

Grant No. 09

13 - Economic Relations Division

Medium Term Expenditure

(Taka in Thousands)

Description	Budget 2016-17	Projection	
		2017-18	2018-19
Non-Development	9988,45,55	10951,73,00	11970,33,00
Development	33,17,00	36,30,00	39,60,00
Total	10021,62,55	10988,03,00	12009,93,00
Revenue	1796,69,15	1855,20,90	2278,04,35
Capital	8224,93,40	9132,82,10	9731,88,65
Total	10021,62,55	10988,03,00	12009,93,00

1.0 Mission Statement and Major Functions**1.1 Mission Statement**

Acceleration of national development through mobilization of external resources to support development plans/programs of the Government by strengthening bilateral and multilateral diplomatic relations.

1.2 Major Functions

- 1.2.1 Assessment, mobilization, negotiation, review and monitoring of foreign aid as well as allocations of all external resources for implementation of development projects included in the Annual Development Programme (ADP);
- 1.2.2 Foreign debt management including debt profiling analysis and budgeting, debt servicing and maintaining accounts thereof;
- 1.2.3 Arranging annual meetings of the Bangladesh Development Forum (BDF) and monitoring follow-up actions. Managing regular meetings with the World Bank, ADB, IDB and other multilateral and bilateral development partners and monitoring implementation of decisions;
- 1.2.4 Strengthening external economic relations with international development organizations/agencies;
- 1.2.5 Facilitating various types of international agreements involving financial economic and technical co-operation: Joint Commission (JC)/Joint Economic Commission (JEC), holding meetings to resolve economic and financial issues and facilitating signing of contracts;
- 1.2.6 Administration of Economic Wings of Bangladesh Missions abroad and appointments of officers and staff thereof;
- 1.2.7 Raising Issues relating to economic and technical cooperation, specially issues of development finance, transfer of resources, external debt, technology transfer between developed and developing countries and also among developing countries themselves in various Forums; and
- 1.2.8 Initiating activities for aid harmonization and aid effectiveness with development partners.

2.0 Medium Term Strategic Objectives and Activities

Medium-Term Strategic Objectives	Activities	Implementing Departments/Agencies
1	2	3
1. Mobilise external resources and support from bilateral	<ul style="list-style-type: none"> Facilitate commitment and disbursement of external loans and grants 	<ul style="list-style-type: none"> ERD

Medium-Term Strategic Objectives	Activities	Implementing Departments/Agencies
1	2	3
and multilateral partners, international institutions/countries	<ul style="list-style-type: none"> Organize Bangladesh Development Forum (BDF) meetings and monitor follow-up actions*** Mobilize resources from various international climate funds through advocacy in various international climate change forums Facilitate international agreements by organizing Joint Economic Commission (JEC) meetings 	
2. Sustainable external debt	<ul style="list-style-type: none"> Develop and implement aid management system Serve external debt Analyse cost of loans 	<ul style="list-style-type: none"> ERD
3. Aid Effectiveness at domestic level	<ul style="list-style-type: none"> Develop, implement and monitor Joint Cooperation Strategies (JCS) under the Paris, Accra, Busan Declaration framework 	<ul style="list-style-type: none"> ERD

3.0 Poverty and Gender Reporting

3.1 Impact of Strategic Objectives on Poverty Reduction and Women's Advancement

3.1.1 Mobilize external resources and support from bilateral and multilateral partners, international institutions/ countries

Impact on poverty reduction: ERD mobilizes financial resources from international development partners. These resources are utilized by the Government for designing and implementing developmental programmes in agriculture, education, health and infrastructure sectors and targeted poverty reduction programmes that have a bearing on the socio-economic conditions of the poor.

Impact on women's advancement: Most of the development programmes implemented with donor support as facilitated by the ERD, include a gender focus and target the socio-economic development of women.

3.1.2 Sustainable external debt

Impact on poverty reduction: Debt service management has no direct impact on Poverty Reduction.

