



Public Investment Management (PIM) Reform Program 2024-2028

Programming Division
Bangladesh Planning Commission
Government of the People's Republic of Bangladesh

June 2024



Public Investment Management Reform Program 2024-2028

**Programming Division
Bangladesh Planning Commission
Government of the People's Republic of Bangladesh**

June 2024

Published by

Programming Division
Bangladesh Planning Commission
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.

First Published: June 2024

Copyright @ Programming Division, Bangladesh Planning Commission, 2024

A Note on this Edition:

This document will be available in the Bangladesh Planning Commission Website for general access:
<http://www.plancomm.gov.bd/>

Cover Page Design

1. JICA Expert Team (JET), SPIMS Project

Preface

The Public Investment Management Reform Program 2024-2028 has been developed under the Strengthening Public Investment Management System (SPIMS) Project with support from the Japan International Cooperation Agency (JICA). The PIM Reform Wing under the Programming Division of the Bangladesh Planning Commission has led its formulation process on behalf of the Government of Bangladesh.

The government envisions that Bangladesh will become an upper-middle income country by 2031, and a high-income country by 2041, as stipulated in Vision 2041 in the Perspective Plan 2021-2041. To achieve this ambitious vision, public investment is a critical instrument of the government and Public Investment Management (PIM) should be strengthened to achieve the vision efficiently and effectively. The government has been long recognizing the importance of PIM and committed to PIM reform in the 7th Five Year Plan (2015-2020) and the 8th Five Year Plan (2020-2025). In the last ten years, the Planning Commission and Ministry of Planning have been leading the PIM reform, formulating and implementing an increasing number of projects to strengthen PIM. It is expected that the effort to improve PIM shall be strengthened and its scope should be widened in the next 9th Five Year Plan.

The PIM Reform Program is a medium-term reform roadmap to strengthen the PIM system of the government from 2024 to 2028. This Program will provide a useful framework to plan, monitor and evaluate activities to strengthen PIM and coordinate various projects for PIM reform across the government. This Program should be considered as a living document, in which its implementation is monitored and evaluated, and new reform activities are included in the Program on a regular basis.

It should be noted that this Program is aligned with the larger Public Financial Management (PFM) reforms of the whole government led by the Finance Division, whose strategies and plans are laid out in the PFM Reform Strategy 2016-2021, PFM Action Plan 2018-2023, and the most recent PFM Reform Action Plan 2024-2028. Both PIM and PFM are the backbone of the development planning and budgeting systems of the government and these should be strengthened in a coordinated manner to achieve Vision 2041.

Table of Contents

Chapter 1. Introduction.....	1
1.1 Context and background	1
1.2 Rationales of PIM Reform Program	2
Chapter 2. PIM system, issues, and reform in Bangladesh.....	5
2.1 PIM system and stakeholders	5
2.2 Key issues in the PIM system	11
Chapter 3. PIM reform program	22
3.1 A sequenced approach to PIM reform program.....	22
3.2 PIM goal and outcomes	22
3.3 Rollout strategy of PIM tools.....	24
3.4 Program activities in 2024-2028	24
Chapter 4. Institutional arrangements for implementing PIM Reform Program	30
4.1 Implementation structure	30
4.2 Implementation process	32
4.3 Key performance indicators for monitoring and evaluation of PIM Reform Program	32
Chapter 5. Conclusion.....	36
References.....	37
Appendix.....	39
Annex 1 Technical Note on Outcome-level Indicators.....	41

List of Tables

Table 1 Key organizations and their roles and responsibilities in the PIM system	10
Table 2 Key policy documents for planning stage of PIM	11
Table 3 List of projects for PIM reform.....	20
Table 4 Activity and sub-activities of PIM Reform Program	28
Table 5 Key performance indicators of PIM Reform Program.....	34

List of Figures

Figure 1 Three stages and seven functions of PIM.....	6
Figure 2 Overview of key PIM stakeholders	8
Figure 3 National development planning framework	12
Figure 4 Overall procedure of project planning	12
Figure 5 Overall procedure of ADP preparation.....	13
Figure 6 PIM Goals, Outcomes, and Activities	23
Figure 7 Implementation structures of PIM Reform Program and PFM Action Plan	30
Figure 8 Implementation process of PIMRP.....	32

List of Abbreviations

ADP	Annual Development Programme
AER	Annual Evaluation Report
AMS	ADP/RADP Management System
AWP	Annual Work Plan
BACS	Budget and Accounting Classification System
BCS	Bangladesh Civil Service
BDT	Bangladeshi Taka
BPATC	Bangladesh Public Administration Training Centre
BPPA	Bangladesh Public Procurement Authority
BREB	Bangladesh Rural Electrification Board
BWDB	Bangladesh Water Development Board
CHT	Ministry of Chattogram Hill Tract Affairs
CPTU	Central Procurement Technical Unit
DPP	Development Project Proposal
ECF	Extended Credit Facility
ECNEC	Executive Committee of National Economic Council
EFF	Extended Fund Facility
e-GP	Electronic Government Procurement
e-PMIS	Electronic Project Management Information System
ERD	Economic Relations Division
FBE	Forward Baseline Estimates
FD	Finance Division
FRS	Future Resource Shortage
FYP	Five Year Plan
GED	General Economics Division
GoB	Government of Bangladesh
iBAS	Integrated Budget and Accounting System
IMED	Implementation Monitoring and Evaluation Division
IT	Information Technology
KPI	Key Performance Indicator
LFA	Logical Framework Analysis
LGD	Local Government Division
LGED	Local Government Engineering Department
M&E	Monitoring and Evaluation
MAF	Ministry Assessment Format
MDA	Ministries, Divisions and Agencies
MoF	Ministry of Finance
MoP	Ministry of Planning
MTBF	Medium-Term Budget Framework
MTMF	Medium-Term Macroeconomic Framework
MYPIP	Multi-year Public Investment Programme
NADA	National Academy for Development Administration
NAPD	National Academy for Planning and Development
NCC	National Coordination Committee

NEC	National Economic Council
PAMS	Project Appraisal Management System
PC	Bangladesh Planning Commission
PE	Power and Energy
PEC	Project Evaluation Committee
PECT	Program Execution and Coordination Team
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Public Investment Management
PIMG	Public Investment Management Guideline
PIMRP	Public Investment Management Reform Program
PIT	Project Implementation Team
PPS	Project Processing, Appraisal and Management System
RADP	Revised Annual Development Programme
RDPP	Revised Development Project Proposal
RHD	Road and Highways Department
RTAPP	Revised Technical Assistance Project Proposal
RTPP	Revised Technical Project Proposal
SAF	Sector Appraisal Format
SAP	Sector Action Plan
SBC	Sector Budget Ceilings
SC	Steering Committee
SDG	Sustainable Development Goals
SPA	Sector Performance Analysis
SPIMS	Strengthening Public Investment Management System Project
SSP	Sector Strategy Paper
SWG	Sector Working Group
TAC	Technical Advisory Committee
TAPP	Technical Assistance Project Proforma/Proposal
TOT	Training of Trainers
TPP	Technical Project Proposal

Chapter 1

Introduction

The Public Investment Management Reform Program (PIMRP) is a medium-term reform roadmap over four years from 2024 to 2028. It has been prepared to strengthen public investment management (PIM) of the Government of Bangladesh (hereinafter, “the government”).

The main purposes of PIMRP are the following:

- Provide a framework to plan and monitor activities to strengthen PIM;
- Coordinate PIM reform initiatives and projects across the government; and
- Disseminate information on PIM reform among stakeholders.

The PIMRP is aligned with the *PFM Reform Strategy 2016-2021*, *PFM Action Plan 2018-2023*, and the most recent *PFM Reform Action Plan 2024-2028* of the government in three important ways. First, the Goals and Outcomes of the PIMRP are aligned to achieve the Goals of PFM Reform Strategy 2016-2021. Second, the activities under the PIMRP are fully integrated in Component 5 in the PFM Action Plan 2018-2023 and PFM Reform Action Plan 2024-2028. Finally, the PIMRP will be coordinated under the governance structure of the PFM Action Plan 2018-2023 and PFM Reform Action Plan 2024-2028.¹ The latest Public Expenditure and Financial Accountability (PEFA) Assessment 2021 provided technical inputs to prepare and adjust PFM Reform Action Plan 2024-2028.

The PIMRP will take a sequenced approach by focusing on selected functions of PIM in the initial few years and expanding its scope as the capacity of the government to manage PIM reform is strengthened over time. More concretely, the PIMRP will focus on improving the planning and allocation stages of PIM initially, then will be expanded to involve the implementation stage of PIM.

The PIMRP is accompanied by Annual Work Plan (AWP), a management tool to track and monitor the progress of the PIMRP and fulfil reporting requirements of the PFM Reform Action Plan 2024-2028. The PIM Reform Wing in the Programming Division will prepare AWP annually to monitor and report implementation of PIMRP.

The PIMRP should be considered as a living document that should be updated regularly because of the dynamic nature of PIM reform in which new reform actions and activities are launched frequently.

1.1 Context and background

The government’s vision for development in Bangladesh has been culminated in the *Perspective Plan of Bangladesh in 2021-2041* (PP2041).² In this document, the government envisions that Bangladesh will become an upper-middle-income country by 2031 and a high-income country by 2041. This Vision 2041 is aimed to be achieved by implementing four consecutive Five-Year Plans (FYPs), starting with the 8th Five Year Plan 2021-2025 (8FYP) launched in February 2021.³ The Annual Development Programme (ADP) is the main instrument to achieve the national goals in the FYPs.

