

## Press Release

### Financing Agreement on “Efficiency Improvement in Grid-based Power supply” Project

On May 03, 2016, Bangladesh and KfW Development Bank acting on behalf of the German Federal Government signed two Agreements to support the improvement of the power transmission system in Bangladesh. Mr. Mohammad Mejbahuddin, Senior Secretary, Economic Relations Divisions, Ministry of Finance of Bangladesh and Mrs Claudia Arce, KfW Director South Asia, signed the agreements on behalf of their respective Governments. The signing ceremony was attended by Honorable Minister, Ministry of Finance of Bangladesh H.E. Mr. Abul Maal A Muhith, MP, and H.E. Hans-Joachim Fuchtel, Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development (BMZ) and Governor of Germany in the ADB.

The Financing Package consists of a concessional loan of EUR 137.5 million and a grant of EUR 2 million for accompanying capacity building and training measures. It is the biggest single project related financial support provided by the German Government to Bangladesh so far. The Project addresses priority measures in the framework of the national power grid extension plan: the extension of existing and construction of new transmission lines and substations all over Bangladesh. The purpose of the Project is to contribute to a reliable and efficient supply of electricity in the national grid of Bangladesh by improvements of the 230 kV and 132 kV transmission systems. This is to contribute to an increase in the industrial and commercial value added in the project region, the improvement of the living conditions of the population in the project area and the improvement of the climate-friendliness and environmental sustainability of the energy sector in Bangladesh.

After signing of the agreement, both sides expressed that the existing friendly relations between the two nations will reach new heights in the days ahead. It may be mentioned that Germany has a long history in supporting the energy sector of Bangladesh since 1972. It has been providing strategic assistance for the socio-economic development of Bangladesh since cooperation started with Germany in July 1972 soon after the Independence of the country.

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