

Powering the Future: Bangladesh Must Fast-Track Renewable Energy Transition

SHAHRIAR AZAM

As Bangladesh confronts mounting climate, economic, and technological pressures, industry leaders warn that the country's renewable energy transition remains stalled by policy uncertainty, financing gaps, and weak institutional coordination.

Despite growing commitments from brands and manufacturers, inconsistent utility pricing, lengthy permit processes, and limited access to concessional finance are slowing local investment in solar, storage, and green infrastructure.

At a policy dialogue titled "Fostering Renewable Energy Transition and De-carbonisation in Bangladesh RMG: Expectations for the new government" held at a city hotel in Dhaka on 31 March, stakeholders, including government officials, financiers, and RMG representatives, called for stable policy frameworks, streamlined approvals, inclusive skills development, and long-term low-cost financing to boost competitiveness and secure energy independence as global markets tighten sustainability requirements.

The event was jointly organised by Ethical Trading Initiative (ETI) Bangladesh, The Business Standard and Worker-led Climate Action Network (Worker CAN) and was moderated by ETI Director Munir Uddin Shamim. A keynote consolidating insights from industry stakeholders was presented by ETI programme officer Priyong Sabastini.

Stakeholders and policy experts unveil a case study report, "Scaling What Works: Lessons on Green Energy Transition from Bangladesh's RMG Sector," at a multi-stakeholder dialogue held at a city hotel on 31 March. The event, titled "Fostering Renewable Energy Transition & Decarbonisation in Bangladesh RMG: Expectations for the New Government," was jointly organised by The Business Standard, Ethical Trading Initiative Bangladesh, and Worker-led Climate Action Network. The research is a joint initiative of Ethical Trading Initiative Bangladesh and BRAC University. PHOTO: MEHEDI HASAN



ABIL BIN AMIN

EXECUTIVE DIRECTOR, ETI BANGLADESH

Over the past four years, we have learned that decarbonisation is far more complex than it initially seemed. It involves interconnected risks and challenges that cannot be addressed from a single perspective. Through our work, we have tried to collect and share best practices from businesses, developing a case study handbook to inspire wider action. Everyone agrees on the importance of renewable energy, and we want to balance our energy portfolios with green energy. Yet the biggest gap remains moving from discussion to practical implementation. Our focus now is on translating ideas into action and scaling solutions collectively.

SHARIER KHAN

SENIOR EXECUTIVE EDITOR
THE BUSINESS STANDARD

The renewable energy transition in Bangladesh is no longer optional – it is an emergency. EU carbon taxes could raise total garment industry costs to 17%, making competitiveness critical. We have already installed around 500 megawatts of rooftop solar, with another 500 coming this year, showing the landscape is changing.

Yet cancellations of mature renewable energy projects by the previous government have blocked 1,200-1,300 megawatts of potential clean power, increasing reliance on costly fossil fuels.

Energy is no longer cheap. To remain self-reliant and meet international commitments, we must urgently move from discussion to action, invest in renewables, and implement the right policies now.

SHEHELI AFROZ LOVELY
CONVENER, WORKER CAN

I want to emphasise that the green transition in Bangladesh's RMG sector must be a **just transition**. It should create opportunities without costing workers their jobs, offering training to enhance skills and alternative employment where needed.

Worker safety, job security, and social protection must remain central so that owners, workers, industry, and government all benefit fairly. With global energy crises affecting Bangladesh, accelerating renewable energy use is critical. The government must ensure affordable, safe energy for industry while protecting workers' rights. Together, we can achieve a sustainable, equitable, and safe green transformation in the sector.

IMRAN KADER TURJO
DIRECTOR, BKMEA

For renewable energy adoption to succeed, we must start small and practical. Large-scale mandates alone fail if businesses cannot implement them, so pilot projects in homes, business centres, or industrial hubs can serve as motivating examples.

Government support is essential, especially for land allocation and integrating renewable energy into the grid. Without it, entrepreneurs cannot afford large-scale installations, and adoption stalls. High import taxes on solar materials also hinder progress. A sustainable, actionable policy, backed by practical examples and incentives, can inspire the industry, ensure wider adoption, and move Bangladesh toward energy self-reliance while reducing dependence on costly fossil fuels.

KAMRAN SADIQUE

CO-CHAIR, STANDING COMMITTEE ON
DECARBONISATION, BGMEA

We cannot drive decarbonisation without data-backed policy. While Bangladesh's overall contribution to global GHG emissions remains relatively low, from a supply chain perspective, our RMG sector is more carbon-intensive than key competitors due to grid dependency. Our emissions stand at around 0.62kg per kWh, compared to 0.44-0.45 in Pakistan and about 0.55 in China. Since most of our power comes from the grid, the government must lead through cleaner energy and better planning.

