

Government of the People's Republic of Bangladesh
Ministry of Finance
Economic Relations Division
FABA-1 Section
Sher-e-Bangla Nagar, Dhaka-1207
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Circular

Subject: Conditions to be Fulfilled by Ministries/Divisions Prior to Signing Loan Agreements for Externally Financed Projects

In order to ensure timely implementation of externally financed projects, safeguard the time value of money, and prevent cost overruns, the following conditions must be fulfilled before signing any loan agreement:

- a) Approval of the project's DPP/TAPP by the competent authority, in accordance with the Planning Commission's relevant sectoral and institutional procedures;
- b) Appointment of the Project Director and other essential personnel;
- c) Completion of necessary land acquisition by the sponsoring Ministry/Division or its subordinate agency;
- d) Submission of a Resettlement Action Plan to the concerned Ministry for persons affected by the project's land acquisition;
- e) Preparation of cost estimates and draft bidding documents for goods/works/services, and completion of the entire procurement process up to contract award, where applicable;
- f) Obtaining concurrence from Finance Division on the conditions of the Subsidiary Loan Agreement (SLA), where applicable, in line with the negotiated loan agreement between Development Partner and Economic Relations Division; and
- g) Finalization of a clear, time-bound arrangement between concerned utility service provider and implementing agency regarding the realignment of facilities associated with the project's physical construction works.

2. The sponsoring Ministry/Division and its subordinate agencies shall play a proactive role in ensuring compliance with the above conditions, starting from the project concept stage and preparation of the preliminary DPP (PDPP).

3. The provisions of this circular shall apply to all ongoing and pipeline projects at various stages of processing.

