

## Project Implementation Monitoring Report (#8)

Reporting Period From 2024/05 To 2024/11

## Bangladesh : Power System Upgrade and Expansion (Chattogram Area) Project

## 1. Project Information

Project ID:	P000088	Instrument ID:	L0088A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Energy	Sub-sector:	Electricity transmission and distribution
Instrument type:	<input checked="" type="checkbox"/> Loan:120.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	B	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:	Power Grid Company of Bangladesh Limited (PGCB)		
Project Team Leader:	Raqib Ahmed Chowdhury		
Responsible DG:	Rajat Misra		
Responsible Department:	PSC1		
Project Team Members:	Liu Yang, Project Counsel; Shonell Robinson, SFD - Financial Management Specialist; Yunlong Liu, SFD - Procurement Specialist; Victoriano Macasaquit, SFD - Social Development Specialist; Indrani Ghosh, SFD - Environment Specialist; Sandip Ghosh, Project admin		
Completed Site Visits by AIIB:	Nov, 2018 The team visited the project sites in Chattagram during project preparation stage Dec, 2020 Review meeting conducted virtually Sep, 2021 Review meeting conducted virtually Apr, 2022 Multiple virtual implementation monitoring meetings conducted with PIE Aug, 2022 Site Visit with ES specialists Jan, 2023 Meeting with PIE Aug, 2023 Meeting with PIE Feb, 2024 Site visit with ES specialists Nov, 2024 Virtual Meeting with PIE		
Planned Site Visits by AIIB:	Mar, 2025 Site Visit		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2024/04		

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**2. Project Summary and Objectives**

The objective of the project is to upgrade and strengthen power transmission systems in the Chattogram area to ensure an adequate and reliable power supply. Project activities include:

- Constructing double circuit transmission lines: (a) for 400 kilovolts covering a distance of approx. 27 kilometers from Anowara to Anandabazar; and (b) for 230 kilovolts covering in total a distance of approx. 26 kilometers, consisting of the following two underground segments: (i) approx. 10-kilometer long transmission line from Khulshi to Anandabazar, and Anandabazar to Rampur; and (ii) approx. 16-kilometer long transmission line from Madunaghat to Khulshi.
- Constructing two 230 kilovolts gas-insulated switchgear (GIS) substations: (a) a GIS substation at Anandabazar with transformers of 2x350/450 megavolt ampere; and (b) a GIS substation at Khulshi with transformers of 2x350/450 megavolt ampere and 3x80/120 megavolt ampere.
- Constructing two GIS bay extensions of 230 kilovolts at Madunaghat substation and two GIS bay extensions of 230 kilovolts at Khulshi substation.

After completion of the project, the grid network capacity of Chattogram area will be enhanced. The growing demand of this area will be fulfilled with the reliable power supply to industrial, commercial, and residential load points. This will improve voltage stability of 132kV level in the transmission side along with 33kV in distribution side.

**3. Key Dates**

Approval:	Mar. 26, 2019	Signing:	Nov. 08, 2019
Effective:	Aug. 03, 2020	Restructured (if any):	
Orig. Closing:	Jun. 30, 2023	Rev. Closing (if any):	Jun. 30, 2027; Jun. 30, 2025;

**4. Disbursement Summary (USD million)**

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	57.62	Latest disbursement (amount/date):	0.12/Dec. 19, 2024
Undisbursed:	62.38	Disbursement Ratio (%) <sup>1</sup> :	48.01

**5. Project Implementation Update**

The three turnkey (design, supply, and construction) procurement packages (Package 1, Package 2, and Package 3) have all been awarded, and advance payments have been processed. Construction activities for Package 2 and Package 3 are progressing smoothly without any major challenges. However, construction for Package 1 is temporarily on hold due to right-of-way issues, with PGCB (PIE) actively engaged in discussions with the line ministry and the contractor to resolve the matter. Due to slower disbursement, the project will require additional time to complete, and AIIB has already received a request for an extension of the loan closing date. Based on the request the loan closing date has been recently extended till June 30, 2027.

