



PRESS RELEASE

Two loan agreements titled **Sustainable Economic Recovery Program– Subprogram 1** (amounting US Dollar 250 million, OCR Regular) and “**South Asia Subregional Economic Cooperation (SASEC) Dhaka-Sylhet Corridor Road Investment Project –Tranche-1**” (amounting US Dollar 400.00 million) was signed on 04 October 2021 in Dhaka between the Government of Bangladesh (GoB) and the Asian Development Bank (ADB). **Ms. Fatima Yasmin**, Secretary, Economic Relations Division (ERD), Ministry of Finance and **Mr. Manmohan Parkash**, Country Director, Bangladesh Resident Mission, ADB signed the Loan agreements on behalf of the GoB and the ADB respectively. Mr. AHM Mustafa Kamal, FCA, MP, Hon'ble Minister, Ministry of Finance, Mr. Abdur Rouf Talukder, Senior Secretary, Finance Division and other senior officials of the Government of Bangladesh and ADB were present during the loan signing ceremony.

1. Sustainable Economic Recovery Program – Subprogram 1

Finance Division has formulated the **Sustainable Economic Recovery Program** as part of policy reform to mitigate the adverse economic effects caused by the Covid 19 pandemic. The program will be implemented by the Financial Institution Division, National Board of Revenue, Bangladesh Bank, Programming Division and Central Procurement technical Unit (CPTU). The Program scope includes (a) strengthening public financial management systems; and (b) improving access to finance for underserved market segments.

The prior actions of this program have been achieved by 30 September 2021. In the next financial year, the succeeding component under this program, Subprogram 2 worth USD 250 million is expected to be signed. It is noteworthy, in May last year, ADB financed 500 million USD for “Covid-19 Active response and expenditure support program” and in June current year, a loan agreement of 250 million USD titled Strengthening Social Resilience Program (Sub program 1) was signed. Proceeds from these two loans are being used as budget support to mitigate the adverse social and economic impact caused by the COVID-19 pandemic.

2. SASEC) Dhaka-Sylhet Corridor Road Investment Project

The main objective of the project is to improve the subregional transport and trade through upgrading the corridor (209.33km) to a four lane standard with feature of slow moving vehicular traffic (SMVT) lane. The improvement includes gender responsiveness and major road safety features such as to build new pavement, bridges, flyovers, straightening of curves, railway overpass and safe entry/exit to main road under this project. The project will also improve the institutional capacity of Roads and Highways Department (RHD) and efficiency, connectivity and safety of the Dhaka-Sylhet international corridor. It will also reduce Dhaka-Sylhet travel time by approximately 2 hours. It will form part of the Asian High way, South Asia Subregional Economic Cooperation (SASEC) corridor, BIMSTEC and SAARC Highway corridor and will have a great impact on socio-economic development in the project area. The project was approved on 16 February 2021 by the ECNEC (Executive

Committee of the National Economic Council) amounting of BDT 16918.59 crore out of which GOB will provide BDT 3673.90 crore and (approximately US\$433.24 million) and BDT 13244.69 (approximately US\$1561.87 million) will be borne by ADB. The project will be implemented over the period of 01 January 2021 to 31 December 2026 by Roads & Highways Department under the overall supervision of Road Transport and Highways Division, Ministry of Road Transport and Bridges.

The “South Asia Sub-regional Economic Cooperation Dhaka-Sylhet Corridor Road Investment Project” will be implemented under the Multi-tranche Financing Facilities (MFF) of ADB. ADB will provide US\$ 1780 million by 4 Tranches under this MFF and **so far this is the highest proposed financing from ADB against any single project**. For this purpose a Framework Financing Agreement (FFA) was signed with ADB on 24 June 2021. Under this FFA a loan of US\$ 400.00 million OCR for Tranche-1 was approved on 08 September 2021. OCR is London Interbank Offered Rate (LIBOR) based loan. It is repayable in 25 years including a 5 years grace period with an interest rate of LIBOR +0.5% and maturity premium of 0.1%. In addition, a commitment charge of 0.15% applies on the undisbursed amount.

ADB is one of the largest multilateral Development Partners of Bangladesh extending assistance to the country since it became a member of ADB in 1973. ADB’s total loan to Bangladesh till now is more than US\$ 26.61 billion and total grant is about US\$ 1.053 billion. The development assistance of ADB mainly focuses on Power, Energy, Local Government, Transport, Education, Agriculture, Health, Water Resources, Governance and Financial Sectors of Bangladesh.