



# Green Business Opportunities

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## in Bangladesh

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# Table of Contents

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- Bangladesh - Vulnerability to Climate Change
- High Potential Sectors For Greener Bangladesh
- Identification of High Potential Sectors
- Sector 1: Agriculture and Agro-Processing (AP) Sector
- Sector 2: Waste Management & Recycling
- Sector 3: Renewable Energy and Solar
- Sector 4: Electric Vehicle
- Sector 5: Green Building Management
- Sector 6: RMG/Textile Technology Stack to reduce emissions
- Innovative Green Financing Instruments
- Financing Case Study
- What Bangladesh Can Do To Promote Green Business?



# Bangladesh - The Eighth Most Populated Country in the World

## Is One of the Most Vulnerable Countries in the World to a Changing Climate

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- According to the Climate Risk Index, prepared by Germanwatch (2020), Bangladesh is 7th on the list of countries most at risk from climate change.
- There is a dire need for the country to disrupt the conventional functioning of its industries and prepare a skilled population, for a transition towards a more sustainable economy.
- The 8th FYP of Bangladesh has renewed national commitment to integrate environment and climate change considerations into economic growth.
- A sustainable growth plan in Bangladesh is expected to lead to the creation of new and greener jobs, which in turn necessitates that young people are equipped with the right skills and policy environment.
- By 2060, the temperature is expected to rise 0.5-2.5°C, rising sea levels and impacting the rainfall intensity, flood incidence and cyclone intensity.
- Major impact in agriculture and food security, water resources and energy.



# High Potential Sectors

## Needs to be Mapped out to Support Businesses Transition Towards a Greener Bangladesh

### High Green Growth Sector Potential



Agriculture &  
Agro-processing



Renewable  
Energy and  
Solar



JDP  
Exports



EV & Battery  
Technology



Green Building  
Management



Waste  
Management &  
Recycling



RMG &  
Apparels

A. Sector Relevance	Weights
Potential for creation of green jobs	20%
Potential for green skills development	20%
Potential for private sector investments and engagement	10%
B. Scope for Development of MSMEs and Developing Skills	
Potential for MSME and enterprise development	10%
C. Community & Environmental Impact	
Potential for reducing working poverty	20%
Potential for contribution to environmental sustainability and climate change	15%
Potential for recycling, reusability, and remanufacturing	5%
Aggregate Weighted Score	100%

Table: Scoring Mapping Framework

# Agriculture & Agro-Processing, Electric Vehicles, and RMG & Apparels Shows the Highest Potential in Sector Ranking

Sectors or	Sector Relevance	Scope for Development of MSMEs and Developing Skills	Community & Environmental Impact	Aggregate Score
Agriculture & Agro-Processing	High	High	High	4.25
RMG & Apparels	High	High	High	4.15
Electric Vehicles	High	High	High	4.05
Renewable Energy	High	Low	High	3.73
Green Building Management	Medium	Medium	High	3.45
JDP Exports	High	Medium	Medium	3.43
Solar PV Energy	High	High	High	3.39
Waste Management & Recycling	Medium	Medium	Medium	3.48



# Sector-wise Investable Opportunities



# Agriculture and Agro-Processing (AP) Sector

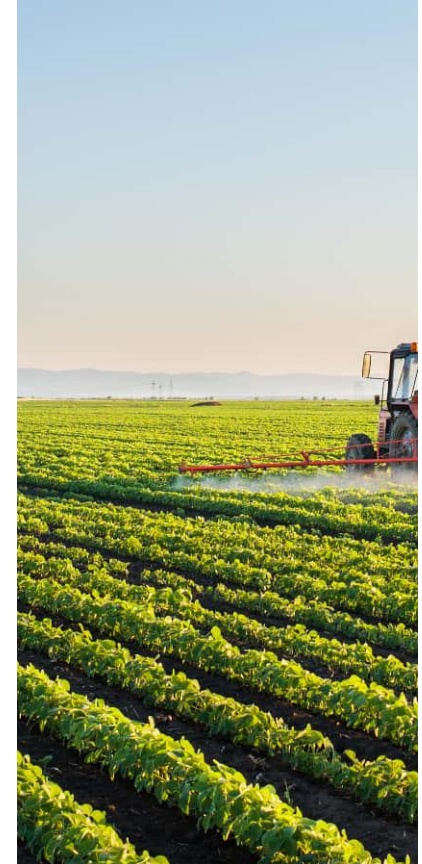
## Improving Productivity and Environmental Implications

- Agricultural Mechanization and Digitization:** Provision of low-cost mechanization solutions such as irrigators, harvesters, and applicators through inclusive financing. Augmented by value added services such as IoT, technical advice, weather forecasting, and testing.

