

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

PRESS RELEASE
30 June 2015, Tuesday

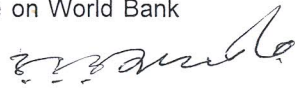
A loan agreement to the tune of US\$300 million has been signed today (30 June 2015) at 4:00 pm at the NEC II Conference Room of the Economic Relations Division (ERD), Sher-e-Bangla Nagar, Dhaka between the Government of Bangladesh and the World Bank to finance the “**Financial Sector Support Project (FSSP)**” to be implemented by the Bangladesh Bank. The Bank and Financial Institutions Division of the Ministry of Finance will be the executive/nodal Division of the Government for the project. **Mr. Mohammad Mejbahuddin**, Senior Secretary, ERD, Ministry of Finance and **Ms. Christine E. Kimes**, Acting Country Head, World Bank Dhaka Office signed the loan agreement on behalf of the Government and WB respectively. A project agreement has also been signed by Mr. Md. Ahsan Ullah, Executive Director of BB and Acting Country Head of WB on behalf of their respective sides. A number of senior officials of concerned ministries/agencies and the WB were also present during the signing ceremony.

This project aims to strengthen the financial sector of Bangladesh and in doing so, contribute to the higher-level objective of accelerating growth by providing access to long-term finance to the export and manufacturing sector, by supporting better capacity to regulate and supervise the financial sector and by strengthening the financial system's capacity to intermediate efficiently and boost capital accumulation to generate faster growth. Through financing to productive firms, particularly mid-sized exporting firms which are the engines for future growth and employment, the project would support the growth of exports, jobs, a higher rate of growth especially in manufacturing, and a reduction of losses (or opportunity cost) from underinvestment. Overall the project will contribute to building a stronger financial sector, which will contribute to stability and through facilitating improved financial intermediation promotes inclusive growth.

The project development objective (PDO) is to improve financial market infrastructure, the regulatory and oversight capacity of Bangladesh Bank, and the access to long-term financing for private firms in Bangladesh. The project is estimated to cost US\$350 million, which is proposed to be financed through an IDA loan of US\$300 million equivalent and a BB contribution of US\$50 million. The four major components of the project are:

Component 1: Strengthening Financial Market Infrastructure (US\$50 million, of which IDA is US\$40 million);
Component 2: Strengthening the Financial Sector Regulator (US\$5 million; of which IDA is US\$4 million);
Component 3: Supporting Long Term Finance (US\$292.5 million; of which IDA is US\$254 million); and
Component 4. Project Management and Monitoring (US\$2.5 million; of which IDA is US\$2 million).

The project will be implemented over the period of five years and nine months (from 1 July 2015 to 31 March 2021). The loan will be received in standard terms and conditions of the International Development Association (IDA), which includes 0.75% service charge on disbursed amount. The repayment of the loan is 38 years, including a 06 year grace period. At present there is no commitment charge on World Bank Loan.


(A. H. M. Jahangir)
Deputy Chief