Impact on women's advancement: It has no direct impact on Women's Advancement.

3.1.3 Aid Effectiveness at domestic level

Impact on poverty reduction: Resource mobilization from development partners facilitates smooth and timely implementation of critical development projects that contributes towards creation of jobs for the poor.

Impact on women's advancement: Aid harmonization and effective management of aid facilitate the alignment of Government priorities with those of the donor agencies. This in turn helps in achieving better convergence of efforts and effective utilization of funds, especially in those programmes that target socio-economic development of women.

3.2 Poverty Reduction and Women's Advancement Related Spending

(Taka in Thousands)

Particulars	Budget 2016-17	Projection	
		2017-18	2018-19
Poverty Reduction	38,85,15	39,20,07	41,11,73
Gender	27,66,29	28,83,66	30,08,61

4.1 Priority Spending Areas/Programmes

Priority Spending Areas/Programmes	Related Strategic Objectives
<p>1. Development of Aid Management System</p> <p>ERD records and analyses external debt data, and undertakes debt servicing to keep the nation's debt at a sustainable level. In this context, Debt Management Financial Analysis System (DMFAS) Version-6 has been installed to enhance effectiveness of debt management. Aid Information Management System (AIMS) software has been developed. The operational and technical aspects of the software are now being tested. Since debt management plays a vital role in mobilizing and analysing external resources, this area has been accorded the highest priority.</p>	<ul style="list-style-type: none"> Sustainable external debt
<p>2. Promotion of FDI in Bangladesh and expansion of businesses in Missions abroad</p> <p>ERD has seven (7) Economic Wings abroad to support the mobilization of external resources and to promote bilateral economic relations with the respective countries and organizations. To expand these activities ERD is planning to open a new Economic Wing in Beijing, China. It is, therefore, given the 2nd priority.</p>	<ul style="list-style-type: none"> Mobilize external resources and support from bilateral and multilateral partners, international institutions/ countries
<p>3. Institutionalization of Aid Effectiveness of Bangladesh</p> <p>ERD coordinates all the disbursements and commitments of external resources to Bangladesh. ERD further plans to enhance the effectiveness of the Joint Co-operation Strategy (JCS) working group which is now monitoring all the disbursement and commitment from the DPs. A series of workshops, meetings and seminars are planned to support the achievement of the goals of Aid Effectiveness. Given the importance of effective use of loans, the area has been accorded priority.</p>	<ul style="list-style-type: none"> Aid Effectiveness at domestic level

4.2 Medium Term Expenditure Estimates and Projection (2016-17 to 2018-19)

4.2.1 Expenditure by Department/Agencies/Operational Units

(Taka in thousands)

Description	Budget	Revised	Budget 2016-17	Projection	
	2015-16			2017-18	2018-19
Secretariat	89,96,92	71,84,62	75,80,00	75,33,56	80,12,50
Economic Offices Abroad	18,89,05	17,88,14	20,40,52	21,13,19	22,82,23
International Organisations	42,24,03	147,43,79	149,42,03	148,05,93	147,95,93
International Development Institutions	9512,00,00	8600,00,00	9776,00,00	10743,50,32	11759,02,34
Grand Total :	9663,10,00	8837,16,55	10021,62,55	10988,03,00	12009,93,00

4.2.2 Expenditure by Economic Group Wise

(Taka in thousands)