The government has long been recognizing the need to improve PIM to achieve national goals in FYPs. The government conducted a series of diagnostic studies to identify key issues of PIM in the 6FYP

¹ See Chapter 3 for more details on the relationships of the PIMRP with PFM Reform Strategy 2016-2021, PFM Action Plan 2018-2023, and PFM Reform Action Plan 2024-2028.

² See Government of Bangladesh. 2020. *Making a Vision into Reality: Perspective Plan of Bangladesh 2021-2020*. General Economics Division, Bangladesh Planning Commission.

³ See Government of Bangladesh. 2020. *8th Five Year Plan July 2021-June 2025: Promoting Prosperity and Fostering Inclusiveness*. General Economics Division, Bangladesh Planning Commission.

period (2011-2015) and launched some projects to strengthen PIM in the 7FYP period (2016-2020).⁴ In the 8FYP (2021-2025), the government continued its commitment to accelerating the PIM reform further, building on the progresses and achievements in the 7FYP.

The Bangladesh Planning Commission (PC) and the Ministry of Planning (MoP) have been leading the PIM reform. They have been implementing an increasing number of PIM reform actions and activities in collaboration with other stakeholders, such as the Ministry of Finance (MoF) and line ministries, divisions and agencies (MDAs).

One of the notable PIM reform achievements was the establishment of the PIM Reform Wing (PIM-RW) in the Programming Division in 2019. The PIM Reform Wing is envisaged to coordinate PIM reform, promote PIM reform among stakeholders, coordinate ongoing and new actions and activities to strengthen PIM, and plan and monitor PIM reform actions and activities among stakeholders across the government.

After the launch of a few projects for PIM reform in the 7FYP period, the government saw the importance of PIM reform in ongoing government-wide PFM reforms. This has led the government to incorporate a wider set of PIM reform actions and activities in the PFM Reform Strategy 2016-2021, and subsequently integrate PIM reform in the PFM Action Plan 2018-2023.⁵ Today, the PIM reform is an integral part of the larger PFM reforms across the government, comprising Component 5 (PIM) among total 14 Components of PFM Reform Action Plan 2024-2028.⁶

1.2 Rationales of PIM Reform Program

The government recognizes that the time has matured to formulate PIMRP for the following reasons.

PIM reform will need to be sustained to achieve Vision 2041. Achieving Vision 2041 is an ambitious goal and will require smart management of public investment more than ever in the history of Bangladesh. Formulating a medium-term reform program will assist the government in coordinating a broad range of PIM reform in a systematic way, forging consensus on addressing challenging PIM issues among various stakeholders, and thereby sustaining PIM reform to achieve Vision 2041.

PIM reform will help the government address new global challenges. In sustaining social and economic development and prosperity, all nations in the world have been facing new global challenges in recent years. Among notable are to address climate change, new pandemic such as COVID-19, and global conflicts such as Russia's war in Ukraine and the recent Israel-Hamas war. Those challenges necessarily call for government actions, and one of the main instruments of the government at hand is to use public investment projects and programs. PIM reform will enable the government to plan and implement public investment projects and programs in a more timely, efficient and effective way, and thereby contributing to addressing new global challenges in the future.

The actions and activities of PIM reform need to be better coordinated in the future. More than a decade ago, some pioneering diagnostic research identified a broad range of issues to strengthen PIM. Since then, the number of projects and stakeholders engaging in PIM reform have been increasing over time. This points to the need for better coordination and more dialogues among PIM stakeholders, better

⁴ For diagnostic studies, see World Bank. 2011. *The Quality of Public Investment Management in Bangladesh*. Washington, DC.; Japan International Cooperation Agency. 2012. *Fact Finding Study on Public Investment Management in Bangladesh*. Tokyo, Japan; and World Bank. 2014. *A Public Investment Management Review and Reform Roadmap for Bangladesh*. Washington, DC.

⁵ Government of Bangladesh. 2016. *Public Financial Management Reform Strategy 2016-2021*. Finance Division, Ministry of Finance; and Government of Bangladesh. 2018. *Public Financial Management Action Plan 2018-2023*. Finance Division, Ministry of Finance.

⁶ Government of Bangladesh. 2023. *Public Financial Management Reform Action Plan 2024-2028*. Finance Division, Ministry of Finance.

alignment of actions and activities among different projects and programs, and thereby enhancing effectiveness and efficiency in improving PIM across the government.

Sustainable improvement in PIM will require systemic capacity development. Sustained improvement in PIM will require three levels of capacity development:

- (i) *Institutional capacity to govern PIM*, such as the presence of sound laws, rules, regulations, guidelines, handbooks, and manuals for PIM;
- (ii) *Organizational capacity of PIM stakeholders*, such as the presence of up-to-date, efficient IT systems and facilities to manage PIM, and competent training organizations and training programs for PIM; and
- (iii) *Individual capacity of officers and staff* in the organizations of PIM stakeholders.

With the formulation and implementation of PIMRP, all three levels of capacity development can be sustained systematically and address newly emerging challenges in the years to come.

Chapter 2

PIM system, issues, and reform in Bangladesh

2.1 PIM system and stakeholders ⁷

The current section provides an overview of the PIM system and stakeholders in the government. This section draws on the *Public Investment Management Guideline* (“PIM Guideline”), a reference document on PIM developed by the PIM Reform Wing in Programming Division of the Planning Commission and approved by the government in June 2023.⁸ The readers and users of the PIMRP are suggested to review the PIM Guideline to deepen understanding about the PIM system in Bangladesh.

Overview of PIM in Bangladesh

Public investment is government spending on the creation and improvement of physical assets, including both economic infrastructure (such as airports, roads, railways, water and sewage systems, electricity utilities and telecommunication) and social infrastructure (such as schools, hospitals, and prisons). Public investment is executed through development projects and programs in the public sector in the ADP. The development projects consist of investment projects, feasibility study projects, technical assistance projects, technical projects, and sector programmes.

Public investment management (PIM) refers to the management of development projects and programs at the three stages of the public investment cycle: planning, allocation, and implementation. Each stage of a PIM cycle is explained more in detail below.

Public investment management (PIM) system refers to an oversight system to manage development projects and programs in the ADP. The PIM system is a major component of the Public Financial Management (PFM) systems of the government.

National development planning framework is the backbone of the PIM system in Bangladesh. Vision 2041, Delta Plan 2100, and SDGs 2030 set out the national goals of Bangladesh. Perspective Plan 2021-2041- and Five-Year Plans lay out the long- and medium-term plans, respectively, to achieve the national goals in Bangladesh.

Annual Development Programme (ADP) is the main budgetary instrument to implement Perspective Plan 2021-2041- and Five-Year Plans. The ADP consists of 15 sectors and through the ADP process, development budgets are allocated for new and ongoing development projects and programs in those sectors to achieve the national goals of Bangladesh.

Legal and regulatory framework for PIM

The Constitution of Bangladesh prescribes the mandates concerning PFM. Articles 81-92 in Part II of the Constitution stipulate the fundamental principles, procedures, and responsibilities for PFM. Since the PIM system is a major component of the PFM systems, it shall be developed and operationalized in line with the mandate of PFM as prescribed in the Constitution.

⁷ See Government of Bangladesh. 2023. *Public Investment Management Guideline*. Programming Division, Bangladesh Planning Commission.

⁸ The contents in Section 2.1 are drawn from Chapter 1 Introduction, Government of Bangladesh. 2023. *Public Investment Management Guideline*. 2023.

Public Money and Budget Management Act 2009 is a law to further explain the mandates prescribed in the Constitution. This Act provides the legal and regulatory foundations on which the PFM system shall be developed and managed.

Allocation of Business among Different Ministries and Divisions 1996 (Revised in 2017), issued by the Cabinet Division, mandates the Ministry of Planning to issue the rules and guidelines for preparation and processing of development projects at the national and Upazila levels.

Procedures for Preparation, Processing, Approval and Revision of Development Projects in the Public Sector (revised in 2022), commonly known as “Green Book” issued by Planning Division, Ministry of Planning, stipulates the procedures to prepare, process, approve and revise development projects of the government.

Three stages of PIM: Planning, allocation, and implementation

PIM consists of three stages of the PIM cycle – planning, allocation, and implementation, and seven key functions under the respective three stages (See Figure 1).

