**Grant No. 07**

**109 - Finance Division**

**Medium term expenditure**

(Taka in Thousands)

|  |  |  |
| --- | --- | --- |
| **Description** | **Budget****2020-21** | **Projection** |
| **2021-22** | **2022-23** |
| Operating Expenditure |  |  |  |
| Development Expenditure |  |  |  |
| **Total** |  |  |  |
|  |
| Recurrent |  |  |  |
| Capital |  |  |  |
| Financial Asset |  |  |  |
| Liability |  |  |  |
| **Total** |  |  |  |

**1.0 Mission Statement and Major Functions**

* 1. **Mission Statement**

Ensure macro-economic stability and fiscal discipline through prudent and efficient fiscal management to achieve higher growth and reduce poverty.

 **1.2 Major Functions**

* + 1. Preparation and review of the fiscal policy of the government and macroeconomic management;
		2. Carrying out research and analysis on economic policy and collection of relevant information and data, preparation of Economic Review, Economic Analysis of Budget and various reports;
		3. Matters relating to technical support, accounting and auditing regarding investment through public private partnership initiative;
		4. Preparation of budget, appropriation, re-appropriation, and examination and approval of budget proposals of autonomous bodies/corporations through monitoring of their activities;
		5. Framing of financial rules and regulations and issuing necessary orders/instructions related to pay scale, pay fixation, leave, pension/gratuity, retirement benefits, travel allowance, general provident fund and other relevant financial matters;
		6. Communication with the World Bank, the Asian Development Bank, and other bilateral and multilateral development partners and dealing with matters related to the IMF;
		7. Dealing with matters related to treasury and public debt management along with loans and grants;
		8. Examining proposals for the creation of new posts and new expenditure plans, establishing fiscal discipline and accountability; suggesting measures for improvement in the organizational set-up and financial procedures for achieving better economy and control of expenditure.

**2.0 Medium Term Strategic Objectives and Activities**

| **Medium-Term Strategic Objectives** | **Activities** | **Implementing Departments/Agencies** |
| --- | --- | --- |
| **1** | **2** | **3** |
| 1. Macro-economic stability
 | * Prepare revenue and expenditure plans, keep fiscal deficit and financing at a sustainable level and coordinate monetary and fiscal policies;
* Prepare and present the policy suggestions before the government analysing internal and external economic scenarios and macroeconomic situations;
* Prepare Medium Term Macroeconomic Policy Statement (MTMPS).
 | * Secretariat
 |
| 1. Ensure fiscal sustainability, attain efficiency in resource allocation and pro-poor growth
 | * Allocate resources to the ministries/divisions with respect to their policies and priorities in accordance with the national development strategies;
* Strengthen the institutional framework of the ministries/divisions relating to budget management;
* Present quarterly report to the Parliament on budget execution and monitoring.
 | * Secretariat
 |
| 1. Sustainable Debt Management
 | * Prepare, update and implement the Medium-Term Debt Strategy (MTDS) consistent with the Medium-Term Macroeconomic Framework (MTMF);
* Recover outstanding amount of Semi-government institutions and strengthen their financial capacity.
 | * Secretariat
 |
| 1. Non-Tax Revenue (NTR) Management
 | * Prepare the medium term projections of NTR and monitor& modernise the collection process and review of revenue related regulations and fixation of rate.
 | * Secretariat
 |
| 1. Reforms in Financial Management
 | * Enhance capacities for accounting and financial reporting;
* Development of accounting systems and procedures with regard to public funds including pay and allowances, pensions, provident fund, loans and advances;
* Modernize and expand the iBAS++ system;
* Improve financial management of state owned enterprises.
* Development of budget management of state-owned institutions/organizations
 | * Secretariat
* CGA
* Monitoring Cell
 |

**3.0 Poverty and Gender Reporting**

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

**3.1.1 Macro-economic stability**

 **Impact on Poverty Reduction:** Stable macro-economy will have positive impact on the macroeconomic variables. As a result, Poverty Inequality Ratio will be reduced having direct impact on poverty alleviation. Moreover, growth resulted from macroeconomic stabilization will enhance per capita income which ultimately reduce the number of poor people in the country.

 **Impact on Women’s Advancement:** As per the demographic composition women comprise half of the population. Stability in the macro-economy increases women’s participation in economic activities. This, eventually, leads to employment generation for women, improves their financial conditions and empowers them.

**3.1.2 Ensure fiscal sustainability, attain efficiency in resource allocation and pro-poor growth**

**Impact on Poverty Reduction:** Efficient and effective financial management ensures best utilization of public resources. Prevention of misuse/waste of public money widens the scope for increased investment in poverty reduction programs. One of the characteristics of proper financial management is to expedite inclusive growth by giving more allocations to poverty reducing activities/programs. It provides the poor easier access to public resources.

