

World Bank additional loan guarantee to ease Bangladesh's LNG import payments

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Author: Azizur Rahman, support.energy@spglobal.com | EN
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World Bank grants additional loan guarantee worth \$350 million

LNG to trim fiscal load by reducing dependence on expensive fuels

LNG demand may reach 30 mil mt/year by 2041: Petrobangla

Bangladesh's LNG import payments amid the Middle East war will likely become easier with the World Bank's additional loan guarantee worth \$350 million, state-run Petrobangla's Director of Finance, AKM Mizanur Rahman, told Platts, part of S&P Global Energy, May 19.

The additional financing was approved May 15 under the Energy Sector Security Enhancement Project, according to a World Bank statement May 18.

This financing will help strengthen Bangladesh's energy security by facilitating cost-effective mechanisms to import LNG amid global fuel market volatility, it said, adding that it will scale up support to cover Petrobangla's payments for LNG imports.

Bangladesh relies on imported LNG to meet demand for power generation and industrial production. Disruptions in global energy markets due to the war have heightened price volatility and supply risks, placing pressure on foreign exchange reserves and public finances, the World Bank said.

A prolonged conflict in the Middle East would materially impact fuel and fertilizer supplies, with the poorest households hardest hit, the statement added.

The original Energy Sector Security Enhancement Project, worth \$350 million, was approved by the World Bank Board on June 18, 2025, and is scheduled to run until Dec. 31, 2031.

"The conflict in the Middle East has pushed up LNG prices and disrupted supply," Jean Pesme, World Bank Division director for Bangladesh and Bhutan, said.

"As a net fuel and gas importing country, Bangladesh faces significant fiscal pressure to maintain its energy security and keep its economy running," he said.

"As part of our broader dialogue with the authorities on energy and the response to the impacts of the war, the World Bank is stepping up its support to help Bangladesh maintain a stable supply of LNG imports, which is critical for protecting the economy and people from costly energy disruptions," Pesme said, adding that the financing will not only support power generation and industrial activity but also facilitate job creation.

According to Olayinka Edebiri, the World Bank's senior energy expert and task team leader of the project, an uninterrupted LNG supply will likely provide the foundation for energy security in Bangladesh. He said it would also trim the country's fiscal burden by reducing dependence on more expensive liquid fuels.

Payment terms

Under the existing facility, Petrobangla has selected eight local and foreign commercial banks to facilitate LNG imports, backed by a World Bank repayment guarantee, Rahman said.

Following a competitive tender, Petrobangla selected three foreign banks and five local banks in 2025 to provide financial support for LNG imports starting in 2026, Rahman said.

He said the selected banks formed a consortium to issue Petrobangla a standby letter of credit worth \$200 million, valid for up to 12 months, in favor of long-term LNG suppliers under existing sales and purchase agreements.

They also offer an additional SBLC worth \$50 million, valid for up to 90 days, for spot LNG suppliers under master sales and purchase agreements.

In addition, the banks provide a \$100 million credit line in the form of short-term loans with up to a 12-month tenor to help Petrobangla meet payment obligations for specific LNG cargoes under the SPAs and MSPAs, Rahman said.

With domestic gas reserves rapidly depleting, Bangladesh is expected to need 30 million metric tons of LNG per year by 2041 to meet demand, according to official Petrobangla data.

Petrobangla projects that by 2041, daily gas demand could reach 8 billion cubic feet/day, significantly higher than the supply of about 2.83 Bcf/d as of July 23, according to the data.

Since Bangladesh's LNG imports began in 2018, the country has imported approximately 36.43 million mt of LNG through 588 cargoes as of March this year, according to RPGCL data.

The country's overall natural gas supplies were about 2.74 Bcf/d, including 1.07 Bcf/d of regasified LNG, according to official Petrobangla data as of May 17.

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