

**Independent Performance Evaluation (IPE)  
Report  
on  
Bangladesh Power Development Board (BPDB)  
For 2021-22**

## **Table of contents**

Executive Summary	1
1. Introduction	1
2. Role and Functions	2
3. Core Business	2
4. Evaluation Parameters	3
5. IPE Process	11
6. Performance Evaluation Results	12
7. Interpretation of Results	15
8. Findings from Audit Report 2021-22	16
9. Recommendation for Performance Based Incentives	17
10. Recommendation	17
11. Conclusion	18
<b>Annexure</b>	
Annexure – 1: Financial Information	19

## Executive Summary

Finance Division, Ministry of Finance is implementing the programme “Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)”. The Scheme of Strengthening of State-owned Enterprises’ Governance is one of the components of SPFMS program. The objective of the scheme is to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). For this purpose, an Independent Performance Evaluation Guideline (IPEG) of SOEs and ABs has been prepared and approved by the Finance Division to evaluate the performance of SOEs and ABs independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 SOEs and ABs to conduct Independent Performance Evaluation for the fiscal year 2021-22.

Bangladesh Power Development Board (BPDB) is included in the list of 10 selected SOEs/ABs for Independent Performance Evaluation (IPE) for FY 2021-22. As per the result of IPE, Bangladesh Power Development Board has obtained a weighted average score of 2.40 out of 4.00 and graded ‘Good’ in FY 2021-22.

### 1. Introduction

Bangladesh Power Development Board (BPDB) is a statutory body established on May 31, 1972 by the President’s Order no. 59. As a part of reform and restructuring, transmission sector is separated by creating Power Grid Company Bangladesh Limited as a subsidiary of BPDB and distribution sector is separated by creating new distribution entities such as DPDC, DESCO and BREB. Further 03(Three) generation and 02(Two) urban distribution companies were created as a subsidiary of BPDB. The entity also formed 03(Three) Joint Venture Company with other organizations/companies for power generation in the country. The Ministry of Power, Energy & Mineral Resources has the oversight responsibility for BPDB.

During 2021-22 total energy generations capacity of BPDB stands 22,482 MW with the increase of 669 MW in this fiscal year. BPDB sold 76,323 GWh energy in FY 2020-21 and 81,606 GWh in FY 2021-22 which was 6.92% higher from the previous year. Distribution system loss reduced from 8.50% to 8.10% compared to previous year. Number of consumers has increased from 3,451,534 to 3,670,816 during 2021-22 which was 6.35% higher compare to 2020-21.

To ensure clean energy penetration to the power generation the entity has undertaken a good number of renewable energy generation projects such as Solar Power, Wind Power and Solid Waste to energy based power. As per Plan, renewable energy generation capacity will be 3000 MW by 2030. Two nuclear power plant units will be commissioned in 2024 and 2025 with a combined capacity of 2400 MW that will help to meet the increasing energy demand of the country.

## **2. Role and Functions**

Bangladesh Power Development Board (BPDB) performs the following functions among others:

- I. Generate electricity to meet the customer's demand.
- II. Purchase Power from Public and Private generation Companies.
- III. Sell electricity to different distribution companies and Bangladesh Rural Electrification Board.
- IV. Sell electricity within entity's distribution zones.
- V. Install Smart, Pre-Paid & Net-Meters for customers.

## **3. Core Business**

Core Business:

- I. Ensure un-interrupted and quality supply of electricity for the people of Bangladesh.
- II. Adopt modern technology and ensure optimum utilization of the primary and alternative source of fuel for sustainable development of power generation plant.
- III. Implement the generation and distribution projects approved by GoB.
- IV. Reduce system loss by adopting modern technology and different measures
- V. Ensure customer friendly services.
- VI. Prepare generation and distribution expansion plan based on demand of the country.