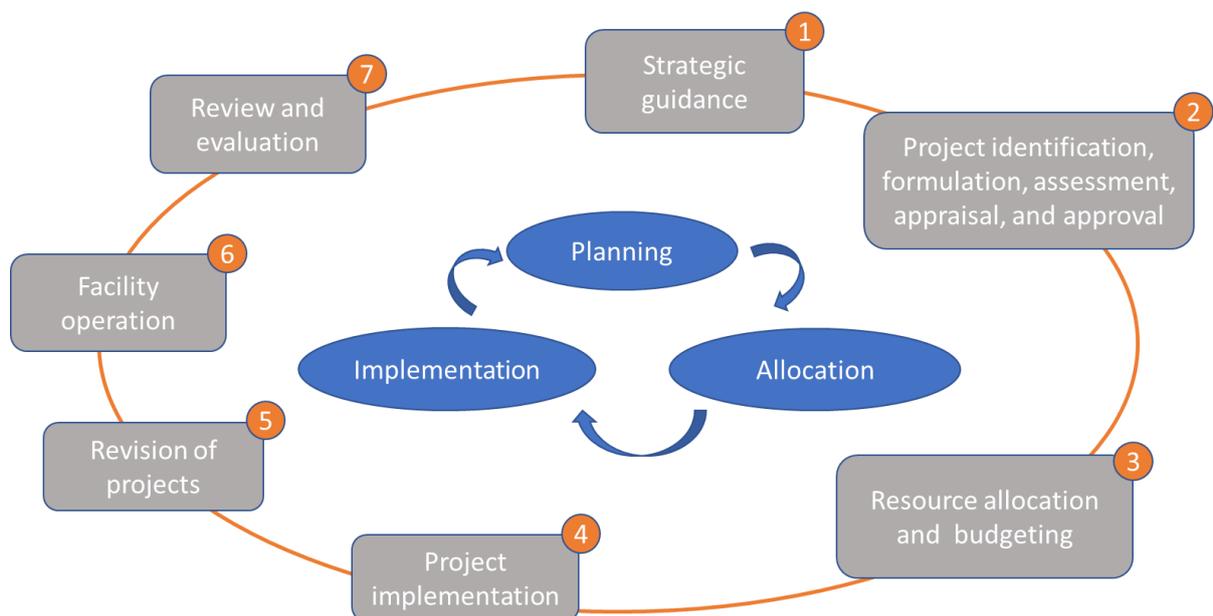


Figure 1 Three stages and seven functions of PIM

Planning stage of PIM⁹

1. **Strategic guidance:** The function of strategic guidance consists of two sub-functions: (i) macro-fiscal framework; and (ii) national and sectoral planning. First, macro-fiscal framework is to ensure fiscal discipline, macroeconomic stability, and pro-poor growth, and provide clear guidance for medium-term planning of public investment through budget ceilings in the MTBF process. Second, national and sectoral planning is to prepare national plans such as Bangladesh Delta Plan 2100, Bangladesh Perspective Plan 2041, FYP, and sector plans and strategies to guide planning of development projects and programs by MDAs. Strategic guidance ensures that all development projects and programs are linked to achieve the national and sectoral goals and outcomes set out in those national plans, sector plans and strategies.

⁹ The contents of this section are based on Section 1.3, Government of Bangladesh. 2023. *Public Investment Management Guideline*.

2. **Project identification, formulation, assessment, appraisal and approval:** MDAs identify and formulate proposals of new projects and programs. This is followed by Ministries and Divisions conducting assessment of those proposals. This assessment at the Ministry/Division level is to be conducted based on a set of standardized criteria and formats to ensure that the quality of the proposals meets the standards set by the government, and that the proposals are processed efficiently through stipulated procedures. Then, four Sector Divisions of the Planning Commission appraise project proposals based on a standardized criteria and formats. Sector appraisal examines that project proposals are properly designed and clearly linked with sector goals and outcomes, within sectoral resource availability in the current and future fiscal years. Finally, the Executive Committee for National Economic Council (ECNEC), Minister/State-Minister for Planning, or Ministers of sponsoring Ministries approve projects including project costs, depending on the thresholds of project costs.

Allocation stage of PIM

3. **Resource allocation and budgeting:** The development budget known as ADP/RADP is prepared as part of the National Budget, considering national development needs through a process of reconciliation of resources available from both domestic and foreign sources. The Programming Division of PC finalizes resource allocation to a particular project after approval by the competent authority as per ADP allocation under the MTBF ceiling of the respective sponsoring Ministries and Divisions, and considering availability of fiscal space in outer years, using Multi-Year Public Investment Programme (MYPIP) through ADP/RADP Management System. The National Economic Council (NEC) makes final decisions on allocating development budget of the government.

Implementation stage of PIM

4. **Project implementation:** Ministries and Divisions implement development projects through sound procurement planning and procedures, realistic timetables, and adequate project implementation monitoring systems. They conduct public procurement using e-Government Procurement (e-GP) system administered by Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning. IMED also conducts the monitoring of financial and physical progress of approved projects and programs and reports the monitoring results for stakeholders regularly.
5. **Revision of projects:** Ministries and Divisions ensure flexibility to allow for changes in project plan and disbursement profiles according to the changes in project circumstances. The Planning Commission examines and approves the adjustments proposed by Ministries and Divisions in accordance with the set rules for revision of projects. The government also manages non-performing development projects through the procedures set out in the Green Book.
6. **Facility operation:** Ministries, Divisions and Agencies (MDAs) ensure that new infrastructure facilities such as power plants, roads and bridges built under development projects are ready for operation and capable of delivering intended services sustainably. This requires proper management of public asset registers and effective management of operation, maintenance, and improvement of public assets.
7. **Review and evaluation:** The Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning (MoP) conducts a systematic review of all development projects and programs at project completion. Furthermore, the IMED conducts *ex-post* (or impact) evaluation of selected projects and programs to assess the extent to which project outcomes and impact have been achieved.

Key organizations and functions in the PIM system

Many government organizations are involved in the PIM system in Bangladesh. Figure 2 below presents an overview and linkages among the key stakeholders of PIM system in Bangladesh.

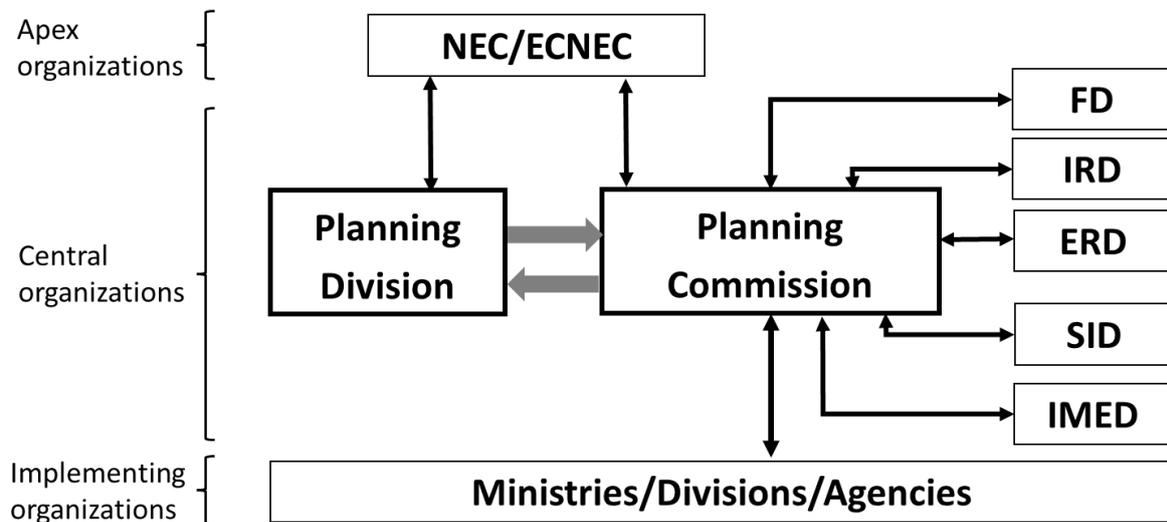


Figure 2 Overview of key PIM stakeholders

The key stakeholders of PIM consist of three broad groups of organizations:

- **Apex organizations** – The National Economic Council (NEC) and Executive Committee of the National Economic Council (ECNEC) that make high-level decisions on public investment and development policies.
- **Central organizations** – The management of overall planning, budgeting, and monitoring and evaluation (M&E) of development projects and programs across the Government is undertaken by the following central organizations: Bangladesh Planning Commission (PC), Planning Division, Implementation Monitoring and Evaluation Division (IMED), and Statistics and Informatics Division (SID) of the Ministry of Planning (MoP); and Finance Division (FD), Economic Relations Division (ERD), and Internal Revenues Division (IRD) of the Ministry of Finance (MoF).
- **Implementing organizations** – Ministries, Divisions and Agencies (MDAs) that plan, implement and monitor development projects and programs under a specific sector.

Roles and responsibilities of organizations in the PIM system

An overall summary of the roles and responsibilities of organizations in the PIM system are presented in

Table 1 below.¹⁰

¹⁰ The roles and responsibilities of PIM stakeholders are explained in greater detail in Government of Bangladesh. 2023. *Public Investment Management Guideline*.

