

# Green Finance for Sustainable Energy Development

Bangladesh has recently graduated to the status of lower middle income country and continues to experience rapid growth. However, the path is not a smooth one, and Bangladesh is facing a number of challenges as a part of this transition process. One of the major challenges is to meet the rapidly growing demand for energy sustainably. Despite the challenges, the Government of the Peoples' Republic of Bangladesh has set its target to ensure access to electricity for all by 2021. Renewable Energy (RE) and Energy Efficiency (EE) have been considered as a complementary instrument in energy strategy with interim targets for development. Achieving renewable energy and energy efficiency targets will clearly contribute to ensure future energy security of Bangladesh in a sustainable way.

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, through its Renewable Energy and Energy Efficiency Programme (REEEP) is promoting RE and EE in Bangladesh in collaboration with Government's Sustainable and Renewable Energy Development Authority (SREDA). Promoting access to finance for scaling up RE and EE under 'Green Financing' portfolio is part of GIZ's approach towards sustainable market development. In doing so, GIZ has been working closely with Bangladesh Bank and Bangladesh Institute of Bank Management (BIBM). GIZ is a member of Bangladesh's National Technical Advisory Committee on Green Banking in Bangladesh which was formed by Bangladesh Bank in early 2015. The committee is responsible for ensuring better implementation of green banking policies, utilizing Green Banking Refinance Scheme (concessional financing scheme) offered by the Bangladesh Bank and identifying new products for inclusion in the Green Banking portfolio.

As part of the collaboration, GIZ launched a joint initiative in 2016 titled "Green Banking for Energy Sustainable Economy" in partnership with SREDA and Bangladesh Institute of Bank

Management (BIBM) to strengthen the framework of Green Banking and to enhance the capacity of relevant stakeholders.

Expected outcomes of the initiative include the following:

- Stronger framework for green banking in Bangladesh
- Enhanced capacity of demand side stakeholders
- Better implementation and utilization of green banking policies and schemes
- Increased awareness and capacity of the banks and financial institutions for financing Renewable Energy and Energy Efficiency ventures
- Improved coordination among concerned stakeholders to address the financing needs
- Availability of customized and innovative solutions to cater to the needs of the end users of Renewable Energy and Energy Efficiency

Along with efforts to strengthen the overall green banking framework, GIZ also intervenes in specific sectors to improve access to green finance for scaling up energy efficiency and/or renewable energy in those sectors. For example, GIZ promotes energy efficient rice parboiling technology in the rice mill sector of Bangladesh and is taking steps to identify and address the problems faced by the millers in accessing green finance. GIZ is working with the National Rice Millers Association and other relevant Government stakeholders to design the appropriate financing solutions to these problems. Knowledge sharing workshops between millers and banks have been organized to accelerate bank financing to increase energy efficiency in the rice mills. GIZ has also arranged knowledge sharing workshops with bankers on financing biogas plants.



Left: Representatives from banks and financial institutions share their experience with green financing



Right: The Honourable Minister addresses the participants of a training workshop on Green Banking for Energy Sustainable Economy

As a part of the initiative to further build capacities of banks and financial institutions on green financing, a number of training workshops have been organized in different divisional headquarters of Bangladesh by GIZ in partnership with SREDA and BIBM.

Division	Number of trained participants from banks and financial institutions
Rangpur	40
Chittagong	42
Dhaka	60
Sylhet	48

A stronger framework for green financing and enhanced capacity of stakeholders will result in improved access to finance for dissemination of Renewable Energy and Energy Efficiency which are important for meeting Bangladesh Government's sectoral targets and to ensure energy security of the country.

Most importantly the benefits of a stronger green financing framework will not only be limited to the sustainable energy sector. Rather it will extend its positive impact across diverse green sectors and contribute towards a greener and more sustainable economy.

Published by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH  
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As at June 2017

GIZ is responsible for the content of this publication.

In cooperation with



On behalf of Federal Ministry for Economic Cooperation and Development (BMZ)

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