



Project Summary Information

Date of Document: December 15, 2022	
Project Name	Unique Meghnaghat IPP
Project Number	P000281
AIIB member	People's Republic of Bangladesh
Sector/Subsector	Energy / Conventional energy generation (Gas)
Status of Financing	Approved
Project Description	The Project involves the design, financing, engineering, construction, operation, and maintenance of a 584-megawatt (MW) greenfield gas-fired combined-cycle gas turbine (CCGT) plant on a Build-Own-Operate (BOO) basis, to be implemented as an Independent Power Producer (IPP) facility.
Objective	To increase the availability of high-efficiency gas power generation capacity in Bangladesh so as to reduce usage of more polluting and expensive source of power.
Expected Results	The Project indicators will be measured by: (i) Total generation capacity installed, MW. (ii) Catalyze private capital mobilised, USD Million (iii) Local employment generated, no. of jobs (iv) Greenhouse gas emission reduction, '000 tons CO ₂
Environmental and Social Category	Category A
Environmental and Social Information	Environmental and Social Policy. The Project has been prepared consistent with AIIB's Environmental and Social Policy (ESP 2019) ¹ , including the Environmental and Social Standards (ESSs), and Environmental and Social Exclusion List. ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement) are applicable while ESS 3 (Indigenous Peoples) is not applicable as no Indigenous Peoples were identified within the project area of influence during the due diligence process. The Project is assigned Category A with a "high" environmental and social risk rating, in accordance with the ESP due to land acquisition and large-scale construction activities and related long-term and irreversible environmental and social impacts.

¹ Both AIIB ESP and IFC PSs were applied during the ESIA and ESDD process. The Project Team has proposed to apply AIIB ESP and PPM to this Project.

An Environmental and Social Impact Assessment (ESIA) with an associated Environmental and Social Management Plan (ESMP) have been prepared by the client in accordance with AIIB ESP (2019). The widening and strengthening of the existing 1.5km-long village road between Battala Bazar and the Plant Gate is considered an Associated Facility (AF) as the village road will also be used as access road for the Project. The widening of the existing village road is being conducted by the Local Government Engineering Department. Thus, UMPL has neither control over nor influence on the AF. However, the environmental and social impacts due to the road widening are assessed in the ESIA.

An independent E&S Due Diligence (ESDD) was conducted including an ES Audit of the ongoing construction works. The Audit generated a Corrective Action Plan (CAP) which has been implemented since February 2021.

Environmental Aspects. Comprehensive environmental and ecological assessment including a Critical Habitat Assessment was carried out as part of ESIA. The assessment revealed that with mitigation measures under the ESMP and the CAP, the impacts of the Project on aquatic and terrestrial biodiversity would be insignificant or mitigated. UMPL will also promote local fish breeding site for fish resource conservation in consultation with the Fishery Department and fisherman.

The Project will generate various adverse environmental impacts during construction phases including soil erosion and contamination, water use and pollution, wastes, air emissions, noise, loss of flora and fauna, occupational health and safety (OHS) risks, disturbance to local traffic, irrigation canal and pumps and risks to community health and safety due to influx of labor. According to the ESIA and ESMP, with mitigation measures none of the environmental impacts would be significant during the operation of the plant. In particular, the Project would not degrade the ambient air quality in terms of nitrogen oxides, carbon monoxide and particulate matters. Thanks to the induced-draft cooling system and wastewater treatment system in the Plant, the impacts of this Project on water resources and surface water quality of the Meghna River are minimal. According to the noise modeling assessment, the noise level at the sensitive receptors (a mosque and a school) could meet the applicable standards in daytime with mitigations but not at night-time because the baseline noise level (without the Project) at night-time is already close to the standards. Considering there would be few activities during night-time in the mosque and the school, the impact is considered minor. The Client will carry out noise monitoring and assessment after the commissioning and select the optimal mitigations to form a Noise Prevention and Control Plan for Operation if needed.

