Engaging Private Sector in Climate Change Finance:
Challenges and Initiatives Undertaken to Ensure
Transparency, Accountability and Integrity

Presented by

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Director (Investment) and Head of Advisory

25~27 April 2018
Overview of IDCOL

- Started operation in 1997
- A fully government owned financial institution
- Catalyzes private sector participation in infrastructure, renewable energy and energy efficiency projects/programs
- An excellent example of PPP where Board comprises senior government officials and prominent private sector entrepreneurs
- Managed by private sector professionals
- Largest financier in private sector infrastructure and renewable energy financing in Bangladesh
- Funded by development partners i.e. the World Bank, ADB, JICA, IDB, KfW, GIZ, USAID, UKAID etc.
IDCOL Finances

Infrastructure
- Power
- Telecommunications
- Information & Communication Technology
- Ports
- Social Infrastructure
- Gas and Gas related Infrastructure
- Water Supply and Sewage
- Toll Roads and Bridges
- Shipyards and Shipbuilding
- Hotel and Tourism
- Mass Transportation Systems
- Infrastructure Backward Linkage Industry

Renewable Energy
- Solar Home System (SHS) Program
- Biogas and Manure Program
- Grid Tied Solar Plant
- Solar Mini-grid Program
- Solar Irrigation Program
- Solar Roof-top Projects
- Solar Charging Station and Solar Cold Storage
- Other Renewable Energy Programs/Projects

Energy Efficiency
- Brick kiln
- Energy Efficient Boiler and Industrial Machines
- Green Building
- Other Energy Efficiency Components
Products & Services

**Infrastructure**
- Long-term local and foreign currency loans
- Short-term local currency loans
- Mezzanine Finance
- Debt and equity arrangement

**Renewable Energy**
- Concessionary financing and grant supports
- Technical assistance and quality assurance
- Training and capacity building
- Arranger of Carbon Credits

**Energy Efficiency**
- Concessionary / market based financing
- Capacity development

**Advisory Services**
- Corporate advisory services
- Feasibility study
- Training on Project Finance, Financial Modeling, Capacity Building on Renewable Energy etc.
Climate Change Mitigation Finance Initiatives of IDCOL
IDCOL SHS Program

- **Achievement**: 4.14 million (Dec’17)
- **No. of beneficiaries**: 18 million people
- **Power generation**: 180+ MW (approx.)
- **Job creation**: 75,000 people
- **IDCOL investment**: USD 700+ million
IDCOL Solar Irrigation Program

- **Pump Capacity**: 11 kWp to 40 kWp (7.5 lac – 20 lac liters of water/day)
- **Coverage**: 30 – 140 bigha/pump for Boro
- **Installed**: 910 pumps (Dec’17)
- **Pipeline projects**: 1,030 pumps
- **Target**: 1,500 up to 2018 (Piloting) 50,000 by 2025
- **Funding sources**: Grant: BCCRF, KfW, GPOBA, USAID  Loan: IDA, JICA
IDCOL Solar Mini-grid Program

- **Project Capacity**: 100 kWp to 500 kWp
- **Beneficiary**: 400~1,500 connections
- **Installed**: 14 projects (Dec’17)
- **Target**: 50 up to 2018 and 500 by 2025
- **Funding sources**: **Grant**: DFID, KfW, GPOBA, USAID **Loan**: IDA, JICA
IDCOL Domestic Biogas and Bio-fertilizer program

- **Size**: 1.2 – 4.8 cubic meter
- **Target**: 60,000 plants by 2018
- **Achievement**: 47,227 plants (Dec’17)
- **Job creation**: 2,000 people
- **Funding sources**: Grant: GoB, KfW, GPOBA  Loan: KfW, IDA, IDCOL
IDCOL Improved Cook Stove Program

- **Achievement**: 1 Million by 2017
- **Target**: 4 million by 2021
- **Firewood Saving**: 44,600 tons ton/year
- **IDCOL investment**: USD 10.2 Million (Feb’18)
Green Brick Program

