

Chapter Three

Government Spending and Sectoral Priorities

Introduction

3.1 Government of Bangladesh is committed to provide basic economic and social services to its citizens by increasing the size of government spending in relation to GDP. The government spending plays an important role in promoting economic growth of the country not only by raising aggregate demand but also by increasing the marginal productivity of the factors of production. Besides, government expenditure policies have a proactive role in rendering the growth path of the country more pro-poor and inclusive through establishing an efficient redistribution mechanism. As resources are not equally productive across the economic sectors, it is also imperative to set priorities among the sectors in terms of resource allocation with a view to maximizing benefits from the scarce budgetary resources.

3.2 Government's development priorities are targeted to ensure broad-based equitable growth and reduce poverty; ensure effective governance and sound institutions; provide energy security for development and welfare; build a sound infrastructure and manage the urban challenge; mitigate the impacts of climate change and promote innovation in a knowledge-based society. In this regard, Medium Term Budgetary Framework (MTBF) has established an observable link between allocation of budget and its broad strategic objectives along with policy priorities of the government. Expenditure composition is determined in line with the priorities fixed in government's basic policy documents¹. Moreover, key performance indicators are being used for the evaluation and monitoring of activities performed in various ministries/divisions/agencies. In this way, MTBF processes not only ensure transparency and accountability, but also help align government expenditures to budget commitments.

¹ Sixth Five Year Plan, FY2011-FY2015 and Perspective Plan of Bangladesh 2010-2021

3.3 Bangladesh requires huge public investment in key economic sectors to attain the goals set in Vision 2021. More specifically, major challenges for the government in the medium term are to develop public transport and communication infrastructure, ensure uninterrupted power and energy supply, maintain food security and finally to expand the coverage of social safety net programmes. Containing rising demand for subsidy in power and energy sector is another concern for expenditure management in Bangladesh. On top of that, there is an obvious need for extended incentive in agriculture and more funding requirements for social safety net programmes. In this context, having an optimal subsidy management mechanism is an imperative for the government. In managing expenditure, ADP implementation poses as another big challenge. In recent times, with various government interventions, there has been significant improvement in the ADP performance. However, more needs to be done in this respect.

3.4 This chapter provides a detailed account of the composition of public expenditure, recent trends in sectoral program spending, prioritized areas of different sectors and allocation of resources against these prioritized sectors. It also focuses on the forecasts of possible patterns of program spending that are likely to appear during medium-term period between FY15 to FY17.

Public sector outlays in Bangladesh

3.5 Perspective Plan foresees a substantial increase in the size of the government spending in relation to GDP in order to widen the basic economic and social services across the country and improve the quality of public service delivery. The size of the public sector in Bangladesh is relatively smaller compared to the other developing and emerging countries in the world. In 2013, the size of public sector was 16.79 per cent of GDP against 32.21 per cent of the developing and emerging countries. The size of public sector is also bigger in neighbouring countries like India and Myanmar (Table 3.1).

Table 3.1: Government expenditure/GDP of some group of countries in 2013

Country/group of countries	Government expenditure/GDP
Advanced economies	41.56
Emerging and developing countries	32.21
ASEAN-5	22.81
Latin America and the Caribbean	34.49
Sub-Saharan Africa	29.09
Bangladesh	16.79
India	27.26
Myanmar	27.18

Source: WEO, April, 2014 database

In this backdrop, it is a big challenge for the government to expand the size of public sector with a view to ensuring better public services for its citizen and providing optimum public investment finances for promoting private sector growth in a sustainable and noninflationary manner given the resource constraint of the government.

Trend in total government spending and medium term outlook

3.6 In FY08, public expenditure was 16.6 per cent of GDP which was reduced to 14.5 per cent and 14.6 percent of GDP in FY09 and FY10 respectively as a consequence of global economic downturn but it was still higher than the target level set in the perspective plan (Table 3.2). Since FY11, government expenditure has again started to pick up but grew at a slower pace compared to the targets due to slower growth in government revenue. In FY13, the actual government spending was 1.6 percentage point lower than the target level. Despite the initiation of vigorous reforms in the revenue sector, revenue mobilization target could not be achieved since FY 12. As a result, government expenditure targets for the subsequent years were needed to be revised in line with revenue earnings. In this regard, government intends to pursue a moderate consolidation path over the medium term to keep budget deficit within 5 per cent of GDP. In view of this, government expenditure targets have been revised to 18.3 per cent from 19 percent of GDP in FY14. Similarly, government expenditure targets have been slightly revised downward for the years FY15, FY16 and FY17 in comparison to the perspective plan targets (Table 3.2).

Table 3.2: Total government expenditure as per cent of GDP

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Target in Perspective Plan	14.3	14.6	16.4	18.2	18.4	19	19.6	20.6	21.6
Revised target in MTMF	14.5*	14.6*	16.1*	16.3*	16.8*	18.3	18.6	19.2	19.6

Source: * Actual

Current and capital expenditure

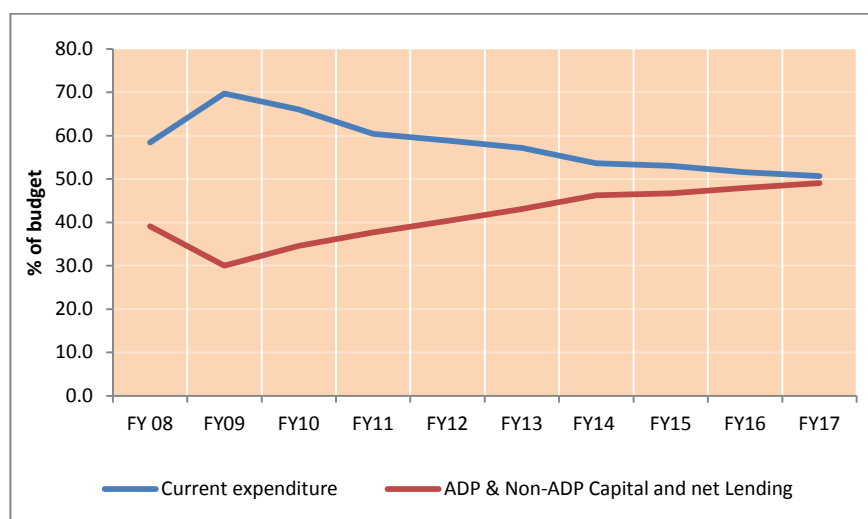
3.7 According to budgetary classification, allocation for public expenditure is divided into two broad groups: current expenditure and capital expenditure. Current expenditure is recurring and used up in the process of providing goods and services. Current expenditure includes wages and salaries paid to the government employees, purchase of goods and services, subsidy and transfer payments, and interest paid to domestic and foreign loans of the government. On the other hand, Capital expenditure is meant for creation of productive assets. Annual Development programme (ADP) and Non-ADP capital expenditure are major sources of capital formation through government expenditures.

3.8 As it is evident from many recent studies, the composition of government expenditures is significantly linked to growth. Countries with higher capital spending enjoy faster output expansion while fiscal consolidation achieved through curtailing current expenditure is also very favourable to growth. However, in developing countries like Bangladesh, expanding the size of current public expenditure is needed to deliver better public service while that of capital expenditure is required to finance a growing public investment. Against this backdrop, it is crucial for Bangladesh to ensure an optimal combination of current and capital expenditures, which will lead its economy on a higher growth trajectory.

3.9 Despite visible increase in the growth of public expenditure, Bangladesh in terms of employing resources for public investment still stands fairly below the other emerging economies. The spending increase

of government would largely depend on how it manages augmenting resources from the revenue streams. For that, it has initiated multifaceted revenue reforms, which are expected to continue through the medium term. Bangladesh is gradually giving more emphasis on capital expenditure as evidenced from recent trend including medium term outlook of current and capital expenditures.

Figure 3.1: Composition of Total Public Expenditure (As % of Budget)

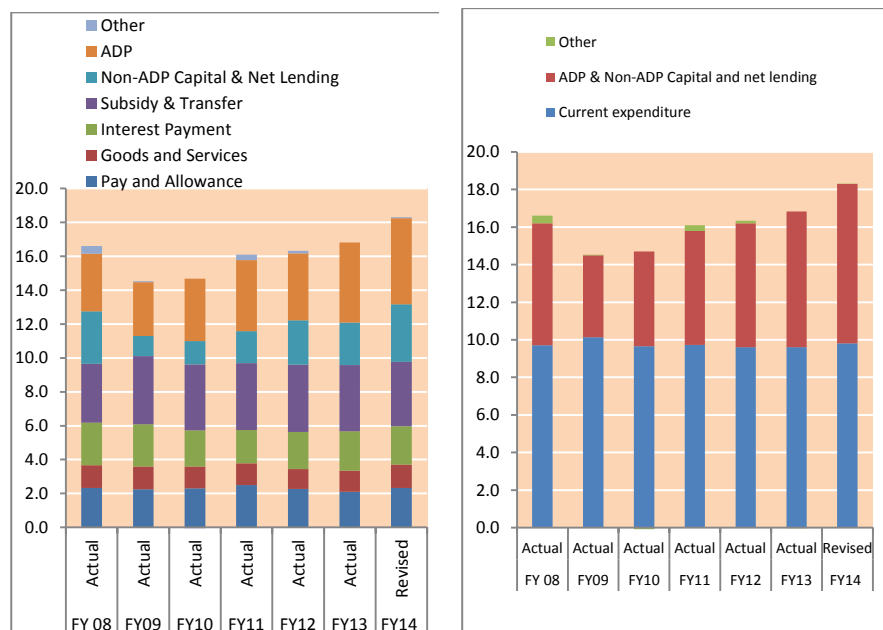


Source: Finance Division, Ministry of Finance

Recent trend of current expenditure reveals that in terms of total budget it is declining while the ADP and Non-ADP Capital & Net lending is increasing. In FY 13, current expenditures took up 57.2 per cent of the budget which is expected to reduce to around 50 per cent within FY17 (figure 3.1).

3.10 Both current and annual development program spending as percent of GDP in Bangladesh grew in line with the targets fixed in the perspective plan up to FY 11. After that, both types of spending began to grow slower than the target level due to slower growth in overall government spending. In FY 13, the current and annual development program spending were 9.6 and 4.7 per cent of GDP respectively against the perspective plan targets of 10.3 and 5.3 percent.

Figure 3.2: Composition of Total Public Expenditure (As % of GDP)



Sources: Finance Division, Ministry of Finance

Table 3.3: Composition of Total Public Expenditure (% of GDP)

Items	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Rev.
Total Expenditure	16.6	14.5	14.6	16.1	16.3	16.8	18.3
Current Expenditure	9.7	10.1	9.7	9.7	9.6	9.6	9.8
Pay and Allowance	2.3	2.3	2.3	2.5	2.3	2.1	2.3
Goods and Services	1.3	1.3	1.3	1.3	1.2	1.3	1.4
Interest Payment	2.5	2.5	2.1	2.0	2.2	2.3	2.3
Domestic	2.3	2.3	1.9	1.8	2.0	2.2	2.1
Foreign	0.3	0.2	0.2	0.2	0.2	0.1	0.1
Subsidies and Transfer	3.5	4.0	3.9	4.0	3.9	3.9	3.8
Block Allocation	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Food Account Balance	0.3	0.0	-0.1	0.3	0.1	0.0	0.0
Non-ADP Capital and Net Lending	3.1	1.2	1.4	1.9	2.6	2.5	3.4
Annual Development Program	3.4	3.2	3.7	4.2	4.0	4.7	5.1

Source: Finance Division, Ministry of Finance

Trend in current expenditure and medium term outlook

3.11 Actual current expenditure was 9.7 and 10.1 per cent of GDP in FY08 and FY 09 respectively. The higher proportion was due to increase in government's transfer payment. Between FY10 and FY11, current expenditure grew at a decreased rate of 9.7 per cent of GDP. The rate of decline would be higher if subsidy and transfer bills would have been reduced proportionate to the slower growth in overall spending. In FY12 and FY13, current spending reduced slightly to 9.6 per cent of GDP due to decline in pay and allowances. However, in the revised budget of FY14, current expenditure demonstrates only an increase of 0.2 percentage point from the previous year (Table 3.3). Amid unrestrained price hike in international commodity market, the tightening of subsidy bills through repeated price adjustments helped government to rein the current expenditure over the years. In the medium term, it is projected that further price adjustment might be required to manage current expenditure. However, capital spending would be encouraged to meet growing demands of the economy.

Table 3.4: Trend in current expenditure and medium term outlook(% of GDP)

	Actual		Revised		Projected		
	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Current Expenditure	9.7	9.6	9.6	9.8	9.8	9.9	9.9
Pay & Allowance	2.5	2.3	2.1	2.3	2.3	2.3	2.3
Goods and Services	1.3	1.2	1.3	1.4	1.4	1.4	1.4
Interest Payment	2.0	2.2	2.3	2.3	2.3	2.3	2.3
Domestic	1.8	2.0	2.2	2.1	2.1	2.1	2.1
Foreign	0.2	0.2	0.1	0.1	0.2	0.2	0.2
Subsidy & Transfer	4.0	3.9	3.9	3.8	3.7	3.7	3.7
Block Allocation	0.0	0.0	0.0	0.0	0.2	0.2	0.2

Source: Finance Division, Ministry of Finance

Pay and allowances

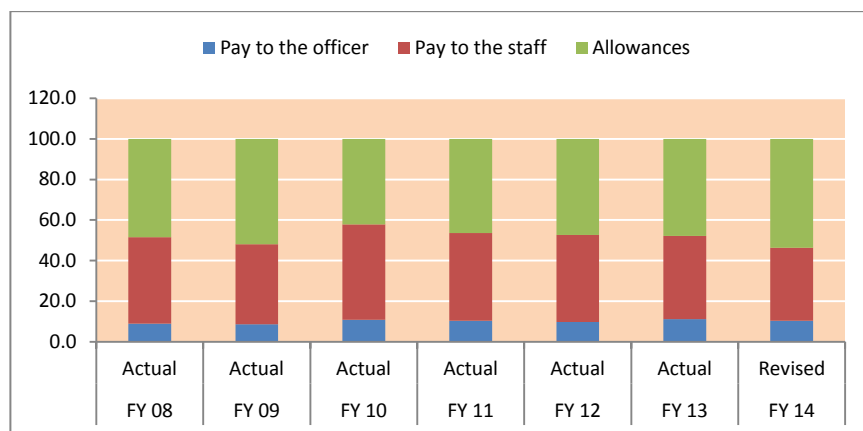
3.12 Total budget allocation for pay and allowances remained constant at 2.3 per cent of GDP from FY08 to FY10. However, a little upswing was noticed in FY11 as a result of the introduction of a new pay-scale by the government (Table 3.5). Thereafter, it returned back to its trend level from FY12 and followed a declining trend in FY 13 which was 2.1 per cent of GDP. However, the revised budget of FY 14 estimated it at 2.3 per cent of GDP. Expenditure on pay and allowances consists spending on pay to the officers, pay to the staff and spending on allowances which accounted for 10.1 per cent, 42.5 per cent and 47.4 per cent respectively of total pay and allowances expenditure on an average between FY 08 and FY 14 (Figure 3.3). In the medium term, expenditure on pay and allowances is expected to remain constant at 2.3 percent of GDP (Table 3.4). However, might have an upturn as the introduction of a revised pay scale for meeting enhanced living needs of government employees.

Table 3.5: Composition of Pay and allowances (Billion Taka)

Items	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Revised
Total Pay and Allowances	127.17 (2.3)	138.64 (2.3)	160.49 (2.3)	199.18 (2.5)	210.65 (2.3)	216.35 (2.1)	275.07 (2.3)
Pay to the officers	11.28 (0.2)	11.96 (0.2)	17.40 (0.3)	20.56 (0.3)	20.63 (0.2)	24.19 (0.2)	28.64 (0.2)
Pay to the staff	54.32 (1.0)	54.77 (0.9)	75.43 (1.1)	86.22 (1.1)	90.26 (1.0)	88.71 (0.9)	98.79 (0.8)
Allowances	61.57 (1.1)	71.91 (1.2)	67.67 (1.0)	92.4 (1.2)	99.76 (1.1)	103.46 (1.0)	147.64 (1.3)

Source: Finance Division, Ministry of Finance (Figures in the bracket indicates percentage of GDP)

Figure 3.3: Composition of Pay and Allowances



Source: Finance Division, Ministry of Finance

Government Expenditures on Goods and Services

3.13 Over the years, allocation for goods and services has remained constant on an average, at 1.3 per cent per annum of GDP (Table 3.6). Various austerity measures of the government and improved transparency in inventory management have kept this outlay in control. It is expected that expenditure for goods and services will have a minimal increase of only 0.1 percentage point, i.e., grow at 1.4 per cent of GDP over the medium term (Table 3.4).

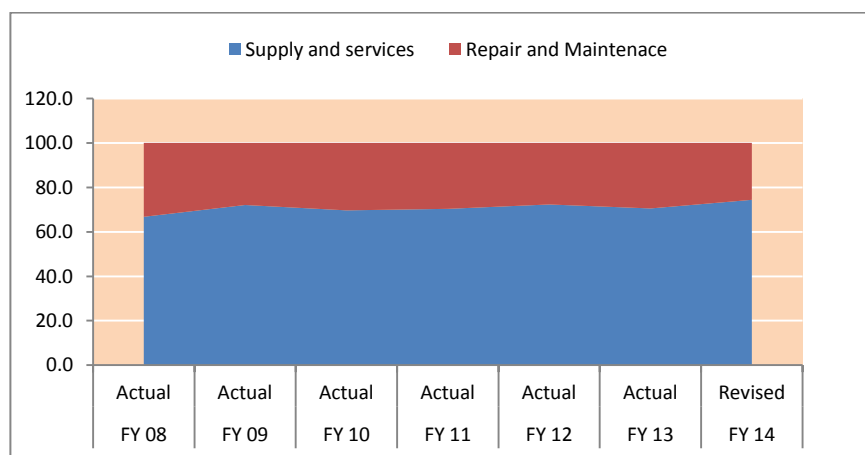
Table 3.6: Composition of the spending on goods and services (Billion Taka)

Items	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Revised
Total Goods and services	73.24 (1.3)	82.26 (1.3)	88.49 (1.3)	101.61 (1.3)	110.81 (1.2)	130.24 (1.3)	163.24 (1.4)
Supply and services	48.89 (0.9)	59.28 (1.0)	61.63 (0.9)	71.47 (0.9)	80.12 (0.9)	91.83 (0.9)	121.42 (1.0)
Repair and Maintenance	24.35 (0.4)	22.98 (0.4)	26.86 (0.4)	30.14 (0.4)	30.69 (0.3)	38.41 (0.4)	41.82 (0.4)

Source: Finance Division, Ministry of Finance (Figures in the bracket indicates percentage of GDP)

3.14 Two principal components of spending on goods and services are supply and services, and repair and maintenance. In total spending on goods and services, spending on repair and maintenance accounts for around 30 per cent, while rest 70 per cent is attributable to the spending on supply and services (Figure 3.4).

Figure 3.4: Composition of Payment on Goods and Services



Source: Finance Division, Ministry of Finance

Subsidy and transfer

3.15 Subsidy/incentive is needed to influence the level of production and prices of some specific sectors of the economy linked to providing overall positive external effects to the rest of the economy. On the other hand, transfer payment which is directly payable to the households or non-profit institutions serving households plays an important role in ensuring an inclusive and pro-poor growth. Farming has so far received the largest share of incentive with a view to promoting agricultural productivity, and thereby having positive impacts on cereal price and food security. In FY09, incentive for agriculture rose to 8.3 percent of current spending, considerably surpassing previous year's allocation which accounted for 7.3 percent of the current expenditures. In the succeeding year, agriculture incentive declined a little and followed the same trend up to FY12. However, it almost doubled in FY13 due to cost carry-forward from the previous years (Table 3.7B). In the revised budget of FY 14,

agricultural in centive has been estimated to be Taka 90 billion which is 7.8 percent of current spending. Government plans more price adjustments to encourage peasants' motivation for using non-urea fertilizers (which are required less in quantum), and to lessen agriculture incentive in the medium term.

Table 3.7A: Cash Loan and Subsidy (Billion Taka)

Items	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Revised
1. PDB	6.00 (1.13)	10.07 (1.62)	9.94 (1.48)	40.00 (5.16)	63.57 (7.21)	44.86 (4.50)	61 (5.26)
2. BPC	36.00 (6.79)	15.00 (2.41)	9.00 (1.34)	40.00 (5.16)	85.50 (9.69)	135.58 (13.60)	73.5 (6.34)
3. BJMC & others	1.50 (0.28)	2.25 (0.36)	2.00 (0.30)	2.00 (0.26)	23.99 (2.72)	2.64 (0.26)	34.61 (2.99)
Total Cash Loan	43.50 (8.21)	27.32 (4.39)	20.94 (3.12)	82 (10.58)	173.06 (19.62)	183.08 (18.36)	169.11 (14.59)
4. Food	7.43 (1.40)	6.56 (1.05)	9.85 (1.47)	16.52 (2.13)	16.13 (1.83)	8.41 (0.84)	17.25 (1.49)
5. Others	0.61 (0.12)	0.47 (0.08)	0.11 (0.02)	0.78 (0.10)	1.45 (0.16)	0.19 (0.02)	21.26 (1.83)
Total Subsidy	8.04 (1.52)	7.03 (1.13)	9.96 (1.49)	17.3 (2.23)	17.58 (1.99)	8.6 (0.86)	38.51 (3.32)
Total Cash Loan and Subsidy	51.54 (9.73)	34.35 (5.52)	30.9 (4.61)	99.3 (12.82)	190.64 (21.61)	191.68 (19.23)	207.62 (17.91)
% GDP	0.94	0.56	0.45	1.25	2.08	1.85	1.76

Fingers in the bracket indicates percentage of current spending

Source: Finance Division, Ministry of Finance

Table 3.7B: Fiscal Incentives (Billion Taka)

Items	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Revised
1. Agriculture	38.71 (7.30)	51.85 (8.33)	49.22 (7.35)	57.00 (7.36)	70.00 (7.93)	120.00 12.04	90.00 7.76
2. Export	11.00 (2.08)	12.10 (1.94)	13.14 (1.96)	15.2 (1.96)	26.02 (2.95)	20.5 (2.06)	22.14 1.91
3. Jute goods	1.70 (0.32)	2.91 (0.47)	2.75 (0.41)	3.20 (0.41)	1.49 (0.17)	3.48 (0.35)	3.78 0.33
Total Incentives	51.41 (9.70)	66.86 (10.74)	65.11 (9.72)	75.4 (9.73)	97.51 (11.05)	143.98 (14.44)	115.92 (10.00)
% of GDP	0.94	1.09	0.94	0.95	1.06	1.39	0.98

Fingers in the bracket indicates percentage of current spending

Source: Finance Division, Ministry of Finance

3.16 Cash loan to BPC reached at 6.8 per cent of total current spending in FY08 as a consequence of internalising the liabilities (arrear) of Bangladesh Petroleum Corporation. However, in FY 09 and FY 10, it sloped down to mere 2.4 per cent and 1.3 percent respectively of total current spending following the consequences of global financial uncertainties and subsequent dampening effect on overall demands. Skyrocketing of fuel price that coincided with government's programmes for installing oil based power plants (as a short term reliever to the power crisis), led cash loan to BPC hop again in FY 11 to 5.2 per cent of the current spending. In continuation of this trend, cash loan to BPC has climbed to 13.60 per cent of current spending in FY13. However, it reduced to 6.3 percent of current expenditure in revised budget of FY 14 (Table 3.7A). Side by side, cash loan to PDB also increased and peaked up its 7.21 percent of current spending in FY 12. Subsequently, it reduced slightly in FY 13 and in the revised budget of FY 14 but still remains in the higher side. Rising demand for fuel and cash loan to PDB put unprecedented pressure on government's fiscal and monetary stance. To mitigate this problem government decided to transmit some part of the cost burdens to buyers, while not undermining welfare impacts of these facilities. In the medium term, through periodic price adjustments, government target is to keep cash loan to BPC at a level that does not pose any threat to macroeconomic stability. Gradually, of course, government will prefer devising an automatic price stabilizer mechanism.

3.17 Along the paths of indigenous development, Bangladesh has shown its strong motivation for inclusive growth, as is evident through its high-focus on resource allocation in welfare programmes. Apart from giving price relief through subsidy support in essential commodities, it deploys transfer payment as an effective means for empowering the poor. People who are getting benefits through various social safety net programmes are mostly ultra-poor, distressed, and backward sections of the society. These programmes have mainly twin objectives: reduction of poverty and maintenance of sustained and inclusive growth. In FY08, allocation for transfer programmes was 2.38 percent of GDP. It rose to 2.81 percent of GDP in FY09 and since then it is showing a somewhat decreasing trend. Demand fall. Another salient feature evident in the growth trend of transfer programmes is that, until FY10 salaries

to teachers of non-government educational institutions comprised the lion share of total grants in aid. Since FY11, general grants have become the largest part of grants in aid (Table 3.8). Government's decision to allow selective subscription to new MPOs did make the shift. Transfer programmes have so far played an important role in alleviating poverty. However, some leakages were experienced in the existing operation of transfer programmes. Taking this into account, as a medium term strategy the government has decided to make safety net programmes more targeted, more efficiently managed and more productive in the beneficiaries' use.

Table 3.8: Major Transfer Items

Items	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Total Transfer (as% GDP)	2.38	2.81	2.80	2.79	2.74	2.44	2.52
Of which Grants in aid	1.70	2.20	2.16	2.07	2.03	1.86	1.93
As % of Grants in Aid							
General Grants	3.59	2.33	20.55	30.25	32.47	30.45	26.22
MPO to Teacher	35.82	22.41	30.62	30.23	26.89	27.42	23.52
VGD	5.88	5.64	4.09	4.00	4.11	4.16	3.68
VGF	5.75	11.10	4.28	2.30	2.92	4.44	5.99
TR	4.38	4.55	6.75	3.88	6.88	7.76	6.74
GR	1.25	1.40	0.73	0.76	0.95	0.86	1.21
Other	43.33	52.56	32.98	28.58	25.79	24.91	32.64
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note: VGD: Vulnerable Group Development, VGF: Vulnerable Group Feeding, TR: Test Relief, GR: Gratuitous Relief

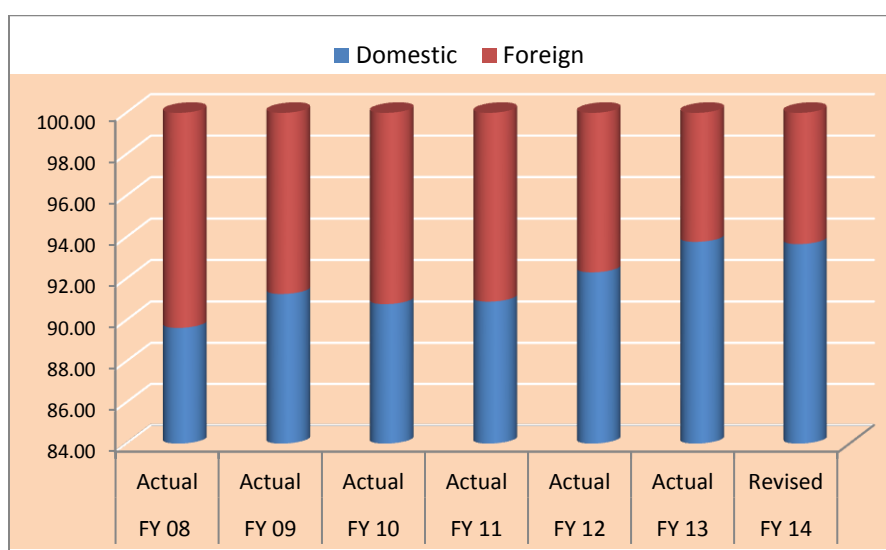
Source: Finance Division, Ministry of Finance

Interest Payment

3.18 Interest payment is the third largest component of current expenditure. Due to predominance of concessionary loans in the debt basket, interest payment, as percentage of GDP, showed a declining trend till FY11. Later on, global economic meltdown, its dwindling effect on the supply of concessionary fund and resultant increase in domestic borrowing pushed up interest cost, although not to a great extent. Domestic interest payment increased from 1.8 per cent of GDP in FY11 to 2.0 per cent in FY12 and subsequently total interest (domestic and foreign) to GDP went up from 2.0 per cent to 2.2 per cent (Table 3.3). Despite a decline in foreign interest payment by 0.1 percentage point of GDP, total interest payment increased to

2.3 per cent of GDP in FY 13 due to increase in domestic interest payment. Similar level of interest payment has been estimated in the revised budget of FY 14. In the medium term; government will definitely look for newer sources of concessionary funding so that deficit financing could be met up avoiding macro imbalances. However, against the backdrop of prolonged global financial crisis and amidst rising competition among countries to have access to low-cost funding, there might not be sufficient funds available for borrowing on soft terms in the coming days. As a result, the cost of borrowing may surge in the future as it will have to rely more on domestic borrowing and sovereign bonds issued at a higher interest rate. However, whatever the mix of finances, government is obliged to keep domestic borrowing at a threshold level of 3 per cent of GDP to maintain macro-fiscal stability.

Figure 3.5: Shares of Domestic and Foreign Interest Payments (%)



Source: Finance Division, Ministry of Finance, Bangladesh

Trend in capital expenditure and mid-term outlook

3.19 Capital expenditure is an amount of the budget spending needed to acquire or improve a long-term asset such as spending on infrastructures and so on. Annual Development programme (ADP) and Non-ADP capital expenditure are major sources of capital formation through public investment.

**Table 3.9: Trend in development expenditure and mid-term outlook
(% of GDP)**

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
	A	A	A	A	A	A	R	P	P	P
Annual										
Development programme	3.4	3.2	3.7	4.2	4.0	4.7	5.1	5.9	6.3	6.6
Non ADP										
Capital and Net Lending	3.1	1.2	1.4	1.9	2.6	2.5	3.4	2.8	2.9	3.0

Source: Finance Division, Ministry of Finance, Bangladesh

Note: A, R and P stands for Actual, Revised and Projected respectively.

Annual Development Program (ADP)

3.20 Public sector capital formulation/accumulation takes place mainly through ADP expenditures. Except for slight reduction in FY08 and FY09, budget allocation for ADP has steadily increased over the years. According to the revised estimation, resource allocation for ADP has been increased from 4.7 percent of GDP in FY13 to 5.1 percent of GDP in FY14. Amid the gradual increase of ADP allocation, underperformance of project aid has remained a major challenge for the government. In light of this, much of the government attention in recent times concentrates on the up-gradation of ADP performance. Introduction of medium term budgetary framework in all ministries, improvement of the accounting and financial management, devising of a budget implementation monitoring matrix covering all the ministries and divisions have helped improve the implementation rate of projects under ADP. The positive impacts of these reforms are evident from the better utilization rates of ADP in the last few years. To be more specific, since FY08 ADP implementation rate has gradually been improving. In FY13, the implementation rate as estimated against budget improved up to 90.97 percent which has been the highest so far. To take up ADP reforms ahead, government underscores the importance of taking more prioritized projects, strengthening managerial capacities of implementing agencies and greater monitoring by the supervising agencies. The broad objective is to ensure maximum use of project aid and minimize wastages in project implementation. Moreover,

as there is shortfall of public investment as opposed to the growing demand, government explores mechanisms that could attract more private investment in development projects.

3.21 Except temporary deceleration in FY08 and FY09, overall budget allocation for Annual Development programme shows an upward trend. According to the revised projection, allocation for ADP will reach to 5.1 percent of GDP in FY14 from 4.7 percent in FY13 (Table 3.9).

Table 3.10: ADP Allocation and Implementation

Allocation (In billion Taka)	FY08	FY09	FY10	FY11	FY 12	FY13
Budget	265	256	305	385	460	550
Revised Budget	225	230	285	358.8	410.8	523.7
Actual	185.5	194.4	255.5	332.8	375.1	500.4
Implementation (as % of GDP)	3.4	3.2	3.7	4.2	4.1	4.7
Implementation against Budget (%)	70.0	75.9	83.8	86.4	81.5	90.97

Source: Finance Division, Ministry of Finance.

Non-ADP Capital Expenditure

3.22 As an obvious reaction to global financial meltdown, Non ADP capital and net lending expenditure came down to 1.2 percent of GDP in FY09 from 3.1 percent of GDP in the previous year. With improvement in the revenue performance of government, Non ADP expenditure is steadily increasing since then. In the revised budget of FY14, allocation for Non-ADP capital spending has stood at 3.4 percent of GDP which is 0.9 percentage point higher than the previous year. This uptrend will, however disappear in the medium term and it will be continuing to grow within 3 percent of GDP.

Spending by Sectors

3.23 Total program spending² on sectoral allocation increased from Tk. 635.52 billion in FY 08 to Tk. 1315.4 billion in FY 13 (Table 3.11). Annual rate of growth was on average 15.7 percent. Total programme spending grew by 12.3 percent between FY 08 and FY 09. But it was constant as per cent of GDP. The growth of the programme spending accelerated during FY 10 and FY 11 and increased by more than 19 percent annually. As percent of GDP, total programme spending in FY 10 and FY 11 was 12.3 and 12.8 per cent respectively. Growth rate of total programme spending slowed to 13.0 percent in FY 12 followed by a slight acceleration to 14.7 percent in FY 13. As a consequence, total programme spending as percent of GDP increased from 12.6 percent in FY 12 to 12.7 percent in FY 13 (Table 3.12).

**Table 3.11: Distribution of programme Expenditure by Sector
(In Billion Taka)**

Sector	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual
Total program Expenditure	635.5	713.9	855.8	1,021.1	1,153.3	1,323.0
Public Service	80.2	68.8	82.5	80.8	110.7	79.0
Local Government & Rural Development	61.5	69.0	84.6	102.1	110.5	142.9
Defense Service	67.7	71.6	87.6	111.3	122.3	129.9
Public Order and Safety	47.4	56.9	65.8	78.2	87.4	95.6
Education and Technology	108.9	121.0	159.0	188.0	191.1	212.9
Health	45.7	51.0	62.7	72.9	76.7	85.4
Social Security and Welfare	35.1	78.9	69.6	77.3	89.9	100.3
Housing	7.8	13.7	12.5	13.3	13.4	13.7
Recreation, Culture and Religious Affairs	7.7	9.2	10.3	15.6	14.7	16.9
Power and Energy	28.6	25.5	34.7	72.3	79.7	99.7
Agriculture	84.8	95.6	111.5	129.6	146.7	196.9
Industrial and Economic Service	6.3	8.9	8.8	9.4	15.8	26.0
Transport and Communication	54.0	43.8	66.2	70.5	94.6	123.7

²Total program Spending = Total Spending – (Domestic and External Interest Payment + Structural Adjustment Cost + Net Loan & Advances + Net Food Account).

Table 3.12: Distribution of programme Expenditure by Sector (% of GDP)

Sector	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual
Total program Expenditure	11.6	11.6	12.3	12.8	12.6	12.7
Public Service	1.5 (12.6)	1.1 (9.6)	1.2 (9.6)	1.0 (7.9)	1.2 (9.6)	0.8 (6.0)
Local Government and Rural Development	1.1 (9.7)	1.1 (9.7)	1.2 (9.9)	1.3 (10.0)	1.2 (9.6)	1.4 (10.8)
Defence Service	1.2 (10.6)	1.2 (10.0)	1.3 (10.2)	1.4 (10.9)	1.3 (10.6)	1.3 (9.8)
Public Order and Safety	0.9 (7.5)	0.9 (8.0)	0.9 (7.7)	1.0 (7.7)	1.0 (7.6)	0.9 (7.2)
Education and Technology	2.0 (17.1)	2.0 (16.9)	2.3 (18.6)	2.4 (18.4)	2.1 (16.6)	2.1 (16.1)
Health	0.8 (7.2)	0.8 (7.1)	0.9 (7.3)	0.9 (7.1)	0.8 (6.6)	0.8 (6.5)
Social Security and Welfare	0.6 (5.5)	1.3 (11.0)	1.0 (8.1)	1.0 (7.6)	1.0 (7.8)	1.0 (7.6)
Housing	0.1 (1.2)	0.2 (1.9)	0.2 (1.5)	0.2 (1.3)	0.1 (1.2)	0.1 (1.0)
Recreation, Culture and Religious Affairs	0.1 (1.2)	0.2 (1.3)	0.1 (1.2)	0.2 (1.5)	0.2 (1.3)	0.2 (1.3)
Power and Energy	0.5 (4.5)	0.4 (3.6)	0.5 (4.1)	0.9 (7.1)	0.9 (6.9)	1.0 (7.5)
Agriculture	1.6 (13.3)	1.6 (13.4)	1.6 (13.0)	1.6 (12.7)	1.6 (12.7)	1.9 (14.9)
Industrial and Economic Service	0.1 (1.0)	0.1 (1.2)	0.1 (1.0)	0.1 (0.9)	0.2 (1.4)	0.3 (2.0)
Transport and Communication	1.0 (8.5)	0.7 (6.1)	1.0 (7.7)	0.9 (6.9)	1.0 (8.2)	1.2 (9.3)

Figures in the bracket indicates per cent of total programme spending

Source: Finance Division, Ministry of Finance

3.24 Spending as a share of GDP in the major sectors remained almost steady during FY08- FY13. However, certain trends can be identified as follows (Table 3.12):

- ❖ Expenditure on education has been given the highest priority for its importance as a tool for poverty reduction and human resource development. Expenditure in this sector remained more than

2 percent of GDP and on average 17.2 percent of total programme spending during this period. Reduction of gender disparity in primary and secondary education as well as expansion of vocational and technical education has remained the major thrust of this sector.

- ❖ Spending on major infrastructure sectors (Local Government and Rural Development, Power and Energy, Transport and Communications) grew steadily over the period FY08 to FY 13. In FY08, spending on these sectors was 2.6 percent of GDP and 22.7 percent of total programme spending which significantly increased to 3.5 percent of GDP and 27.9 percent of total spending respectively in FY 13.
- ❖ Spending as a share of GDP in the Agriculture sector remained unchanged at 1.6per cent of GDP and on average 13.0 percent of total programme spending till FY12. Overall spending in agriculture has increased to 1.6 percent of GDP and 15.0 percent of total spending in FY 13 because of additional allocation to subsidies triggered by the increased price of fuel, fertilizer and electricity.
- ❖ In social security and welfare sector, spending as a share of GDP grew from 0.6per cent in FY08 to 1.3 percent in FY09 and fell again to 1.0 percent in FY10 and remained at the same level until FY13. Spending for this sector increased in comparison with FY08 mainly due to increase in the rate of allowances as well as in the number of beneficiaries.

Total programme Spending: FY15- FY17

3.25 Total programme spending has been projected to grow during FY15 to FY17, at an annual average rate of 9.0 percent, up from Taka 2095.3 billion in FY15 to Taka 2487.9 billion in FY17. But, as percentage of GDP, total programme spending shows a declining trend from 15.6 percent in FY15 to 14.4 percent in FY17.

Spending Priorities by sectors for FY15-FY17

3.26 With a view to achieving accelerated and inclusive economic growth, improving physical infrastructure including power and energy, roads, railways and ports, promoting agricultural and rural development, generating employment, ensuring overall development of human resources, encouraging the utilization of information technologies in providing public services and implementing digital Bangladesh will remain the priority sectors in the public spending framework FY15-FY17. Mitigating the risks associated with climate related adversities will also remain in the Government priority list.

3.27 A highlight of spending programmes of different sectors that influenced the budget allocations for the FY15-FY17 is presented below:

Power and Energy³

3.28 Per capita electricity generation is only 321 kwh in Bangladesh, which is very low compared to that of other developing countries. In order to improve this situation, the government has given the highest priority to power sector development and is committed to make electricity available to all by 2021. Several programmes have already been taken up to implement short, medium and long term plans for the balanced development of power sector to scale up electricity generation. All these efforts are going on to add further 11,497 MW in the national grid as early as by 2018. Total spending for this sector is projected to grow by 10.0 percent annually to Taka 149.6 billion in FY17.

Energy and Mineral Resource Division

3.29 With a view to ensuring energy security of the country, exploration of new gas field and increase in the extraction will top the priority list of Energy and Mineral Resource Division. Importance will also be attached to developing the coal sector as an alternative energy source to ensure energy security, ensuring uninterrupted supply of fuel for development of

³Covers the activities of Energy and Mineral Resources Division and Power Division.

agriculture, communication, industry, and power sector, expanding gas transmission network and ensuring the most efficient use of natural gas and finally strengthening programmes related to the reduction of system loss, enhancement of operational efficiency and collection of due bills for increasing revenue earning for reducing subsidy.

Power Division

2.30 As power is the pre-condition for social and economic development, installation of new power generation plants and rehabilitation and maintenance of existing plants will remain in the top of priority list with a view to producing an additional 11,497 MW by 2018. Other priority will include construction of new about 6,000 kilometres of transmission lines by 2018 and the necessary refurbishment of existing transmission lines, installation of new distribution lines and repair of existing distribution lines, expansion of renewable energy technology and initiation of measures for energy savings, reduce system loss and realise arrears through efficiency enhancement and ensuring accountability and implementation of load management activities.

Transport and Communication⁴

3.31 An efficient transport and communication system plays a great role in the socioeconomic progress of a country. As physical infrastructure is indispensable, a well-knit transport and communication network ensures a well-balanced distribution system for the inputs of production and finished goods. It also helps to maintain price stability and promote rapid industrialisation. Total spending for this sector is projected to grow by 7.2 percent annually to Taka 280.6 billion in FY17

Road Division

3.32 Road Division will place highest priority on reforming, repairing, conservation, developing and maintaining the existing road infrastructure while second priority will be on introduction and enhancement of combined public transport system to create confidence among the people

⁴Covers the activities of the Roads and Railways Division, Ministry of Shipping, Ministry of Civil Aviation and Tourism, Ministry of Post and Telecommunication and the Brides Division.

on public transport and ensure security of their mobility. Priority will also be given on introduction and enhancement of modern and digital motor vehicle management and controlling system, digitalisation of registration, issuance of driving license, collection of route permit renewing tax and fee, e-ticketing system, establishment of new training institutes, modernisation of existing training institutes, providing training to professional drivers and initiation of preventive measures to ensure secured road and extension and development of road network on the basis of PPP.

Ministry of Railways

3.33 Ministry of Railway will place emphasis on the regular rehabilitation and modernisation of the existing infrastructure and rolling stock of Bangladesh railways and ensuring more secured rail communication system by procuring new locomotive, passenger compartments, wagon and modernisation of passenger and cargo transportation.

Ministry of Shipping

3.34 Ministry of Shipping will continue developing and maintaining the inland waterways, sea ports, vital channels and infrastructure to ensure navigability, security and uninterrupted transport system on priority basis. This ministry will also dredge naval ways to increase yearlong waterways and modernise seaports and improve sea transport management for promoting international trade and ensuring quick supply of essential commodities during natural disaster. Naval training will be provided on priority basis to the educated young population of the country to make them capable of competing in the world maritime job market. Finally, developing infrastructure of the land ports will also be a priority task of this ministry.

Ministry of Civil Aviation and Tourism

3.35 Ministry of Civil Aviation and Tourism will establish and modernise civil aviation related infrastructure in line with international standards for widening the coverage of safe and secured air travel with higher standard

of customer care as a top priority. This ministry will also modernise existing tourism facilities and construct new infrastructure with a view to attracting more tourists from home and abroad, which will create substantial employment opportunities. Intensive publicity will be carried out on tourist attractions of the country both in home and abroad to make this a thrust sector for investment and employment. New tourism facilities will be established under public-private partnership and training will be provided to create work force for the tourism sector capable of providing services with international standards.

Ministry of Post and Telecommunication

3.36 Ministry of Post and Telecommunication will increase tele-density and tele-access through the development of infrastructure in the telecommunication sector to provide services and develop the existing service of the postal directorate by introducing automated system providing modern and efficient postal service.

Bridges Division

3.37 Bridge division will acquire 1,373 hectares of land at the Mawa-Janjira point for construction of Padma Bridge and rehabilitation of the project affected people in time. Bridge division will construct 7.3 km of connecting toll road from Panchwabati, Narayongonj to Mukterpur, Munshigonj and expand 29 km of connecting road on both sides of the Bangabandhu Bridge to 4 lanes. Other priorities will include acquisition of lands, rehabilitation of the affected people, transfer and establishment of utilities for the construction of 46.43 km long elevated expressway at the cost of taka 8,940.18crore on the PPP basis, acquisition of lands for constructing Dhaka-Aashulia elevated expressway, construction of 4.50 km of elevated way on 20 kmlong BRT lane from Shahjalal international airport to Gazipur, construction of 2 km long Bakutia Bridge on Kocha river between Jhalokathi and Pirojpur, 6.10 km long 2nd Padma Bridge between Paturia and Goalanda, 3.40 km long tunnel under the Karnaphuli river of Chittagong and construction of under pass and flyover near Jahangir gate of Dhaka.

Agriculture⁵

3.38 As an inevitable consequence of rapid economic progress of Bangladesh, the share of agriculture in the national output of the country is declining over time. However, the role of agriculture still remains crucial in advancing the growth path of the economy towards pro-poor direction. As significant number of population of the country depends directly or indirectly on agriculture, the socio-economic development of these people is closely related to the development of this sector. Agriculture sector has been identified as one of the most prioritised sector in the budget allocation for its contribution to food security, employment (43.6 percent of the total work force), and national income (18.7 percent in FY13). The incumbent government on assumption of office has taken massive and coordinated measures for the development of agriculture sector. Wide ranges of incentive are provided to this sector to make agricultural inputs easily available for the peasants. Besides, arrangements, like distribution of agricultural inputs cards, opening of bank accounts with Tk.10, appointing ward-wise retail seller, full-time monitoring of fertiliser management etc. have been initiated to extend government's direct support to the farmers. Total spending for this sector is projected to grow by 7.5 percent annually to taka 220.5 billion in FY17.

Ministry of Agriculture

3.39 As agricultural land of the country is reducing at the rate of 1 per cent per year due to industrialization, urbanization and population growth, Ministry of Agriculture will enhance the number of agricultural research programmes for promoting the production of paddy, wheat, sugarcane, and other crops per hectare on priority basis. This ministry will also pay attention to produce improved seed varieties, preserve seed quality, and distribute seeds among farmers. Furthermore, varieties of higher value cash crops like- jute, kenaf, mesta, sugarcane, cotton will be innovated, preserved and distributed among the farmers to expand agro-industry, satisfying domestic demand and earn foreign currency by export. High

⁵ Covered by the activities of the Ministry of Agriculture, Ministry of Fisheries and Animal Resources, Ministry of Environment and Forest, Ministry of Land and Ministry of Water Resources

yielding variety of potato, pulse and refined vegetables will also be innovated and distributed among the farmers to fulfil the demand for nutritious and balanced food of the citizens. Other priority areas include expanding modern agro-technology to the farmers through training, exhibition, rally and so on, expanding of arable land through mitigation of water logging problem, extension of ground water based small irrigation programmes, enhancement of research and extension programmes, ensuring adequate supply for and fair price of agricultural product through extension of information and communication technology at the field level, maintaining quality of soil, enhancement of the fertility and reduce the dependence on chemical fertilizer by making bio fertilizer, green fertilizer and bacterial fertilizer popular among the farmers to ensure maximum utilisation of bio fertilizer in cultivation.

Ministry of Fisheries and Animal Resources

3.40 Major priority areas of this ministry will cover increasing employment opportunities by expanding production of fisheries, innovation of new technology, extension of artificial breeding programme and transformation of embryo system, implementation of breed operation for the breed development of the livestock and enhancement of productivity, improvement of farm management system of government and private poultry, livestock, and dairy farms, implementation of fisheries conservation laws, preservation of jatka, and creation of alternative employment opportunities for jatka fishermen and quality control and efficient management of fisheries products.

Ministry of Environment and Forest

3.41 Priority list of this ministry will contain initiation of appropriate measures for facing the adversities of climate change, creating awareness among people about the adverse impact of climate change, and adaptation to changing state, conservation and sustainable management of forestry, control environmental pollution by implementing Environment Protection Act (2010) and ensuring extension and creation of reserve forest.

Ministry of Land

3.42 Top priority of this ministry will remain on expansion of the computerized land record management system followed by allotment of khas lands among the landless. Other priority areas will include continuation of preparation of land records, proving flats/houses to the poor and increasing land development tax revenues.

Ministry of Water Resources

3.43 Ministry of Water Resources plans to excavate and re-excavate of rivers and canals, construct and maintain infrastructure to provide irrigation facilities to agricultural land and increase the coverage of irrigation facilities, establish, reconstruct, re-establish, and develop the existing infrastructure/embankments of the coastal areas, establish and maintain new barrages, construct flood protection barrage to save important cities, establishments, crops, lives and properties and conduct survey on various aspect of water resources with a view to making proper plan for managing water resources.

Education and Technology⁶

3.44 A realistic, job-oriented, efficiency-enhancing and comprehensive education system is required for sustainable economic development of the country. In order to enhance the quality and extend the coverage of universal primary education and secondary education, various initiatives, such as reducing teacher/student ratio, development of curriculum, creating provisions for stipends and school tiffin programs have been undertaken by the government. The prime objective of these steps is to transform the entire population of the country as skilled and educated work force having strong moral by providing general, vocational, and science and technology-oriented education and training. Most of the budget allocations on the education sector is spent for the extension of tier-based education and improving standard of education at every tier.

⁶ Covers the activities of the Ministry of Primary and Mass Education, Ministry of Education and Ministry of Science and Information and Communication Technology.

Computer education has been made compulsory and computer accessories are being supplied to the schools accordingly to build a 'Digital Bangladesh'. A milestone initiative is now underway to build a technical school in every upazilla in order to extend technical and vocational education. Total spending in this sector is projected to grow by 9.0 percent annually to Taka 389.2 billion in FY17.

Ministry of Education

3.45 Ministry will conduct research on priority basis to develop the standard of secondary education by baseline indicator surveys. It will also develop the curriculum, decentralize education management, extend opportunities for education along with ensuring quality education, modernise existing technical and vocational institutions and establish new institutions, establishing ICT and resource centres at the field level to provide training in emerging trade/technology based upon updated syllabus prepared on the basis of demand in the domestic and international job market. Priorities will further include constructing new buildings for educational institutions at different levels (schools, colleges and madrassas) and renovating existing institutions in backward and disadvantaged areas, providing stipend to female students at the secondary and higher secondary levels and construction and expansion of physical infrastructures of existing and new universities of technologies.

Ministry of Primary and Mass Education

3.46 This ministry will continue to recruit a significant number of teachers with a view to decreasing teacher-student ratio from 1:46 to 1:30 and increase skill development activities for the teachers. It will also construct 42,000 new class rooms and establish 1,500 schools in the villages without having any school in order to provide access to education for more children, provide stipend and educational allowance, provide tiffin to the students from poor and marginal families for completing their education circle, increase the attendance rate and reducing the drop-out rate, develop and equalise the standard of primary schools by establishing pre-primary sections in nearly 62,000 schools.

Ministry of Science and Information Technology

3.47 This ministry will promote expansion of the peaceful use of nuclear energy, creation of awareness on the use of biotechnology and undertaking research for the development of environment-friendly sustainable technology for the poor community, increase the number of science and technology related research, develop infrastructure and human resources to conduct marine resources related research work.

Health⁷

3.48 The government has given priority to this sector for ensuring health services for all. Infant mortality rate, and fertility rate have in a large scale declined along with significant improvement in life expectancy that has earned international respect for both the government and the country. At present, the main objective of all government programmes in this sector is to create a strong, healthy and productive population by developing the health, nutrition and population sector. Total spending for the sector is projected to grow by 9.5 percent annually to Taka 133.7 billion in FY17

Ministry of Health and Family Welfare

3.49 Ministry of Health and Family Welfare will provide outreach health, nutrition and family planning services to the grass root level through community clinics and Union Health and Family Welfare Centres on priority basis. It will ensure community participation in managing health services, control population by family planning programmes and improve maternal and reproductive health, ensure treatment of general and complicated diseases at district and upazilla hospitals by expanding infrastructure. This ministry will also post required manpower, ensure treatment of complicated and serious diseases in general and referral systems through the establishment of specialised hospitals, build up trained medical staff, i.e., doctors, nurses, paramedics and update

⁷ Covers the activities of the Ministry of Health and Family Welfare

‘National Drug Policy’ in order to manufacture quality drugs of international standard for supplying to the people at reasonable prices and increasing exports.