**Impact on Women’s Advancement:** Preparing gender sensitive budget is one of the important elements of fiscal management. This increases women’s share in the public resources and efficient use of this allocation is impacting on the women’s condition positively.

**3.1.3 Sustained Debt Management**

 **Impact on Poverty Reduction:** No direct impact

**Impact on Women’s Advancement:** No direct impact

**3.1.4 Non-tax Revenue (NTR) Management**

 **Impact on Poverty Reduction:** No direct impact

 **Impact on Women’s Advancement**: No direct impact

**3.1.5 Reforms in Financial Management**

 **Impact on Poverty Reduction:** Reforms in financial management ensure greater transparency, efficiency and accountability. Poor section of the community also gets benefited from the economic development created through optimum utilization of public resources.

**Impact on Women’s Advancement:** Reforms in financial management enhance the efficiency in public expenditure management which leads to optimum utilization of resources. If resources are utilized optimally, women will get their share.

**3.2 Allocation for Poverty Reduction and Women’s Advancement**

(Taka in Thousands)

|  |  |  |
| --- | --- | --- |
| **Description** | **Budget****2020-21** | **Projection** |
| **2021-22** | **2022-23** |
| Poverty Reduction |  |  |  |
| Gender |  |  |  |

**4.1 Priority Spending Area/Programmes**

| **Priority Spending Areas/Programmes** | **Related Strategic Objectives** |
| --- | --- |
| 1. **Analysis of macro-economic situation and preparation of fiscal policy**

 One of the main objectives of Finance Division is to prepare fiscal policy in line with the overall economic situation of the country. The realisation of this objective as well as national broad objectives depends on favourable strategies and understanding of dimension of four key sectors of the economy (real, monetary, fiscal and external) and their influences in the medium term. Updating the Medium-Term Macro-economic Framework on a regular basis has therefore been accorded the highest priority. | * Macro-economic stability
* Ensure fiscal sustainability, attain efficiency in resource allocation and pro-poor growth
 |
| 1. **Improvement of efficiency and effectiveness of public expenditure**

 Preparation and implementation of timely expenditure plan is necessary to ensure efficiency and effectiveness of public expenditure. With this end in view and ensuring value for money, initiative has been taken to prepare budget under MTBF system. It helps to maintain macroeconomic stability and keep budget deficit at a sustainable limit through making a balance between government’s income and expenditure. Initiatives have also been taken on a priority basis to expand and deepen the MTBF. It is expected that this will ensure best and proper use of public money, in the one hand, and accelerate economic growth, on the other hand.  | * Macroeconomic stability
* Ensure fiscal sustainability, attain efficiency in resource allocation and pro-poor growth
 |
| 1. **Debt Management and enhanced efficiency in Interest Payment**

 Due to resource scarcity, government has to borrow from internal and external sources to meet the resource demand. Borrowing from external sources is primarily given priority for its favourable terms. As a result, it is possible to maintain the cost of debt and risk arising out of borrowing at the minimum. In case of domestic borrowing preference has generally been given to long-term loan over short-term that in turn reduces the risk related to debt repayment. It is possible to reduce risk of debt and intergenerational liability by implementing the debt strategy formulated from time to time based on the source, nature and repayment terms.  | * Sustained Debt Management
 |
| 1. **Modernisation of Accounting System**

 Steps have been taken to modernize the government accounting system to collect, preserve and analyse the data/information relating to daily receipts and expenditure of the government. This will help in determining the strategy for fiscal policy formulation.  | * Reforms in Financial Management
 |

**4.2 Medium Term Expenditure Estimates and Projection (2020-21 to 2022-23)**

**4.2.1 Expenditure by Department/Agencies/Institutional Units**

(Taka in Thousands)

| **Description** | **Budget** | **Revised** | **Budget****2020-21** | **Projection** |
| --- | --- | --- | --- | --- |
| **2019-20** | **2021-22** | **2022-23** |
|  |  |  |  |  |  |

**4.2.2 Expenditure by Economic Group Wise**

(Taka in Thousands)

| **Economic****Group** | **Description** | **Budget** | **Revised** | **Budget****2020-21** | **Projection** |
| --- | --- | --- | --- | --- | --- |
| **2019-20** | **2021-22** | **2022-23** |
|  |  |  |  |  |  |  |