Rooftop solar can offset only up to 20% of demand, so we need policy support for energy storage systems and dedicated solar zones to make the transition viable.

DILRUBA AKTER

DEPUTY DIRECTOR, DEPARTMENT OF
ENVIRONMENT, MINISTRY OF ENVIRONMENT,
FOREST AND CLIMATE CHANGE

Bangladesh's NDC targets prioritise the energy sector, which contributes 48.8% of national greenhouse gas emissions. DOE acts as a reporting authority under MoEFCC, not as a policy-formulating body.

Sector-specific projects, conditional or unconditional, are implemented with technical and financial support, guided by UNFCCC and IPCC standards. Energy auditing, efficiency improvements, and training programs for energy managers have been introduced to reduce industrial energy and resource consumption.

Industries are encouraged to adopt sustainable practices, including waste, water, and zero-discharge management, aligning production with carbon border adjustment and green finance mechanisms. DOE facilitates awareness, compliance, and transparent reporting to meet global climate obligations.

MUNIR UDDIN SHAMIM

DIRECTOR (PROGRAMME, EVIDENCE &
LEARNING), ETI BANGLADESH

Over the past few years, we have focused on advancing sustainability in Bangladesh's garment sector. Today's discussion builds on that work, tracing a long political journey where reforms and advocacy have shaped progress.

Before elections, we engaged with political parties and civic groups, presenting 13 key demands to ensure commitments on sustainability, renewables, and decarbonisation were included in their manifestos.

Analysis shows that major parties have made explicit pledges, though some contradictions remain around fossil fuels. Today's dialogue is crucial, especially given global energy crises, as we explore how the government can actively support the garment industry's transition toward clean, renewable energy.

SHAHIDUR RAHMAN

PROFESSOR, BRAC UNIVERSITY

A recent study highlighted gaps in renewable energy knowledge, dissemination, and human resources in Bangladesh's industry. While innovative solutions like lightweight solar panels and financing models (CAPEX, OPEX, BOLT) exist, most factories lack awareness and trained personnel to optimise them. Bureaucratic delays, slow fund disbursement, and policy constraints reduce the effectiveness of net metering and renewable initiatives. Early-stage cer-

tifications like I-REC are often purchased without actual implementation.

To succeed, renewable energy adoption requires prioritising R&D, spreading knowledge, developing skilled staff, aligning government guidelines with ISO 50001 energy management, and creating incentive-based mechanisms for industrial engagement.

SYEDA AFZALUN NESSA

HEAD OF SUSTAINABILITY, HSBC

A coordinated ecosystem approach is essential to unlock capital for renewable energy transition and decarbonisation in Bangladesh's RMG sector. While policy momentum is building, from NDC 3.0 to renewable energy targets and progress on merchant power plant policy, financing will depend on a credible, action-oriented transition plan, supported by grid modernisation and blended finance solutions to scale investments. The Agri-Voltaic project demonstrates solar panels on agricultural land, balancing energy and food production, with pilot results expected by June-July. Partnerships with institutes, philanthropy, and the apparel sector can scale these initiatives.

BABUL AKHTER

SECRETARY GENERAL, INDUSTRIAL
BANGLADESH COUNCIL (IBC)

We need a coordinated government plan to make our industries sustainable. A joint committee across labour, commerce, energy, and environment ministries could guide businesses on renewable energy adoption and green transition.

Financing is critical; a government-supported fund can help industries invest in modern infrastructure and technology. Workers must not be left behind – training, fair wages, and social security are essential. Policies should ensure transparency, eliminate undue influence, and maintain long-term compliance.

By aligning industrial growth with renewable energy and worker protection, we can secure sustainable development, strengthen all sectors, and build a resilient, future-ready economy.

MD JUNAYED

ENVIRONMENTAL SPECIALIST, VARNER

Working directly with brand factories, I see the key barriers in their renewable energy transition. Investment is a challenge – not just the cost of solar, but taxes remain high, sometimes over 20%, while subsidies still favour fossil fuels, creating contradictions.

Access to finance is tough, especially for smaller factories, with long document requirements slowing progress. Flexibility is critical – authorities reviewing projects should ease processes to help scale renewable energy faster. Scaling the power purchase agreement system can also support industry adoption. In short, factories need more government support, integrated policies, and simpler, flexible frameworks to make renewable energy viable.

MD TAHMID ZAMI

BANGLADESH CORRESPONDENT, THOMSON
REUTERS FOUNDATION

We are not facing just one transition, but three simultaneously: climate, technology, and economic; and our energy transition must reflect all of them together. Bangladesh needs to move beyond slow solar adoption by exploring options like agrivoltaics, floating solar, and solar irrigation, supported by proper land surveys and planning. At the same time, a financing gap of nearly \$5 billion must be addressed through joint efforts by government, brands, and suppliers.