Social Security and Welfare⁸

3.50 Social security and welfare expenditure is an effective tool to redistribute income in favour of the poor. Accelerating economic activities is not enough for achieving the goals of inclusive growth. Targeted and well-monitored social safety net programmes are required as well. Social safety-net programmes are, therefore, considered as one of the priority activities of the present government. In order to reduce the poverty level to 15 per cent by 2021, the government has expanded the coverage of services and facilities provided under the social security programmes. Total spending in this sector is projected to grow by 6.5 percent annually to Taka 172.4 billion in FY17.

Ministry of Social Welfare

3.51 Major priority areas of this ministry will encompass the services related to providing social protection to the different classes of underprivileged and distressed people of the society including old people, widows, divorced and distressed women, insolvent handicapped people by different programmes, ensuring security and protecting the rights of the orphan, distressed and destitute people by providing shelter, food, clothing, education, training and treatment, administering service-oriented and interest free micro credit programmes for the poor, active and handicapped people and providing housing, education, training, and giving elements to disabled persons with special needs.

Ministry of Woman and Child Affairs

3.52 This ministry will continue the food assistant program (VGD) for distressed mother, provide assistance for lactating and working mother, establish child manifestation centres to facilitate the children, provide

vocational, job-oriented and income-generating training in order to create self-employment opportunities for the women and provide legal assistance and counsel to the women as a safeguard to the violence against women and increase public consciousness.

Ministry of Liberation War Affairs

3.53 Providing honorarium, ration and medical allowances to the war-injured freedom fighters including the dependents of martyred and dead freedom fighters will remain on top of the priority list of this ministry. It will also pay attention to construct Independent Mausoleum in Suhrawardy Udyan and liberation war based monuments in different places of the country for preserving memories of liberation war. It will also construct freedom fighters complex building in all upazillas and districts of the country, preserve and maintain the sites of notable frontline battles, slaughter grounds, war cemeteries, mass graves, war cemeteries for martyred freedom fighters. Other prioritized tasks will include reigniting the conscience of liberation war, taking appropriate measures to preserve and publish the true history of the war of liberation and honouring foreign friends/organizations for their invaluable contribution to liberation war.

Food Division

3.54 Food Division will raise the procurement of food from domestic sources in order to ensure food security and price stability on priority basis. It will also concentrate on providing price support for the farmers, increasing imports of food by using own resources, enhancing food storage capacity by building food storages, silos, infrastructure and modernisation of existing storages and other facilities, increasing food supply to ensure the supply of food at fair price to the poor people.

Disaster Management and Relief Division

3.55 This division will work to increase the number of beneficiaries of the social safety net program, such as 'Employment Generation program for the Hard Core Poor', 'Food for Work Programme', TR and VGF

programmes. It also plans to build and maintain cyclone centres, small bridges and culverts to save the lives and properties of the people, procure surveillance and rescue vehicles/machineries, conduct trainings on risk management, carry out research and awareness building activities, procure equipment, vehicles and necessary materials needed for emergency rescue operation after a disaster and conduct research, provide training and create social awareness on mitigation of risk related to climate changes.

Local Government and Rural Development⁸

3.56 Socio-economic development of Bangladesh largely depends on rural development and strengthening of local government. Pressure on urbanization on account of internal migration can be reduced if civic facilities could be decentralized by strengthening the local governments, creating employment opportunities in the rural areas and providing access to micro-credit and job-oriented training. Parallel to that, rural-urban disparities can be mitigated and living standard of the rural population can be uplifted through coordinated and realistic action for supplying safe and pure drinking water and sanitation, sound irrigation and waste management, establishment and conservation of physical infrastructures, and development of health services irrespective of rural, urban and mountainous area. Total spending in this sector is projected to grow by 7.6 percent annually to Taka 205.3 billion in FY17.

Local Government Division

3.57 This division will work to strengthen local government institutions and provide necessary assistance, prevent water-borne diseases through supply of safe drinking water and healthy sanitation facilities, ensure rural development, and develop civic facilities in the rural and urban areas-gathering of organic and non-organic waste from household and other places. It also plans to establish sanitary landfill, collect and manage the waste of hospitals, establish safe-water facilities and environment-friendly sanitary latrines at slum areas in the priority basis

Rural Development and Cooperative Division

3.58 Priority tasks of this division will be to provide support to micro-credit programmes to be conducted by cooperatives to ensure socio-economic development of rural people, providing training for human resource development and conducting applied research related to rural development.

Ministry of Chittagong Hill Tracts Affairs

3.59 Ministry of Chittagong Hill Tracts Affairs will develop the infrastructure both in agriculture and non-agricultural sector and expand primary and vocational education, provide basic health services for overall development of the people of Chittagong hill tracts and conserve the culture and tradition of tribal people.

Appendix 1: Expenditure by Sector: FY12–FY17

Name of the Sector	Expenditure and Allocation (Billion Taka)						Share of Programme Expenditure					
	Actual	Actual	Revised	Budget	Projection	Projection	Actual	Actual	Revised	Budget	Projection	Projection
	FY12	FY13	FY14	FY15	FY16	FY17	FY12	FY13	FY14	FY15	FY16	FY17
Public Services	125.4	97.5	299.4	417.0	491.8	539.9	10.7	7.3	17.3	19.9	21.6	21.7
Local Government and Rural Development	110.5	141.5	153.9	177.2	186.6	205.3	9.5	10.6	8.9	8.5	8.2	8.3
Defence Services	122.3	120.2	151.8	164.6	176.1	188.4	10.5	9.0	8.7	7.9	7.7	7.6
Public Order and Safety	87.4	96.6	120.3	125.6	132.7	142.0	7.5	7.2	6.9	6.0	5.8	5.7
Education and Technology	191.1	212.8	282.7	327.7	353.9	389.2	16.4	15.9	16.3	15.6	15.5	15.6
Health	76.7	85.5	99.6	111.5	121.5	133.7	6.6	6.4	5.7	5.3	5.3	5.4
Social Security and Welfare	89.9	100.5	123.2	152.0	157.1	172.4	7.7	7.5	7.1	7.3	6.9	6.9
Housing	13.4	13.7	17.4	20.6	22.5	24.8	1.1	1.0	1.0	1.0	1.0	1.0
Recreation, Culture and Religious Affairs	14.7	17.0	19.5	19.9	21.5	23.1	1.3	1.3	1.1	1.0	0.9	0.9
Fuel and Energy	79.7	102.8	99.0	115.4	126.9	139.6	6.8	7.7	5.7	5.5	5.6	5.6
Agriculture	146.7	196.9	177.1	191.0	203.1	220.5	12.6	14.7	10.2	9.1	8.9	8.9
Industrial and Economic Services	15.8	26.0	36.4	28.7	26.7	28.4	1.4	1.9	2.1	1.4	1.2	1.1
Transport and Communication	94.6	124.8	155.0	244.3	257.5	280.6	8.1	9.3	8.9	11.7	11.3	11.3
Total Programme Expenditure	1168.0	1335.7	1735.1	2095.3	2277.8	2487.9	100.0	100.0	100.0	100.0	100.0	100.0

Source: Finance Division