Economic Group	Description	Budget	Revised	Budget 2016-17	Projection	
		2015-16			2017-18	2018-19
	Revenue Expenditure					
4500	Pay of Officers	9,14,92	14,40,20	11,40,13	11,18,98	11,47,83
4600	Pay of Establishment	3,68,86	4,65,25	4,89,18	5,04,83	5,34,08
4700	Allowances	17,18,68	18,03,26	19,84,97	20,27,32	20,78,20
4800	Supplies and Services	57,50,55	39,11,91	39,01,59	45,27,82	55,25,42
4900	Repairs and Maintenance	1,32,00	1,03,53	7,21,25	4,93,70	1,28,55
5600	Interest on Foreign Debt	1688,00,00	1600,00,00	1688,00,00	1743,50,32	2159,02,34
6100	Contributions to International Organisation	17,54,03	17,55,79	19,24,03	17,87,93	17,77,93
6300	Pensions and Gratuities	4,65,00	5,50,00	7,08,00	7,10,00	7,10,00
	Total : - Revenue Expenditure	1799,04,04	1700,29,94	1796,69,15	1855,20,90	2278,04,35
	Capital Expenditure					
6800	Acquisition of Assets	5,22,66	6,65,61	6,40,40	2,28,10	1,35,65
7000	Construction and Works	9,81,00	0	0	0	0
7100	Investments in Shares and Equities	24,70,00	129,88,00	130,18,00	130,18,00	130,18,00
7400	Advances to Government Employees	32,30	32,00	35,00	35,00	35,00
7700	Foreign Debt Repayment	7824,00,00	7000,00,00	8088,00,00	9000,00,00	9600,00,00
7900	Development Import Duty and VAT	0	1,00	0	1,00	0
	Total : - Capital Expenditure	7864,05,96	7136,86,61	8224,93,40	9132,82,10	9731,88,65
	Grand Total :	9663,10,00	8837,16,55	10021,62,55	10988,03,00	12009,93,00

5.0 Key Performance Indicator (KPIs)

Indicator	Related Strategic Objectives	Unit	Revised Target	Actual	Target	Revised Target	Medium Term Targets		
			2014-15	2015-16	2016-17	2017-18	2018-19		
1	2	3	4	5	6	7	8	9	10
1. Disbursement of Foreign Aid	1 & 2	% of GDP	3.06	1.56	2.71	1.53	1.60	1.60	1.60
2. TDS*/XGS**	2	%	3.85	3.25	3.24	2.93	2.97	2.67	2.67
3. TDS/GDP	2	%	0.67	0.56	0.54	0.48	0.49	0.43	0.43
4. TOED***XGS	2	%	78.01	70.74	75.13	70.02	68.22	67.07	67.20
5. TOED/GDP	2	%	13.01	12.26	12.43	11.59	11.19	10.89	10.91
6. Amount of untied aid as % of total aid inflow	3	%	88	90.88	87	88	87	86	86
7. Amount of grants as % of total foreign assistance	3	%	21.31	18.76	20.55	18.88	16.25	15.47	15.00

Note: *TDS – Total Debt Service (External)

**XGS – Export of Goods and Services

***Total Outstanding External Debt (TOED)

6.0 Recent Achievements, Activities, Output Indicators and Targets and Expenditure Estimates of the Departments/Agencies

6.1 Economic Relations Division (ERD)

6.1.1 Recent Achievements: In FY 2014-15, disbursement of the foreign aid stood at US\$ 3043 million. In the previous two years, i.e. FY 2012-13 and 2013-14 disbursements totalled US\$ 2811 and 3084 million respectively. Since independence the highest per year disbursement record was made during the FY 2013-14. In FY 2014-15, commitment of the foreign aid stood at US\$ 5258 million. In addition, during the previous two years i.e., 2012-13 and 2013-14 foreign assistance agreements have been signed amounting to US\$ 5854.61 and 5844.22 million respectively. After the independence, the highest foreign assistance agreements were signed during FY 2013-14. A total of 97 agreements were signed in FY 2014-15 for mobilizing external resources, of which 63 were for grants and the remaining 34 were for loans. In FY 2013-14, 83 agreements were signed of which 54 were for grants and 29 were for loans.