## 4. Evaluation Parameters

**Criteria: Business and Governance**  
**Indices:A. Business Strategy and Social Responsibility**

**Table 1(a): Standards of Indices A**

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	<b>Entity Strategy</b>							
	1a. Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	<b>Growth Trajectory</b>							
	2a. Net Income Growth	QN	4	10.00% or more	9.00% to 9.99%	8.00% to 8.99%	7.00% to 7.99%	Below 7.00%
	2b. Service Revenue Growth	QN	4	12.00% or more	10.00% to 11.99%	8.00% to 9.99%	6.00% to 7.99%	Below 6.00%
	2c. Other Growth	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
3	<b>Effective Implementation of Public Policy</b> •Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	<b>Efficiency of Project Implementation/ Project Goal Achievement:</b>  • Percentage of estimated target achieved"	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	<b>Social Contribution</b> •Environmental Contribution •CSR/WPPF •Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

**Table 1(b): Achievement of Indices A**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	<b>Entity Strategy</b>						
	1a. Entity Strategic Plan	QL	4	96.00%	Excellent	4	Note 1
2	<b>Growth Trajectory</b>						
	2a. Net Income Growth	QN	4	(2600.66)%	Under Performing	0	Audited Financial Statements (AFS)
	2b Service Revenue Growth	QN	4	6.80%	Fair	1	AFS
	2c. Other Growth	QL	3	92.00%	Excellent	4	Note 2
3	<b>Effective Implementation of Public Policy</b> • Implement activities to achieve policy goal	QL	3	94.00%	Excellent	4	Note 3
4	<b>Efficiency of Project Implementation/ Project Goal Achievement:</b> • Percentage of estimated target achieved"	QN	4	100%	Excellent	4	Note 4
5	<b>Social Contribution</b> • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	3	92.00%	Excellent	4	Note 5
Sub-Total			25				

**Note-1:** BPDB has a strategic plan for a long-term expansion of electricity generation and distribution to meet the growing demand of the country. As per Power Sector Master Plan (PSMP) 2016, the entity has a plan to increase its generation capacity to 30,000 MW by 2030 with the objective to provide quality and stable electricity for the desired economic growth and social development of Bangladesh. In addition, with the view to make Bangladesh a prosperous country BPDB plans to generate 57,000 MW electricity by 2041 using 35% from Coal, 35% Gas/LNG and 30% from clean energy. The strategic plans of BPDB are in line with National strategic Plan, Government Policy Directives of FYPs, SDGs, Perspective Plan 2041, and Bangladesh Delta Plan 2100.

**Note-2:** Easy bill payment through mobile phone, pre-paid metering, third party vending system and smart metering system were maintained by the entity to provide support to its customers. Entity has enhanced electricity generation capacity by 669 MW. 100% people of the country have access to electricity. In FY 2021-22 per capita generation of electricity was 518 KWh.

**Note-3:** As public service obligation, BPDB is selling electricity at a price fixed by Bangladesh Energy Regulatory Commission (BERC) as well as Government. Besides, purchase price of electricity is determined as per PPR and Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, 2010.

**Note-4:** Based on entity's 100% project implementation rate against financial target during FY 2021-22.

**Note-5:** BPDB has taken following social/environmental activities during FY 2021-22:

- i. The entity has undertaken different renewable energy-based power generation project for sustainable solution. It generated 459 MW that is 2.04% of total energy generation capacity from renewable sources.
- ii. It operates 20 Schools under community development program.
- iii. It trained 892 intern students of different universities.

### Indices: B. Operational Efficiency

**Table 2(a): Standards of Indices B**

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	<b>Service Delivery</b>							
	1a. Service Benefit & Accessibility	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
2	<b>Labor Productivity</b>							
	2a. Added Value per Employee (million Tk.)	QN	3	Tk.4.00 million or more	Tk. 3.00to3.99 million	Tk.2.00 to2.99 million	Tk.1.00 to1.99 million	Below Tk. 1.00 million
	2b. Employees Cost on Value Addition (%)	QN	2	12.00% or more	10.00% to 11.99%	8.00% to 9.99%	6.00% to 7.99%	Below 6%
3	<b>Capital Productivity</b>							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.04or more	Tk. 0.03to 0.049	Tk. 0.02to 0.039	Tk. 0.01to 0.029	Below Tk. 0.01
	3b. Added Value Per Tk. Value of PPE	QN	2	Tk. 0.07or more	Tk. 0.06to 0.069	Tk. 0.05to 0.059	Tk. 0.04to 0.049	Below Tk. 0.04
4	<b>Production</b>							
	4a. Input Use Efficiency (%)	QN	3	42.00% or more	40.00% to 41.99%	38.00% to 39.99%	36.00% to 37.99%	Below 36%
	4b. Inventory Turnover (Times)	QN	2	22.00 or more	20.00 to 21.99	18.00 to 19.99	16.00 to 17.99	Below 16.00
	4c. Asset Turnover (Times)	QN	4	0.40 or more	0.30 to 0.399	0.20 to 0.299	0.10 to 0.199	Below 0.10
	4d. Capacity Utilization (%)	QN	3	62.00% or more	52.00% to 61.99%	42.00% to 51.99%	32.00% to 41.99%	Below 32.00%
Sub-total			25					

