

An ODA Loan for Bridge Construction in Bangladesh

--Toward Vibrant Regional Economic Activities with Transport Infrastructure Development--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today an ODA loan agreement totaling 9.209 billion yen with the Government of the People's Republic of Bangladesh for the Paksey Bridge Construction Project (II).
2. The loan will finance civil works, procurement of equipment, materials, and services for constructing a bridge over the Padma (downstream of Ganges) River flowing through the western Bangladesh from west to east. The project follows up on the first phase of the project, for which JBIC provided 8.707 billion yen in 1997.
3. Bangladesh is intersected by three major rivers. The western region, where this project will be undertaken, was separated from Dhaka, the capital, by the Jamuna River, and from the international port of Mongla, by the Padma River. This has hampered cargo traffic, resulting in lagging economic development in the region. This project will improve the corridor between the northwest and Khulna, the major city in the western region, which is one of the country's five major corridors. In addition, establishing an overland route linking Khulna and Mongla Port will put in place a convenient transport network for agricultural products, thereby invigorating economic activities in this region.
4. The Basic Strategy of Japan's ODA Loan, published in April 1, 2002, JBIC designated the following priorities in providing financial assistance to Bangladesh in order to address the country's greatest challenge of poverty reduction: (1) economic infrastructure development; (2) agricultural and rural development; and (3) support for the poor. To date, JBIC has supported a number of efforts to improve transport networks to advance economic infrastructure development; In addition to this project, ODA loans have been provided for the Jamuna Multipurpose Bridge and the Rupsa Bridge. Thus JBIC has contributed to the country's economic development by improving arterial roads linking the three major cities of Dhaka, Chittagon and Khulna as well as ports.

(See Appendix for details.)

1.Loan Amount and Conditions

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period (Year)	Tying Status
Paksey Bridge Construction Project (II)	9,209	1.0	30 / 10	General Untied

2. Project Summary

Paksey Bridge Construction Project (,h,h)

(i) Background and Necessity of the Project

Bangladesh is divided by its three great rivers, the Padma (downstream of the Ganges), the Jamuna and the Meghna. The west of the country is an important agricultural region, producing rice, barley , bananas etc. However, it is separated from the capital, Dhaka, by the Jamuna River. Even in the northwest of the country, the area is separated from the international port of Mongla by the Padma River, which leaves the region isolated. This has resulted in the west of the country being left behind by economic development, a situation now seen as one of the main tasks for Bangladesh.

The Jamuna Multipurpose Bridge has been built across the Jamuna with ODA loan. The Meghna Bridge and the Meghna Gunmti Bridge, both built with Japanese grant aid, cross the Meghna River. Thus overland routes to and from Dhaka to the northwest and to Chittagong have been established. However, the northwest and the southwest remain divided by the Padma River. The building of the Paksey Bridge over the Padma River, will complete a land route starting at Mongla Port, passing Kulna, the major city in the western region, and linking to the northwest.

(ii) Purpose and Description of Project

The project is to construct a 1,786m bridge (18.3m wide, two lanes) at Paksey in western Bangladesh, eliminating the bottleneck at the Padma River which impedes traffic from the southwest to the northwest, and enabling smooth transport of freight and passengers. This is intended to ease the movement of agricultural products from the prime grain producing region of Bangladesh, stimulating the production of agricultural products and, by extension, raising the farmers' standards of living and vitalizing the economy of the western region.

The executing agency for the project is the Roads and Highways Department (RHD), Ministry of Communications (Address: Sarak Bhaban, Dhaka, Bangladesh, Tel: 880-2-9667517).