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Procurement of material & equipment and necessary installation work including design, erection, testing, and commissioning for Anowara to Anandabazar (New Mooring) 400 kV double circuit overhead line portion: approx. 19.932 km	31.85%	The consultant has been onboarded by PGCB (PIE) for ESMP Implementation	The contract was signed in December 2021 and became effective in March 2022.
Component 2: Procurement of material & equipment and necessary installation work including design, erection, testing, and commissioning for Anowara to Anandabazar (New Mooring) 400 kV double circuit underground cable portion: approx. 5.253 km; Khulshi to Anandabazar, and Anandabazar to Rampur 230 kV double circuit underground cable line: approx. 26 km; and Madunaghat to Khulshi 230 kV double circuit underground cable line: approx. 16km.	51.15%	The consultant has been onboarded by PGCB (PIE) for ESMP Implementation	The contract was signed in December 2022 and became effective in May 2023.
Component 3: Procurement of material & equipment and necessary installation works including design, erection, testing, and commissioning for 230/132 kV GIS	56.87%	The consultant has been onboarded by PGCB (PIE) for ESMP Implementation	The contract was signed in March 2022 and became effective in June 2022.

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Substation: Anandabazar (New Mooring) with 2x350/450 MVA 230/132 kV transformer; 230/132/33 kV GIS Substation: Khulshi with 2x350/450 MVA 230/132 kV and 3x80/120 MVA 132/33 kV transformer; Two nos. 230 kV GIS bay extension at Madunaghat Substation, two nos. 230kV GIS bay extension at Khulshi Substation.			
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**Financial Management:**

PGCB (PIE) has submitted the audit reports for the project up to June 30, 2023, prepared by FAPAD, the central audit department of the Government of Bangladesh. The next report is due at the end of 2024, and PIE is actively following up with FAPAD. The Bank deems the audit report acceptable, as the auditor issued an unqualified (clean) opinion on the financial statements, which reconcile with the Bank's records.

**6. Status of the Grievance Redress Mechanism (GRM)**

At the PGCB entity level, GRM is in place. Also, a project-level Grievance Redress Committee is also functional.

**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

Project Outcome Indicators:

1. Capacity of power transmission added
2. Additional electricity transmitted annually
3. Daily load shedding in Chittagong

Project Output Indicators:

1. 400 kV transmission lines constructed
2. 230 kV transmission lines constructed
3. 230 kV GIS substations constructed
4. 230 kV line bays constructed

**Remarks:**

The project's construction work has been ongoing, though there has been a delay in implementation due to procurement readiness. Comments have been made against each of the intermediate indicators in the table above.

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments		
			Baseline		2017		2018		2019		2020		2021		2022		2023		2024		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
Capacity of power transmission added	Project	MVA	2018	0 (Baseline)			0 (Baseline)		-		-		-		-		-		-		-		1400		End of Project	PIE	
Additional electricity transmitted annually	Project	GWh	2018	0 (Baseline)			0 (Baseline)		-		-		-		-		-		-		-		2500		End of Project	PIE	
Daily Load Shedding in Chattogram	Project	%	2018	11.5 (Baseline)			11.5 (Baseline)		-		-		-		-		-		-		-		6		End of Project	PIE	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments		
			Baseline		2018		2019		2020		2021		2022		2023		2024		2025		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
400kV transmission line constructed	Project	Km	2018	0	0		-		-		-		-		15	0	20	0	27				27		Annually	PIE	Construction is ongoing, and the import of relevant cable accessories is also underway. Soil testing and piling work for the overhead portion have been partially completed
230 kV transmission line constructed	Project	Km	2018	0	0		-		-		-		-		-		12	0	19				19		Annually	PIE	Entire segment is underground cable work. Construction is ongoing, and the import of relevant cable accessories is also underway.
230 kV GIS substations constructed	Project	No.	2018	0	0		-		-		-		-		-		1	0	2				2		Annually	PIE	Some transformer installations have been completed,

