

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 \$300.00 million has been signed today (21 June 2017) in Dhaka between the Government of Bangladesh (GoB) and Asian Development Bank (ADB) to finance the 'SASEC Chittagong - Cox's Bazar Railway Project, Phase 1'. Mr. Kazi Shofiquel Azam, Secretary (In-charge), Economic Relations Division, Ministry of Finance and Mr. Kazuhiko Higuchi, Country Director, Bangladesh Resident Mission (BRM), ADB signed the Agreements 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 SASEC Chittagong - Cox's Bazar Railway Project will be implemented by Bangladesh Railway over the Period 01 July 2010 to 30 June 2022. The total amount of \$1500.00 million loan will be released in 4 (four) tranches under the ADB's Multitranche Financing Facilities (MFF). In the tranche 1 ADB will provide \$300.00 million [\$210.00 million Ordinary Capital Resources (OCR) and \$90.00 million Concessional OCR Lending (COL)] loan for the Construction of Single Line Dual Gauge (DG) Railway Track from Dohazari to Cox's Bazar project which has already been approved on 19 April 2016 by the Executive Committee of the National Economic Council (ECNEC).

The main objectives of the project is to construct 102 km single line Dual Gauge Track from Dohazari to Cox's Bazar section of the Chittagong - Cox's Bazar Railway Corridor to establish railway connectivity with Cox's Bazar and to provide access to the proposed Tran-Asian Railway Corridor. The Project is part of the government's strategy to connect more districts of the country to the railway network. It will further support the objectives to (i) generate employment by developing Cox's Bazar's tourism industry; (ii) improve subregional connectivity and trade; (iii) increase the market share of the railway system, especially for long-distance passenger and freight traffic; and (iv) improve the integration of different modes of transport.

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% and maturity premium of 0.1%. In addition to that commitment charge of 0.15% applies on undisbursed amount. Concessional OCR Lending (COL) of the ADB is a concessionary loan repayable in 25 years including 5 years grace period with interest rate of 2.0%.

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 stands more than US\$ 16.00 billion.


21.06.17

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