

JBIC Signs ODA Loan Agreement with Bangladesh --Supporting Rural Development to Reduce Poverty--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today an ODA loan agreement totaling up to ¥11.345 billion for the Eastern Bangladesh Rural Infrastructure Development Project with the Government of the People's Republic of Bangladesh.
2. The Project aims to improve access to economic opportunities and social services, including education and healthcare, for poor people living in rural areas of five districts in Chittagong and four districts in Sylhet, located in eastern Bangladesh, by improving main rural roads and village market facilities. Thereby, the Project envisages a reduction in economic and social disparities between urban and rural areas. The proceeds of the loan will be used primarily for rural infrastructure development and consulting services.
3. Bangladesh has been making a steadfast effort to reduce poverty, with its sights set on achieving the Millennium Development Goals (MDGs^[1]). One of major challenges to achieving the MDGs is the high incidence of poverty in rural areas, where almost 80 percent of the population resides. In a country with substantial rainfall and frequent flooding, there are particularly severe constraints on moving from one place to another during the monsoon season. The Project consists of the development of main rural roads and village markets, and the construction of roads able to withstand floods and other natural disasters in eastern rural areas. The Project will thereby contribute to alleviating damages caused by natural disasters.
4. JBIC has supported rural infrastructure projects in Bangladesh with "the Greater Faridpur Rural Infrastructure Development Project" and "the Northern Rural Infrastructure Development Project" in collaboration with the Japan International Cooperation Agency (JICA). In this Project, facility construction and utilization plans will be drawn up through local community-participated workshops to reflect the desires of local communities. In addition, the Project aims to expand employment opportunities for poor women by training and employing them in partnership with local non-governmental organizations (NGOs).

([Click here for details.](#))

[1] Millennium Development Goals (MDGs): Goals set in the UN Millennium Summit held in September 2000. They include halving the number of poor people.

1. Loan Amount and Terms

| Project Name | Amount (Mil. Yen) | Interest Rate (% per annum) | Repayment Period/ Grace Period (Year) | Procurement |
|--|----------------------|--------------------------------|--|-------------------|
| Eastern Bangladesh Rural Infrastructure Development Project | 11,345 | 0.9 | 30/10 | General Untied |

2. Outline of the Project

(1) Project Background and Necessity

In Bangladesh, about 80 percent of the population resides in rural areas. Agriculture is the country's largest industry, with production in this sector accounting for 30 percent of the gross domestic product (GDP). However, lagging development in rural infrastructure, such as main rural roads and village markets, is posing an obstacle to the efficient distribution of agricultural products and provision of healthcare, education and other social services. In addition, there are considerably limited opportunities in nonagricultural employment, such as commerce and transport services. In a country with substantial rainfall and frequent flooding, there are particularly severe constraints on moving between places during the monsoon season. Inadequate road networks are hampering the satisfactory development of other rural infrastructure such as village markets, and electric power and water supply systems. Bangladesh is thus in a situation where, without roads, even if such services were available, they could not have an adequate impact. As a result, it is estimated that more than half of the rural population is still living in poverty. Consequently, Bangladesh has significant needs for broader rural infrastructure development.

(2) Project Description

The Project consists of upgrading main rural roads (Upazila roads) and village markets, as well as other components, in five districts in Chittagong and four districts in Sylhet, located in eastern Bangladesh. Sylhet Division is one of the region's most vulnerable to flooding. In the locations susceptible to floods, the roads will be strengthened to have structures better able to withstand flooding. Furthermore, to reflect the desires of local communities, construction and utilization plans will be drawn up through workshops where local communities participate. To ensure appropriate operation and maintenance as well as the utilization of infrastructure facilities and to increase employment opportunities for poor women, capacity enhancement training will be provided for poor people who engage in maintenance work in partnership with local NGOs.

(3) Project Executing Agency

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