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| 10 YEARS OF CLIMATE IMPACT |

GCF REGIONAL DIALOGUE

with EAST AND SOUTH ASIA

Colombo, Sri Lanka
14–17 September 2026

IDCOL-GCF Energy Efficiency Programme FP150: Challenges and Way-forward

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IDCOL Overview

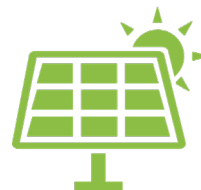


- A fully government owned financial institution licensed by central bank
- Started operation in 1997 under a **joint initiative of World Bank and Government of Bangladesh**
- Became the **1st** national Direct Access Entity of Green Climate fund in 2017
- Largest financier in private sector **infrastructure projects** in Bangladesh
- Market leader in **renewable energy** financing

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Infrastructure & PPP



Renewable Energy



Energy Efficiency



Advisory Services



Green Climate Fund

Renewable Energy Snapshot

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**5.2 Million SHS
– 236 MWp**



**6 Ground Mounted Solar Projects
– 362 MWp**



**Solar Roof top Projects
– 287 MWp**



**1,495 Solar Irrigation Pumps
– 39 MWp**



**26 Solar Mini grid Projects
– 5 MWp**



**4.15 million Improved Cook-
stoves**



75,100 Biogas Plants



**11 Bio-electricity Projects
-12 MW**

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Total 912 MWp (40% of country RE portfolio)

Infrastructure and Energy Efficiency Snapshot

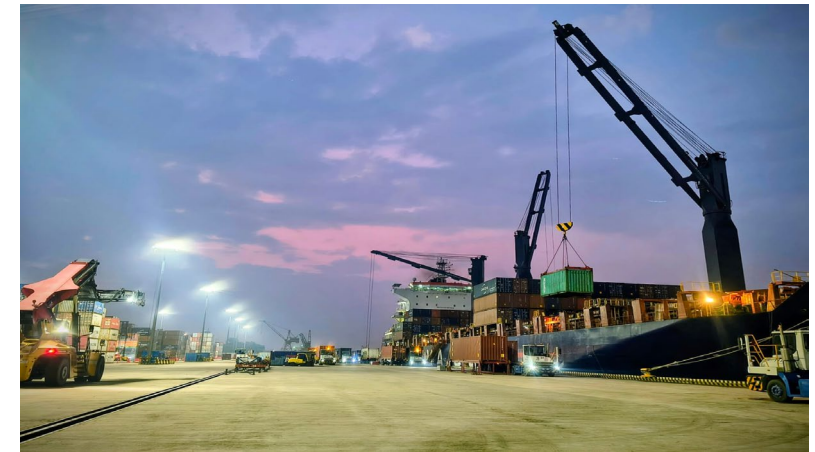
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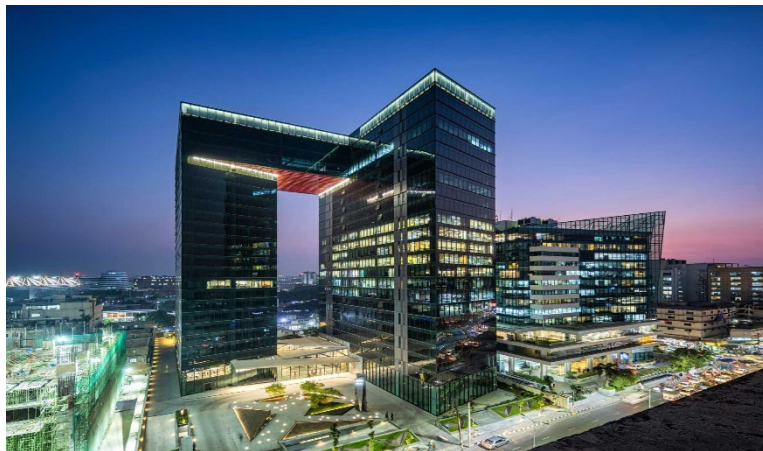
31% of private sector power generation



22% of export container handling capacity



1st PPP Port Project



Shanta Forum Green Building



BRAC University Campus



Envoy Leed Platinum Factory

Major Stakeholders

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THE WORLD BANK



KFW

giz



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Approved Financing: USD 2.5 Billion

FP150: Promoting Private Sector Investment through Large-Scale Adoption of Energy-Saving Technologies in the Textile & RMG Sectors of Bangladesh

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FP150 Program Snapshot

A large-scale, coordinated intervention blending GCF concessional capital with local co-financing to transform energy efficiency across Bangladesh's Textile and RMG sectors.

\$340.50M

Total Program Cost

\$256.48M

GCF Concessional
Funding

\$84.02M

Co-financing

12 yrs

Implementation
Period

21 yrs

Program Lifespan

14.53 MtCO₂eq.

Lifetime Emission Reduction

24.015 GWh

Lifetime Energy Savings

The Climate Problem: Bangladesh's Industrial Footprint

The Energy Surge

- Rapid **industrial expansion** is driving a massive rise in energy demand.
- Total national emissions are projected to soar from 252.04 MtCO₂eq in 2022 to **418.40 MtCO₂eq by 2035** under a Business-As-Usual (BAU) scenario, with energy combustion remaining the dominant driver.