**5.0 Key Performance Indicator (KPIs)**

| **Indicator** | **Related Strategic Objectives** | **Unit** | **Revised****Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| 1. GDP Growth Rate
 | 1,2 | % | 8.13 |  | 8.20 |  | 8.40 | 8.60 |  |
| 1. Total Revenue Income
 | 2,4 | % GDP | 12.5 |  | 13.3 |  | 13.4 | 13.8 |  |
| a. Tax revenue | 11.4 |  | 11.7 |  | 12.1 | 12.5 |  |
| b. Non-tax revenue | 1.1 |  | 1.3 |  | 1.3 | 2.3 |  |
| 1. Overall budget balance
 | 1,2 | % GDP | -5.0 |  | -5.0 |  | -5.0 | -5.0 |  |
| 1. Fund utilization ratio
 | 2 | % | 100 |  | 100 |  | 100 | 100 |  |
| 1. Deficit Financing
 | 1,3,4 | % GDP | 5.0 |  | 5.0 |  | 5.0 | 5.0 |  |
| 1. Domestic Source
 | 3.1 |  | 3.2 |  | 3.4 | 3.4 |  |
| 1. External Source
 | 1.9 |  | 1.8 |  | 1.6 | 1.6 |  |
| 1. Total debt stock
 | 1,3 | % GDP | 29.0 |  | 30.4 |  | 31.5 | 32.6 |  |
| a Domestic Source | 17.9 |  | 19.0 |  | 20.1 | 21.2 |  |
| 1. External Source
 | 11.2 |  | 11.3 |  | 11.3 | 11.4 |  |

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

**6.1 Secretariat**

**6.1.1** **Recent Achievements**: Finance Division played a significant role in facilitating the socio-economic development and the easy access to the public through modernization of government financial management of the country in the last three financial years. Budget and Medium-term Macroeconomic Policy-statement have been placed in Parliament every year. Regular publication of the Finance Division ‘Financial Survey’ has been published consistently. Moreover, different books have been published with national budget including poverty alleviation, skill development, women development, child rights, energy, infrastructure development, social safety-net programs, growth driven large-scale development projects and credit management. In addition, reflecting the annual activity of the financial year, three annual reports have been published. Under the medium-term macroeconomic framework, the Finance Division has been able to maintain overall financial discipline and macroeconomic stability in the financial sector by estimating the four main sectors of the economy such as estimating the real, revenue, financial and monetary and external variables. Housing loan is providing to the government officials on a small interest basis. Poverty reduction in the social sector has decreased by 21.8 percent in 2018 and the hard-core poverty has come down to 11.3 percent; the expected average income is increased to 72.8 years. Poverty reduction in the social sector has decreased by 21.8 percent in 2018 and the decline in poverty has come down to 11.3 percent; the expected average income is increased to 72.8 years due to performing targeted resources in social sector. 16 million government employees are being benefited through innovative activities Budget and Accounting Classing System (BACS), Electronic Payment and Pension Assessment, Preparation of Pension Databases, Online Payroll Bill, Electronic Funds Transfer, Integrated Budget and Accounting System iBAS++ under the Government Expenditure Management Strengthening Program. The progression of developing skilled manpower under the SEIP project is unending. The National Human Resource Development Fund (NHRDF) and National Skills Development Authority (NSDA) have been established by the technical assistance of this project. If two organizations are effective, then a breakthrough chapter will be introduced in the field of skill development.

**6.1.2 Activities, Outputs Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Prepare revenue and expenditure plans, keep fiscal deficit and financing at a sustainable level and coordinate monetary and fiscal policies
 | Annual change in credit to private sector | 1 | % | 16.8 |  | 16.8 |  | 16.9 | 16.9 |  |
| Annual change in inflation | 5.6 |  | 5.6 |  | 5.5 | 5.5 |  |
| 1. Prepare and present the policy suggestions before the government analysing internal and external economic scenario and macroeconomic situations
 | Strategy/policy paper prepared | 1 | Number | 4 |  | 4 |  | 4 | 4 |  |
| 1. Prepare Medium Term Macroeconomic Policy Statement (MTMPS)
 | Documents prepared | 1 | Number | 1 |  | 1 |  | 1 | 1 |  |
| 1. Allocate resources to the ministries/divisions with respect to their policies and priorities in accordance with the national development strategies
 | Poverty reducing expenditure as % of budget | 2 | % | 54.95 |  | 54.93 |  | 54.96 | 55.90 |  |
| Women advancement related expenditure as % of budget | 29.48 |  | 28.86 |  | 28.90 | 28.95 |  |
| 1. Strengthen the institutional framework of the ministries/divisions relating to budget management
 | Officers trained in public financial management | 2 | Person | 110 |  | 110 |  | 110 | 110 |  |
| 1. Present quarterly report to the parliament on budget execution and monitoring
 | Reports presented in the parliament | 2 | Number | 2 |  | 2 |  | 2 | 2 |  |
| 1. Prepare, update and implement the Medium-Term Debt Strategy (MTDS) consistent with the Medium-Term Macroeconomic Framework (MTMF)
 | Reports Prepared | 3 | Number | 1 |  | 1 |  | 1 | 1 |  |
| 1. Recover outstanding amount of Semi-government institutions and strengthen their financial capacity
 | Annual rate of DSL adjustment | 3 | % | 4 |  | 4.5 |  | 4.5 | 4.5 |  |
| 1. Prepare the medium term projections of NTR and monitor& modernize the collection process and review of revenue related regulations and fixation of rate
 | Organization/agencies with revised tax rate | 4 | Number | 27 |  | 37 |  | 43 | 48 |  |
| 1. Modernize and expand iBAS++ system
 | Coverage of iBAS++ system | 5 | % | 95 |  | 100 |  | 100 | 100 |  |