A Cumulative Impact Assessment (CIA) was also conducted, and the results showed the cumulative impacts on water resource, water quality and ambient air quality are negligible.

Climate Change Risks and Opportunities. Bangladesh will be facing a higher degree of uncertainty in rainfall and a likelihood of an increase in intensity for extreme rainfall events due to climate change. A Climate Change Risk Assessment was carried out as per the Equator Principal IV. The physical risks were ranked as moderate. A number of measures have been incorporated into the project design and included in operational plans and processes to mitigate and control the risks identified. In particular, the design of the stormwater drain has been updated to adapt to the rainfall of 120 mm/hour to address the extremely heavy precipitation events and the flooding risks. For extreme weather risks, regular monitoring of weather forecasts as well as testing and trialing the emergency response plans will be key for increasing resilience of the infrastructure assets.

Paris Agreement Alignment. Bangladesh is one of the lowest GHG emitters in the world, with a contribution of less than 0.35% of global emissions. As per the Country's NDC, the government highlighted key mitigation actions, including the implementation of renewable energy, enhanced efficiency of existing power plants, and use of improved technology for power generation. Renewable energy presents a very small fraction of the current generation. Scarcity of land, high renewable energy tariffs, variability of renewable energy, weak institutional capacity, limited renewable energy resources potential, limited grid network capacity and the relatively high initial cost of setting up renewable energy plants are among the obstacles to implementing large-scale, on-grid renewable energy projects. As such, given the constraints, the government has taken initiatives to increase usage of gas in most efficient manner while continuing its efforts of exploring renewable energy in the country. In this project, 584MW CCGT will be equipped with GE 9HA.01 class gas turbine, which is one of the most efficient turbines globally and in the country (up to ~64% net efficiency). As per the Technical Working Group of the International Financial Institutions (IFI TWG), the combined grid emission factor in Bangladesh is 412 gCO₂/kWh, while the estimated project emission factor is 335.66 gCO₂/kWh, considering the plant is operational on gas at full load basis. Furthermore, this turbine's combustion system offers fuel flexibility and is able to operate on both rich and lean gaseous fuels, including a 50% hydrogen (H₂) capability with a technology pathway to 100% H₂ which would result in further GHG reduction. The Project is net positive in terms of overall CO₂ reduction over the life of the project and is aligned to the Paris Agreement.

Social Aspects. The construction of the Project is at an advanced stage. Most of the land for the Project was acquired through Willing Buyer-Willing Seller (WS-WB) transactions between 2018-2020. Moreover, land required for the access road, considered an associated facility, was acquired through the eminent domain of the government. Additional land was also leased from businesses and local community members to establish setback areas.

Project-related activities have led to adverse impacts on four primary categories, including (i) landowners/titleholders, (ii) the land-dependent but without title, (iii) fishers, and (iv) PAPs along the access road (title and non-titleholders). Land acquisition and civil works are also expected to have generated disproportionate impacts on vulnerable groups, including Women headed Households, the elderly, and Persons with disability.

All titleholder PAPs whose land has been acquired through WS-WB transactions, have received compensation. In addition, a land Acquisition audit was conducted to assess the land acquisition process, compensation status, and associated consultations. Future stakeholder engagement and monitoring will follow up on any issues concerning the WS-WB transactions. The land Acquisition audit has also indicated that all compensation for titleholder PAPs for the land acquired through eminent domain for strengthening and expanding the access road has been completed. Moreover, to further mitigate the Project's adverse impacts and reduce vulnerability, a Livelihood Restoration Plan (LRP) has been developed by carrying out meaningful consultation with various categories of Project Affected people. Through the consultation process, the concerns and aspirations of PAPs have been captured and used to design mitigation measures. The LRP includes a detailed Entitlement Matrix that identifies the entitled unit and category of loss and links them with compensation and assistance measures.

