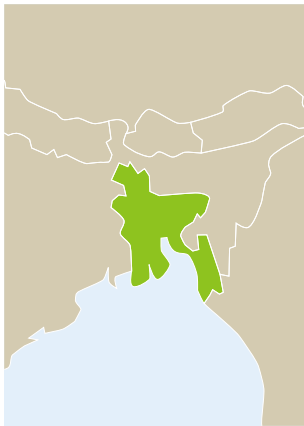


Overall Rating **B** Poverty Reduction  
A Foundation for Sustained Growth



## 28 Bangladesh Area Coverage Rural Electrification Project (Phase IV-C)

Contributing to raise the living standards of rural area by developing electricity distribution and establishing rural electrification associations

**Loan Amount/Disbursed Amount** 5.442 billion yen/4.779 billion yen  
**Loan Agreement** October 1995  
**Terms & Conditions** Interest rate 1.0%, Repayment period 30 year (grace period 10 years), General untied  
**Final Disbursement Date** November 2003  
**Executing Agency** Rural Electrification Board



### Project Objectives

This project's objective was to electrify the rural areas by developing electricity distribution network and by establishing rural electrification associations (PBS) which is to be in charge of electricity distribution in four districts in Bangladesh; thereby contribute to raise the standard of living in rural area.

### Effectiveness & Impact

Rating **b**

Through this project, the household electrification rate within the Rajshahi PBS district rose to 41.2%, which is much higher than the national average of 20.1%.

At just under 15%, transmission losses were below the level at other public electricity corporations in Bangladesh. Moreover, fee collection rate of electricity is over 90%. Such results indicate that the project's operation efficiency is quite high. Further, as a result of this project, the electrification of irrigation facilities was promoted, and that has brought about higher agricultural production levels and also increase in the employment opportunities in factories and PBSs. On the other hand, on account of chronic power shortages in Bangladesh, the Rural Electrification Board (REB), which is responsible for electricity distribution, had only a limited amount of electricity to supply, hence the problem of long electricity outages has occurred in the electrified areas. Therefore, this project has brought certain effects, and its effectiveness is moderate.

### Relevance

Rating **a**

The project has been highly relevant with Bangladesh's national policies both at the time of the appraisal and at the time of the ex-post evaluation. Promoting the electrification of rural communities

was a concern in both the country's fourth five-year plan, which coincided with the appraisal, as well as in the Poverty Reduction Strategy Paper provisionally adopted in 2003 at the time of the ex-post evaluation.

### Efficiency

Rating **a**

Both project period and costs were almost as planned, therefore, efficiency of the project is high. As initially planned, three PBSs were established, and distribution lines and substations were constructed.

### Sustainability

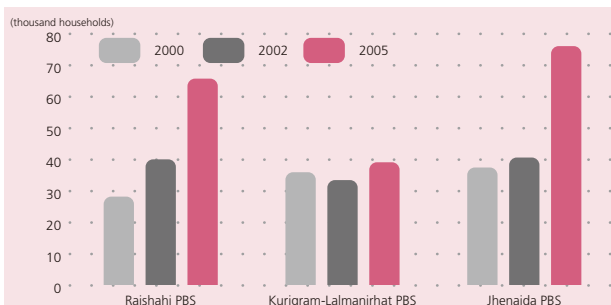
Rating **b**

Though some problems have been observed such as deficit financing of PBSs and chronic short on electricity, REB has solid finances and a stable organizational system characterized by good training and the provision of manuals, for the most part, therefore sustainability of this project is moderate.

### Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be satisfactory. The PBSs established through this project operate as independent entities, and are striving to expand their activities and improve efficiency of their operation. This suggests that they are well managed. This kind of organizational system design offers a good role model for future JBIC projects. As for recommendations for this project, it is hoped that measures will be urgently taken to reverse the PBS budget deficits and address the chronic electricity shortages that plague the country as a whole.

Number of households connected in each PBS area



### Third-Party Opinion

As Bangladesh's chronic electricity shortages are a perpetual issue, this project's relevance is high. This project has contributed to the development of a wide variety of industries, including agriculture and cottage industries, and has had a large impact on residents in the region.

Name of specialist: Mr. Quazi Md. Obaidul Munim (NGO)  
 BA in electrical and electronic engineering from the Bangladesh University of Engineering and Technology. Until 1999 worked as a member of the Bangladesh Power Development Board (BPD) in the field of power generation. Currently works as a consultant. Specializes in power generation and electricity.