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FINDINGS FROM SPECIAL STUDIES RELEVANT TO BANGLADESH RURAL ENERGY SECTOR PID

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Contents

Executive Summaries and Major Findings of:

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MAJOR FINDINGS

-- In most development assistance programs, AID does not expect to provide capital assistance except for fuelwood and small hydropower and to a limited extent for other renewable energy activities.

-- AID expects that its programs will be giving major attention to renewable energy sources, especially fuelwood. . . AID will devote major attention to fuelwood production . . . Used primarily for domestic cooking and heating, fuelwood has received considerable attention because of the high potential pay-off of fuelwood and forestry programs . . . AID's emphasis will be on experimental projects and multiple-use forest management, where these activities are appropriate.

-- Not every aspect of the energy problem requires U.S. Government involvement or official financial assistance. AID development assistance for energy should complement rather than substitute for the resources available from other sources.

-- Bangladesh is basically an agricultural country and because about 90% of the population live in villages, in 1978-79 about 65% of the total energy was supplied by traditional energy. Attention is therefore focussed (in this article) on the development of traditional sources of energy to which little importance has previously been given.

-- A very large proportion of the energy used in Bangladesh is derived from traditional sources such as straw, rice hulls, firewood and cow dung. Policies aimed at the continued use of these energy resources, at an increased efficiency of use, if possible, are desirable in order to reduce the strain on the commercial energy sector.

-- National planning for energy development requires an understanding of both rural energy needs and the use and availability of traditional fuels.

-- In the past, too little attention has been paid to measuring accurately the consumption of traditional fuels and to recognizing that residuals are, today, not excess or wasted within the village economy but are fully used. (LDC Energy Planning: A Study of Bangladesh)

-- Dr. Nural Islam, a leading energy expert from Bangladesh, has proposed that a "separate national institution should be established for the efficient management of rural energy programs as a whole rather than separate institutions for the management of different energy technologies in the rural areas, e.g., Rural Electrification Board, Biogas Directorate, etc." Furthermore, he advocates that "the various administrative agencies presently engaged in the management of different commercial energy sectors (Power, Oil, and Gas, etc.) and the proposed Rural Energy Administration should be brought under a single National Energy Administration. This will enable the development of a balanced energy policy with proper attention to both traditional and commercial energy sources." The Bangladesh Government is considering such a reorganization during the second five-year plan (see below).

-- Drilling for gas is increasing rapidly in Bangladesh. The West Germans recently concluded a grant agreement to finance part of a twenty well drilling program. Sunmark Technical Services, a subsidiary of the U.S. independent Sun Oil, is providing the technical management services to Petro Bangla under the FRG Grant Agreement. In general, the climate for investment by foreign oil companies is not favorable. Phillips and Union have complained that the Bangladesh Government has not made adequate geological data available to permit a proper assessment of the investment potential in oil and gas. However, it appears that Ray Huffington, a U.S. company involved in Indonesian LNG, may undertake gas exploration in Bangladesh, nevertheless.

-- Two strategic premises must be kept in mind. The first is the extent to which women are the chief gatherers and consumers in traditional societies. One half of the energy in developing countries is consumed by household activities. The other strategic premise is the qualitative difference between the energy required for cooking and heating, and that used for other activities. The distinction . . . has implications for program design." (Strategic Premises for AID's Energy Programs.)

-- Petroleum consumption which is rising sharply at the present largely due to the setting up of new diesel-based power plants and the increased use of aviation fuels, will slow down substantially by the mid-1980s because of the increasing role of natural gas, and the inter-connection of the western transmission grid to the gas-fired thermal power plants in the east.

--"To develop a comprehensive energy sector plan that includes an investment plan and policies for the rural areas, the information should be organized to allow the examination of energy technology impacts on complex rural energy systems." (LDC Energy Planning: A Study of Bangladesh.)