

## **Generating Power from Renewable Energy in Bangladesh: Governance Challenges and Way Forward**

Transparency International Bangladesh (TIB) works to create an enabling environment to prevent corruption and promote good governance. As part of this, TIB carries out various activities that include research and evidence-based policy advocacy on important issues, institutions and sectors of public interest at national and local levels. Energy governance, with a focus on the transition to renewable energy as a precondition for sustainable development, is one of TIB's priority sectors among others. Although Bangladesh has made national and international commitments to climate change mitigation and renewable energy transition, the country remains heavily dependent on fossil fuels in electricity generation. Despite the increase in electricity generation, in 2025 renewable sources account for only 4.6% of the energy mix. To ensure good governance in line with renewable energy transition targets, TIB has been undertaking multifaceted initiatives including research, policy advocacy, and citizen engagement. In this context, on 24 December 2025, TIB published a research report titled "Generating Power from Renewable Energy in Bangladesh: Governance Challenges and Way Forward." The primary objective of this study was to identify and analyze the governance challenges of power generation from renewable energy in Bangladesh. The full report, executive summaries, and related documents have been shared with relevant stakeholders and are also available on TIB's website.<sup>1</sup>

The research identifies several weaknesses in policy and legal frameworks related to electricity generation from renewable energy. At the same time, it reveals irregularities and corruption in project approval, implementation, and policymaking, facilitated by the limitations and ambiguities of existing laws and regulations. Variations, inconsistencies, and lack of

coordination among renewable energy targets pose major challenges to achieving time-bound goals in the sector. On the one hand, ambitious electricity demand projections have often been set without adequate assessment of existing capacity, infrastructure, or practical constraints. On the other hand, these projections have not been determined in alignment with national and international commitments to increase the share of renewable energy in the energy mix. Through a prolonged process of policy capture driven by vested interests in the power sector, deliberate overdependence on fossil fuels has been created. As a result, the existing potential and commitments for transitioning to renewable energy remain unfulfilled, while the sector continues to be shaped by fossil-fuel-oriented policies, and fossil fuel dependency has become further entrenched.

From a policy priority perspective, renewable energy has not received adequate attention compared to fossil fuels and remains neglected. Budget allocations for the renewable energy sector are negligible relative to demand. 96.7% of foreign investment in Bangladesh's power sector used to fossil fuels, while only 3.3% was invested in renewable energy, which is environmentally harmful and economically counterproductive. In addition, various inconsistencies and ambiguities in policies, strategies, and plans for the renewable energy sector have been created. In particular, the Integrated Energy and Power Master Plan (IEPMP 2023) has been formulated with a fossil fuel centric approach under the influence of fossil fuel lobbies. As a result, renewable energy has not been provided with adequate policy, institutional and financial incentives. Meanwhile, comparatively new so-called "clean energy" technologies, whose effectiveness has not been adequately tested have been prioritized over

<sup>1</sup> Documents related to the research report (full report, Bangla and English executive summaries and presentations) are published on the TIB website (<https://www.ti-bangladesh.org/articles/research/7417>).

conventional renewable energy. The energy total waste of BDT 2,926.88 crore over actual master plan places renewable energy at the margin, protecting fossil fuel lobby interests, and despite significant potential, renewable energy is not being implemented. Due to investment-related interests of development partners, there is a risk of strategic influence over government policymaking and planning. At the same time, deficiencies in the capacity of relevant state institutions and stakeholders, failure to perform their roles effectively, and various shortcomings in investment and financing constitute significant governance challenges that impede a just transition to renewable energy relative to targets. Due to the lack of policy priority for renewable energy, there are concerns that Bangladesh may not achieve net-zero emissions targets by 2050. The country's energy sector is influenced by fossil fuel-based policies, resulting in wasteful use of public resources through excessive subsidies and capacity charges. The irregularities commonly observed in other infrastructure sectors in the name of land purchase, acquisition, and related compensation are similarly evident in the renewable energy sector. By misusing the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, 2010, power purchase agreements (PPAs) were made at high tariffs based on personal relationships rather than competitive tenders, which is nearly four times higher than neighboring countries. While the average cost of setting up a solar power plant is typically 8 crore BDT per megawatt, six projects covered by the study were estimated at an average of BDT 13.8 crore per MW, resulting in a

costs. In addition, corruption in land acquisition and compensation payments in five projects amounted to more than BDT 249 crore.