Table 1 Key organizations and their roles and responsibilities in the PIM system

Name of organization	Roles and responsibilities
(1) Apex organizations	
National Economic Council ⁽¹⁾	<ul style="list-style-type: none"> • Provides overall guidance at the stage of the formulation of Perspective Plan, FYPs, ADP, and development policies. • Finalizes and approves plans, programmes, and policies.
Executive Committee of NEC ⁽¹⁾	<ul style="list-style-type: none"> • Considers and approves individual development projects. • Considers and approves development projects with investment expenditure above BDT 50 crore having prior recommendations from the PEC.
(2) Central organizations	
Bangladesh Planning Commission	
Programing Division ⁽¹⁾	<ul style="list-style-type: none"> • Prepares ADP and Revised ADP (RADP) within the framework of national plans and policies. • Determines the sizes of ADP and sectoral allocations in consultation with FD and ERD. • Oversees implementation and management of ADP and RADP.
General Economics Division ⁽¹⁾	<ul style="list-style-type: none"> • Prepares national, long-term plans such as Perspective Plan in accordance with social, economic and political objectives of the Government. • Prepares medium-term development plans such as FYPs. • Formulates sectoral plans consistent with the macro planning objectives with the assistance of Sector Divisions.
Sector Divisions ⁽¹⁾ <ul style="list-style-type: none"> • Industry and Energy • Physical Infrastructure • Socio Economic Infrastructure • Agriculture, Water Resources and Rural Institutions 	<ul style="list-style-type: none"> • Coordinates sectoral development programmes consistent with the sectoral plans. • Conducts development project appraisal and serve as the secretariat of the sectoral Project Evaluation Committee (PEC). • Prepares sectoral ADP in consultation with sector MDAs and Programming Division.
Ministry of Planning	
Planning Division ⁽²⁾	<ul style="list-style-type: none"> • Provides secretarial support services to the apex and central organizations (NEC, ECNEC, PC). • Issues the rules and guidelines for preparation and processing of development projects with Green Book.
Implementation, Monitoring and Evaluation Division ⁽²⁾	<ul style="list-style-type: none"> • Monitors and evaluates the implementation of public investment projects included in ADP. • Manages matters relating to Bangladesh Public Procurement Authority (BPPA)¹¹.
Statistics and Informatics Division ⁽²⁾	<ul style="list-style-type: none"> • Generates and provides official data and information for planning and development.
Ministry of Finance	
Finance Division ⁽²⁾	<ul style="list-style-type: none"> • Formulates fiscal policies, Medium-term Macroeconomic Framework (MTMF), Medium-Term Budget Framework (MTBF) in consultation with other Ministries and Divisions. • Manages budgetary matters of development projects. • Manages matters relating to audit and accounts.
Economic Relations Division ⁽²⁾	<ul style="list-style-type: none"> • Assesses, mobilizes, negotiates and allocates all multilateral and bilateral development assistance for

¹¹ This is for information of all concerned that the Central Procurement Technical Unit (CPTU) has been transformed into Bangladesh Public Procurement Authority (BPPA) under the Bangladesh Public Procurement Authority Act 2023.

Name of organization	Roles and responsibilities
	implementation of development projects and programs.
Internal Resources Division ⁽²⁾	<ul style="list-style-type: none"> Raises necessary domestic revenues for the Government. Administers matters relating to all taxes, customs, duties, fees, etc. including income tax, sales tax, excise duties, customs duties, fees, etc., other than land revenue.
Ministry of Public Administration	
National Academy for Planning and Development ⁽¹⁾	<ul style="list-style-type: none"> Develops and provides training programs for human resource development in the fields of planning and development.
(3) Implementing organizations (Ministries, Divisions and Agencies; MDAs)	
Ministry/Division, Planning Wing/Cell ⁽³⁾	<ul style="list-style-type: none"> Prepares ADP at the Ministry/Division level. Examines and assesses DPPs/TAPPs/TPPs. Processes fund release for projects and programs. Monitors development projects implemented by Agencies under Ministry/Division.
Agency/Department ⁽³⁾	<ul style="list-style-type: none"> Prepares master plan of Agency. Conducts studies (e.g., feasibility) for project planning. Prepares/formulates project proposals in the form of DPPs/TAPPs/TPPs.
Sources: (1) Bangladesh Planning Commission website (http://www.plancomm.gov.bd/); (2) Cabinet Division (1996) (revised 2017) Rules of Business, Schedule I: Allocation of Business among the Different Ministries and Divisions; (3) Interviews.	

2.2 Key issues in the PIM system

This section summarizes the key issues to improve the PIM system in Bangladesh, drawn primarily from the diagnostic studies on PIM in the early 2010s.¹² It provides background information as to why the government takes a set of activities and sub-activities to improve PIM in Component 5 (Public investment management) of the PFM Action Plan 2018-2023 and PFM Reform Action Plan 2024-2028. In the following, the key issues are grouped under the planning, allocation, and implementation stages of PIM.

Planning stage of PIM

The key policy documents for the planning stage of PIM are presented in Table 2 below.

Table 2 Key policy documents for planning stage of PIM

Term	Name of policy document	Responsible organization
Long term	Bangladesh Delta Plan 2100	General Economics Division, PC
Long term	Perspective Plan of Bangladesh 2021-2041	General Economics Division, PC
Medium term	8 th Five Year Plan 2021-2025 (8FYP)	General Economics Division, PC
Medium term	Sector Strategy Paper (SSP) ⁽¹⁾ Sector Action Plan (SAP) ⁽²⁾	General Economics Division, Programming Division, Sector Divisions, PC
Short term	Annual Development Programme (ADP)	Programming Division, PC

Notes:

(1) SSPs were prepared for two sectors: (i) Power and Energy, and (ii) Local Government and Rural Development. The government prepared the SSPs under the 7FYP and updated them to support implementation of the 8FYP.

(2) SAPs were prepared for the following sectors: (i) Education, (ii) Housing and Community Amenities, (iii) Environment and Climate Change; (iv) Agriculture, and (v) Local Government and Rural Development.

¹² Ibid, 2.

National and sectoral planning

Figure 3 presents the national development planning framework in Bangladesh.

Perspective Plan 2021-2041 sets out Vision 2041, a long-term vision of Bangladesh over 20 years. It aims to transform Bangladesh from a lower middle-income country to an upper middle-income country by 2031 and a high-income country by 2041. The essence of Bangladesh Delta Plan 2100, a long-term plan to enhance sustainable management of water, ecology, environment, and land resources in Bangladesh delta, have been incorporated in the Perspective Plan 2041. The government will use four consecutive Five-Year Plans (namely, the 8th, 9th, 10th and 11th FYPs) to achieve Vision 2041.

Vision 2041/Delta Plan 2100/SDGs 2030



Figure 3 National development planning framework

In the 7th FYP period, the government introduced Sector Strategy Paper (SSP) and Sector Action Plan (SAP) to strengthen sectoral planning. SSPs and SAPs are aimed to provide clear guidance for MDAs to formulate development projects and programs under the Annual Development Programme (ADP). They make clear sector-level objectives and outcomes, sector financing strategies, sector results framework, and a portfolio of potential projects in a sector. SSPs have been developed for the sectors of (i) local government and rural development, and (ii) power and energy, whereas SAPs for the sectors of (i) education, (ii) housing and community amenities, (iii) environment and climate change, (iv) Agriculture, and (v) local government and rural development.

Project identification, formulation, assessment, appraisal, and approval

In the PIM system in Bangladesh, all development projects and programs funded by development budget are required to go through the procedures and secure approval of authorities as stipulated in the Green Book. Figure 4 presents the overall procedures of project planning, *i.e.*, project identification, formulation, assessment, appraisal, and approval. The development projects include: (i) investment projects; (ii) feasibility study projects; (iii) self-financed projects; (iv) technical assistance projects and technical projects; (v) sector programmes; and (vi) projects by constitutional and statutory bodies.

The overall procedures are as follows. A Ministry, Division, or Agency identifies project ideas in line with national and sectoral plans explained earlier, then formulates a new project proposal. Then, the concerned Ministry or Division assesses the proposal at Project Scrutiny Committee. After recast of the proposal as necessary, the Ministry/Division submits the proposal to Finance Division (FD) for clearance on the proposed manpower and to a Sector Division of PC for sector appraisal.

The FD provides recommendations on the proposed human resources,

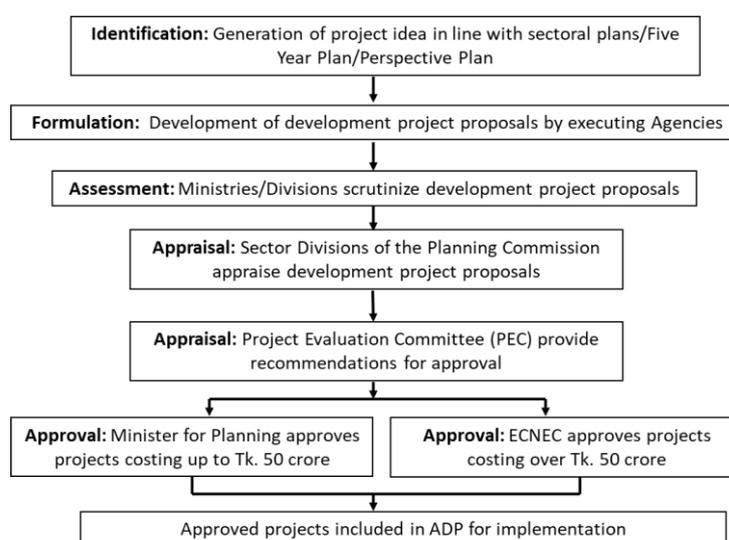


Figure 4 Overall procedure of project planning

while Sector Division conducts sector appraisal of the proposal from sector perspectives. To do so, the Sector Division organizes Project Evaluation Committee (PEC) meeting to report the results of appraisal on the proposal and makes recommendations to recast it if necessary. Finally, the Sector Division submits the project proposal for final approval by ECNEC if the project cost is over Tk.50 crore, or by Planning Minister if the project cost is up to Tk.50 crore.

Allocation stage of PIM

ADP is the main instrument to allocate development budget for development projects and programs in all sectors of ADP. The effective and efficient management of ADP is critical for the government to achieve sector goals and outcomes in SSP and SAP, and thereby achieving development goals of the 8th and subsequent FYPs and Perspective Plan 2041.

RADP makes mid-year adjustment of ADP allocation for ongoing projects considering the progress of disbursement in the first six months of a fiscal year and provides development budget for new projects proposed by Ministries and Divisions.