**Table 2(b): Achievement of Indices B**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	<b>Service Delivery</b>						
	1a. Service Benefit & Accessibility	QL	3	91.00%	Excellent	4	Note 6
2	<b>Labor Productivity</b>						
	2a. Added Value per Employee (million Tk.)	QN	3	Tk. 2.66million	Good	2	AFS
	2b. 2b. Employees Cost on Value Addition (%)	QN	2	11.43%	Very Good	3	AFS
3	<b>Capital Productivity</b>						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.02	Good	2	AFS
	3b. Added Value Per Tk. Value of PPE	QN	2	Tk.0.05	Good	2	AFS
4	<b>Production</b>						
	4a. Input Use Efficiency (%)	QN	3	42.86%	Excellent	4	SL-43of Annexure -1
	4b. Inventory Turnover (Times)	QN	2	18.99	Good	2	AFS
	4c. Asset Turnover (Times)	QN	4	0.30	Very Good	3	AFS
	4d. Capacity Utilization (%)	QN	3	43%	Good	2	SL-42 of Annexure -1
	Sub-total		25				

**Note-6:** The entity has maintained one stop service, online application, and bill on web and electricity connection within time line with scheduled rate to provide easy electric services to its customers during FY 2021-22.



## Indices: C. Financial

**Table 3(a): Standards of Indices C**

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
<b>i. Financial</b>								
1	Operating profit	QN	2	Tk. 15000 million or more	Tk. 13000 to Tk. 14999 million	Tk. 11000 to Tk. 12999 million	Tk. 9000 to Tk. 10999 million	Below Tk. 9000 million
2	Profit before Tax	QN	2	Tk. 3000 million or more	Tk. 2500 to Tk. 2999 million	Tk. 2000 to Tk. 2499 million	Tk. 1500 to Tk. 1999 million	Below Tk. 1500 million
3	Return on Assets (%)	QN	2	0.11% or more	0.09% to 0.109%	0.07% to 0.089%	0.05% to 0.069%	Below 0.05%
4	Return on Service Revenue (%)	QN	2	0.30% or more	0.25% to 0.299%	0.20% to 0.249%	0.15% to 0.199%	Below 0.15%
5	Return on Equity (%)	QN	2	1.25% or more	1% to 1.24%	0.75% to 0.99%	0.50% to 0.74%	Below 0.50%
6	Net Worth Growth (%)	QN	2	10% or more	8% to 9.99%	6% to 7.99%	4% to 5.99%	Below 4%
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
<b>ii. Financial Risk</b>								
1	Debt Equity Ratio (Times)	QN	1	0.70 or less	0.71 to 1.00	1.01 to 1.30	1.31 to 1.60	More than 1.60
2	Debt to Assets (Times)	QN	2	0.40 or less	0.41 to 0.60	0.61 to 0.80	0.81 to 1.00	More than 1.00
3	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
5.	Accounts Receivable Period (Days)	QN	2	90 days or less	91 days to 110 days	111 days to 130 days	131 days to 150 days	More than 150 days
6.	Accounts Payable Period (Days)	QN	2	120 days or less	121 days to 140 days	141 days to 160 days	161 days to 180 days	More than 180 days
<b>iii. Transactions with Govt.</b>								
1	Taxes Paid	QN	1	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Fees & Charges Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Debt Service Liabilities Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%

