

South Korea to provide Bangladesh \$3 billion concessional loans

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The Daily Morning Voice Online Desk : Bangladesh and South Korea on Thursday (May 4, 2023) signed a new framework arrangement concerning 3 billion US dollars of concessional loans from the Economic Development Cooperation Fund (EDCF) for the years 2023 through 2027. The signing ceremony took place in Incheon, South Korea on the occasion of 56th Annual General Meeting of the Board of Governors of Asian Development Bank (ADB), says a press release issued by Korean Embassy in Dhaka. Kisun Bang, South Korean First Vice Minister for Economy and Finance, and Sharifa Khan, Secretary of Economic Relations Division (ERD) of Bangladesh, signed the arrangement on behalf of respective sides.

On this occasion, a Memorandum of Understanding (MoU) on the cooperation for Dhaka MRT Line 4 and EDCF Loan Agreement (L/A) for two projects, procurement of CNG-run buses and modernization of railway signalling system, have also been signed by concerned representatives from both sides. The signed arrangement will serve as a legal foundation for the South Korean government's provision of up to 3 billion US dollars in concessional loans to the Government of Bangladesh for the next five years. According to the arrangement, the repayment period of the EDCF loans will be 40 years, including 15 year grace period, with the annual interest rate between 0.01%-0.05%.

According to the arrangement, candidate projects will be identified in the future in close consultation between the two governments. Commenting on the issue, Ambassador Lee Jang-kuen said "It is particularly meaningful to sign a new EDCF Framework Arrangement in the year of the 50th anniversary of diplomatic ties between the two countries". With the substantial increase in the concessional loan to Bangladesh, it is expected that Korea will be able to support mega projects in Bangladesh, thus contributing to the continuous socio-economic development of Bangladesh. "I hope this 3 billion US dollars support serves as a catalyst for improving the daily lives of Bangladeshi people, such as in the areas of transportation, health and education, and for enhancing friendship between the people of Bangladesh and Korea," he added. With the signing of the new framework arrangement, Bangladesh has become the second largest recipient of South Korea's Official Development Aid (ODA) across the globe. The amount authorised by the newly signed arrangement has more than quadrupled compared to that of previous EDCF Framework Arrangement which stipulated provision of up to 700 million US dollars for the years 2021 through 2025. The Korean government, so far, has supported 30 development projects with aggregate amount of 1.7 billion US dollars through the EDCF.