

## SBF Project Implementation Monitoring Report

### Bangladesh: Natural Gas Infrastructure and Efficiency Improvement Project

#### 1. Project Information

|                               |  |                    |                                 |
|-------------------------------|--|--------------------|---------------------------------|
| Project ID:                   | 000015   | Investment Number: | L0015A                          |
| Member:                       | Bangladesh   | Region:            | Southern asia                   |
| Sector:                       | Energy   | Sub-sector:        |                                 |
| AIB Financing Type:           | Loan: 60 USD million   | Co-financier(s):   | ADB                             |
| E&S category:                 | A  | Borrower:          | People's Republic of Bangladesh |
| Red Flags Assigned:           | 0 (Q1: 1)  | Monitoring Regime: | Regular Monitoring              |
| Implementing Agency:          | Bangladesh Gas Fields Company Limited (BGFCL) and Gas Transmission Company Limited (GTCL)  |                    |                                 |
| Project Team Leader:          | Raqib Ahmed Chowdhury  |                    |                                 |
| Project Team Members:         | Yogesh Malla, Financial Management Specialist, OSD<br>Liu Yang, Counsel - Investment Operations, LEG<br>Gerardo Pio Parco, Senior Environmental Specialist, OSD<br>Yunlong Liu, Senior Procurement Specialist, OSD<br>Sheikh Naveed Ahmed, Social Development Specialist, OSD<br>Haiyang Wang, Senior Finance Officer, CTL |                    |                                 |
| Completed Site Visits by AIB: | Mar, 2019<br><br>Aug, 2019<br><br>Dec, 2019<br><br>Dec, 2020<br>Virtual review meeting conducted for the project<br><br>Jul, 2021<br>Virtual review mission conducted  |                    |                                 |
| Planned Site Visits by AIB:   | Jun, 2022  |                    |                                 |

#### 2. Project Summary and Objectives

The objective of the project is to improve efficiency in gas production and expand gas transmission pipeline capacity in Bangladesh. The project includes two components, implemented by two entities - BGFCL and GTCL.

- BGFCL Component: Installation of gas compressors at Location-A of Titas Gas Field, one of the major onshore gas filed of the country, to increase and sustain wellhead pressure

- GTCL Component: Creation of transportation facilities for supplying imported re-gasified LNG to the national gas grid

#### 3. Key Dates

|                |               |                        |               |
|----------------|---------------|------------------------|---------------|
| Approval:      | Mar. 22, 2017 | Signing:               | May. 8, 2017  |
| Effective:     | Jul. 3, 2017  | Restructured (if any): |               |
| Orig. Closing: | Jun. 30, 2022 | Rev. Closing (if any): | Jun. 30, 2024 |

#### 4. Disbursement Summary (million)

|                 |       |   |                     |
|-----------------|-------|---|---------------------|
| Currency:       | USD   |   |                     |
| a) Committed:   | 60    | b) Cancellation (if any):                       | 14.94               |
| c) Disbursed:   | 24.99 | d) Most recent disbursement:<br>(amount / date) | 0.18, Sep. 27, 2021 |
| e) Undisbursed: | 20.07 | f) Disbursement Ratio(%) <sup>1</sup> :         | 55.5                |

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

## 5. Project Implementation Update

All the contract packages of this project have been awarded by the PIEs, i.e., BGFCL, GTCL. In terms of implementation, GTCL components are in the advanced stage and expected to be completed within this year. However, due to delayed procurement of the wellhead compressors package (BGFCL component) and the COVID-19 outbreak, there would be a delay in the overall project implementation. As this would not be completed within the existing loan closing date, the government had earlier requested the extension of the loan closing date by 24 months keeping a sufficient period for any kind of further implementation delays. Accordingly, the closing date has recently been extended up to June 30, 2024. The client submits progress reports at regular intervals.

| Components   | Physical Progress | Environmental & Social Compliance | Procurement  |
|--|-------------------|-----------------------------------|--|
| Component 1:<br>Seven wellhead gas compressors in the Titas gas field (USD24 million)                                    | 21%               | Being complied with               | Piling work for the compressor foundation is currently ongoing. The first shipment of material will reach the site by end of this year. It is expected, by June 2024 this component will be completed. |
| Component 2: 181 kilometers, 36-inch gas transmission pipeline from Chittagong through Feni to Bakhrabad (USD30 million) | 96%               | Being complied with               | The remaining work is expected to be completed within this year.   |

### Financial Management:

ADB, as lead co-financier, has reviewed the audited reports and make necessary communications with PIEs on financial management-related matters.

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

GRM is currently operating well. No major issues or problems were reported during the report period.