Target: USD 50 million investment by 2021
Achievement: Approved USD 27.22 million for 8 energy efficient brick projects
Support from IDCOL:
- Soft credit up to 70% of the total project cost
- Capacity building support for project sponsors
Development Impacts:
- Reduced usage of coal by 40% than traditional brick kilns
- Reduced CO2 emission
Structure of SHS Program: IDCOL’s Flagship Climate Change Finance Initiative
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<tr>
<th>Key Areas</th>
<th>Initiatives</th>
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<td>Participatory Business Model</td>
<td>• A social enterprise model is followed for implementation of the program with an ultimate goal of commercialization.</td>
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<td>• Innovative financing structure (i.e. downpayment, loans and grants) ensures ownership of stakeholders such as Households, POs, IDCOL and Development Partners.</td>
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<td>Output Based Subsidy</td>
<td>• Capital buy down grants are provided to ensure affordability of the system.</td>
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<td>• Grants are channelled to PO only after satisfactory physical verification of the SHSs by IDCOL.</td>
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<td>• Systems not meeting the required technical criterions are not eligible for any grant or credit from IDCOL</td>
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<td>Independent PO Selection</td>
<td>• POs are selected through a competitive selection process.</td>
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<td>Committee</td>
<td>• The independent PO selection committee comprises of prominent personalities from public and private sector</td>
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<td>• Physical verifications of POs are conducted by IDCOL officials before final selection.</td>
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# IDCOL initiatives to Ensure Transparency, Accountability & Integrity

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| **Independent Technical Service Committee (TSC)** | • TSC comprises of members from public and private universities, power sector and local government officials.  
  • TSC sets the technical specification of SHS and its components and reviews the quality control system of the SHS components time to time. |
| **Fair Competition among POs**                | • Multiple POs work in a each area to cater the customers.  
  • Presence of multiple POs in the program ensures healthy competition and customers are free to purchase from their chosen PO based on price and quality of service. |
| **Fair Competition among Suppliers**          | • IDCOL allows market forces to determine the prices of SHSs.  
  • Each of the SHS components has multiple suppliers which allow customers to procure SHSs at competitive prices. |
## IDCOL initiatives to Ensure Transparency, Accountability & Integrity

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<td><strong>Multitier Monitoring System</strong></td>
<td>• More than 115 quality inspectors monitor the technical performances of the SHSs from 12 regional offices of IDCOL.</td>
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<td>• Random visit by IDCOL officials and third party technical audits are carried out to ensure monitoring efficiency and accuracy.</td>
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<td>• Periodical monitoring by Development Partners to ensure project progress.</td>
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<td>• A dedicated call centre at IDCOL to lodge customer complaints and take remedial actions.</td>
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<td><strong>Development of local support industries</strong></td>
<td>• Easy access to loan and grant support has encouraged entrepreneurs to set up domestic manufacturing/assembling units of SHS</td>
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<td><strong>Environment safeguard mechanism</strong></td>
<td>• To ensure safe disposal, a unique buy back model has been developed to collect the warranty expired non-functional batteries.</td>
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<td>• Incentives are provided to the households on the new batteries in exchange of non-functional batteries.</td>
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<td>• Battery manufacturers are required to have recycling arrangements to be eligible.</td>
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Environmental and Social Impacts of IDCOL Climate Finance Programs

- Fossil Fuel Savings
- Firewood Savings
- Chemical Fertilizer Savings
- Women Empowerment
- Extended Study Hours
- Access to Information
Accreditation to Green Climate Fund

• IDCOL is the first accredited institution in Bangladesh as National Implementing Entity (NIE) of Green Climate Fund.
• One of the 54 GCF-accredited entities globally.
• Received accreditation to develop and submit funding proposals for consideration by the Green Climate Fund (GCF)
• IDCOL is one of the only two National Implementing Entities (NIEs) received accreditation for GCF.
Accreditation Criteria to Green Climate Fund

• Following a rigorous accreditation process of twenty-two (22) months, IDCOL was approved to become an accredited entity on 6 July 2017.

• Accreditation entities need to be capable of strong financial management and of safeguarding funded projects and programs.

• In order to ensure the compliance with GCF’s requirements, IDCOL developed policies such as Gender Policy, Whistleblower Protection Policy, Zero Tolerance Policy against Fraud, Corruption and other Sanction able Practices etc.
Climate Change Adaptation Initiatives of IDCOL

IDCOL as NIE in partnership with other MIE is considering the following projects:

• Enhancing climate resilience to heritage sites in coastal region
• Building Climate Resilient Agriculture In Bangladesh
• Building resilience of coastal communities through promotion of climate smart crops for saline prone areas
• Climate Resilient Coastal Forestry
• Scaling up of energy efficient technologies and systems for the industrial and the household sector
• Bio fertilizer & Bio-gas production
Awards

3rd Highest Tax

ICMAB Best Corporate Award 2014

Karlsruhe Sustainable Finance Award 2014, Germany

National Energy Globe Award 2014, Austria

Asia Power & Electricity Award 2014, Singapore

Canada Business Award 2012

"Top Taxpayer" in 2016 in the category of "Non-Bank Financial Institutions"

"ICAB National Award for Best Presented Annual Reports 2015" in the category of "Public Sector Entities"

ICMAB Best Corporate Award 2015
Thank You

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