**6.1.3 Medium Term Expenditure Estimates by Institutional Unit, Schemes and Projects**

(Taka in Thousands)

| **Name of the Institutional Unit/Scheme/ Project** | **Related Activity** | **Actual****2018-19** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.2 Office of the Controller General of Accounts**

**6.2.1** **Recent Achievements**: Office of the Chief Accounts Officer, Office of the Divisional Controller of Accounts, the Offices of the District Accounts Officer and the Upazila Accounting Officer have been brought under the Internet based budgeting and accounting activities in the iBAS ++ system. Sending online advice, cheque clearance and cheque reconciliation with Bangladesh Bank have been made easier. The average waiting time of bill passed down to 3 days. Currently, the system of online payment of salary and allowance to government employees through the electronic fund transfer (EFT) process has been extended from the Office of the Chief Accounts Officer to the Divisional Accountant's Office. A Service and Forms Portal named ‘Sebakunjza’ developed with the assistance of a2i programme of Prime Minister’s Office on the detailed information about the services provided by the accounting offices under the CGA office, and a 'Handbook on Bill Passing Checklist' published from the CGA office have been opened for public convenience in CGA website. Recently, Online Bill Disposal Status has been introduced, through which the service providers will be able to know the updated status on the Internet of settlement of the bills submitted to the accounting offices. According to the National Pay Scale-2015, accounting offices have been able to determine about 11.50 lakh government employees' wages and about 6 lakh pensioners pension online. A database of the above mentioned number employees and pensioners have been created through the online wage and pension determination activity. Currently the Piloting of Online Pay Bill Submission Program is going on.

**6.2.2 Activities, Outputs Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Enhance capacities for accounting and financial reporting
 | Monthly accounts prepared on time | 5 | Days | 20 |  | 15 |  | 15 | 15 |  |
| 1. Development of accounting systems and procedures with regard to public funds including pay and allowances, pensions, provident fund, loans and advances
 | Disposal time for a pension claim | 5 | Days | 5 |  | 5 |  | 5 | 5 |  |
| Final settlement of GPF claim | 5 |  | 4 |  | 4 | 4 |  |
| Average waiting time to pass a bill | 3 |  | 3 |  | 3 | 3 |  |
| 1. Modernize and expand iBAS++ system
 | Coverage of iBAS++ system | 5 | % | 20 |  | 40 |  | 70 | 100 |  |

**6.2.3 Medium Term Expenditure Estimates by Institutional Unit, Schemes and Projects**

(Taka in Thousands)

| **Name of the Institutional Unit/Scheme/ Project** | **Related Activity** | **Actual****2018-19** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.3 Monitoring Cell**

**6.3.1** **Recent Achievements**: Three budgets of 45 commercially managed nationalized institutions/ organizations (1st and 2nd part) and the budget summary of the state-owned institution have been published in book form and sent to the National Parliament in last three years. A cash incentive is being provided in 27 sectors, of which cash incentives for 13 sectors have been included in three years.

**6.3.2 Activities, Outputs Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Improve the financial management of state owned enterprises
 | Coverage of SABRE (System of Autonomous Bodies Reporting and Evaluation) System | 5 | Number | 2 |  | 3 |  | 3 | 3 |  |
| 1. Development of budget management of state-owned institutions/organizations
 | Budget collections of 47 organizations/institutions | 30 |  | 30 |  | 30 | 30 |  |
| The review of budget of 47 organizations/institutions in the form of book and in the form of budget summary | 50 |  | 50 |  | 50 | 50 |  |

**6.3.3 Medium Term Expenditure Estimates by Institutional Unit, Schemes and Projects**

(Taka in Thousands)

| **Name of the Institutional Unit/Scheme/ Project** | **Related Activity** | **Actual****2018-19** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |