



FINANCING & MARKET REFORM ROADMAP TO ACHIEVE 10,000 MW SOLAR POWER BY 2030

13 September 2025 By:
Change Initiative

Policy Brief



The 10,000 MW solar target by 2030 should be understood as the front-loaded solar pillar of Bangladesh’s wider renewable transition. The country must integrate 8570 MW of additional solar energy by 2030 to meet rising power demand, reduce fossil fuel dependence, stabilize long-term energy costs, and achieve the most recently announced government target for solar. Within this broader pathway, accelerated solar deployment is the fastest and most practical point for reducing import exposure and crowding in private capital.



10,000 MW SOLAR PROGRAM

FINANCIAL TRANSITION FRAMEWORK

“Bangladesh is not short of money for solar, the country is misallocating it to fossil inefficiencies.”

Strategic model to finance 10 GW Solar without incurring new sovereign debt.

TOTAL CAPEX REQUIREMENT

\$5.1B

FOSSIL SUBSIDIES

\$350M/yr

Redirecting 30% of current LNG/Oil subsidies to renewable energy fund.

CARBON TAX POTENTIAL

\$102.5M/yr

Revenue based on conservative \$10/ton CO₂ tax on power emissions

PROBASHI BONDS

\$1.5B

Mobilizing diaspora capital at competitive 3-4% interest rates.

CSR LEVERAGE

\$200M/yr

Banking sector CSR pool used to bridge interest rate differentials.

THE COST OF CAPITAL: THE DECISIVE FACTOR

COMMERCIAL LENDING RATE (10-12%)

8-10% IRR (WEAK)

LIMITED INVESTOR INTEREST

TARGET CONCESSIONARY RATE (3-4%)

14-18% IRR (STRONG)

HIGH VIABILITY & BANKABILITY

Strategic Goal: Use reallocated funds and carbon tax to subsidize the 6% interest gap, unlocking \$3-5B in private leverage.

MACRO IMPACT SUMMARY

\$2.0B

FUEL SAVINGS/YR

10.25M

TONS CO₂ OFFSET

200k+

NEW GREEN JOBS

20-25%

SME COST SAVINGS

ANNUAL REVENUE

\$1.1 Billion

PAYBACK PERIOD

4.5-5.5 Years

FX STABILITY

STRONG

The real barrier is policy alignment, not finance.

Strategic Financial Model for Clean Energy Transition



To deliver 10,000 MW solar capacity by 2030 through cost reduction, low-cost financing, and decentralized market reforms, without increasing fiscal burden, core problems are high cost of capital (8-12%), import duties on solar systems, fossil fuel subsidy distortions and limited private participation in distributed solar.

Decision Required: Cabinet approval is sought to-

- Enact Prosumer Act
- Approve duty exemption and carbon tax framework
- Approve tax holiday for off-grid solar (≤ 10 MW)
- Approve 3-4% solar financing mechanism
- Launch Probashi Bond Program.

Key Policy Actions

A. FISCAL REFORM (COST REDUCTION)

- Duty drawback / tax exemption on solar equipment (panels, batteries, inverters)
- Redirect fossil fuel subsidies from affluent users
- Introduce carbon tax \rightarrow fund renewable expansion

B. LOW-COST FINANCING (3-4% INTEREST REGIME)

- Cap interest rates at 3-4% for solar investments (CAPEX + OPEX)
- Subsidize bank cost of capital use
- CSR funds of banks & financial institutions
- Bangladesh Bank green refinancing
- Establish credit guarantee facility

C. DIASPORA FINANCING (PROBASHI SOLAR BOND)

- Issue \$100 denomination bonds
- Target: 15 million diaspora \rightarrow \$1.5 billion mobilizations
- Managed via international financial hubs e.g. Singapore
- Direct channel to renewable projects

D. PROSUMER MARKET REFORM: ENACT PROSUMER ACT BY JUNE 2025

- Allow households & SMEs to sell surplus electricity locally
- Enable peer-to-peer energy trading
- Deploy smart metering for settlement

E. TAX INCENTIVES (OFF-GRID SOLAR ≤ 10 MW)

- 10-year tax holiday for mini-grids and decentralized community solar.
- Revenue offset through carbon tax proceeds.

Financial Architecture

Source	Role
Carbon Tax	Sustainable revenue
Duty Exemption	Reduce project cost
Low-interest loans	Increase investment
CSR funds	Reduce banking risk
Probashi Bonds	Mobilize foreign capital
Tax holidays	Accelerate rural/off-grid

Expected Outcomes

Achieve 10,000 MW solar by 2030

Reduce fuel import dependency

Lower electricity cost for SMEs and industries

Expand distributed energy access

Improve foreign exchange stability

With targeted fiscal reform and low-cost financing, the 10,000 MW solar target is financially achievable without increasing public debt, while strengthening energy sovereignty

Further communication:

Change Initiative, Road 3, House 85 (2nd Floor), Block D, Banani, Dhaka, Bangladesh

Email: communication@changei.earth