Figure 5 Overall procedure of ADP preparation

Figure 5 presents the overall procedure of ADP preparation. First, the Programming Division of the Planning Commission prepares a work plan and issues the Guidelines for ADP formulation for all MDAs. Second, each MDA prepares proposals of ADP and submits them to Sector Divisions and Programming Division of the Planning Commission. Third, the Programming Division compiles all proposals from MDAs in ADP endorsed by the Sector Divisions and holds a series of Inter-Ministerial Committee Meetings to discuss the proposals. Fourth, the Finance Division issues provisional resource envelopes based on MTBF, and Programming Division distributes sector-wise resources to all MDAs. Fifth, the Extended Planning Commission Meeting is held to discuss the proposals and recommends them to NEC for approval. After the approval of NEC, the National Parliament approves the ADP as part of the national budget.

MYPIP is a newly developed tool to bring multi-year perspectives in the ADP/RADP process in line with MTBF. The Programming Division introduced MYPIP in two pilot sectors – (i) power and energy, and (ii) local government and rural development. MYPIP estimates “fiscal space” of a sector, namely, the extent to which future resource needs (forward baseline estimates) exceed, or fall below, the future resource availability (sector budget ceilings) in two outer fiscal years. The MYPIP informs decision makers of the extent to which development budgets for new projects and programs would be available in the future when they need to consider new projects and programs in the current ADP process.

Implementation stage of PIM

As explained in Section 2.1, the implementation stage of PIM consists of the four key functions of PIM: (4) project implementation; (5) revision of projects; (6) facility operation; and (7) review and evaluation.¹³

- Project implementation – i) initiating implementation, ii) public procurement, and iii) project implementation monitoring.

¹³ For details, see Government of Bangladesh. 2023. *Public Investment Management Guideline*.

- Revision of projects – i) revision of project cost, scope, and time, ii) time extension, and iii) management of non-performing projects.
- Facility operation – i) public asset management, ii) operation, maintenance, and improvement of public assets.
- Review and evaluation – i) project completion review, and ii) ex post impact evaluation of projects.

Key issues: Planning and allocation stages of PIM

In the following, the key issues identified in the diagnostic studies regarding the planning and allocation stages of PIM are summarized and the responses of the government to address them are highlighted.

Issue 1: Improve the processes of project planning

The diagnostic studies found that, although the process of project identification, formulation, assessment, appraisal, and approval is reasonably well established and formally documented in the Green Book, there remains scope for improvement. The following issues stand out.

1. ***Uneven quality of Development Project Proposals (DPP)***. The quality of DPPs for investment projects are uneven and varies considerably. This is caused by: (i) the absence of standardized formats for Ministry/Division and the PC to assess and appraise DPPs; and (ii) limited capacity of MDAs, particularly, executing Agencies to conduct logical framework analysis (LFA) and cost benefit analysis (CBA).
2. ***Delay in processing DPPs***. Considerable delay in processing DPPs is observed in many DPPs against the timeline stipulated in the Green Book. This is caused by: (i) frequent recasting of DPPs due to uneven quality of those DPPs; and (ii) unclear division of roles and responsibilities between Ministry/Division and the PC in assessing and appraising DPPs.
3. ***Weak linkages between development projects and FYP***. Some development projects are not clearly linked to the development goals of FYP. This is caused by the absence of clearly defined sector-level goals and outcomes to which development projects should be linked. There is a need for tools that provide clearer and concrete strategic guidance for sector MDAs in preparing DPPs. It is also important to conduct sector appraisal of DPPs with standardized formats for project assessment at the ministry/division level and sector appraisal at the Planning Commission level, both to ensure that the DPPs clearly demonstrate the linkages of DPPs with sector goals and outcomes.
4. ***Limited use of pre-screening tools of DPPs***. The government developed a feasibility study template as a pre-screening tool and requires MDAs to conduct rigorous feasibility study before inclusion of DPPs in the Green Page of ADP.¹⁴ However, the use of the feasibility study template remains limited in practice, resulting in the inclusion of some DPPs that have weak linkages with the goals of FYP. While the use of this template should be promoted and enforced, there may be a need of an additional pre-screening tool of DPPs and its procedures to ensure that project proposals with weak linkages with FYP can be screened out before formulating DPPs.
5. ***Points 1-4 above are also applicable for Technical Project Proposal (TPP), Technical Assistance Project Proposal (TAPP), and Revised DPP (RDPP)***. Some TPPs, TAPPs and RDPPs also suffer from Issues 1-4 above, indicating an important area for improvement. The quality and processing efficiency of TPPs, TAPPs, and RDPPs are as critical as those of DPPs in achieving development goals and outcomes of the government efficiently and effectively.
6. ***Evolving toward a more climate-responsive PIM system***. Bangladesh is one of the most vulnerable countries in the world against climate change. The formulation, assessment, and

¹⁴ “Green Page” refers to the ‘list of unapproved new projects in the ADP without having any resource allocation.

appraisal of any development projects and programs will need to factor in all aspects of climate change as well as disaster management in the future.

Government responses to Issue 1

- To address Points 1-2 above, the Programming Division has been implementing the Strengthening Public Investment Management System (SPIMS) project since 2014.¹⁵ The SPIMS developed Ministry Assessment Format (MAF) for Ministries and Divisions and Sector Appraisal Format (SAF) for Sector Divisions of the Planning Commission to improve the quality and processing efficiency of DPPs. After testing and validation of MAF and SAF in two pilot sectors, the government issued a circular to instruct Ministries and Divisions and PC to use MAF and SAF in two pilot sectors in 2018. More recently, the government issued the revised Green Book in 2022 in which Ministries and Divisions are instructed to use the MAF and SAF in the two pilot sectors, and issued a circular in April 2023 which requires the use of MAF and SAF in all sectors. To facilitate the roll out of MAF and SAF, the SPIMS conducted MAF and SAF training programs for concerned officials of all sectors in August-November 2023. Furthermore, the government developed the *MAF Manual* for Ministries and Divisions and the *SAF Manual* for the PC to provide detailed instructions about how to use MAF and SAF in assessing and appraising DPPs.
To enhance the quality of DPP, the SPIMS developed *the Handbook for DPP Preparation* and *the Handbook for Cost Benefit Analysis of Public Investment Projects: Application with EXCEL Examples*. These two Handbooks provide detailed guidance for MDAs to enhance quality of DPPs.
- To address Point 3, the SPIMS developed Sector Strategy Paper (SSP), and tested and validated them in the two pilot sectors. After validation, the Planning Division issued a circular to use SSPs in the two pilot sectors in 2018. The government already started using SSPs in two pilot sectors for sector narrative sections in ADP 2021-22 and ADP 2022-23.¹⁶ The GED also took the initiative to develop Sector Action Plan (SAP) to address Point 3. In association with Sector Divisions of the Planning Commission, the GED initiated developing SAP for Education and Housing and Community Amenities, and published SAP for Environment and Climate Change. More recently, the Agriculture, Water Resources and Rural Institutions Division of PC developed SAP for Agriculture, Local Government and Rural Development, and Environment and Climate Change. The Socio-Economic Infrastructure Division of the PC has been preparing SAPs for the following six sectors: (i) General Public Services; (ii) Health; (iii) Religion, Culture and Recreation; (iv) Education; (v) Science and IT; and (vi) Social Protection.¹⁷
- To address Point 4, the government will ensure that feasibility studies will be conducted for DPPs and their reports will be prepared according to the feasibility study template as required in the Green Book. In addition, another pre-screening tool of DPPs and its procedures would be developed if there remain DPPs in Green Page of ADP that have weak linkages with FYPs, if necessary.
- To address Point 5, the government aims to formulate a new technical assistance project with support from a development partner.
- To address Point 6, the government has developed the Disaster and Climate Risk Information Platform (DRIP) for assessing and informing disaster- and climate-related risks of the country. The government also requires implementing agencies to conduct Disaster Impact Assessment

¹⁵ See Table 3 for the list of projects for PIM reform in pages 17-18.

¹⁶ See Haque, S., Shabab, S., Wolsey, J., and C. Hiddink. 2020. *Mid-term Evaluation on the use of the SSPs*. Strengthening Public Investment Management Project, Dhaka.

¹⁷ The SAP for the Local Government and Rural Development Sector built on, and ensured consistency with, the SSP for the same sector prepared by the Programming Division of the PC. The structure and formats of recent SAPs have been largely aligned with those of the SSPs.

(DIA) in the preparation and formulation of DPPs (Green Book, Section 1.1.11). In the future, a new project will be formulated to address climate change issues in the PIM system.

Issue 2: Strengthen strategic linkages between ADP, FYP and MTBF

The diagnostic studies identified the following key issues on ADP and its linkages with FYP and MTBF.

1. ***Weak linkages between ADP and FYP.*** The Guidelines for ADP Formulation issued by Programming Division are intended to provide strategic guidance for MDAs to formulate development budget proposals. Those Guidelines could be strengthened by providing useful, concrete guidance on sector priorities and medium-term resource availability for the sector (i.e., budgeting year and two outer years). In addition, the current sector narrative sections (commonly called “sector highlights” or “sector write-up”) in ADP could provide more strategic, useful information to guide MDAs to formulate and prioritize development projects and programs.
2. ***Weak linkages between ADP and MTBF.*** ADP as a single-year program has an inherent limitation because it does not provide information on future resource needs (=forward baseline estimates) of ongoing development projects beyond a budgeting year. This causes a mismatch of time horizon between short-term ADP and medium-term MTBF. This mismatch could be corrected if ADP is accompanied by a medium-term programming tool that can be embedded in the ADP and MTBF processes. Moreover, development and non-development budgets (particularly for operation and maintenance of physical infrastructure) could be better integrated in the ADP/MTBF processes.
3. ***Delineation of sector boundary.*** The PC and MoP recognized the need to adjust the sector classification of ADP in line with that of FYP and MTBF. Under the leadership of PC and MoP, the government adopted a new ADP sector classification with support of SPIMS in 2021. This was a major milestone for PIM reform because ADP sector classification is now consistent with that of FYP and MTBF. The next step would be to further define and delineate the boundary between sectors/sub-sectors and disseminate the information for all MDAs.
4. ***Absence of unique project code throughout the planning, allocation, and implementation stages of PIM.*** There is no unique project code that is used across ADP, RADP, IMED and iBAS++. Although the ADP assigns a project code for each project, this is used for ADP only. The IMED uses a different serial numbering system although it refers to the project code of iBAS++. The absence of unique project code poses a major challenge to keep track of the same project from its conception to completion and causes considerable inefficiency in processing development projects throughout the planning, allocation, and implementation stages of PIM.

Government responses to Issue 2

- To address Points 1-2 above, the SPIMS developed the Sector Strategy Paper (SSP) and Multi-Year Public Investment Programme (MYPIP) to strengthen the linkages of ADP with FYP and MTBF.¹⁸ After testing and validation of SSP and MYPIP in two pilot sectors, the government endorsed them, and MoP issued a circular to use them in two pilot sectors in 2018. Moreover, the Green Book 2022 instructs the pilot sectors to use SSP and MYPIP for project planning and development budget allocations in the ADP process. The government started using SSP and MYPIP in two pilot sectors for the preparation of RADP 2020-2021 and ADP 2021-22 and continued their use in the preparation of RADP 2021-22 and ADP 2022-2023 with support of the SPIMS project.
Since the Planning Commission has been preparing SAPs under the other projects, the next step would be to roll out the use of SSP/SAP and MYPIP to the other sectors in the future. To this

¹⁸ For details, see Hiddink, C. and S.A. Shabab. 2019. *Mainstreaming SSP/MYPIP in the ADP and Budget Processes*. Strengthening Public Investment Management System Project, Dhaka.

end, the government agreed on PIM reform actions as part of the policy lending instruments with the IMF and the World Bank:

- **IMF Extended Credit Facility (ECF) and Extended Fund Facility (EFF):** The government will roll out SSP and MYPIP to 5 sectors by FY2025, and to another 5 sectors by FY2026.
- **World Bank Green and Climate Resilient (CGR) Development Credit:** The government will (i) adopt MYPIP for key sectors, and integrate them with MTBF, and (ii) incorporate GCR objectives and results indicators in MYPIP and MTBF.
- To address Point 3, the Programming Division has developed draft Sector Boundary Guideline that clarifies the boundaries between sectors and sub-sectors and submit it before competent authority for approval by the end of FY2023-24.
- To address Point 4, the Programming Division plans to take actions to introduce a unique project code in the ADP process. One of the options to establish a unique code might be to use an initial project code up to project approval and add a few digits to the initial code after its approval.

Issue 3: Digitization of the PIM system

The government launched the Digital Bangladesh initiative in 2009 and aims to accelerate digitization of public services in the 7th and 8th FYP. Digitization of the PIM system will need to proceed under the broader Digital Bangladesh initiative of the government.

1. **Operationalization of AMS.** The Programming Division developed the ADP/RADP Management System (AMS) and started using the AMS in FY2021-22. The AMS has several new features, including: (i) data entry through a web-based operating system; (ii) interface capability with and data transfer to/from other systems such as iBAS++; and (iii) capability to use MYPIP through the web-based operating system. Since the adoption of AMS, all MDAs have been using the system for two years, and yet more training for MDA officials will be needed to prepare ADP/RADP and MYPIP more efficiently and in a more useful manner.
2. **Transition to digital DPP process.** The Planning Division developed a Project Planning System (PPS) through the Implementation of Digital ECNEC (IDE) project. The IDE created an online platform for DPP/TAPP preparation that will allow officials to enter, edit and submit DPP/TAPP online for approval. The PPS is currently used by five pilot MDAs and will need to be rolled out to all other MDAs. Furthermore, the Programming Division has developed the Project Appraisal Management System (PAMS) in which concerned officials can fill out MAF and SAF and generate working papers online for Project Scrutiny Committee and Project Evaluation Committee (PEC). The PAMS will be integrated with PPS by the end FY2023-24 to enhance quality and processing efficiency of DPPs in all sectors.

Government responses to Issue 3

- As a response to Point 1 above, the Programming Division started using the AMS for the preparation of RADP 2020-2021. Furthermore, the Programming Division used the AMS for the preparation of ADP 2021-2022 with a new sector classification; and used the information and analysis from the MYPIPs at the tripartite meetings for two pilot sectors in the formulation of ADP2021-2022.
- As a response to Point 2 above, the Programming Division completed the development of the PAMS by the end of FY2023-24. Once the PPS and PAMS are fully operational, the next action will be to establish an interface between both systems to enable data exchange and establish a seamless online system from project formulation to assessment and appraisal of DPPs.

Issue 4: Regulatory framework for the PIM system

1. **Need to update regulatory framework for PIM.** The government has been making good progress in developing and introducing new tools to improve the PIM system in the last few

years. Since the PIM system has been upgraded, there is a clear need to address the following issues: (i) clarify the functions of the PIM system under newly-adopted tools and management systems for PIM; (ii) update laws, regulations, guidelines, and manuals concerning the PIM system and update them if necessary; (iii) clarify the roles and responsibilities of concerned organizations in the PIM system; (iv) further clarify sector boundaries under the new ADP sector classification; and (v) articulate the procedures to perform the respective PIM functions.

Government responses to Issue 4

- As a response to Point 1 above, the Programming Division has developed the PIM Guideline to address Issue 4. The PIM Guideline is a new reference document on PIM, aimed to provide useful guidance for public officials to perform key functions of PIM effectively and efficiently. In the future, the PIM Reform Wing will update the PIM Guideline to ensure that the Guideline provides up-to-date information about the status of the PIM system in Bangladesh.

Issue 5: Capacity development for PIM

1. **Developing and sustaining PIM training program.** The government has introduced many new tools and systems to improve PIM functions under the PIM reform. The public officials in concerned organizations need to update their knowledge and skills to fully utilize the new PIM tools and systems at their workplace. The training program for PIM should consist of a combination of classroom and on-the-job training and seek an effective mix of in-person and online modes of training as well as e-learning training. The training program should be embedded in the training programs of training institutions of the government to ensure sustainability of training activities.
2. **Raising awareness of the PIM reform.** The PIM Reform Wing in the Programming Division is tasked to coordinate the PIM reform. Since the PIM reform is a complex process and requires coordination among many stakeholders, the PIM Reform Wing will need to have a set of public relations tools to disseminate and promote the PIM reform, such as leaflets, pamphlets, technical documents, and other materials.

Government response to Issue 5

- Responding to Point 1, the Programming Division has been coordinating with training organizations such as National Academy for Planning and Development (NAPD), National Academy for Development Administration (NADA), Bangladesh Public Administration Training Centre (BPATC) and other government training institutions to develop a training program on PIM. The training by designated training institutions should be continued in FY2024-25 and beyond.
- Responding to Point 2, the PIM Reform Wing started developing some ‘information, education and motivational (IEM) materials/products, including leaflets on PIM tools under the SPIMS project. The development and dissemination of those materials/products should be continued in FY2024-25 and beyond.

Key issues: Implementation stage of PIM

The government has identified several key issues and has been already taking many actions to address them under the PFM Action Plan 2018-2023 and PFM Reform Action Plan 2024-2028. Those key issues and government responses are summarized in Issues 6-9 in the following.¹⁹

Issue 6: Strengthening procurement

1. The government recognizes that the structure and authority of the Central Procurement Technical Unit (CPTU) was inadequate to function effectively as a regulator and implement assigned responsibilities. Also, for efficient and sustainable functioning of e-GP, CPTU

¹⁹ For details, see Government of Bangladesh. 2018. *PFM Action Plan 2018-2023*; and Government of Bangladesh. 2023. *PFM Reform Action Plan 2024-2028*.

requires restructuring to better institutionalize operation of e-GP. To address these issues the government established the Bangladesh Public Procurement Authority (BPPA) in 2023.

2. Currently, the e-GP system is in full use up to the contract award stage by four organizations— Road and Highways Department (RHD), Local Government Engineering Department (LGED), Bangladesh Water Development Board (BWDB), and Bangladesh Rural Electrification Board (BREB). The government plans to expand e-GP in the entire country covering 1,300 procuring organizations and to enhance e-GP features.
3. Sustainable capacity development is the key for overall enhancement of procurement environment. Citizen engagement will help promote dialogue between the government and citizens to ensure transparency and accountability in public spending vis-à-vis better service delivery.

Government response to Issue 6

The government implements the following Activities under Component 13 (procurement) of PFM Reform Action Plan 2024-2028:

- Activity 57: Institutionalize e-GP and strengthen CPTU
- Activity 58: Enhance digitization of public procurement
- Activity 59: Professionalize procurement and citizen engagement

Issue 7: Monitor and improve investment portfolio quality

1. The current investment portfolio includes several projects that are delayed, underperforming, incomplete or unable to be used for their intended purpose. There are gaps in PIM that have affected the portfolio performance and therefore need to be addressed.