6.1.2 Activities, Output Indicators and Targets

Activities	Output Indicator	Related Strategic Objectives	Unit	Revised Target	Actual	Target	Revised Target	Medium Term Targets		
				2014-15	2015-16	2016-17	2017-18	2018-19		
1	2	3	4	5	6	7	8	9	10	11
1. Facilitate commitment and disbursement of external loans and grants	Foreign aid committed	1	Million US\$	6000	5258	6000	6000	6000	6000	6000
	Foreign aid disbursed			3352	3043	4362	3390	4894	5555	5800
2. Mobilize resources from various international climate funds through advocacy in various international climate change forums	Amt. of resource mobilization	1	Million US\$	38.20	26.97	41	71.36	53.16	40.00	40.00
3. Facilitate international agreements through organizing Joint Economic Commission (JEC) meetings	No. of MOUs/Agreements signed	1	No.	3	0*	3	2	2	2	3
4. Develop and implement aid management system	Implementation of DMFAS 6	2	% or milestone	100	95	***	**	**	**	**
	Implementation of AIMS			60	40	80	80	100	100	-
5. Serve external debt	Loan repayment	2	Million US\$	1210	1097	1189	1075	1222	1425	1425
	Total Outstanding External Debt			2600	23901	28680	25698	28037	30851	34001
6. Analyse cost of loans	Report prepared and updated	2	No.	5	5	5	5	5	5	5
7. Develop, implement and monitor Joint Cooperation Strategies (JCS) under the Paris, Accra, Busan Declaration framework *	% of activities under the JCS implemented	3	No.	20	12	8	8	***	***	***

* After 2010 there weren't any arrangements for BDF meeting. Moreover, for the upcoming meetings no date has been fixed yet. For that reason, output indicator isn't available in this regard.

** There was no JEC meeting in 2013-14.

*** Project will be completed in FY 2014-15, so the target for two outer year left blank.

6.1.3 Medium Term Expenditure Estimates by Operational Unit, Programmes and Projects

(Taka in Thousands)

Name of the Operational Unit/Programme/Project	Related Activity	Actual 2014-15	Budget	Revised	Medium Term Expenditure Estimates		
			2015-16	2016-17	2017-18	2018-19	
1	2	3	4	5	6	7	8
Operational Units							
1301-0001 - Secretariat	1-7	20,03,15	27,31,92	37,33,62	42,63,00	39,03,56	40,52,50
1303-0001 - Washington DC	1-7	3,87,98	3,56,47	3,15,36	3,21,35	3,29,45	4,67,75
1303-0005 - Bangkok	1-7	1,50,97	1,50,55	1,75,10	1,62,95	1,79,00	2,40,55
1303-0010 - New York	1-7	1,79,82	2,89,73	2,65,86	3,65,28	3,43,78	3,64,28
1303-0015 - Tokyo	1-7	1,39,57	4,48,75	3,52,91	3,06,81	2,84,21	2,85,71
1303-0020 - Riyadh	1-7	1,38,29	1,77,02	1,97,88	2,66,14	3,25,56	3,00,35
1303-0035 - Rome	1-7	1,08,13	3,14,20	2,70,90	2,81,90	3,59,70	3,25,85
1303-0045 - Brussels	1-7	1,33,16	1,52,33	1,40,88	1,47,34	1,52,74	1,58,99
1303-0055 - Beijing	1-7	0	0	69,25	1,88,75	1,38,75	1,38,75
1306-4007 - USAID	1-7	0	35,00	35,00	35,00	35,00	35,00
1306-4009 - UNDP-HQ	1-7	3,13,20	3,20,00	3,20,00	3,20,00	3,20,00	3,20,00
1306-4011 - UNDP-Local Programme	1-7	11,00	11,00	11,00	11,00	11,00	11,00
1306-4015 - Commonwealth Fund for Technical Co-operation (CFTC)	1-7	0	1,96,20	1,96,20	3,76,20	2,00,00	2,00,00
1306-4017 - Commonwealth Foundation	1-7	29,46	30,00	30,00	30,00	30,00	30,00
1306-4019 - Colombo Plan for South and South-East Asia TA (CPS)	1-7	13,47	14,50	14,50	14,50	14,50	14,50
1306-4023 - Singapore-Colombo Plan Staff College (CPSC)	1-7	5,57	6,00	6,00	6,00	6,00	6,00