The Industrial Footprint

- Energy usage in manufacturing is the **fastest-growing emissions source**.
- While it accounted for 9.45% (23.83 MtCO₂eq) of national emissions in 2022, it is projected to skyrocket to 26.01% (**108.82 MtCO₂eq**) of total emissions by 2035 under BAU.

2035 NDC Targets

- To align with global 1.5°C pathways, Bangladesh's NDC 3.0 commits to an economy-wide **20.31% reduction (84.97 MtCO₂eq) below BAU by 2035**.
- For industrial energy usage, the government has set an even higher bar: **targeting a 25.00% reduction (27.20 MtCO₂eq) below BAU**.

Decarbonizing the RMG & Textile Sector

- As the country's economic backbone, the textile and apparel sector faces rising pressure from stringent **international sustainability standards**.
- Current industrial emissions are heavily driven by inefficient boilers, captive fossil fuel generation, and limited renewables.

GCF FP150 Components

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Component 1 • Textile Financing (USD 133.00M)

IDCOL directly provides concessional senior loans to private textile manufacturing entities

Component 3 • RMG Financing (USD 200.00M)

IDCOL channels funds to participating LFI (BRAC Bank PLC, and City Bank PLC) to lend to RMG factories

Component 2 • Textile TA Support (USD 3.05M)

Market sensitization, baseline studies, and technical capacity building for textile audits

Component 4 • RMG TA Support (USD 2.30M)

Appraisal training for LFIs, digital monitoring platforms, and advisory support for RMG units

Component 5 • Regulatory Framework (USD 1.15M)

Strengthening national institutions by partnering with SREDA to implement national standards and labeling

Paradigm Shift Potential



A shift and acceleration of industrial decarbonization trajectories; transformation of the supply and demand for energy efficiency finance; and acceleration of the market for climate technologies.

GCF's Intervention in FP150

Better Financing Terms

- The **largest energy efficiency programme** dedicated solely to the RMG and textile sector.
- GCF loans are **highly concessional** compared to the market rates, and other DFI funds.
- **Approvals move faster** than under Bangladesh Bank's GTF fund, JICA, or ADB
- **Loan ticket sizes are larger** than those under JICA, ADB, and other credit lines

Gender-Sensitive Action Plan

- Addressing the 8%–10% **gender wage gap** through unbiased employment standards
- **Mandatory safety training** for women operating new computerized machinery
- Forming **gender-balanced project committees** to grow female leadership on factory floor

Technical Assistance Integration

USD 250M in debt is wrapped with **USD 6.48 million** in TA grants to solve non-financial barriers:

- **Handholding for loan** applications
- Technology fairs linking factories with **vetted suppliers**
- **Standardized equipment** lists and baseline **energy audits** to streamline approvals

Policy Intervention

GCF's TA will strengthen SREDA and national policy to remove energy-efficiency constraints:

- Expanding energy labeling for large equipment and establishing **accreditation and licensing frameworks**
- Integrating industrial energy data into **SREDA's database**, backed by workshops for long-term knowledge retention

Implementation Progress

13 Nov 2020

GCF Board Approval

18 Oct 2022

FAA Effective Date

3 Sep 2024

Updated interest rates for
co-financing

USD 672,825

Grant Disbursed till date

USD 14,861,950

Loan Disbursed till date

Challenges Faced

1. Currency Devaluation

The Taka has depreciated over 30% since the FAA (94→123 BDT/USD), raising import costs and delaying investment plans.

2. Energy Crisis Delaying Expansion

Gas and electricity supply constraints have led factories to defer new investments and delay financial closure.

3. LFI Selection

Delays arose while finalizing the nature of the agreement with external auditors, regulators, and relevant LFIs.

4. Energy Baseline Finalization

Baseline required equipment-level detail, unlike other DFIs, taking consultants extensive time to finalize.

Way Forward

- Major challenges such as **Baseline finalization, Revising Financial Instruments pricing, Fulfilling conditions** precedent to disbursements have been overcome.
- IDCOL is working with **trade bodies** (BGMEA, BKMEA and BTMA) to identify viable projects and promote its low-cost financing.
- IDCOL has set quarterly disbursement targets to fully **utilize the credit line on schedule**
- City Bank PLC and BRAC Bank PLC bring a **proven project-financing track record** and a strong pipeline
- TA support will give City Bank and BRAC Bank the **hands-on support needed** to exhaust the fund as early as possible.
- **Large promotional events are planned** in November to further expedite the disbursement of loans through IDCOL and the LFIs.

IDCOL's Pipeline Programmes as DAE

Sl. No	Programme name	Executing Entity	Project Size (USD)	GCF financing (USD)	Status
01.	Scaling Up of Grid Tied Solar IPP Projects in Bangladesh	IDCOL	250 million	191.5 million (Loan and TA)	Initial stage. Under discussion with GCF.
02.	Climate Resilient Sustainable Coastal Forestry in Bangladesh	Bangladesh Forest Department (BFD)	57 million	43 million (Grant)	Funding Proposal package is expected to be submitted within this month.
03.	Scaling Up Solar Powered Irrigation to Ensure Food Security And Enhance Resilience to Climate Change In Bangladesh	IDCOL	110.5 million	67.5 million (Loan and grant)	Programme design is under redevelopment based on GCF feedback



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Thank you

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