Government response to Issue 7

The government implements Activity 13 (monitor and improve investment portfolio quality) under Component 5 (PIM) of PFM Reform Action Plan 2024-2028.

Issue 8: Improve facility operations

1. A module to inventory, value and register fixed assets in iBAS++ is essential for accurate financial statements and reports, estimating maintenance and replacement expenditures, and progressively moving to accrual basis of accounting.

Government response to Issue 8

The government implements Activity 25 (develop a module to inventory, value and register fixed assets) under Component 7 (iBAS++/BACS implementation) of PFM Reform Action Plan 2024-2028.

Issue 9 Improving review and evaluation

1. Project implementation monitoring and evaluation of IMED is mostly conducted manually with limited use of IT-based online framework. The methodology to monitor and review implementation program is lagging real time benefits to the implementing ministries.

Government response to Issue 9

The government implements Activity 60 under Component 13 (Procurement) of the PFM Reform Action Plan 2024-2028 to digitize project implementation monitoring of IMED.

Projects for PIM reform

The PC and MoP have been taking leadership to address many of the key issues in the planning and allocation stages of PIM that were identified by the diagnostic studies in the 2010s. The projects for PIM reform in the following have been completed or are under implementation (

Table 3).

Table 3 List of projects for PIM reform

No.	Project name	Project period	Responsible organization
1	Establishment of National Academy for Development Administration (formerly called “Establishment of BCS Economic Academy”) (2 nd revised)	2009-2024	GED/Ministry of Public Administration
2	Strengthening Monitoring and Evaluation Capabilities of IMED	2013-2019	IMED, MoP
3	Implementation of Digital ECNEC (IDE)	2013-2018	Planning Division, MoP
4	Strengthening Public Investment Management System (SPIMS)	2014-2024	Programming Division, PC
5	Adaptation of Climate Change into the National and Local Development Planning (ACCNLDP)	2016-2019	GED, PC
6	Capacity Enhancement of NEC-ECNEC Co-ordinating Wing by Introducing Digital Database and Archiving System	2017-2020	Planning Division, MoP
7	Strengthening Development Budget Management Capability of Programming Division through a New Digital Database System Project	2017-2022	Programming Division, PC
8	Enhancing Capacity of Planning Framework Superstructure for Achieving Developed Country Status Project (1 st revised)	2017-2023	GED, PC
9	National Resilience Programme (Programming Division Part)	2018-2020	Programming Division, PC
10	Formulation of Sector Plan and Capacity Development of Concerned Officials for more Effective Public Investment	2018-2023	Agriculture, Climate Change, and Water Resources Division, PC
11	Preparation and Monitoring of Medium-Term Development Plans (8 th Five Year Plan) to implement Sustainable Development Goals and Vision 2041 Project	2019-2024	GED, PC
12	Adaptation of Climate Change into the National and Local Development Planning (ACCNLDP) Phase II	2019-2024	Programming Division, PC
13	Integrating Population Dynamics into National Plans and Policies	2019-2025	GED, PC
14	Enhancement of Overall Capacity in Preparation and Monitoring of Sector Action Plans for the Sectors covered by Socio-Economic Infrastructure Division of the Planning Commission	2020-2024	Socio-Economic Infrastructure Division, PC

Chapter 3

PIM reform program

This section presents the goal, outcomes, and activities of the PIM Reform Program (PIMRP) 2024-2028.

3.1 A sequenced approach to PIM reform program

As explained in Section 2.1, the PIM system consists of 3 stages and seven functions in which a broad range of stakeholders are involved. It would be ideal if the PIMRP involved all key functions and all stakeholders from the start of its implementation. However, the government established the PIM Reform Wing only recently, and it will take time to build this Wing's capacity to coordinate and monitor implementation of PIMRP.

To address this issue, the PIMRP will take a sequenced approach, namely, "start implementing the PIMRP with a selected scope of functions and activities; then expand the scope to involve more stakeholders as the capacity of PIM Reform Wing is strengthened over time."

Taking the sequenced approach, the PIMRP will focus on improving the planning and allocation stages of PIM in the first phase, namely: (i) strategic guidance; (ii) project identification, formulation, assessment, appraisal, and approval; and (iii) resource allocation and budgeting. This first phase of PIMRP will include systematic capacity development of PIM Reform Wing. After completion of the first phase, the scope of PIMRP will be expanded in the second phase to include the implementation stage of PIM as the capacity of PIM Reform Wing is sufficiently developed to manage a full scope of PIM reform.

3.2 PIM goal and outcomes

It is important to recognize that the PIM reform is part of the larger umbrella of the PFM reforms. This implies that the goals of PIMRP should be fully aligned to achieve the five Strategic Goals in the PFM Reform Strategy 2016-2021 in the following:

- Goal 1: Maintain aggregate fiscal discipline compatible with macro-economic stability and pro-poor growth.
- Goal 2: Allocate resources consistent with government priorities as reflected in national plan
- Goal 3: Promote the efficient use of public resources and delivery of services through better budget execution
- Goal 4: Promote accountability through external scrutiny and transparency of the budget
- Goal 5: Enhance the enabling environment for improved PFM outcomes

The five PFM Strategic Goals above are to be achieved through the implementation of PFM Action Plan. The PFM Action Plan 2018-2023 consists of 50 priority Activities that are grouped into 14 Components. More recently in 2023, the government adopted the PFM Reform Action Plan 2024-2028, consisting of 64 priority Activities under 14 Components. In those PFM Action Plans, Component 5 is dedicated to PIM reform, and aimed to achieve PFM Goals 1 and 2 in coordination with Components 1-4 and 6. The MoP and the Planning Commission are directly responsible for the implementation of Component 5, and PIM Reform Wing of the Programming Division serves as Program Implementation Team for Component 5.

It should be noted that PFM Strategic Goals 1 and 2 and their respective Objectives are too general to measure, assess and monitor the progress of the PIM reform.²⁰ Therefore, there is a need to set a PIM Goal that is more concrete, specific, and directly relevant for PIM reform, and at the same time, is consistent with the PFM Strategic Goals 1 and 2 mentioned earlier.

To achieve PFM Goals 1 and 2, the PIMRP is designed to achieve the PIM Goal and Outcomes as presented in Figure 6.

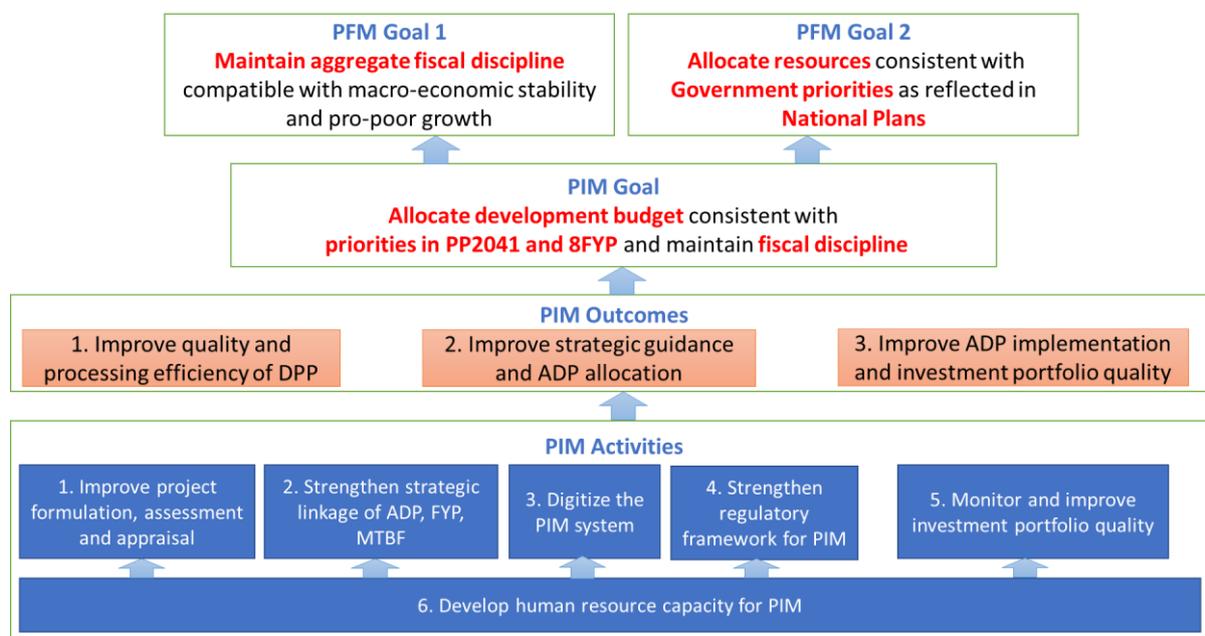


Figure 6 PIM Goals, Outcomes, and Activities

The PIM Goal is to **allocate development budget consistent with the priorities in Perspective Plan 2041 (PP2041) and the 8th Five Year Plan (8FYP) with maintaining fiscal discipline**. This indicates that the PIM Goal focuses on the allocation of development budget for development projects and programs in ADP. The PIM Goal also ensures that development budget will be allocated according to the two fundamental criteria consistent with PFM Strategic Goals 1 and 2, namely: (i) priorities in PP2041 and 8FYP; and (ii) maintaining fiscal discipline.

