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IDCOL NEWSLETTER

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12 May, 2013

IDCOL Launches Improved Cook Stove Program



According to a recent study by the World Health Organization, around 46,000 people die every year in Bangladesh from exposure to indoor air pollution caused by inefficient traditional cook stoves, with 70% of the victims being children under age of five years.

IDCOL launched the 'Improved Cook Stove (ICS) Program' on 12 May 2013 with an eventful ceremony, inaugurated by the Honorable Prime Minister on Bangladesh. Through partnership with the World Bank, IDCOL plans to install 1 million ICS throughout Bangladesh by 2016.

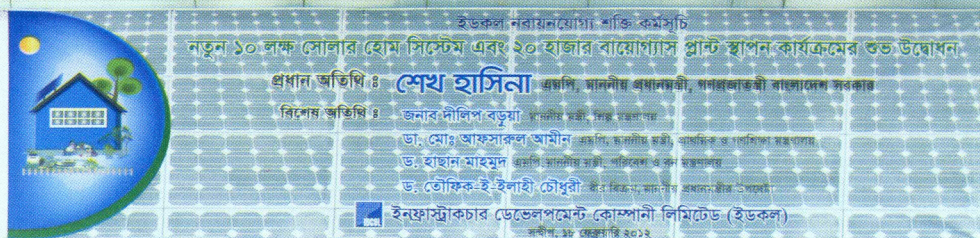
The ICS program will not only reduce the indoor air pollution in the rural kitchens significantly but also result in up to 50% less firewood consumption compared to traditional stoves.

2 million SHS Milestone Achieved by IDCOL

IDCOL started its renewable energy activities in 2003 with its Solar Home System (SHS) program. With support from the GoB, World bank, ADB, JICA, IDB, KfW, GIZ etc. and implemented through 47 partner organizations, the program today is one of the largest and fastest growing off-grid electrification programs in the world. As of March 2013, 2 million SHSs with generation capacity of about 100 MW have been installed, covering 6% of the population and creating more than 50,000 jobs.

IDCOL's SHS program follows a sustainable business model with a commercialization objective. The subsidy elements of the program are gradually being phased out and more commercial financing are being introduced. Cost efficient standardized technical design, competitive market prices, development of local support industries, customer education & training, development of skilled manpower, stringent quality control & monitoring and superior after sales service are other important features of the program. As of March 2013, IDCOL invested more than USD 365 million in its SHS program. With a target to finance 4 million SHSs, the investment amount is likely to go up to USD 1 billion by 2016.

The existing 2 million solar home systems have reduced consumption of approximately 230,000 tons of kerosene per year and hence, contributed towards global drive of GHG emission reduction. In June 2012, the CDM Program of Activities (PoA) of IDCOL SHS program had been registered with UNFCCC.



The Hon'ble Prime Minister Sheikh Hasina MP inaugurated the installation of 1 million SHS and 20,000 Biogas plants under IDCOL Renewable Energy Program on 18 February 2012 at Upazila Complex, Sandwip, Chittagong



IDCOL promoting **SOLAR** BASED IRRIGATION **PUMPS**

Price hike of diesel has always been a major concern to the farmers of Bangladesh and the Government historically has been subsidizing diesel price to keep cultivation cost low. Considering the energy crisis and increasing price of petroleum products, it is important to explore alternative energy sources for irrigation to ensure both food and energy security.

Solar powered irrigation system is an innovative, economic and environmentally friendly solution for the agro-based economy of Bangladesh. Solar panels utilize daily sunshine to generate electricity which in turn runs the solar pump to provide uninterrupted irrigation water supply to the farmers. The technology also has tremendous potential to reduce the demand for grid electricity.

IDCOL plans to finance 1,550 solar irrigation pumps in the next four years. IDCOL provides subsidy, soft loan and technical support to ensure effective implementation of the program. Till date, IDCOL has approved 51 solar irrigation pumps out of which 17 are already in operation.

Concessionary Financing for Energy Efficient **Brick Projects**

16 new POs are enlisted in IDCOL SHS program

IDCOL is implementing its SHS program through the Partner Organizations (POs). The POs are basically local NGOs, MFIs and Private Entities whose role under the program includes selecting the project areas and potential customers, extending loans, installing SHS and providing maintenance support.

To accelerate dissemination of SHS across Bangladesh with a view to supplementing Government's vision of 'Ensuring Access to Electricity for all by 2021', IDCOL recently selected 16 new POs who have a successful track record of doing business and/or micro-credit operations, and are interested to work in the renewable energy sector. Total number of POs working under the program now stands at 47. After inclusion of these new POs, the monthly SHS installation figure reached its all-time high thus far i.e. 75,000 in March 2013.

Thousands of traditional fixed chimney brick kilns emit an estimated 9.8 million tons of CO₂ per annum, making it one of the worst greenhouse gas emitters in the country. The Government has issued a directive in 2010 to phase out all traditional brick kilns and replace these with modern and environment friendly technologies within next two years. The Department of Environment has been instructed not to renew the environmental clearance certificates of the traditional brick kilns after 2012.