**Table 3 ( b): Achievement of Indices C**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
<b>i. Financial</b>							
1	Operating profit	QN	2	Tk. (4366.11)million	Under Performing	0	AFS
2	Profit before Tax	QN	2	Tk. (17993.48) million	Under Performing	0	AFS
3	Return on Assets (%)	QN	2	(2.29)%	Under Performing	0	AFS
4	Return on Sales (%)	QN	2	(7.52)%	Under Performing	0	AFS
5	Return on Equity (%)	QN	2	(54.67)%	Under Performing	0	AFS
6	Net Worth Growth (%)	QN	2	(49.53)%	Under Performing	0	AFS
7	Capital Budget Utilization (%)	QN	2	42.44%	Fair	1	SL-27,28 of Annexure -1
<b>ii. Financial Risk</b>							
1	Debt Equity Ratio (Times)	QN	1	22.90	Under Performing	0	AFS
2	Debt to Assets (Times)	QN	2	0.96	Fair	1	AFS
3	Debt Coverage Ratio (Times)		2	0.74	Under Performing	0	AFS
4	Current Ratio (Times)	QN	2	0.82	Under Performing	0	AFS
5	Accounts Receivable Period (Days)	QN	2	84.32	Excellent	4	AFS Note 7
6	Accounts Payable Period (Days)	QN	2	169.73	Fair	1	AFS Note 8
<b>iii) Transactions with Government</b>							
1	Taxes Paid	QN	1	100%	Excellent	4	SL-31,32 of Annexure -1
2	Fees & Charges Paid	QN	2	100%	Excellent	4	SL-35,36 of Annexure -1
3	Debt Service Liabilities Paid	QN	2	64.35%	Fair	1	SL-33,34 of Annexure -1
Sub-total			30				

**Note-7:** In BPDB Financial Statements, Accounts Receivable (Trade) shows Tk. 95,685.70 million. Out of this total amount 21.23% is outstanding from BPDB's retail consumers, GK project, 132KV & 230KV consumers & PGCB, and the rest 78.77% due from BPDB-bulk consumers such as DESCO, DPDC, WZPDCL, BREB and NESCO.

**Note-8:** Non-payment of suppliers, contractors and power stations bills for more than 120 days prolonged the Accounts Payable period.

## Indices: D. Corporate Governance Practices

**Table 4(a): Standards of Indices D**

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	<b>Commitment to Corporate Governance:</b> <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Ethics</li> <li>• Key policies of Board</li> <li>• Board structure</li> <li>• Employees service rules/regulations</li> <li>• Appointment of Board Secretary</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	<b>Board Practices:</b> <ul style="list-style-type: none"> <li>• Composition of Board of Directors and number of meetings held</li> <li>• TOR of board</li> <li>• Number of independent Board Directors</li> <li>• Name &amp; Number of board committees and number of meetings held</li> <li>• Number of board decisions that have been implemented</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	<b>Transparency and Disclosure:</b> <ul style="list-style-type: none"> <li>• Board of directors and Senior managers name and biographies</li> <li>• Audited financial statement</li> <li>• Citizen charter</li> <li>• APA</li> <li>• Code of conduct</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	<b>Control Environment and Process:</b> <ul style="list-style-type: none"> <li>• Entity's internal control systems for different departments                             <ul style="list-style-type: none"> <li>• Internal audit procedure and reporting authority</li> </ul> </li> <li>• Entity's computer-based management information system (database)                             <ul style="list-style-type: none"> <li>• Any authority of the board to mitigate the entity's emergency situation</li> <li>• Measures taken for safe working environment in the entity's premises</li> </ul> </li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	<b>Performance against the key Indicators of APA<sup>1</sup>:</b> <ul style="list-style-type: none"> <li>• Total Performance score achieved on APA</li> </ul>	QN	4	100%	90%	80%	70%	60%

<sup>1</sup>Standard of APA Indicator is set on the basis of Annual Performance Agreement (APA) Guideline.

**Table 4(b): Achievement of Indices D**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	4	91%	Excellent	4	Note 9
2	Board Practices	QL	4	91%	Excellent	4	Note 10
3	Transparency and Disclosure	QL	4	91%	Excellent	4	Note 11
4	Control Environment and Process.	QL	4	82%	Very Good	3	Note 12
5	Performance against the key Indicators of APA	QN	4	92.08%	Very Good	3	Score of APA for FY 2021-22
Sub-total			20				
Grand Total (A+B+C+D):			100				

\* Standard for Financial and Non-Financial indicators are set on the basis of IPE process (Section 5, page 11).

