



Press Release

Embassy of Japan

May 18, 2011

Japan's 32nd ODA Loan package to Bangladesh signed today.

On May 18, 2011, an Exchange of Notes as well as a Loan Agreement were signed by H.E. Tamotsu Shinotsuka, Japanese Ambassador, Dr. Takao Toda, Chief Representative of JICA, and Mr. Musharraf Hossain Bhuiyan, Secretary of ERD, regarding the 32nd ODA Loan Package of 54.929 billion yen (approx. 670 million USD) to Bangladesh, the biggest amount ever in the history of nearly 40 years of bilateral cooperation between Japan and Bangladesh. The concessionality of the loan is the highest with 0.01 annual interest rate, 10-year grace period and 40-year repayment period whose grant element is 87.07%. The package will serve for financing Padma Multipurpose Bridge, Khulna Water Supply, and Small and Medium-sized Enterprises

At the signing of the E/N, Ambassador Shinotsuka expressed hearty appreciation and gratitude on behalf of the Government and the people of Japan for the kind and warm hearted messages and contributions extended by the Government and the people of Bangladesh to the people of Japan who have suffered in the Great East Japan Earthquake and Tsunami disaster. While reaffirming Japan's strong commitment to assist the development of Bangladesh, Ambassador Shinotsuka expressed his hope that these projects would be implemented smoothly and effectively and that the people of Bangladesh would get maximum benefits from the projects.

In 2005, Japan initiated the feasibility study for Padma Multipurpose Bridge, which would connect the South-west part of the country where 25 % of the total population resides, to other parts of the nation. In addition to the Padma Multipurpose Bridge, Japan has been extending assistance to Bangladesh connecting the national lands by five large-scale bridges, namely Jamuna, Paksey, Rupsha, Meghna, and Meghna-Gumti, as well as hundreds of medium and small

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bridges across the country. Padma Multipurpose Bridge Project will drastically shorten the travel time between Dhaka and Khulna from over 12 hours to approximately 3 hours. Escalated mobilization of people and goods between the two cities is estimated to improve the national GDP by 0.56 % a year. Furthermore, the bridge will also improve the regional transportation and logistics within the Indian subcontinent.

On the other hand, Japan has been supporting the improvement of people's access to safe water in both urban and rural areas through financial and technical projects to Chittagong WASA (Water and Sewerage Authority), water quality and arsenic mitigation projects, and so on. In Khulna, the third largest city of Bangladesh, only 22 % of the population has access to piped water supply. Co-financing by Japan and ADB, Khulna Water Supply Project will provide treated safe water and will increase the percentage of people with access to piped water supply to around 73% by constructing water treatment facilities and water supply and distribution networks. The Project will also contribute to strengthening the resilience to salinity intrusion from Bengal Bay.

Taking account of invigorating private sector, both in trade and investment, Japan emphasizes the importance of the private sector development as well, especially the development of SME that consists of 5.9 million enterprises with total 31 million employees, accounting for about 25% of the GDP. So SMEs are expected to play a pivotal role in the country's economy. Financial Sector Project for the Development of Small and Medium-sized Enterprises aims to provide medium- to long-term funds for SME's investments to fixed assets to be lent from the Bangladesh Bank to around 10,000 SMEs through commercial banks and other financial institutions. Training courses on SMEs lending practices prevalent in Japan and other countries will also be provided.

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Photo Caption: by H.E. Tamotsu Shinotsuka, Japanese Ambassador, Dr. Takao Toda, Chief Representative of JICA and Mr. M Musharraf Hossain Bhuiyan, Secretary, Economic Relations Division, Ministry of Finance signed the Exchange of Notes as well as Loan Agreement on behalf of their respective government.

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