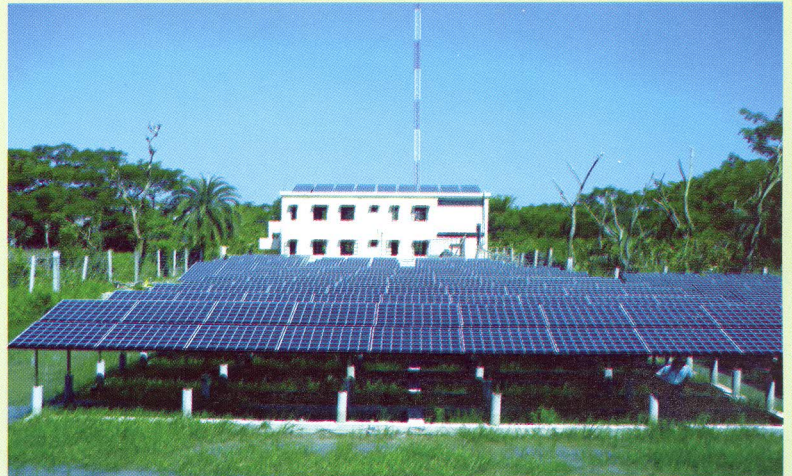
To support this initiative, IDCOL has decided to provide concessionary financing to promote energy efficient technologies in this sector. IDCOL plans to invest around BDT 4,000 million in the energy efficient brick manufacturing sector by 2015.



Other Renewable Energy Initiatives

Solar Mini-grid Project

IDCOL has financed one 100 kW solar mini-grid project in a remote island in the Bay of Bengal. The Project is supplying electricity to adjacent 390 shops, 5 health centers and 5 schools. IDCOL provided soft loan and grant support for the project. By 2016, IDCOL has a target to finance 30 mini-grid projects.



Solar Powered Solution for Telecom BTS

IDCOL has financed solar powered solution for 98 telecom base transiverstations (BTSs) in off-grid areas of Bangladesh. There are around 30,000 BTSs in Bangladesh providing quality voice and data services. Out of these BTSs, more than 3,000 are located in the off-grid areas. Moreover, there are many sites where grid connection is available but power outages last for 8-16 hours a day. Solar powered solutions provide continuous power supply to ensure uninterrupted voice and data services. IDCOL has a plan to finance 1,000 such solar powered solutions for BTS.

Biogas based Power Plant

IDCOL had so far financed 4 biogas based power plants. One plant is 140 m³ size at Trishal, Mymensingh which can run a 50 kW generator for 6 hours daily. Each of the remaining three plants is 40 m³ size, located at Gazipur and can run 6-10 kW generators. Some of them are selling biogas to the nearby households for cooking purposes. Another 350 kW sized plant financed by IDCOL is now under construction. IDCOL has a target to finance 450 biogas based power plants with 20 kW of average capacity by 2016. In addition to power generation, another major advantage of these plants is waste management.

Support for the ICT Sector

Information and Communication Technology (ICT) is one of the priority sectors of the Government. However, availability of required financing for the sector still remains a major challenge.

The software and IT industry have been seeking easy access to working capital finance for many years. However, commercial lenders have tended to shy away from this industry due to some inherent challenges faced by the industry and lack of interest to accept the intangible assets as collateral. To address the issue, IDCOL has been providing work order based financing to the software and IT solution providers.



USD 248m Financing Agreements Signed with the World Bank and JICA

Following the success of the Rural Electrification and Renewable Energy Development Project (REREDP), the World Bank has extended additional USD 128 million for financing of SHS and household energy projects under REREDP-II. Moreover, an agreement with JICA to extend USD 120 million fund for the SHS program has also been signed.



Mr. Md. Abul Kalam Azad, Secretary, ERD & Chairman, IDCOL and Dr. Takao TODA, Chief Representative, JICA signed the respective Project Agreement on 10 March 2013



Mr. Mahmood Malik, Executive Director and CEO, IDCOL and Ms. Ellen A. Goldstein, Country Director, the World Bank signed the Project Agreement on 23 October 2012

IDCOL- Market Leader in Large Infrastructure Financing



With a portfolio of more than BDT 2 billion invested in large infrastructure projects, including 9 power projects with generation capacity of 1050 MW, IDCOL continues to be the market leader in private sector infrastructure financing.

IDCOL's participation in these projects not only supported the efforts of the Government to address the growing infrastructure demand in Bangladesh but also played a catalytic role for attracting private investment in infrastructure projects.

In 2013, IDCOL plans to invest further BDT 1 billion in a number of power, telecommunication, transport, social infrastructure and urban environmental projects.

IDCOL's Capacity Building Initiatives

To build capacity of local financiers and entrepreneurs, IDCOL regularly organizes training programs on project finance and financial modeling. Training programs are also organized for officials of various government organizations, projects sponsors, development organizations and consulting firms. Till date, IDCOL trained more than 1,000 professionals in its 29 training programs.

The recently established Corporate Advisory department of IDCOL has started to provide advisory support to various local and foreign government agencies. Four knowledge sharing workshops for high level delegations from Ethiopia, Ghana, Sudan and Uganda has been conducted recently. In addition, IDCOL signed an MoU with the Bangladesh Infrastructure Finance Fund Ltd. to provide the company with necessary support in project due diligence.



**IDCOL
GREENENERGY
EXPO 2013**

(Renewable Energy Technology Exhibition)

Winter Garden, Ruposhi Bangla Hotel, Dhaka

12-14 May, 2013

10:00 am - 08:00 pm (open for all)