

Government of the People's Republic of Bangladesh

Ministry of Finance

Economic Relations Division (ERD)

ADB-6 Branch

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Press Release


Today, 19 September 2017, a Loan Agreement of US\$200 million has been signed between the Government of Bangladesh (GoB) and the Asian Development Bank (ADB) at Dhaka to finance the “**Third Urban Governance and Infrastructure Improvement (Sector) Project**” to be implemented under the Local Government Division. **Mr. Kazi Shofiqul Azam**, Secretary, Economic Relations Division (ERD), Ministry of Finance and **Mr. Kazuhiko Higuchi**, Country Director, Bangladesh Resident Mission, ADB signed the Loan Agreement on behalf of Bangladesh Government and ADB respectively. Concerned officials of the Government and ADB were present in the loan signing ceremony.

Local Government Engineering Department (LGED) and Department of Public Health Engineering (DPHE) under Local Government Division are the executing agencies and selected 36 Pourashavas are the implementing agencies of the project. The implementation period of the project is July 2014 to June 2021.

The objective of the project is to establish poverty and gender friendly urban good governance and develop municipal services by building improved urban infrastructure in the selected 36 Pourashavas of the project. The Pourashavas are Muktagacha, Sherpur, Rajbari, Netrokona, Kishoreganj, Kotalipara, Tungipara, Benapole, Jessore, Chuadanga, Magura, Meherpur, Charghat, Bera, Ishwardi, Shahjadpur, Joypurhat, Chapai-Nawabganj, Naoga, Laksham, Nabibagar, Khagrachori, Bandarban, Laxmipur, Rangamati, Mowlavibazar, Habiganj, Chatak, Nilfamari, Lalmonirhat, Panchagarh, Cox's Bazar, Mymensingh, Faridpur, Gopalganj and Kushtia.

The total estimated cost of the project is US\$516.09 million out of which ADB's contribution is US\$325 million. A loan agreement of US\$125 million was signed with ADB on 27 August 2014 for the project. Additional US\$200 million has been signed today. Besides, an amount of US\$40 million has been provided by OPEC Fund for International Development (OFID). The Government of Bangladesh will provide the rest of the amount equivalent of US\$151.09 million. The loan repayment period is 25 years with a grace period of 5 years. Out of US\$200 million, ADB will provide US\$100 million as Concessional Ordinary Capital Resources loan (COL) with an interest rate of 2%. The rest US\$100 million will be provided from its Ordinary Capital Resources (OCR). The rate of interest for the OCR loan is London Inter-Bank Offered Rate (LIBOR) based (LIBOR+0.50%) with a maturity premium of 0.10%. In addition, a commitment charge at the rate of 0.15% will be applicable on the undisbursed amount.

ADB is one of the largest multilateral development partners of Bangladesh. It has been providing assistance to Bangladesh since the country became a member of ADB in 1973. Total loan of ADB to Bangladesh stands at over US\$18 billion. So far, the development assistance of ADB focuses on Power, Energy, Local Government, Transport, Education, Agriculture, Water Resources, Good Governance and Financial Sector of the country.


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