

Foreign Exchange Policy Department
Bangladesh Bank
Head Office
Dhaka.
www.bb.org.bd

FE Circular No. 20

Date: April 15, 2020

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Introduction of Euro in Green Transformation Fund

Please refer to FE Circular No. 02, dated January 14, 2016 and its subsequent circular/circular letters in terms of which Bangladesh Bank operates Green Transmission Fund (GTF) in US Dollar for extending loans to Authorized Dealers (ADs) for on-lending/re-financing to eligible borrowers to implement specified green/environment-friendly initiatives. Bangladesh Bank charges interest @ six-month USD LIBOR plus 1.00 percent to ADs against their financing to eligible borrowers. ADs determine their own loan interest rates to the borrowers covering their cost of borrowing from the Fund and operational expenses, plus a reasonable risk-adjusted spread and profit margin within the range of 1.00~2.00 percent above the cost of borrowing.

02. In terms of FE Circular Letter No. 14, dated June 26, 2019, the scope of financing from GTF has been widened to all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment-friendly initiatives.

03. It has been decided to introduce EURO 200.00 (two hundred) million along-with the existing USD 200.00 (two hundred) million. Accordingly, participating ADs will now be in a position to draw loans in euro from GTF @ EURIBOR plus 1.00 percent for the admissible purposes. In case of EURIBOR remaining in negative territory, ADs will be charged only @ 1.00 percent against their borrowing from the Fund. As usual, ADs shall determine their mark-up above the borrowing cost within the specified range of 1.00~2.00 percent.

04. It has also been decided that financing on long term basis (5 to 10 yrs) from GTF in Euro will be admissible to all manufacturing industrial enterprises for importing of environment friendly & energy efficient (including solar energy and renewable energy under power sector) /green capital machinery and accessories (including Buyer's Credit). This GTF in Euro is also to widen the scope to import (only Buyer's Credit) industrial raw materials used in all manufacturing enterprises including both export oriented and deem exporters for the tenure permissible as per paragraph 33(a), chapter 7 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 and its subsequent circulars.

Other relevant instructions with regards to operations of GTF shall remain unchanged. Please bring the contents of this circular to the notice of your concerned constituents.

Yours faithfully,



(Mohammad Khurshid Wahab)
General Manager
Phone: 9530123