

Government of the People's Republic of Bangladesh
Ministry of Finance
Economic Relations Division
ADB-1 Section
Sher-e-Bangla Nagar, Dhaka
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PRESS RELEASE

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A Loan Agreement of \$200.00 million has been signed today (28 September 2016) in Dhaka between the Government of Bangladesh (GoB) and Asian Development Bank (ADB) to finance the 'Railway Rolling Stock Project'. Mr. Saifuddin Ahmed, Joint Secretary (ADB Wing Chief), Economic Relations Division, Ministry of Finance and Mr. Yoshinobu Tatewaki, Officer-in-Charge and Unit Head, Portfolio Management, Bangladesh Resident Mission (BRM), ADB signed the Agreement on behalf of the People's Republic of Bangladesh and the ADB respectively. Senior officials of the Government of Bangladesh and the ADB were present during the loan signing ceremony.

The Railway Rolling Stock Project will be implemented by Bangladesh Railway. The total estimated cost of the project is \$294.00 million out of which ADB will provide \$200.00 million as Ordinary Capital Resources (OCR) loan. Rest of the amount will be borne by the Government of Bangladesh. Two Development Project Proposals (DPP) entitled (i) Procurement of Meter Gauge and Broad Gauge Passenger Carriages for Bangladesh Railway; and (ii) Procurement of Locomotives, Relief Cranes and Locomotive Simulator for Bangladesh Railway, to be financed under this loan, have already been approved by the Executive Committee of the National Economic Council (ECNEC).

The main objectives of the project are to procure 250 rail passenger carriages, 10 diesel locomotives, 4 relief cranes, 2 train washing plants and 1 locomotive simulator for Loco Master training. The proposed procurement will: replace old and over aged locomotives of Bangladesh Railway & meet the shortage of locomotives; operate new trains to meet the increasing demand of passengers; ensure quick salvage operation and restoration of communications after accidents; reduce the sufferings of the passengers during accident time; increase revenue earning of Bangladesh Railway.

OCR is London Interbank Offered Rate (LIBOR) based loan. It is repayable in 25 years including 5 years grace period with interest rate of LIBOR +0.5% (spread) and maturity premium of 0.1%. In addition to that commitment charge of 0.15% applies on undisbursed amount. ADB has been supportive of the development initiatives of Bangladesh since its joining to ADB in 1973. The cumulative ADB lending to different sectors of Bangladesh is about US\$ 16 billion till today.


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