

**GOVERNMENT OF THE PEOPLE'S REPUBLIC OF
BANGLADESH
MINISTRY OF FINANCE
Finance Division
Development Wing**

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**From : Mr. Md. Shareefullah
Joint Secretary (Dev)**

**To : The Secretary/Addl. Secretary-in-Charge of
.....Ministry/Division**

**Subject : Procedure for operation of convertible taka special account (CONTASA)
of IDA aided development projects under Government
Deptts/Autonomous/Semi-Autonomous Bodies (Revised)**

The Government has decided, in consultation with IDA, to introduce a Convertible Taka Special Account (CONTASA) for IDA aided autonomous bodies. It is, however, to be noted that on going projects funded by IDA for which SAFE accounts has been in operation since 1985 shall not come under the purview of CONTASA until a renew has been completed by the Government and IDA and both parties are in agreement to change the status of projects currently operation under SAFE to allow them to operate under CONTASA. The following procedures shall be applicable for the operation of CONTASA.

1. Opening of the Account:

- (a) With prior approval of the Finance Division and wehre permitted by the IDA Development Credit Agreement, one project Executing Agency may open under the title of the project one CONTASA WITH A COMMERCIAL BANK (Explanation where more than one project executive agencies are involved, each such agency can open one such CONTASA). CONTASA will be interest bearing and convertible to foreign exchange axstipulated in 2(i).
- (b) The specimen signature of the Project Implementing Authority/Project Director responsible for operating the account shall have to be attested by the Head of the Deptt./Agency and the Administrative Ministry/Division in the specimen signature card of the Bank.
- (c) In cases where several drawing authorities are involved in a CONTASA, the Administrative Ministry/Division may in appropriate cases, authorize them for drawing from the CONTASA under intimation to the Finance Division. In such cases, too, the procedure (b) shall have to be followed.

2. Procedure for depositing to and fund utilization from CONTASA:

- (a) Immediately after the deposit of foreign currency by IDA with the Bangladesh Bank the latter shall transfer the Taka equivalent to the commercial bank for crediting the same to the CONTASA of the project.
- (b) The Finance Division shall issue authorization showing budget allocation against the project in the project aid head at the beginning of each financial

year. This authorization will show the respective head of account and the break up of the fund for different phases of implementation of the same project given by the Administrative Ministry/Division. The Administrative Ministry/Division could revise this break-up, if necessary, and have revised authority issued by the Finance Division reflecting the original authorization.

- (c) In cases where expenditure in addition to the authorization is necessary, the Administrative Ministry/Division may incur such additional expenditure with prior permission and authorization from the Finance Division. The total expenditure, including the amount of additional expenditure, shall not exceed the amount available in the projects CONTASA.
- (d) In case of Project Concept Paper (PCP) approved/ unapproved projects permission from the Planning Commission and Finance Division will be needed for issuing authorization.
- (e) Project Director/Project Implementing Authority shall not pay any bill from CONTASA. Unless authorization or additional authorization as the case may be issued from the Finance Division against the project.
- (f) Payment from CONTASA shall be made on the basis of work done goods supplied consultants services and training provided (for payment in foreign currency, please see (j) below).
- (g) However, advance payment stipulated in the respected contracts would be made from CONTASA for any work to be done goods to be supplied, consultants services and training to be provided so specified in the Development Credit Agreement/ Project Agreement or agreement.
- (h) The bill against which payment could be made available from CONTASA shall contain attestation of the Project Director/Project Implementing Authority in services and training provided. The Project Director/Project Implementing Authority shall maintain accounts of each bill in a separate ledger.
- (i) The commercial bank shall send a month-wise report concerning CONTASA maintained with them to the Project Implementing Agency. Administrative Ministry/Division, concerned Chief Accounts Officer and the Finance Division in the first week of the following month. The Project Implementing Agency shall prepare a statement of expenditure based on such report/account showing the head of account and shall send it to the necessary entries in the Government Account according to the report.
- (j) All project expenditure eligible for IDA financing in local currency and any expenditure in foreign currency up to US\$ 50,000.00 equivalent or less shall be met from CONTASA. The limits would be agreed with IDA for new IDA project to be negotiated which require a CONTASA account based on the total amount of each project.
- (k) Proceeds of all IDA Credit converted into Taka for deposit in CONTASA shall be freely convertible and may be used to meet eligible expenditure in Taka as well as in foreign currency subject to the provision stipulated in para "2(i)" above.

3. General Conditions:

- (a) Project Implementing Agency/Project Implementing Unit (PIU) must submit claims in Taka for reimbursement for the bills paid on monthly basis to IDA immediately after the end of each month. The implementing agency must reconcile the bank

statement and submit both the reconciliation and bank statements will replenishment applications, in accordance with the intervals specified in IDA's disbursement letter for each project.

- (b) All expenditure /payment under CONTASA shall be incurred/ made as per approved project proforma (PP) and terms and conditions of FCA and Project Agreement.
- (b) At the end of the financial, year Administrative Ministry/Division shall issue an adjustment G.O. in respect of Autonomous and Semi-Autonomous bodies showing therein project-wise ADP allocation, revised ADP allocation, Taka received under CONTASA and expenditure thereof up to 30th June. If such G.O. is not issued by the 31st July, no fund from CONTASA can be used thereafter.
- (c) CONTASA shall be audited every year by the Foreign Aided Projects Audit Department of the Government.
- (d) Instruction regarding interest accrued and bank charges in respect of CONTASA shall be issued separately at a later date.

Sd/-

Md. Shareef Ullah
Joint Secretary

Distribution:

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3. Controller General of Accounts, Bangladesh
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