

Government of the People's Republic of Bangladesh

Ministry of Finance

Economic Relations Division

ADB-4 Branch

Sher-e-Bangla Nagar, Dhaka.

PRESS RELEASE

A Loan Agreement to the tune of US\$ 616 million has been signed today (29 May 2017) in Dhaka between the Government of Bangladesh and the Asian Development Bank (ADB) to finance the **Bangladesh Power System Enhancement and Efficiency Improvement Project**. Mr. Kazi Shofiqul Azam, Secretary in-Charge, Economic Relations Division (ERD), Ministry of Finance and Mr. Kazuhiko Higuchi, Country Director, Bangladesh Resident Mission, Asian Development Bank signed the loan Agreement on behalf of the Government and ADB respectively. A number of senior officials of the Government and ADB were present at the signing ceremony.

Bangladesh Power System Enhancement and Efficiency Improvement Project is a 04-year term Project (July 2016-June 2020) and the total estimated cost of the Project is US\$ 1,057.5 million out of which ADB will provide US\$ 616 million (US\$ 600 million OCR and US\$ 16 million OCR Concessional) and Rest of the amount i.e. US\$ 439.5 million will be borne by the Government of Bangladesh. Japan Fund for Poverty Reduction (JFPR) will provide US\$ 2 million Grant as co-financing.

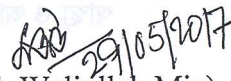
Both OCR and OCR Concessional Loan is Refundable in 25 years with a Grace period of 5 years. The interest rate on OCR Concessional loan is only 2% for the whole of the Loan period and the rate of interest on OCR Loan is LIBOR based with 0.15% Commitment Charge on the undisbursed Loan and 0.10% Maturity Premium.

The Power Division is the Sponsoring Division and Power Grid Company of Bangladesh Ltd (PGCB), Dhaka Electric Supply Company Ltd (DESCO) & Bangladesh Rural Electrification Board (BREB) are the executing Agencies of the project. The objective of the project is to improve access to efficient and reliable electricity in Bangladesh.

The main components under this Project are-

- (i). Aminbazar-Maowa-Mongla 400 kV Transmission Line Project;
- (ii). Installation of Supervisory Control and Data Acquisition (SCADA) System in DESCO Areas;
- (iii). Up- Gradation, Rehabilitation and Intensification of Distribution System (Dhaka, Mymensingh, Chittagong and Sylhet Divisions);
- (iv). Up- Gradation, Rehabilitation and Intensification of Distribution System (Rajshahi, Rangpur, Khulna and Barisal Divisions); and
- (v). Enhancement of capacity in transmission and distribution agencies.

ADB is one of the largest multilateral Development Partners of Bangladesh, extending assistance to the country since it became the member of it in 1973. ADB's total loan to the socio-economic development of Bangladesh stands at more than US\$ 16 billion. The development assistance of ADB mainly focuses on Power, Energy, Local Government, Transport, Education Agriculture. Water Resources and Governance Sectors of Bangladesh.


(Md. Waliullah Mia)
Deputy Secretary

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