

Government of the People's Republic of Bangladesh
Ministry of Finance
Economic Relations Division
Europe-3 Branch
Sher-e-Bangla Nagar, Dhaka.

PRESS RELEASE

A Loan Agreement of EUR 80 million and a Grant Agreement of EUR 1 million were signed today (30 October 2025) in Dhaka between the Government of the People's Republic of Bangladesh and the Government of the Federal Republic of Germany for the project titled "Promotion of Climate-Friendly Energy Supply (Smart Grids 2)".

On behalf of the Government of Bangladesh Mr. Md. Shahriar Kader Siddiky, Secretary, Economic Relations Division (ERD) and on behalf of the Federal Republic of Germany Ms. Carolin Gassner, Director, South Asia & Ms. Christina Poppe, Portfolio Manager, KfW Development Bank signed the Loan and Grant Agreements.

The project aims to modernize and enhance the capacity of 25 existing outdoor substations from 842 MVA to 1,260 MVA and ensure an uninterrupted, reliable, and efficient power supply by reducing system loss from 6.62% to 5.82% and the System Average Interruption Duration Index (SAIDI) from 332 minutes to 300 minutes by June 2029 within the project areas. The Bangladesh Rural Electrification Board (BREB) under the Power Division will implement the project.

The total estimated cost of the project is BDT 1,817.99 crore, of which GoB contribution is BDT 479.97 crore, Project Aid amounts to BDT 1,080.67 crore, and Agency's Own Fund is BDT 257.35 crore. The implementation period of the project is from 1 July 2025 to 30 June 2029. The EUR 1.00 million under the Grant Agreement will be provided as a grant to the BREB to meet the expenditure for expert services. The project received approval from the Executive Committee of the National Economic Council (ECNEC) on 17 August 2025.

The Federal Republic of Germany has been a long-standing development partner of Bangladesh. Since 1972, the total commitments of Financial and Technical Cooperation from the German Government have amounted to approximately EUR 4.00 billion. Currently, KfW Development Bank is financing 12 projects in Bangladesh, providing total support of EUR 567.5 million as loans and EUR 169.0 million as grants.


30/10/2025
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Deputy Secretary
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