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
< USD 50 million	10% - 15%	15% - 20%	Short Term (less than 5 years to generate return)	2 - Zero Hunger	8 - Decent Work and Economic Growth 1 - No Poverty

- Safe Foods, eTraceability, and Nutrition:** Vertically integrated platforms that source and supply fresh foods to urban customers, with emphasis on nutrition and production monitoring and control. Local procurement, contract farming, cyclical home delivery and associated implementations.

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
> USD 1 billion	5% - 10%	10% - 15%	Short Term (less than 5 years to generate return)	3 - Good Health and Well-Being	15 - Life on Land



# Waste Management & Recycling

## Improving Livelihoods for Bottom of the Pyramid

- Recovery, Sorting, and Recycling of Solid Waste:** Investments in building and operating recovery, sorting and/or recycling facilities for solid waste. Private investment for which investors build, operate and manage recycling plants and systems for reuse, making a profit from the provision of service, sale of recycled and reused material, or other models

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
> USD 1 billion	5% - 10%	15% - 20%	Short Term (less than 5 years to generate return)	11 - Sustainable Cities and Communities	7 - Affordable and Clean Energy 13 - Climate Action

- Low-cost lending for improved sanitation (i.e., pit latrine, composting toilet) for both entrepreneurs and users:** Small-ticket home upgradation / toilet construction loans administered through joint liability groups as an extension of housing microfinance by MFIs

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
< USD 100 million	5% - 10%	20% - 25%	Short Term (less than 5 years to generate return)	6 - Clean water and sanitation	9 - Industry, Innovation, and Infrastructure 10 - Reduced Inequalities





# Renewable Energy and Solar

## An Alternative to Fuel Dependency

- Solar Technology (Rooftop Solar Homes, Irrigation, Industry Net Metering and other applications):** *Distribute accessible renewable electricity services to communities out of reach of the interconnected electric power distribution grid. Companies that make, install, distribute, and maintain solar panels or pre-paid solar battery storage kits to rural homes, schools, hospitals, and businesses.*

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
USD 100 million - USD 1 billion	10% - 15%	10% - 15%	Short Term (less than 5 years to generate return)	9 - Industry, Innovation, and Infrastructure	3 - Good Health and Well-Being

- Promoting Solar and Renewable Energy for RMG and production factories:** *The role of energy efficiency and conservation can be best illustrated if the rising trend of electricity and other energy prices of the country are closely observed. Some of the investments are recoverable in less than a year. These make efficiency improvement an attractive starting point to reduce the cost to boost business competitiveness.*

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
< USD 1 billion	10% - 15%	5% - 10%	Short Term (less than 5 years to generate return)	9 - Industry, Innovation, and Infrastructure	3 - Good Health and Well-Being



# Electric Vehicle (EV) Sector

## Key to Reducing Emissions in Logistics

- **Solar Charging Stations for EVs:** *The construction and operating of facilities to charge electric vehicles, primarily serving 3 wheelers providing affordable public transport options to citizens.*

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- **EV Manufacturing and Distribution:** *Private investment in manufacturing facilities for electric vehicles across 2/3/4 wheeler segments and EV buses, which would include manufacturing of vehicles by assembly of EV components, thereby enabling users to enjoy lower operating costs.*

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
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# Affordable Green Building Management

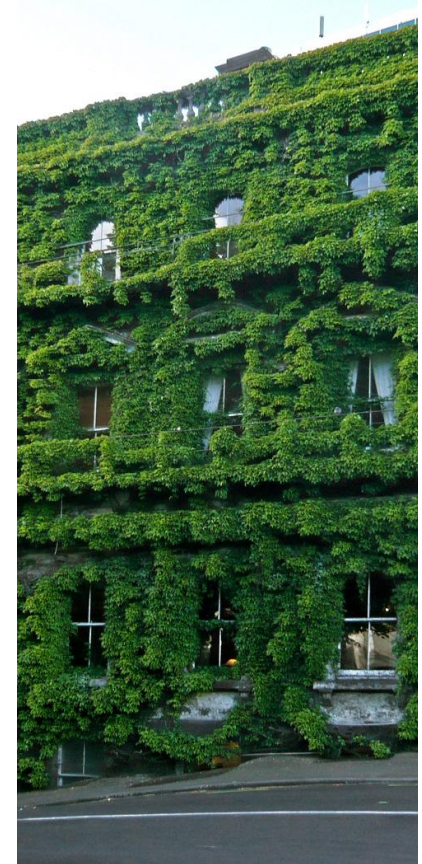
## An Alternative to Dirty Fuel Intensive Construction Process

- **Affordable green building housing finance for the unbanked and low-income group:** Provide affordable housing finance to households inside and outside the formal banking system with limited credit history, at conditional repayment rates, using alternative assessments of social and non-banking financial transactions to determine a credit worthiness

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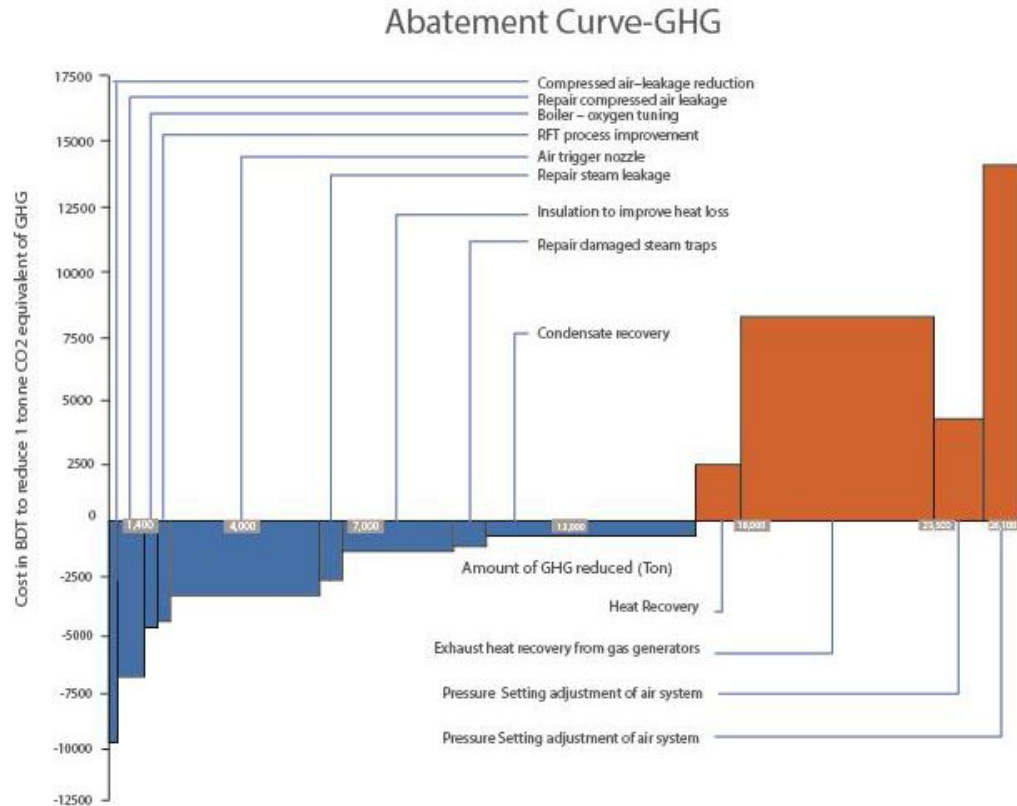
- **Water Treatment Plants:** Investments in constructing and operating wastewater treatment facilities and innovative wastewater treatment technologies for industrial clients particularly in RMG and leather industry

Market Size Identification (USD Value)	Market Size Identification (CAGR)	Return Profile Identification (in IRR)	Investment Timeframe Identification	Primary SDGs Addressed	Secondary SDGs Addressed
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# RMG and Textile Sector

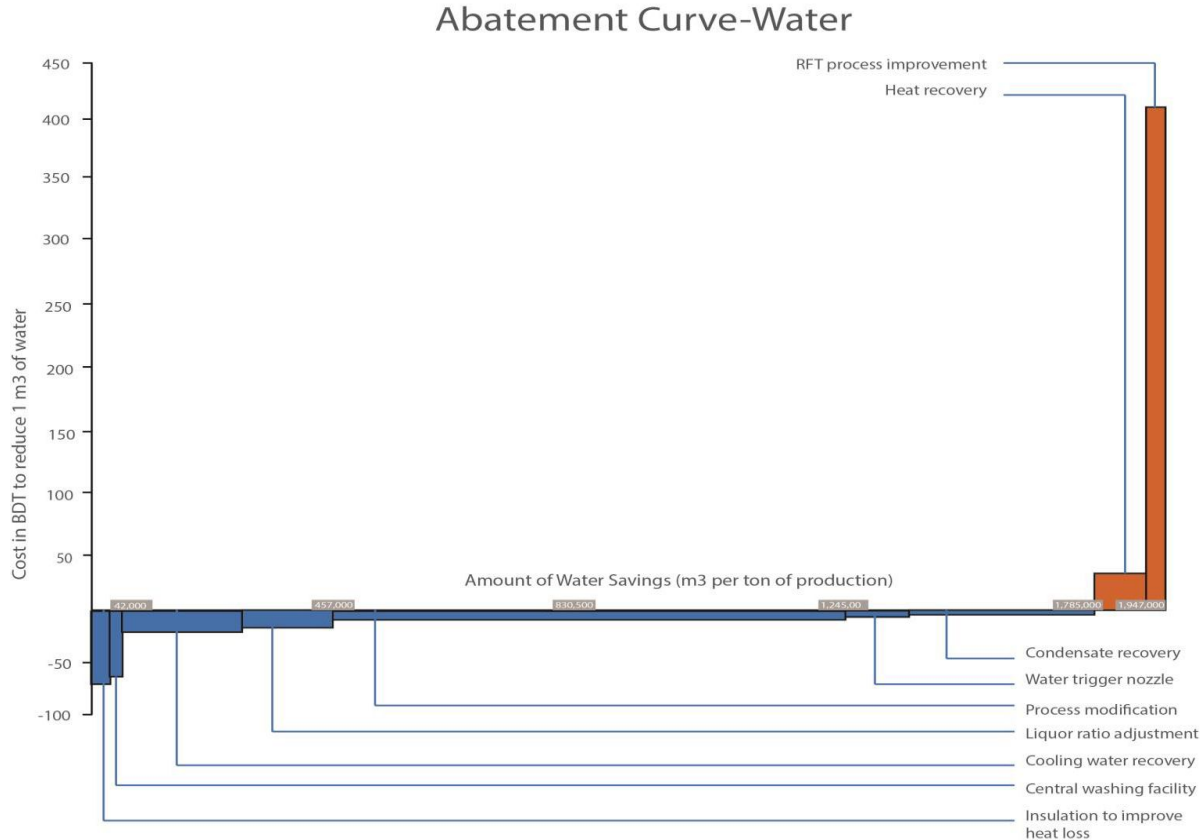
## A quick look at the technology stack to reduce GHG Emissions



*“Tech Stack investments can result in actual cost savings and not just reduced emissions”*

# RMG and Textile Sector

## A quick look at the technology stack to optimize water resources



*“Tech Stack investments can result in actual cost savings and not just optimized resource management”*



# Way forward

# Innovative Green Financing Instruments

## Capital Market in Fueling Transition

Instruments	Implementation
Carbon Pricing	<ul style="list-style-type: none"><li>▪ Governments are pricing carbon because it provides a “<b>triple dividend</b>”:<ul style="list-style-type: none"><li>- It is good for the environment;</li><li>- It raises revenue efficiently, making it possible to reduce other taxes;</li><li>- It drives innovation and critically needed investments in clean technologies.</li></ul></li></ul>
Initiating Strong Driver for Private Sector Investment	<ul style="list-style-type: none"><li>▪ Providing certainty through <b>simplified permitting procedures and standardized documents</b> like power purchase agreements are strong drivers of investments as they make projects bankable and attract funding.</li></ul>
Green Finance	<ul style="list-style-type: none"><li>▪ “Green finance” refers to the financing of investments that provide environmental benefits in the broader context of environmentally sustainable development.</li></ul>
Green Bonds	<ul style="list-style-type: none"><li>▪ Green bonds are example of an aggregation and securitization vehicle that offers investors a green investment opportunity without sacrificing returns. Since 2008, the World Bank Group has issued more than U\$14 billion in green bonds. Proceeds from these bonds are used to support low-carbon projects.</li></ul>
Blended Climate Finance	<ul style="list-style-type: none"><li>▪ Blending small amount of public concessional funds with commercial financing to fund new projects that have a high development impact and strong potential to create a demonstration effect, but have not yet established a commercial track record can be an efficient way to drive commercial investment.</li></ul>



# Financing Case Study: IDCoL

## Mobilized U\$256 Million Concessional Credit Line under Green Climate Fund

**Implementing Agency:** Infrastructure Development Company Ltd (IDCoL), a government-owned non-bank financial institution.

