

September 5, 2024

**Joint Statement:
Local company official and others arrested for corruption in ODA coal-fired
power project in Bangladesh ~JICA should immediately investigate the
situation and suspend the loan~**

Japan Center for a Sustainable Environment and Society (JACSES)
Friends of the Earth Japan
Mekong Watch
Kiko Network
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Several Bangladesh media reported that a Board member of a Bangladesh's power company was arrested on suspicion of corruption in the Matarbari Ultra Super Critical Coal-Fired Power Project in Bangladesh, which has been supported by Japan's Official Development Assistance (ODA) with approximately 600 billion yen (USD 4.2 billion), the largest amount provided by Japanese ODA in history (*1). We, environmental NGOs, request the Japan's Ministry of Foreign Affairs (MoFA) and Japan International Cooperation Agency (JICA) to immediately take appropriate measures, such as suspending the loan disbursement for this project until the alleged corruption case is thoroughly investigated and appropriate measures are taken to prevent its recurrence.

Bangladesh's media reported that Abul Kalam Azad, a Board member of the publicly owned Coal Power Generation Company Bangladesh Limited (CPGCBL), which operates the Matarbari Ultra Super Critical Coal-Fired Power Plant, was arrested on September 1 on suspicion of fraud in the selection of coal importers. Additionally, seven other individuals involved in the project were also arrested on the same day on suspicion of smuggling electric cables at the power plant, and there has also been whistleblowing about irregularities in the tendering of coal ash disposal contractors.

Since signing the first loan agreement for the Matarbari Ultra Super Critical Coal-Fired Power Project in June 2014, JICA has signed seven loan agreements totaling more than JPY 600 billion (USD 4.2 billion). The engineering, procurement and construction (EPC) of the power plant has been undertaken by Sumitomo Corporation, Toshiba and IHI. Under the JICA Guidelines for Environmental and Social Considerations, JICA is able to suspend loan disbursement or request early repayment of loans in case of violations of regulations found in their supported projects. Already that in this project, violations of the guidelines have been raised such that many residents who made a living from salt and shrimp farming lost their jobs, and local residents were forced to live in hardship due to delays in compensation payments and the provision of alternative housing, etc (*2).

Therefore, JICA should immediately suspend the loan disbursement for this project until the actual circumstances of the alleged corruption cases are thoroughly investigated and appropriate measures are taken to prevent recurrence. In addition, if any act of corruption is revealed, those involved should be subject to contractual exclusion for a certain period of

time based on JICA Rules on Measures for Fraudulent Practices, etc. in Projects of ODA Loan and Grant Aid.

*1: Related articles released by Daily Sun Report and Country Today

<https://www.daily-sun.com/post/764923>

<https://dailycountrytodaybd.com/story/massive-corruption-against-of-pd-azad-of-matarbari-coal-power-project-alleged>

*2: <https://jacses.org/en/monitoring-on-matarbari-coal-fired-power-project/>

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