Moreover, vulnerable households are provided additional special assistance, such as financial support and training. Given the Project's adverse impacts on livelihoods, the Project carried out stakeholder engagement with the PAPs to identify livelihood improvement activities. Livelihood improvement activities to be carried out as part of this Project include (a) Financial Support during the transition period, (b) Assistance for the Fishing community, (c) Skill Training on Farm and Non-Farm Activities, (d) Improved agricultural equipment for enhanced agricultural productivity through the provision of higher-yielding seeds, (e) Technical training for Youth, (f) Within the context of the Project, explore Job Opportunities for the vulnerable PAPs. Moreover, LRP includes an institutional setup to deliver the LRP and consists of a detailed budget and monitoring parameters. A Gender Action Plan has also been prepared to mitigate the adverse impact on women.

Stakeholder Engagement, Consultation, Monitoring, and Information Disclosure. A meaningful and culturally appropriate stakeholder engagement campaign was conducted during the ESIA process and preparation of other safeguard documents such as land audit and livelihood restoration plan. Stakeholder Engagement is not a one-off activity and that will be carried out through the project cycle with various categories of stakeholders.

The stakeholders comprised of affected landowners, local community, Mosque committees, opinion leaders and government authorities. Stakeholders' engagement was carried out using a variety of methods including public consultations, FGDs, key informant interviews and discussions with households. Moreover, specific FGDs were organized

	<p>with women, fishers and river water users. A Stakeholder Engagement Plan (SEP) has been prepared as part of the ESIA, which sets out the strategy and plan regarding continuous engagement during the construction and O&M phases.</p> <p>The Bank's ES Specialists will carry out field-based ES monitoring and supervision when conditions allow. Meanwhile, the environmental and social consultant hired by the Project will conduct site inspection and monitoring quarterly up to the Commercial Operations Date, semi-annually during the first two years after the Commercial Operations Date, and annually thereafter and report to AIIB and other lenders from time to time.</p> <p>The ESIA including ESMP and SEP and the LRP documents in English language, and LRP, Executive Summary of ESIA in English and Bengali languages are disclosed on the websites of UMPL² and AIIB³. The hard copies of the documents are made available in the Project area. The Executive Summaries in Bengali languages are disseminated in an appropriate manner to PAPs and identified stakeholders. During the disclosure period, several additional FGDs and workshops were organized. The feedback received during the consultations has been incorporated into the ESIA.</p> <p>Project Grievance Redress Mechanism. Two separate GRMs have been established and operational, one for internal parties, i.e., construction and commissioning personnel, workers, project staff (including sub-contractors' staff); and the other for external parties, i.e., affected people, who can also make anonymous complaints. Complaints from PAPs have been accepted by the external GRM. Similar GRMs will be established for the operation phase. The GRM can also accept complaints in relation to gender-based violence, and conflicts between project employees and community members. The information of project-level GRM as well as AIIB's Project-affected People's Mechanism (PPM) in Bengali language will be timely disclosed by UMPL to PAPs in an appropriate manner.</p>
Cost and Financing Plan	The total Project Cost is estimated at USD613 million and will be financed in a debt-equity ratio of 75:25. Total equity and debt requirements are USD153 million and USD460 million respectively. AIIB is considering loan amount up to USD110 million with balance USD350 million of debt financing provided by Deutsche Investitions- und Entwicklungsgesellschaft (DEG), OPEC Fund, and Standard Chartered Bank (with Swiss Export Risk Insurance (SERV) providing policy cover to Standard Chartered Bank).
Borrower	Unique Meghnaghat Power Limited
Implementing Entity /Sponsor	Unique Hotel and Resorts Ltd; Strategic Finance Limited and Nebras Power Investment Management B.V.

² <http://www.umplbd.com/>

³ <https://www.aiib.org/en/projects/details/2022/approved/Bangladesh-Unique-Meghnaghat-IPP.html>

Estimated date of first disbursement	1Q2023					
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Date of Concept Decision	February 16, 2020					
Date of Appraisal Decision	November 23, 2022					
Date of Financing Approval	December 14, 2022					

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the Bank to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level GRMs or the processes of the Bank's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html
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