

## Grant No. 10

## 13 - Economic Relations Division

## Medium Term Expenditure

(Taka in Thousands)

Description	Budget 2017-18	Projection	
		2018-19	2019-20
Non-Development	10944,31,00	11983,84,00	13122,10,00
Development	36,69,00	40,36,00	44,39,00
<b>Total</b>	<b>10981,00,00</b>	<b>12024,20,00</b>	<b>13166,49,00</b>
Revenue	2029,45,02	2214,37,49	2422,54,44
Capital	8951,54,98	9809,82,52	10743,94,56
<b>Total</b>	<b>10981,00,00</b>	<b>12024,20,01</b>	<b>13166,49,00</b>

**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"> <li>• Facilitate commitment and disbursement of external loans and grants</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Relations Division</li> </ul>

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

### 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 development programmes in agriculture, education, health and infrastructure sectors and targeted poverty reduction programmes that have direct impact on the socio-economic conditions of the poor.

**Impact on women's advancement:** Most of the development programmes implemented through donor supports are gender-focused that create employment opportunities for women and help them to get out of poverty.

##### 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 and helps to eradicate poverty directly.

**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 2017-18	Projection	
		2018-19	2019-20
Poverty Reduction	37,82,32	35,89,64	38,42,41
Gender	32,42,47	31,81,22	33,66,39

#### 4.1 Priority Spending Areas/Programmes

Priority Spending Areas/Programmes	Related Strategic Objectives
<p><b>1. Development of Aid Management System</b></p> <p>ERD records and analyses external debt data, and undertakes debt servicing to keep the debt of the country 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"> <li>Maintain sustainable external debt</li> </ul>
<p><b>2. Promotion of FDI in Bangladesh and expansion of businesses in Missions abroad</b></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 has opened a new Economic Wing in Beijing, China. It is, therefore, given the 2<sup>nd</sup> priority.</p>	<ul style="list-style-type: none"> <li>Mobilize external resources and support from bilateral and multilateral partners, international institutions/ countries</li> </ul>
<p><b>3. Institutionalization of Aid Effectiveness of Bangladesh</b></p> <p>ERD coordinates all the disbursements and commitments of external resources to Bangladesh. In order to institutionalize aid effectiveness ERD organize a series of workshops, meetings and seminars along with Organization for Economic Cooperation Development- Development Assistance Committee (OECD-DAC) survey. Given the importance of effective use of loans, this area has been accorded as third priority.</p>	<ul style="list-style-type: none"> <li>Aid Effectiveness at domestic level</li> </ul>

#### 4.2 Medium Term Expenditure Estimates and Projection (2017-18 to 2019-20)

##### 4.2.1 Expenditure by Department/Agencies/Operational Units

(Taka in thousands)

Description	Budget	Revised	Budget 2017-18	Projection	
	2016-17			2018-19	2019-20
Infrastructure Investment Facilitation Company (IIFC)	0	10,00,00	0	0	0
Secretariat	75,80,00	65,23,60	76,24,38	84,16,96	91,54,38
Economic Offices Abroad	20,40,52	18,50,57	21,51,29	23,55,53	25,79,43
International Organisations	149,42,03	162,45,30	163,24,33	178,74,13	195,73,09
International Development Institutions	9776,00,00	9280,00,00	10720,00,00	11737,73,39	12853,42,11
<b>Grand Total :</b>	<b>10021,62,55</b>	<b>9536,19,47</b>	<b>10981,00,00</b>	<b>12024,20,01</b>	<b>13166,49,01</b>

#### 4.2.2 Expenditure by Economic Group Wise

(Taka in thousands)

Economic Group	Description	Budget	Revised	Budget 2017-18	Projection	
		2016-17			2018-19	2019-20
	<b>Revenue Expenditure</b>					
4500	Pay of Officers	11,40,13	11,37,50	12,25,75	13,92,18	14,42,52
4600	Pay of Establishment	4,89,18	4,63,03	5,36,05	5,85,05	6,38,73
4700	Allowances	19,84,97	18,57,70	21,10,59	22,96,92	25,14,01
4800	Supplies and Services	39,01,59	41,40,58	50,75,80	47,51,42	50,57,55
4900	Repairs and Maintenance	7,21,25	1,38,26	1,24,50	1,33,76	1,46,15
5600	Interest on Foreign Debt	1688,00,00	1840,00,00	1920,00,00	2102,28,07	2302,10,53
5900	Grants in Aid	0	10,00,00	0	0	0
6100	Contributions to International Organisation	19,24,03	20,77,30	18,72,33	20,50,09	22,44,95
6300	Pensions and Gratuities	7,08,00	0	0	0	0
	<b>Total :- Revenue Expenditure</b>	<b>1796,69,15</b>	<b>1948,14,37</b>	<b>2029,45,02</b>	<b>2214,37,49</b>	<b>2422,54,44</b>
	<b>Capital Expenditure</b>					
6800	Acquisition of Assets	6,40,40	6,00,10	6,65,98	6,50,64	7,12,48
7000	Construction and Works	0	0	0	9,22,00	11,78,00
7100	Investments in Shares and Equities	130,18,00	141,68,00	144,52,00	158,24,04	173,28,14
7400	Advances to Government Employees	35,00	37,00	37,00	40,51	44,36
7700	Foreign Debt Repayment	8088,00,00	7440,00,00	8800,00,00	9635,45,32	10551,31,58
	<b>Total :- Capital Expenditure</b>	<b>8224,93,40</b>	<b>7588,05,10</b>	<b>8951,54,98</b>	<b>9809,82,51</b>	<b>10743,94,56</b>
	<b>Grand Total :-</b>	<b>10021,62,55</b>	<b>9536,19,47</b>	<b>10981,00,00</b>	<b>12024,20,00</b>	<b>13166,49,00</b>