Transparency deficits exist in the procurement and tendering processes in the renewable energy sector. Irregularities in project approval, contracts, and electricity pricing influence tariffs and increase overall project costs. The absence of a competitive procurement process in power purchase, along with the need for investors to assume various risks including potential barriers in project approval and implementation and to independently conduct feasibility assessments at significant cost and time, has created a lack of confidence among investors. Moreover, dependence on foreign technology for renewable energy, lack of government investment, bureaucratic complexities, and the institutional weakening of the Sustainable and Renewable Energy Development Authority (SREDA) are major challenges for the development of this sector. Although project implementation increases environmental pollution and threatens the livelihoods of affected communities, failure by relevant authorities to effectively enforce existing laws and regulations is causing long-term damage to natural resources, including forests, rivers, and Khas land, as well as to local communities.

Based on the findings, the following recommendations are proposed for consideration by relevant authorities and stakeholders to support renewable energy transition and ensure governance in the sector.

## Recommendations

SL	Recommendation	Implementing Authority/Agency
<b>Policy, Planning, Law, and Regulatory Formulation and Implementation</b>		
1.	<p>Moving away from fossil fuel dependence and prioritizing renewable energy, the draft Energy and Power System Master Plan (EPSMP-2025) should be comprehensively revised and finalized through a transparent national consultation process. In this regard-</p> <ul style="list-style-type: none"> <li>▪ Prior to finalizing the master plan, participation of civil society, conflict-of-interest-free Bangladeshi experts, and relevant stakeholders must be ensured;</li> </ul>	<p>Ministry of Power, Energy, and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Ministry of Law, Justice and Parliamentary Affairs; Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA)</p>

SL	Recommendation	Implementing Authority/Agency
	<ul style="list-style-type: none"> <li>▪ Time-bound targets should be set to gradually reduce financing for and utilization of fossil fuel-based projects.</li> <li>▪ The master plan should prioritize climate change mitigation and the protection of livelihoods, natural resources, and the environment.</li> <li>▪ Short, medium, and long-term time-bound targets must be established to promote renewable energy.</li> <li>▪ Based on feasibility assessments, source-specific targets (solar, wind, hydropower, and waste-to-energy) should be determined for renewable energy generation.</li> <li>▪ An inclusive decision involving policymakers, experts, civil society, and other relevant stakeholders must be taken, excluding those involved in conflicts of interest in the fossil fuel sector, to achieve the net-zero target by 2050, including transition to renewable energy.</li> </ul>	<p>Ministry of Power, Energy, and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Ministry of Law, Justice and Parliamentary Affairs; Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA)</p>
2.	<p>All existing policies and plans including Renewable Energy Policy 2025 should set a common target for electricity generation from renewable sources.</p>	<p>Ministry of Power, Energy, and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA)</p>
3.	<p>To ensure policy prioritization for the expansion of the renewable energy sector, an appropriate investment framework must be developed, encompassing its production and supply, technological innovation, and capacity building.</p>	<p>Ministry of Power, Energy, and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA)</p>
4.	<p>The Electricity Act, 2018 should be amended to provide a legal basis for electricity generation from renewable energy, and to set out clear guidelines for the transmission, supply, and distribution of the generated electricity through the national grid and/or alternative grids.</p>	<p>Ministry of Power, Energy, and Mineral Resources; Power Division; Ministry of Law, Justice and Parliamentary Affairs; Sustainable and Renewable Energy Development Authority (SREDA); Bangladesh Power Development Board (BPDB)</p>
5.	<p>Measures should be taken to simplify net metering for industrial and residential consumers, ensure the effective implementation of feed-in tariffs, and provide incentives to promote their adoption of solar power systems.</p>	<p>Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB);</p>