**Note-9:** The entity has its own act. It follows Code of Conduct, Electricity Act 2018, Electricity Rules 2020, BERG Act 2003, PPA 2006, Employees service rules/regulations, Key policies of Board, Ethics of National Integrity Strategy as corporate governance. BPDB has a corporate secretary for Board.

**Note-10:** The entity's Board consist of seven members including chairman appointed by the Government. It followed TOR of Board and formed seven board committees. During FY 2021-22 forty nine (49) Board meeting were held and five hundred and forty eight (548) board decisions have been implemented. BPDB Act has no provision to appoint independent director for board.

**Note-11:** The entity's Board of Directors, Senior Managers' name and biographies, Audited Financial Statement, Citizen Charter, APA, Act, Rules, Regulations and Code of Conduct are disclosed on BPDBs website.

**Note-12:** The entity has two Internal Control Directorates namely Audit Directorate and Directorate of Enquiry & Discipline to establish efficient Internal Control system. BPDB has taken initiative to implement the Enterprise Resources Planning (ERP) for Human Resource, Finance, Fixed Assets and Stores & Purchase. As safety and security measures in its premise adequate safety devices and fire safety equipment have been installed.

## **5. IPE Process**

- I. Performances of non-financial indicators of Bangladesh Power Development Board (BPDB) has been evaluated on the basis of information and documents of the inception report provided by BPDB.
- II. Actual performance of non-financial indicators is determined by the collective decision of ERT members.
- III. According to IPEG, actual financial performances of BPDB are to be evaluated on the basis of national best practices/standard. However due to non-availability of such standard and similar entities in the country, BPDB's financial performance was compared with its last five years' performance on respective financial indicators.
- IV. Performances of all financial indicators are evaluated based on audited financial statements.
- V. Measurement tools used for financial indicators are suggested based on IPEG.
- VI. Grade and score are given as per IPEG.

## 6. Performance Evaluation Results

### Bangladesh Power Development Board (BPDB) Fiscal Year: 2021-22

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score (%)
a	b	c	d	e	f
<b>A</b>	<b>Business Strategy and Social Responsibility:</b>	<b>25</b>			
1	Entity Strategy: • Entity Strategic Plan		4	4	0.16
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Service Revenue Growth		4	1	0.04
	2c. Other Growth		3	4	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		3	4	0.12
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved		4	4	0.16
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	4	0.12
	<b>Sub Total</b>		<b>25</b>		<b>0.72</b>
<b>B</b>	<b>Operational Efficiency:</b>	<b>25</b>			
1	Service Delivery: • Service benefits and Accessibility		3	4	0.12
2	Labor Productivity: 2a. Added Value Per Employee		3	2	0.06
	2b. Employees cost on Value addition (%)		2	3	0.06
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		3	2	0.06
	3b. Added Value Per TK Value of PPE		2	2	0.04
4	Production:				
	4a. Input use Efficiency		3	4	0.12
	4b. Inventory Turnover		2	2	0.04
	4c. Asset Turnover		4	3	0.12
	4d. Capacity Utilization		3	2	0.06
	<b>Sub Total</b>		<b>25</b>		<b>0.68</b>

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score (%)
C	<b>Financial:</b>	30			
	<b>i. Financial Performance:</b>				
1	Operating profit		2	0	0.00
2	Profit before tax		2	0	0.00
3	Return on assets		2	0	0.00
4	Return on Service Revenue		2	0	0.00
5	Return on equity		2	0	0.00
6	Net worth growth		2	0	0.00
7	Capital budget utilization		2	1	0.02
	<b>ii. Financial Risk:</b>				
1	Debt equity ratio		1	0	0.00
2	Debt to assets		2	1	0.02
3	Debt coverage ratio		2	0	0.00
4	Current ratio		2	0	0.00
5	Accounts receivable period		2	4	0.08
6	Accounts payable period		2	1	0.02
	<b>iii. Transactions with Government:</b>				
1	Taxes paid		1	4	0.04
2	Fees & charges paid		2	4	0.08
3	Debt Service Liabilities Paid		2	1	0.02
	<b>Sub Total</b>		<b>30</b>		<b>0.28</b>

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score (%)
D	<b>Corporate Governance Practices:</b>	20			
1	Commitment to Corporate Governance: <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Ethics</li> <li>• Key policies of Board</li> <li>• Board structure</li> <li>• Employees service rules/ regulations</li> <li>• Appointment of Board Secretary</li> </ul>		4	4	0.16
2	Board Practices: <ul style="list-style-type: none"> <li>• Composition of Board of Directors and number of meetings held</li> <li>• TOR of board</li> <li>• Number of independent Board Directors</li> <li>• Name &amp; Number of board committees and number of meetings held</li> <li>• Number of board decisions that have been implemented</li> </ul>		4	4	0.16
3	Transparency and Disclosure: <ul style="list-style-type: none"> <li>• Board of directors and Senior managers name and biographies</li> <li>• Audited financial statement</li> <li>• Citizen charter</li> <li>• APA</li> <li>• Code of conduct</li> </ul>		4	4	0.16
4	Control Environment and Process: <ul style="list-style-type: none"> <li>• Entity's internal control systems for different departments</li> <li>• Internal audit procedure and reporting authority</li> <li>• Entity's computer-based management information system (database)</li> <li>• Any authority of the board to mitigate the entity's emergency situation</li> <li>• Measures taken for safe working environment in the entity's premises</li> </ul>		4	3	0.12
5	Performance against the key Indicators of APA: <ul style="list-style-type: none"> <li>• Total Performance score achieved on APA</li> </ul>		4	3	0.12
	<b>Sub Total</b>		<b>20</b>		<b>0.72</b>
	<b>Grand Total (A+B+C+D)</b>	<b>100</b>	<b>100</b>		<b>2.40</b>



## 7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Bangladesh Power Development Board Scored 2.40 out of 4.00 in the year 2021-22.

7. (A) The performance of BPDB is graded “Excellent” in the following areas:

- Service Delivery
- Entity Strategic Plan
- Social Contribution
- Board Practices
- Other Growth
- Transparency and Disclosure
- Corporate Governance
- Effective Implementation of Public Policy
- Efficiency of Project Implementation
- Input Use Efficiency
- Accounts Receivable Period

The performance of BPDB is graded “Very Good” in the following areas:

- Assets Turnover
- Control Environment and Process
- Annual Performance Agreement (APA)

The performance of BPDB is graded “Good” in the following areas:

- Inventory Turnover
- Capacity Utilization
- Capital Productivity
- Labour Productivity

The performance of BPDB is graded “Fair” in the following areas:

- Service Revenue Growth
- Capital Budget Utilization
- Debt to Assets
- Accounts Payable Period

The performance of BPDB is graded “Under Performing” in the following areas:

- Net Income Growth
- Return on Service Revenue
- Net Worth Growth
- Return on Equity
- Return on Assets
- Debt Coverage Ratio
- Current Ratio
- Debt Equity Ratio

## 7. (B) Other important aspects of Performance during FY 2021-22:

- BPDB has incurred operating loss of Tk. 4,366.11 million which includes Tk. 296,584.26 million subsidy receivable from Government.
- The entity incurred net Loss (after tax) of Tk. 32,327.41 million.
- BPDB Current Ratio (Times) 0.82 which indicates entity is not in a well position to meet its current liabilities in due period.
- BPDB Paid Taxes Tk. 9,383.91 million and DSL Tk. 30,148.03 million.
- GoB invested Tk. 9,089.95 million as equity and 6,106.18 million as loan to BPDB against the completion of development projects.

## 8. Findings and Observation from the Audit Report 2021-2022

8.1 In BPDB Audit Report 2021-22 the auditors provided qualified opinion on the following accounts and issues:

- i) Transmission assets of Tk. 32,332.42 million is included in Property, Plant & Equipment Accounts, but it was transferred to PGCB as equity shares (Due to inclusion of transmission assets in property, plant & equipment and Revaluation Reserve of BPDB is overstated by Tk. 32,332.42 million which is a departure from IAS-16).
- ii) Entity's Inventory of Tk. 37,183.79 million did not considered at the lower of cost and net realizable value.
- iii) Trade & Other Payables includes Tk. 1,023.85 million payable to PGCB against wheeling charge. But PGCB Audited Financial Statement reported Tk. 5,161.96 million as receivable from BPDB.