#### 5.0 Key Performance Indicator (KPIs)

Indicator	Related Strategic Objectives	Unit	Revised Target	Actual	Target	Revised Target	Medium Term Targets		
			2015-16		2016-17		2017-18	2018-19	2019-20
1	2	3	4	5	6	7	8	9	10
1. Disbursement of Foreign Aid	1 & 2	% of GDP	1.53	1.61	1.60	1.60	1.60	1.60	1.80
2. TDS*/XGS**	2	%	2.93	2.84	2.97	2.82	3.10	2.82	2.61
3. TDS/GDP	2	%	0.48	0.47	0.49	0.46	0.50	0.46	0.42
4. TOED***/XGS	2	%	70.02	69.69	68.22	53.63	68.39	68.40	68.74
5. TOED/GDP	2	%	11.59	11.88	11.19	11.43	11.11	11.11	11.16
6. Amount of untied aid as % of total aid inflow	3	%	88	87	87	85	85	84	82
7. Amount of grants as % of total foreign assistance	3	%	18.88	14.89	16.25	16.25	15.47	15.00	14.00

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 2015-16, disbursement of the foreign aid stood at US\$ 3,563.59 million. In the previous two years, i.e. FY 2013-14 and 2014-15 disbursements totalled US\$ 3,084 and 3,043 million respectively. In FY 2015-16, commitment of the foreign aid stood at US\$ 7,048.08 million. In addition, during the previous two years i.e., 2013-14 and 2014-15 foreign assistance agreements have been signed amounting to US\$ 5,844 and 5,258 million respectively. A total of 82 agreements were signed in FY 2015-16 for mobilizing external resources, of which 48 were for grants and the remaining 34 were for loans. In FY 2014-15, 97 agreements were signed of which 63 were for grants and 34 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		
				2015-16	2016-17	2017-18	2018-19	2019-20		
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	7048	6000	6000	6000	6000	6000
	Foreign aid disbursed			3390	3563	4894	4165	5555	6000	6700
2. Keep abreast of the various international forums about the negative effects of climate change and mobilize resources from various international climate funds	Amt. of resource mobilization	1	Million US\$	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.	2	3	2	2	2	3	3
4. Develop and implement aid management system	Implementation of AIMS	2	%	80	80	100	100	100	100	100
5. Maintain external debt servicing	Loan repayment	2	Million US\$	1075	1050	1222	1160	1425	1425	1450
	Total Outstanding External Debt			25698	26305	28037	28644	31458	34608	38258
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.	8	2	*	*	*	*	*

\* According to the decision of BDF Meeting, a new JCS (2016-2020) is underway. Targets will be set after the approval of new JCS.

### 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 2015-16	Budget	Revised	Medium Term Expenditure Estimates		
			2016-17	2017-18	2018-19	2019-20	
1	2	3	4	5	6	7	8
<b>Operational Units</b>							
1301-0001 - Secretariat	1-7	30,33,36	42,63,00	35,56,60	39,55,38	43,80,96	47,15,38
1303-0001 - Washington DC	1,2	2,45,66	3,21,35	2,98,20	3,16,65	3,46,71	3,79,67
1303-0005 - Bangkok	-	1,12,86	1,62,95	1,42,50	1,71,55	1,87,84	2,05,69
1303-0010 - New York	1,2	1,91,90	3,65,28	3,36,28	3,60,80	3,95,05	4,32,60
1303-0015 - Tokyo	1,2	2,91,01	3,06,81	2,87,60	3,03,15	3,31,93	3,63,48
1303-0020 - Riyadh	1,2	1,76,56	2,66,14	2,48,42	2,72,10	2,97,93	3,26,25
1303-0035 - Rome	1,2	2,40,78	2,81,90	3,25,10	3,16,80	3,46,88	3,79,85
1303-0045 - Brussels	1,2	1,13,03	1,47,34	1,45,55	2,21,49	2,42,52	2,65,57
1303-0055 - Beijing	1,2	0	1,88,75	66,92	1,88,75	2,06,67	2,26,31
1305-0005 - Infrastructure Investment Facilitation Company (IIFC)	1	0	0	10,00,00	0	0	0
1306-4007 - USAID	-	0	35,00	1,05,00	35,00	38,32	41,97
1306-4009 - UNDP-HQ	-	3,15,80	3,20,00	4,05,00	4,05,00	4,43,45	4,85,60
1306-4011 - UNDP-Local Programme	-	22,00	11,00	13,75	13,75	15,06	16,49
1306-4015 - Commonwealth Fund for Technical Co-operation (CFTC)	-	2,14,62	3,76,20	3,76,20	1,68,00	1,83,95	2,01,43
1306-4017 - Commonwealth Foundation	-	50,88	30,00	22,00	30,00	32,85	35,97
1306-4019 - Colombo Plan for South and South-East Asia TA (CPS)	-	13,69	14,50	14,50	14,50	15,88	17,39
1306-4023 - Singapore-Colombo Plan Staff College (CPSC)	-	5,65	6,00	6,00	6,00	6,57	7,19
1306-4031 - International Fund for Agricultural Development (IFAD)	-	1,77,00	2,50,00	2,50,00	2,90,00	3,17,53	3,47,71
1306-4033 - UN Volunteers	-	79	80	1,06	1,06	1,16	1,27