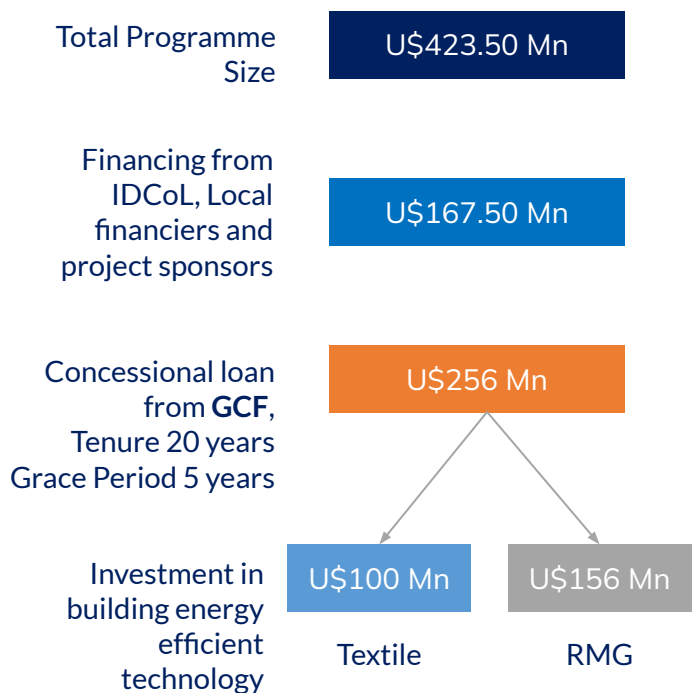
**Fund:** Green Climate Fund, UN.

**Amount:** U\$256m concessional credit line

**Objective:** The fund is targeted to promote private sector investment through large-scale adoption of energy-efficient technologies in the textile and garment sectors.

**Brief Description:** IDCoL has received the approval of the funding proposal for its programme titled "Promoting private sector investment through large-scale adoption of energy-saving technologies and equipment for Textile and Readymade Garment sectors of Bangladesh".

As the garment sector accounts for the highest CO2 emissions at 15%, while textile comes next with 12.4%, the fund is expected to be of great help to effectively address the needs of the sectors.





# What Bangladesh can do to Promote Green Businesses?

## Solutions and Green Goals

- 1. Support by the Government:** The threat of tougher legislation and the rising costs of complying with environmental regulations and penalties in case of noncompliance are possible motivating factors for firms to incorporate environmental concerns in their strategies.
- 2. Green Business Policy-based Structure:** Promotional and establishing a unified standard on a policy-based structure to help the green industry flourish nationally. Recognition can be given to industry players that have championed sustainable practices for their business to encourage others. Incentivizing import of equipment and technology related to green businesses including tax rates.
- 3. Long-term Debt Tenure:** Private investors always want to apply a very short-term payback period. Energy efficiency and solar projects usually take a longer time to establish. In this case, a long-term debt tenure could be set up with private sector firms.
- 4. Attracting Concessional Finance:** FDI, like the sovereign funds from MDB, are usually not interested in investing in small, decentralized projects located at geographically dispersed places because of higher administrative and transactional costs than investing in larger projects. Aggregating several small projects under umbrella projects is therefore critical for accessing concessional finance from FDI or MDB.
- 5. Promoting Economic Zones:** Government can provide land, TAX benefits, and utility services through economic or eco-friendly industrial zones, which may help increase the number of green industries or enterprises around the country. TAX abatement facilities or concessional finances could also be provided to green industries or enterprises.
- 6. Innovative Investment Instruments:** Concepts like carbon pricing, green bonds, blended approach, impact investments, ESG investment among others are yet to capture the Bangladesh market.
- 7. Duty-free Environmentally Friendly Machinery Import Scheme:** Government's initiative for a duty-free scheme to import environmentally friendly machinery, technology, equipment, and goods for setting up export-oriented green factories will help promote green businesses effectively.



# THANK YOU



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