## 7. Results Monitoring

Listed below:

Baseline Year: Jan. 1, 2016 End Target Year: Jun. 30, 2024

### Project Objective Indicators #1

Indicator #1: average annual wellhead pressure drop reduced to 50-60 PSIG

| Year          | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Dec. 31, 2016 | N/A    | 90     |                |
| Dec. 31, 2017 | 90     | 90     |                |
| Dec. 31, 2018 | 90     | 90     |                |
| Dec. 31, 2019 | 90     | 90     |                |
| Dec. 31, 2020 | 60     | 90     |                |
| Dec. 31, 2021 | 50-60  | -      |                |
| Dec. 31, 2022 | 50-60  | -      |                |
| Dec. 31, 2023 | 50-60  | -      |                |
| Jun. 30, 2024 | 50-60  | -      |                |

### Project Objective Indicators #2

Indicator #2: gas production sustained at 230 MMCFD

| Year          | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Dec. 31, 2016 | N/A    | 230    |                |
| Dec. 31, 2017 | 230    | 230    |                |
| Dec. 31, 2018 | 230    | 230    |                |

|               |     |     |  |
|---------------|-----|-----|--|
| Dec. 31, 2019 | 230 | 230 |  |
| Dec. 31, 2020 | 230 | 230 |  |
| Dec. 31, 2021 | 230 | -   |  |
| Dec. 31, 2022 | 230 | -   |  |
| Dec. 31, 2023 | 230 | -   |  |
| Jun. 30, 2024 | 230 | -   |  |

## Project Objective Indicators #3

Indicator #3: natural gas transmission and delivery capacity expanded

| Year          | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Dec. 31, 2016 | N/A    | 2700   |                |
| Dec. 31, 2017 | 2700   | 2700   |                |
| Dec. 31, 2018 | 2700   | 2700   |                |
| Dec. 31, 2019 | 2700   | 2700   |                |
| Dec. 31, 2020 | 2700   | 2700   |                |
| Dec. 31, 2021 | 3500   | -      |                |
| Dec. 31, 2022 | 3500   | -      |                |
| Dec. 31, 2023 | 3500   | -      |                |
| Jun. 30, 2024 | 3500   | -      |                |

## Intermediate Result Indicators #1

Indicator #1: number of wellhead gas compressors

| Year          | Target | Actual | Others, if any   |
|---------------|--------|--------|--|
| Dec. 31, 2016 | 0      | 0      |  |
| Dec. 31, 2017 | 0      | 0      |  |
| Dec. 31, 2018 | 0      | 0      |  |
| Dec. 31, 2019 | 2      | 0      |  |
| Dec. 31, 2020 | 4      | 0      | Due to delayed procurement of the wellhead compressors package and the COVID-19 outbreak, there would be a delay in the overall project implementation of this component |
| Dec. 31, 2021 | 7      | -      |  |
| Dec. 31, 2022 | 7      | -      |  |
| Dec. 31, 2023 | 7      | -      |  |
| Jun. 30, 2024 | 7      | -      |  |

## Intermediate Result Indicators #2

Indicator #2: wellhead gas delivery pressure maintained at 1250 PSIG

| Year          | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Dec. 31, 2016 | N/A    | 1250   |                |
| Dec. 31, 2017 | 1250   | 1250   |                |
| Dec. 31, 2018 | 1250   | 1250   |                |
| Dec. 31, 2019 | 1250   | 1250   |                |
| Dec. 31, 2020 | 1250   | 1250   |                |
| Dec. 31, 2021 | 1250   | -      |                |

|               |      |   |  |
|---------------|------|---|--|
| Dec. 31, 2022 | 1250 | - |  |
| Dec. 31, 2023 | 1250 | - |  |
| Jun. 30, 2024 | 1250 | - |  |

## Intermediate Result Indicators #3

Indicator #3: length of 36-inch gas transmission pipeline

| Year          | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Dec. 31, 2016 | 0      | 0      |                |
| Dec. 31, 2017 | 0      | 0      |                |
| Dec. 31, 2018 | 50     | 40     |                |
| Dec. 31, 2019 | 120    | 140    |                |
| Dec. 31, 2020 | 161    | 181    |                |
| Dec. 31, 2021 | 181    | -      |                |
| Dec. 31, 2022 | 181    | -      |                |
| Dec. 31, 2023 | 181    | -      |                |
| Jun. 30, 2024 | 181    | -      |                |

## Intermediate Result Indicators #4

Indicator #4: 36-inch gas transmission pipeline built and capacity realized (Unit: MMCFD)

| Year          | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Dec. 31, 2016 | 0      | 0      |                |
| Dec. 31, 2017 | 0      | 0      |                |
| Dec. 31, 2018 | 0      | 0      |                |
| Dec. 31, 2019 | 0      | 0      |                |
| Dec. 31, 2020 | 0      | 0      |                |
| Dec. 31, 2021 | 800    | -      |                |
| Dec. 31, 2022 | 800    | -      |                |
| Dec. 31, 2023 | 800    | -      |                |
| Jun. 30, 2024 | 800    | -      |                |

**Remarks:**