Name of the Operational Unit/Programme/ Project	Related Activity	Actual 2014-15	Budget	Revised	Medium Term Expenditure Estimates		
			2015-16		2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8
1306-4031 - International Fund for Agricultural Development (IFAD)	1-7	1,76,31	2,00,00	1,80,00	2,50,00	2,90,00	3,00,00
1306-4033 - UN Volunteers	1-7	78	80	80	80	80	80
1306-4035 - UN Environment Programme (UNEP)	1-7	51	53	53	53	53	53
1306-4039 - UNICEF	1-7	27,01	27,60	27,60	27,60	27,60	27,60
1306-4043 - UN Family Planning Programming (UNFP)	1-7	24,24	22,40	22,40	22,40	22,50	22,50
1306-4047 - UN Fund for Drug Abuse Control (UNODC)	1-7	78	80	80	80	80	80
1306-4052 - UN WOMEN	1-7	8,14	8,40	8,40	8,40	8,40	8,40
1306-4062 - International Aid Transparency Initiative (IATI)	1-7	0	0	81,76	0	0	0
1306-4065 - Islamic Development Bank (IDB)	1-7	0	24,70,00	24,70,00	25,00,00	25,00,00	25,00,00
1306-4074 - South-South Co-operation	1-7	78	80	80	80	80	80
1306-4456 - Islamic solidarity fund for Development (ISFD)	1-7	7,75,00	8,00,00	7,80,00	8,00,00	8,00,00	8,00,00
1306-4460 - Global Environment Facility (GEF) Trust Fund	1-7	0	80,00	40,00	20,00	20,00	0
1306-4465 - Asian Infrastructure Investment Bank (AIIB)		0	0	105,18,00	105,18,00	105,18,00	105,18,00
1321-0000 - International Development Institutions	1-7	0	9512,00,00	8600,00,00	9776,00,00	10743,50,32	11759,02,34
Total : Operational Units		46,27,32	9600,45,00	8802,65,55	9988,45,55	10951,73,00	11970,33,00
Total : Non Development		46,27,32	9600,45,00	8802,65,55	9988,45,55	10951,73,00	11970,33,00
Approved Projects							
1301-5010 - Strengthen External Aid Management Capacity (SEAMC) (01/01/14-30/06/17)	1-7	83,59	2,00,00	1,70,00	1,50,00	0	0
1301-5012 - Support Implementation of the Revenue Mobilization Program for Result: VAT Improvement Program. (01/07/2014-30/06/2020)	1-7	82,43	9,43,00	5,92,00	3,95,00	3,69,24	4,76,66
1301-5013 - Knowledge for Development Management (K4DM) for ERD UN Wing	1-7	0	0	69,00	6,17,00	3,92,10	0
1301-5020 - Unapproved Block Allocation	1-7	0	9,81,00	0	0	3,02,63	8,19,64
1301-5030 - Central Co-ordination unit of the private sector development support project (CCU Project) (01/01/12-30/06/16)	1-7	78,98	4,03,00	1,33,00	1,50,00	1,52,03	1,49,78
1301-5151 - Japan Human Resource Development Scholarship (JDS) (01/07/07-30/06/12)-approved	1-7	14,01,67	25,68,00	16,71,00	20,05,00	24,14,00	25,13,92
1301-5171 - Strengthening capacity for aid effectiveness in Bangladesh (01/11/11-30/06/15) Approved	1-7	5,74,07	11,70,00	8,16,00	0	0	0
Total : Approved Projects		22,20,74	62,65,00	34,51,00	33,17,00	36,30,00	39,60,00
Total : Development		22,20,74	62,65,00	34,51,00	33,17,00	36,30,00	39,60,00
Total :		68,48,06	9663,10,00	8837,16,55	10021,62,55	10988,03,00	12009,93,00