8.2 In the BPDB Audit Report 2021-22, the Auditors emphasized and drew attention to the following issues:

- i) BPDB did not follow the IAS-36 (Impairment of Asset) to ascertain whether any assets of BPDB incurred impairment loss or not.
- ii) BPDB invested Tk. 71,928.88 million in Associated Company, but did not apply IFRS-10: Consolidation of Financial Statement.
- iii) Bank accounts included notable un-reconciled amount in various bank accounts of BPDB from a long time. (Auditors' Report-2021-22, page-3, 28 & 29).
- iv) The entity has a long-term loan of Tk. 671,839.39 million from GoB and development partners, but due to non-availability of loan documents the auditor could not verify the loan amount properly. (Auditors' Report-2021-22, page-3, 29 & 31).

- v) BPDB Trade and Other Payable Accounts shows Tk. 306,320.64 million which is confirmed by the management through books of records but Auditors did not receive the feedback from the creditors. (Auditors' Report-2021-22, page-3 & 36).
- vi) The entity has several pending legal disputes, claims & Government investigation and enquiries. So, many uncertainties may arise in future which will impact the BPDB financial position. (Auditors' Report-2021-22, page- 5).

## **9. Recommendation for Performance Based Incentives**

Bangladesh Power Development Board has obtained a weighted score of 2.40 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of BPDB. Also, a certificate from Finance Division may be awarded to BPDB for being graded "Good" in IPE for the FY 2021-22.

## **10. Recommendation**

To improve the performance of BPDB the following recommendations are made based on the finding of IPE:

- a) BPDB produced 459 MW of electricity from renewable sources during 2021-22. So, they should implement more renewable energy-based projects to find sustainable solutions and produce clean energy.
- b) The entity should implement the Enterprise Resource Planning (EPR) Software as per their target to run the operational activities smoothly.
- c) BPDB should reduce their system loss within the acceptable range.
- d) Financial Statements of the BPDB appear to have been prepared without due attention to IFRS. Financial Statements need to be prepared in accordance with applicable IAS and IFRS to improve financial discipline, disclosure and reporting.
- e) The entity should take appropriate measures to realize the huge outstanding receivable amount from the debtors.
- f) BPDB transferred transmission asset to PGCB as equity shares, the same amount is also showing in asset account of BPDB. This duplication should be avoided in financial statements.
- g) Discrepancy between PGCB and BPDB with regard to wheeling charge should be resolved.
- h) BPDB should reconcile bank accounts and provide the relevant documents as required by the auditors.
- i) BPDB is advised to prepare consolidated statements as per IAS 28.

## **11. Conclusion**

Based on Audited Financial Statements, data and documents of Bangladesh Power Development Board (BPDB), Independent Performance Evaluation (IPE) report has been prepared for FY 2021-22. In the report it is found that BPDB's financial performance during FY 2021-22 is not satisfactory and non-financial performance has improved to last fiscal year. Hence, to improve the overall performance of BPDB, the entity should take effective measures to reduce their operating loss as well as take appropriate steps to comply the relevant IAS/IFRS and resolve the financial anomalies mentioned in BPDB Audit Report 2021-22.

**Bangladesh Power Development Board (BPDB)**  
**Financial & Other Information**

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2021-22	2020-21
1	Current Assets:		
	i. Inventories		
	• Material	6,526,078,440	7,672,379,815
	• Accessories/ Supplies	26,855,897,078	26,775,619,122
	• Others (including spare parts)	3,801,813,670	3,658,079,200
	ii. Receivable:		
	• Trade	95,685,699,971	112,797,006,159
	• Others	7,975,199,215	4,914,399,969
	iii. Cash and Cash Equivalent	38,654,885,826	39,249,068,911
	iv. Others Current Assets	329,232,862,248	164,493,633,429
2	Total Current Assets (i+ii+iii+iv)	508,732,436,448	359,560,186,605
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	682,621,773,285	641,607,645,188
	• Capital Work in Progress	149,548,829,709	176,979,505,645
	• Investments	72,428,959,320	47,559,612,226
4	Total Assets (2+3)	1,413,331,998,761	1,225,706,949,664
5	Current Liabilities:		
	i. Payables:		
	• Trade	306,318,918,978	103,887,761,121
	• Others	1,718,501	1,925,113
	ii. Other Current Liabilities	312,497,520,182	289,536,810,388
6	Total Current Liabilities (i+ii)	618,818,157,661	393,426,496,622
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	671,839,386,353	685,679,499,827
	ii. Deferred Liabilities	57,716,907,520	23,849,809,551
	iii. Other Non-Current Liabilities	5,824,389,475	5,595,729,415
8	Total Non-Current Liabilities (i+ii+iii)	735,380,683,349	715,125,038,792
9	Total Liabilities (6+8)	1,354,198,841,010	1,108,551,535,415
10	Equity:		
	i. Share Capital	229,757,190,920	220,667,242,642
	ii. Govt. Equity against DESCO's Share	0	3,328,924,865
	iii. Grants	7,450,883,148	7,436,755,860
	iv. Funds & Other Reserves	8,240,131,594	7,804,301,560
	v. Revaluation Reserve	467,354,806,728	467,354,806,728
	vi. Retained Earnings/(Loss)	(653,669,854,639)	(589,436,617,405)
11	Total Equity (i+ii+iii+iv+v)	59,133,157,751	117,155,414,250
12	Total Equity and Liabilities (9+11)	1,413,331,998,761	1,225,706,949,664