Name of the Operational Unit/Programme/ Project	Related Activity	Actual 2015-16	Budget	Revised	Medium Term Expenditure Estimates		
			2016-17		2017-18	2018-19	2019-20
1	2	3	4	5	6	7	8
1306-4035 - UN Environment Programme (UNEP)	-	52	53	73	73	80	88
1306-4039 - UNICEF	-	27,24	27,60	35,00	35,00	38,32	41,97
1306-4043 - UN Family Planning Programming (UNFP)	-	24,47	22,40	28,44	28,44	31,14	34,10
1306-4047 - UN Fund for Drug Abuse Control (UNODC)	-	79	80	1,06	1,06	1,16	1,27
1306-4052 - UN WOMEN	-	8,28	8,40	10,70	10,70	11,72	12,83
1306-4062 - International Aid Transparency Initiative (IATI)	-	79,51	0	1,80	1,78	1,95	2,13
1306-4065 - Islamic Development Bank (IDB)	-	23,36,88	25,00,00	25,00,00	25,00,00	27,37,34	29,97,53
1306-4074 - South-South Co-operation	-	79	80	1,06	1,06	1,16	1,27
1306-4075 - Islamic Corporation for the Development of the private sector (ICD)	-	0	0	12,50,00	12,52,00	13,70,86	15,01,16
1306-4456 - Islamic solidarity fund for Development (ISFD)	-	7,78,00	8,00,00	7,85,00	8,10,00	8,86,90	9,71,20
1306-4460 - Global Environment Facility (GEF) Trust Fund	-	38,99	20,00	20,00	20,25	22,17	24,28
1306-4465 - Asian Infrastructure Investment Bank (AIIB)		103,69,85	105,18,00	104,18,00	107,00,00	117,15,84	128,29,44
1321-0000 - International Development Institutions	-	0	9776,00,00	9280,00,00	10720,00,00	11737,73,39	12853,42,11
<b>Total : Operational Units</b>		<b>188,70,91</b>	<b>9988,45,55</b>	<b>9506,52,47</b>	<b>10944,31,00</b>	<b>11983,84,01</b>	<b>13122,09,99</b>
<b>Total : Non Development</b>		<b>188,70,91</b>	<b>9988,45,55</b>	<b>9506,52,47</b>	<b>10944,31,00</b>	<b>11983,84,01</b>	<b>13122,09,99</b>
<b>Approved Projects</b>							
1301-5010 - Strengthen External Aid Management Capacity (SEAMC) (01/01/14-30/06/18)	1-7	1,66,77	1,50,00	1,50,00	2,60,00	0	0
1301-5012 – Support to Implementation of the Revenue Mobilization Program for Result: VAT Improvement Program. (01/07/2014-30/06/2020)	1-7	4,95,56	3,95,00	2,93,00	6,33,00	4,50,30	4,77,64
1301-5013 - Knowledge for Development Management (K4DM) for ERD UN Wing	1-7	51,83	6,17,00	2,43,00	2,10,00	0	0
1301-5020 - Unapproved Block Allocation	1-7	0	0	0	0	9,22,00	11,78,00
1301-5030 - Central Co-ordination Unit of the Private Sector Development Support Project (CCU Project Revised) (01/01/12-30/01/2021)	1-7	1,30,98	1,50,00	1,50,00	1,52,00	1,49,78	1,20,88
1301-5151 - Japan Human Resource Development Scholarship (JDS) (01/07/2001-30/06/2020)- 2 <sup>nd</sup> Revised, Approved	1-7	19,92,42	20,05,00	21,31,00	24,14,00	25,13,92	26,62,48
<b>Total : Approved Projects</b>		<b>28,37,56</b>	<b>33,17,00</b>	<b>29,67,00</b>	<b>36,69,00</b>	<b>40,36,00</b>	<b>44,39,00</b>
<b>Total : Development</b>		<b>28,37,56</b>	<b>33,17,00</b>	<b>29,67,00</b>	<b>36,69,00</b>	<b>40,36,00</b>	<b>44,39,00</b>
<b>Total :</b>		<b>217,08,47</b>	<b>10021,62,55</b>	<b>9536,19,47</b>	<b>10981,00,00</b>	<b>12024,20,01</b>	<b>13166,48,99</b>