



Certificate Awarding Ceremony of Training Course on Renewable Energy Finance

Address of **Dr Atiur Rahman**, Governor, Bangladesh Bank

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Spectra Convention Center

Dr. Fouzul Kabir Khan and his Keystone team, course participants and invited distinguished guests, a very good evening to you all.

We all know that renewable or ‘green’ energy is now at forefront of the country’s priorities for environmentally sustainable economic progress. I was pleased to know about this training course on financing renewable energy being organized, and pleased still more being invited to its certificate awarding ceremony. I congratulate Mr. Kabir Khan and his Keystone team for organizing the course, and I also congratulate the participants for their interest in this important subject.

We urgently need much more energy for our households, manufacturing units and commercial establishments; and we need this energy produced in ways that minimize carbon emission and climate change effects. Although Bangladesh contributes very little to the renewable energy for power generation (only 2 percent), the government has a vision of enhancing this to 10 percent by 2020. Although our neighbors are doing far better, we too are showing our interests in renewable energy sector, particularly in the solar and bio-gas sub-sectors. Bangladesh Bank is promoting financing for solar, biomass and other renewable energy projects with refinance support lines for the lenders. The government is also providing support, including tax/duty waivers for the projects.

Renewable energy financing will be needed both at the producers end as large scale project finance and at the users end as loans to households and businesses procuring and installing renewable energy units for own use. The project loans and some of the user

loans will be needed for tenors longer than the average tenors of usual fund sources (deposits, borrowings) of the lenders, resulting in asset liability maturity mismatches that can create occasional liquidity difficulties. To get around the mismatch problem, loans in the renewable energy sector can be structured and documented in ways permitting subsequent repackaging and offloading to other investor classes as marketable securities rated by external rating agencies. In the securitization processes, some of the banks and financial institutions will need to assume a market making role, maintaining active liquid market in the securities. Developing securitization processes in our market will be important in fostering its longer term project financing capabilities, and I feel it is important for training courses on project financing to include adequate content on securitization concepts and modalities; besides tools and techniques of structuring project financing packages. Bangladesh Bank will be happy to do all it can to support securitization in the local market, towards augmenting liquidity for longer term project financing.

I am happy to see in the contents of the present course carbon trading under the Clean Development Mechanism (CDM) which provides a trading window for carbon credits, easing the typically higher cost burdens of renewable energy projects. Large emerging market economies like India and China have already benefited handsomely from carbon trading; hastening efforts of Bangladeshi green energy projects for benefiting from this opportunity window brooks no delay. I am sure this course will indeed be a vital resource for project developers who want to learn how to structure bankable renewable energy deals.

I look forward to seeing more training courses like this organized and held in the coming months; perhaps in longer durations to cover related issues in greater depth than possible in a two day format. Also, I look forward to seeing in future courses some contents aimed at creating enthusiasm for embracing the renewable or green energy options in our economy, to the utmost extent feasible.

Let me conclude here, with heartfelt thanks to the organizers for arranging the course, with congratulations again to the participants for their completion of this important course, and with thanks to you all for your patient attention.