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2021-22		2020-21	
		Amount	Percentage	Amount	Percentage
13	a. Net Sales Revenue	429,930,642,465	59.18%	402,569,810,479	77.37%
	b. Add: Subsidy from GoB	296,584,262,614	40.82%	117,779,100,000	22.63%
	Total Revenue	726,514,905,079	100%	520,348,910,479	100%
14	Less: Cost of Services	714,932,370,968	98.41%	499,386,520,146	95.97%
15	Gross Profit/(Loss) (13-14)	11,582,534,111	1.59%	20,962,390,333	4.03%
16	Less: Operating Expenses:				
	i. Administrative Expenses	4,831,357,152	0.67%	4,663,658,973	0.90%
	ii. Marketing Expenses	11,117,283,610	1.53%	11,816,655,224	2.27%
17	Total Operating Expenses (i+ii)	15,948,640,762	2.20%	16,480,314,197	3.17%
18	Operating Profit/(Loss) (15-17)	(4,366,106,651)	(0.61%)	4,482,076,135	0.86%
19	Add: Non-Operating Income	12,848,031,186		15,811,434,574	
20	Less: Financial Expenses	26,475,400,833		19,000,756,675	
21	Less: Other Non-Operating Expenses	0		0	
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	(17,993,476,298)		1,292,754,034	
23	Less: Provision for Tax				
	i. Current tax	6,377,176,264		0	
	ii. Deferred tax	7,956,761,693		0.00	
24	Net Profit/(Loss) After Tax (22-23)	(32,327,414,256)		1,292,754,034	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2021-22	2020-21
25	Credit Sales	413,589,847,157	387,361,386,093
26	Credit Purchases	658,560,351,928	453,346,075,211
27	Capital Budget Allocation	11,810,000,000	11,285,000,000
28	Actual Capital Expenditure	5,012,296,000	10,203,934,000
29	Dividend Payable	0	0
30	Dividend Paid	0	0
31	Taxes Payable	9,383,908,232	4,026,224,679
32	Taxes Paid	9,383,908,232	4,026,224,679
33	Debt Service Liabilities (DSL) Payable	46,852,946,000	36,811,342,616
34	Debt Service Liabilities (DSL) Paid	30,148,028,506	25,111,052,539
35	Fees, Fine and Charges Payable	125,821,024	165,562,814
36	Fees, Fine and Charges Paid	125,821,024	165,562,814
37	New Government Investment:		
	• Equity	9,089,948,278	7,459,575,965
	• Debts/Loan	6,106,178,990	4,973,050,643
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	0	0
	• Subsidies	128,000,400,000	89,448,000,000
	• Other Transfer (Specify)	0	0
39	Operating Cash Surplus/(Deficit)	34,570,041,173	59,489,219,666
40	Added Value	33,222,281,181	41,374,934,531
41	Employees cost includes wages, salaries, bonus, provident fund contribution and other allowances	3,797,735,150	3,619,593,955
42	Capacity Utilization (%)	43%	42%
43	Input use Efficiency (%)	42.86%	40.70%
44	Number of Employees (Nos)	12,610	12,419
45	Performance score achieved on APA	92.08%	98.53%