SL	Recommendation	Implementing Authority/Agency
		Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Finance; Dhaka Electric Supply Company (DESCO); Bangladesh Rural Electrification Board (BREB); Dhaka Power Distribution Company (DPDC); Northern Electricity Supply Company (NESCO); West Zone Power Distribution Company (WZPDCL)
6.	To implement international commitments and achieve renewable energy targets, renewable energy projects including solar should be developed on land acquired for already cancelled coal and LNG power projects, as well as on khas land and unused or abandoned government land.	Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Land; Ministry of Public Administration.
7.	Supportive policies must be formulated and implemented to increase local and international investment in the expansion of renewable energy.	Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Sustainable and Renewable Energy Development Authority (SREDA); Bangladesh Investment Development Authority (BIDA); Ministry of Finance; Bangladesh Bank; Infrastructure Development Company Limited (IDCOL).
8.	In line with the commitments and pledges under NDC 3.0, an inclusive roadmap should be formulated to achieve sector-specific mitigation targets, incorporating the views of all relevant stakeholders.	Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Environment, Forest and Climate Change; Cabinet Division.
<b>Infrastructure, Technology, and Investment Capacity</b>		
9.	The Sustainable and Renewable Energy Development Authority (SREDA) should be given the status of an autonomous institution to lead the transition to renewable energy and its technical, human and infrastructural capacity should be enhanced.	Ministry of Power, Energy and Mineral Resources; Power Division; Ministry of Law, Justice and Parliamentary Affairs; Sustainable and Renewable Energy Development Authority (SREDA).

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10.	Renewable energy generation should be given priority in the operations of the Bangladesh Power Development Board (BPDB), and project approvals and contract execution should be carried out free from conflicts of interest.	Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB).
11.	Necessary reforms should be made to enhance the legal and institutional capacity of the Bangladesh Energy Regulatory Commission (BERC) to ensure transparency and create a competitive market for public and private institutions; the institution should be given the power to work independently according to its mandate, including determining the price of renewable energy.	Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Bangladesh Energy Regulatory Commission (BERC).
12.	Dependence on foreign technologies in the renewable energy sector should be reduced, and the capacities of both government and private sector actors should be strengthened to promote sectoral development.	Ministry of Power, Energy and Mineral Resources; Power Division; Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Finance; Bangladesh Bank; Infrastructure Development Company Limited (IDCOL).
13.	Adequate funding should be allocated for research and development of renewable energy technologies.	Ministry of Power, Energy and Mineral Resources; Ministry of Science and Technology; Power Division; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Finance; Bangladesh Bank; Infrastructure Development Company Limited (IDCOL); University Grants Commission of Bangladesh.

### Transparency and Accountability

14.	An independent monitoring and control authority should be formed consisting of relevant experts and civil society representatives to ensure accountability in the decision-making process related to this sector, including preventing conflicts of interest and ending policy capture in the energy sector.	Cabinet Division; Ministry of Power, Energy and Mineral Resources; Power Division; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Finance; Bangladesh Bank; Bangladesh Energy Regulatory Commission (BERC); Implementation Monitoring and Evaluation Division (IMED); Ministry of Planning; Office of the Comptroller and Auditor General of Bangladesh.
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15.	All project proposals and contract documents in the energy sector executed with international, regional and domestic organizations should be published.	Ministry of Power, Energy and Mineral Resources; Power Division; Bangladesh Power Development Board (BPDB); Ministry of Finance.

### Participations

16.	Active participation of local communities and advocacy in support of renewable energy should be strongly pursued.	Ministry of Power, Energy and Mineral Resources; Power Division; Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Finance; Ministry of Public Administration; Ministry of Land; Ministry of Public Administration.
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### Irregularities and Corruption

17.	Ensure that all energy and power projects are monitored and verified in accordance with the Environmental Law, and that transparent and appropriate procedures are followed in issuing environmental clearances and monitoring pollution and environmental issues.	Ministry of Power, Energy and Mineral Resources; Power Division; Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Environment, Forest and Climate Change; Department of Environment (DoE).
18.	National procurement laws and policies should be fully complied with, including the use of open procedures in project implementation and procurement.	Ministry of Power, Energy and Mineral Resources; Power Division; Implementation Monitoring and Evaluation Division (IMED); Ministry of Planning; Office of the Comptroller and Auditor General of Bangladesh.
19.	Project planning, determination of contract terms, approval, and implementation should be carried out by ensuring transparency, accountability, and public participation.	Ministry of Power, Energy and Mineral Resources; Power Division; Planning Commission; Sustainable and Renewable Energy Development Authority (SREDA); Ministry of Environment, Forest and Climate Change; Department of Environment; Ministry of Law, Justice and Parliamentary Affairs; Ministry of Finance; Ministry of Land; Implementation Monitoring and Evaluation Division (IMED); Ministry of Planning; Office of the Comptroller and Auditor General of Bangladesh.

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