politics where people could understand their own power. She believed in the hard work on the ground of creating the conditions of building community with others.

In the discussions about the search and effort to become a better person, Professor Glaude turns the lens on himself as well. He writes about what he calls his own primordial wound, one caused by his father. Why did he feel obligated to include that in the book? People often try to hide their vulnerabilities. Martin Luther King, for example, would not smoke in public. We only see glimpses of great leaders in their biographies.

What the renowned professor wanted to do was to heal his own wounds, to understand how his brokenness shaped who he turned out to be. He loves his father and has a wonderful relationship with him today. But he was terrified of him as a child. His father could just look at him and he would cry. By dint of the fear his father deposited in him, he thought he was a coward. And so, he reached for heroes. He found Malcom X—a form of masculinity in the face of what felt like being humiliated daily.

In the end, the book is a message of hope. And his is an abiding faith in the capacity of everyday people to act. Where does he derive that faith from? People. He reminds us that African-Americans who once were nothing but slaves, according to some, have come far. He, however, expresses his reservations about interpreting Obama's presidency as the eventuation of the civil rights movement. The quest for justice goes beyond mere representation.

Nothing makes sense anymore, remarked comedian Colin Jost at the 2024 White House Correspondents' dinner in April. The country will have a presidential election in six months. The Republican candidate reportedly owes millions in fines for bank fraud and has been found guilty on all 34 criminal charges in a porn star hush money trial. And the race is tied!

The book is written in the context of the United States. Its universality is undeniable.



leaders they have been looking for, they are going to have to become better people. And if they are going to be better people, they need to help make a more just world, because the world as it is currently designed, values self-centeredness and greed. It gives license to hate and fear.

He suggests that the messiness of the world is in part a manifestation of the messiness of our inner lives. We must start treating the wounds inside, so that we can open up to the beauty and the brilliance of other people, so that we can commit to the idea of immutable justice that we so often talk about. Reaching for a higher form of excellence in pursuit of a better world.

But isn't it human nature to turn people into heroes, to aspire to a higher ideal? Is he saying that it

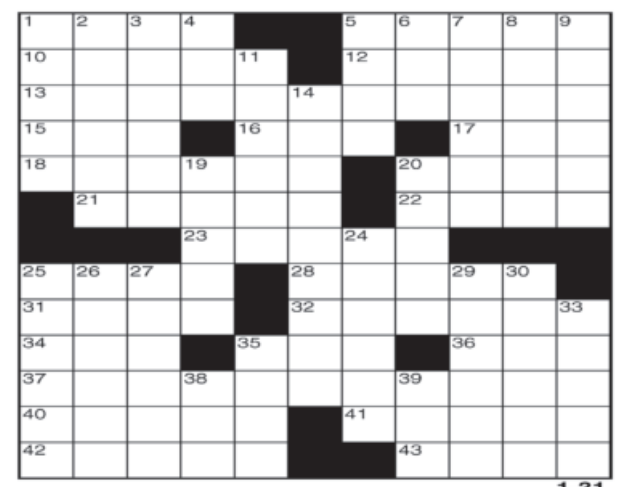
CROSSWORD BY THOMAS JOSEPH

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fossil fuel has proven costly for Bangladesh. Apart from the high price volatility of fossil fuels in the international market during 2022-23, the recent devaluation of the Bangladeshi taka by Tk 7 per US dollar in May 2024 has made fossil fuel imports more costly. As a result, the Bangladesh Petroleum Corporation (BPC) incurred an additional cost of roughly Tk 5 billion (\$42.3 million) to import fuel oil in May 2024. BPC's annual cost may increase by Tk 60 billion (\$511 million), which is enough to install a combined rooftop solar capacity of more than half a gigawatt (GW).

Since importing fossil fuels such as liquefied natural gas and coal is also expensive now, the government will feel the pressure of increasing tariffs

capacity may reach 26.2GW in 2050 under the in-between growth case, excluding ATS. The changed IEPMP scenario indicates that the country may have 17 percent renewable energy by 2050, implying that the installed renewable energy capacity will be less than 20GW.

According to IEEFA's estimate, even the installation of 20GW renewable energy capacity with battery storage for 30 percent of the capacity for four-hour back-up may require around \$1 billion investment a year through 2050.

Financing the energy transition

Bangladesh should set a mission that is fit-for-purpose to lead an effective energy transition, with finance at its core. This is not only due to