Small factories need targeted financial and technical support. We must also prioritise workers, as climate risks and technological shifts threaten livelihoods, while improving data transparency and collaboration, including stronger engagement with the media.

MOSTAFA AL MAHMUD

PRESIDENT, BANGLADESH SUSTAINABLE AND
RENEWABLE ENERGY ASSOCIATION (BSREA)

At BSREA, we install solar systems daily, but our biggest challenge remains energy security. Bangladesh imports billions in fuel annually, yet renewable energy – especially solar – is cheaper and underutilised.

Political decisions are critical: delays in permits, unclear licensing, and inconsistent tax policies discourage investment, particularly from foreign investors. In the RMG sector, dependence on diesel and gas generators continues, while energy storage and green finance options remain limited.

To accelerate the transition, we need low-cost, long-term financing, streamlined approvals, and decisive government support. Without these steps, renewable energy's potential in Bangladesh will remain largely untapped.

ADIL HOSSAIN

FABRIC TECHNICAL MANAGER,
NEXT SOURCING

In the textile industry, energy is our biggest cost driver, yet most suppliers lack energy consultants. We focus on mapping energy use across Scope-1 manufacturers and Scope-3 backward linkages, prioritising efficiency over generation.

Capturing energy losses and optimising usage is fundamental. Currently, 90% of our energy comes from natural gas, which will not last. Collaboration is critical, between suppliers, BGMEA, BKMEA, BTMA, the energy ministry, and textile ministry, to share knowledge, co-invest in new technology, and transition to renewables.

Strategic partnerships with suppliers ensure long-term sustainability, joint carbon audits, and investments that secure the sector's future while minimising energy costs.

MD MONOWER HOSSAIN

HEAD OF SUSTAINABILITY, TEAM GROUP

I see Bangladesh's RMG sector under global pressure. Sixty percent of our products go to the EU and 20% to the US, facing carbon border taxes if footprints are high.

Competitors in China, India, and Pakistan already have 30-50% renewable energy; we have only 4-5%. We've invested in rooftop and offsite solar, but policy instability, fluctuating utility charges and high wheeling costs, makes long-term investment risky.

The government must provide a stable, supportive framework. SMEs need access to low-cost land, equity funds, and financing support. Inclusive decarbonisation ensures energy efficiency, global competitiveness, and protects jobs across the sector.

MOHAMMAD FIROZ ALAM
CHIEF RISK OFFICER, CITY BANK

Access to financing remains the biggest barrier to energy transition. To meet our

NDC targets, Bangladesh needs around \$16 billion, yet current financing sources are extremely limited.

While we have contributed significantly to grid financing, renewable energy still makes up only a small share. The challenge is that green investments are new and costly for entrepreneurs who already rely on existing power systems.

Expanding direct access to international climate finance beyond institutions like IDCOL is critical. If banks can access low-cost funds, we can scale affordable green financing for industries and accelerate decarbonisation.

MD JOHERUL HOSSAIN

DEPUTY DIRECTOR, DEPARTMENT OF LABOUR

Workers must be at the centre of this transition, as they are the largest stakeholders in our economy. We cannot move towards renewable energy without actively including and empowering them in the process.

At the same time, our biggest gap lies in research and innovation. Despite having talented engineers, we still depend on foreign expertise for major projects. Universities must be better connected with industry, with organisations like BGMEA supporting research into practical renewable solutions. Government's role should focus on enabling policies and systems, while banks and businesses mobilise capital. Without prioritising research, we will continue to fall behind in sustainable industrial transformation.

Key Recommendations

- Align all national policies and masterplans toward a clear pro-renewable energy direction, removing fossil fuel bias
- Develop a comprehensive "just transition" framework, including an RMG-specific decarbonisation roadmap
- Ensure inclusive policymaking through consultation with industry, workers, brands, and associations
- Introduce regular monitoring and annual policy review mechanisms to track progress
- Integrate gender-responsive measures, ensuring women are not excluded in reskilling and transition
- Strengthen government capacity, data systems, and SREDA's role as an independent facilitator
- Establish an enabling green finance framework, including concessional finance, pre-financing, easier PPAs, and better access to schemes
- Ensure policy stability, especially in utility pricing, to build investor confidence
- Expand renewable infrastructure beyond rooftop solar, including offsite and cluster-based solutions
- Create dedicated solar zones on public land to overcome land constraints
- Reform tariffs and duties (e.g., ESS vs diesel generators) to encourage cleaner technologies
- Improve data transparency through a national energy/emissions database
- Promote fair cost-sharing, with global brands contributing to supply chain decarbonisation
- Enable inclusive transition for SMEs, through financing access, advisory support, and collaborative investment models