

United States Position
Proposed MIGA Guarantees to Hong Kong Shanghai Banking Corporation
and others for their non-shareholder loans to Ashuganj Power Station Company –
Bangladesh
December 20, 2012

Addressing Bangladesh's lack of access to adequate electricity is critical for attracting greater levels of private investment, increasing economic growth, and improving the socioeconomic conditions of the Bangladeshi population. By facilitating the provision of 450 MW of relatively cheaper and cleaner power, this proposed guarantee for the financing of a new combined-cycle gas-fired power plant at the Ashuganj Power Station complex is an important, but limited, step in confronting this challenge.

The impact of this operation on the energy sector may be muted, however, unless it is paired with the robust implementation of a credible sectoral reform strategy. While the United States notes that the authorities have made progress in some areas (such as reductions in the level of technical losses), implementation of needed reforms, including movement on tariff increases, has been insufficient to date. The poor financial performance of the sector reflects the risks inherent in this operation.

Finally, in accordance with U.S. legislative mandates, the United States wishes to be recorded as abstaining on this guarantee given that the ESIA was only made publicly available on September 6, 2012, less than 120 days prior to Board discussion.