This PIM Goal will be achieved through achieving the following three PIM Outcomes: Outcome 1 (Improve the quality and processing efficiency of DPP); Outcome 2 (Improve strategic guidance and ADP allocation); and Outcome 3 (Improve ADP implementation and improve investment portfolio quality). PIM Outcome 1 will ensure that development projects and programs are: (i) designed to ensure quality that satisfies all assessment and appraisal criteria; and (ii) assessed, appraised, and approved in a timely, efficient manner. PIM Outcome 2 will ensure that all development projects and programs are: (i) clearly targeted to achieve specific sector priorities of FYP; and (ii) designed within the budgetary resource availability of respective sectors in the budget year and future (two outer) years. Finally, PIM Outcome 3 will improve ADP implementation through monitoring and improving investment portfolio quality of ADP.

²⁰ The Objectives of the PFM Goal 1 are: (i) Enhance tax revenues to create fiscal space; (ii) Improve the role of the macro model to determine resource parameters and maintain fiscal discipline; and (iii) Improve the management of fiscal risks, debt and cash to maintain fiscal discipline. The objectives of the PFM Goal 2 are: (i) Improve the link between budgets and government policies and priorities; (ii) Strengthen the management of public investments; (iii) Strengthening the budget and performance management capacity; and (iv) Strengthen PFM management of local government.

3.3 Rollout strategy of PIM tools

The government developed, validated, and started using a set of PIM tools: (i) MAF and SAF to address Issue 1 (Improve the process of project planning); and (ii) SSP/SAP and MYPIP to address Issue 2 (Strengthen strategic linkages between ADP, FYP, and MTBF). Rolling out those PIM tools from two pilot sectors to all sectors will be a major challenge because it cuts across all MDAs and involves many officials in those organizations. To implement the rollout of PIM tools successfully, the following strategic directions will guide the design of Activities in the current Reform Program.

1. **Use existing national training institutions to implement PIM training program.** The government has well-established national training institutions for capacity development of officials in the areas of development planning, public administration, and public finance. For instance, the National Academy for Development Administration (NADA), National Academy for Planning and Development (NAPD), Institute of Public Finance (IPF), and Bangladesh Public Administration Training Centre (BPATC) are the cases in point. Although the PIM Reform Wing has been taking the lead in developing PIM training program, it will be more efficient and cost effective if those institutions implement the PIM training program. Their involvement in PIM training program will enhance sustainability of capacity development of officials in the long term.
2. **Use a cascade training approach to scale up PIM training program.** Rolling out the PIM training program to all sectors will require large-scale operation involving many officials in a short period. This challenge can be overcome by adopting a cascade training approach, *i.e.*, conducting training of trainers (TOT) first, and each trainer delivers training of other officials. PIM Reform Wing will be in the best position to conduct TOT in which selected officials of PC, MoP, FD, pilot Ministries and Divisions, and national training institutions could be trained as trainers. Then, those trainers will conduct training under the PIM training program organized by national training institutions.
3. **Strengthen PIM Reform Wing to enhance coordination capacity.** Rolling out PIM training program to all sectors will require PIM Reform Wing to implement large-scale coordination tasks with training institutions and MDAs in the whole government. To address this issue, the manpower of the PIM Reform Wing will need to be increased to enhance its coordination capacity as the scope and activities under current Program expands.

3.4 Program activities in 2024-2028

Starting from FY2024-28, the government will achieve PIM Outcomes 1, 2 and 3 through the implementation of the following six Activities: (1) Improve project formulation, appraisal, and approval; (2) Strengthen strategic linkages between ADP, FYP and MTBF; (3) Digitize the PIM system; (4) Strengthen regulatory framework for PIM; (5) Monitor and implement project portfolio quality; and (6) develop human resource capacity for PIM. Those Activities are explained below in turn.

Activity 1: Improve project formulation, assessment, and appraisal

This Activity 1 is aligned with Activity 11 (Improve public investment formulation, appraisal, and approval processes) under Component 5 (Public investment management) in PFM Reform Action Plan 20024-28.

MAF and SAF. The government started preparations for using MAF and SAF in FY2020-21 with a view to improving the quality and the processing efficiency of DPPs. Following this preparation period, the government started using MAF and SAF in FY2021-22 and FY2022-23 in two pilot sectors: (i) power and energy; and (ii) local government and rural development. Building on the experiences and lessons learned in those pilot sectors, the government rolled out the use of MAF and SAF to all sectors in FY2023-24 with completing training of concerned officials in all sectors.

The government will consolidate the use of MAF and SAF in all sectors from FY2024-25 to FY2027-28. The following sub-activities will be undertaken:

- Continue MAF/SAF training programs as part of training curriculums of national training institutions (see Activity 5 below in detail)
- Introduce and use the digital MAF/SAF system (called Project Assessment and Appraisal System: PAMS) in two pilot sectors, and roll the system out to all sectors (see Activity 3 below in detail)
- Conduct Training of Trainers (TOT) programs on MAF/SAF
- Disseminate DPP Preparation Handbook as part of the training programs for concerned officials.
- Develop, and roll out MAF and SAF to the assessment and appraisal of TPP/TAPP and Revised DPP(RDPP).
- Review the use of disaster management and climate change tools as well as gender analysis in project assessment and appraisal and incorporate them in MAF and SAF.

Project Concept Note. The government will develop, validate, and introduce “Project Concept Note”, a screening tool of project ideas *prior to* project formulation. This pre-screening tool will be developed and validated in two pilot sectors in FY2024-25 and will be rolled out to other selected sectors in from FY2025-26 to FY2027-28.

Recurrent cost implications of DPPs. The government will develop a procedure to capture future recurrent cost implications in revenue budget at project assessment and appraisal stages, and integrate it in MAF and SAF.

Activity 2: Strengthen strategic linkages between ADP, FYP and MTBF

This Activity is aligned with Activity 12 (Strengthen strategic linkages between the ADP, FYP, and MTBF) under Component 5 (Public investment management) of the PFM Reform Action Plan 2024-2028.

SSP/SAP and MYPIP. In FY2020-21 the government started preparation for using SSP and MYPIP in two pilot sectors. In this period, the government conducted an analysis and identified seven entry points in an annual budget cycle in which SSP and MYPIP could be used to strengthen strategic linkages between ADP, FYP and MTBF.²¹ Based on this analysis, the government started using SSP and MYPIP in FY2021-22 for the preparation of (i) the Guidelines for RADP 2021-22 preparation, (ii) the Guidelines for ADP 2022-23 preparation, and (iii) ADP 2022-23 sector narrative sections. Furthermore, the government developed (i) Sector Performance Analysis (SPA) Report to conduct annual SSP implementation monitoring, and (ii) MYPIP Analysis Report to use fiscal space information in annual ADP/RADP cycle. The government consolidated the use of SSP and MYPIP in FY2022-23 and FY2023-24 in two pilot sectors.

Building on those achievements, the government will roll out SSP/SAP and MYPIP to 5 sectors by FY2025-26 and to another 5 sectors by FY2026-27. This is part of the agreements of the government under Extended Credit Facility (ECF) and Extended Fund Facility (EFF) of the IMF in 2023.²² To this end, the government will undertake the following sub-activities:

- Continue SSP/MYPIP training programs as part of the training programs of national training institutions (see Activity 5 below in detail).
- Conduct Training of Trainers (TOT) program on SSP and MYPIP in two pilot sectors
- Conduct training on digital MYPIP using AMS (see Activity 3 below in detail)

²¹ Ibid., 14 for the 7 linkages through which SSP and MYPIP could strengthen the ADP and budget processes.

²² See Table 1 in International Monetary Fund. 2023. *Bangladesh: Requests for An Extended Agreement Under the Extended Fund Facility, An Arrangement under the Extended Credit Facility, and An Arrangement under the Resilience and Sustainability Facility*. January. Washington, DC.

- Roll out SSP/SAP/MYPIP to 5 sectors by using trainers trained by TOT and through the training programs of national training institutions by FY2025-2026
- Further roll out SSP/SAP/MYPIP to another 5 sectors by FY2026-2027

ADP sector classification and boundary. The government conducted an analysis on ADP sector classification in FY2019-20 with support of SPIMS. Based on the recommendations of the analysis, the government decided to adopt a new sector classification in February 2021. Following this decision, the government prepared ADP 2021-22 with the new sector classification for the first time and has been continuing this practice since then. In FY2023-24 the Programming Division further developed the ADP Sector Boundary Guideline under the new sector classification to provide guidance for MDAs in the preparation of new development projects and programs for ADP.

Building on the achievements, the government will disseminate the ADP Sector Boundary Guideline and continue provision of training for concerned officials under the PIM training program of national training institutions from FY2024-25 to FY2027-28.

Unique project code. In the present practices, AMS provides codes for unapproved projects in ADP, and iBAS++ provides different codes for approved projects. Ideally, a unique code is given to an unapproved project by AMS at the initial stage of selecting projects for Green Pages of ADP, then the same code can be used in iBAS++ after approval of the project. A dialogue has been initiated between the Programming Division and Finance Division in FY2022-23.

The government will find a solution toward a unique project code system in FY2024-25 and complete a transition to a unique project code system from FY2025-26.

Activity 3: Digitize the PIM system

AMS/MYPIP. The government has made significant progress in operationalizing the AMS and its MYPIP module in FY2021-22. For the preparation of RADP 2021-22, the MDAs in all sectors provided information online using AMS and MYPIP. In addition, the digital interface between AMS/MYPIP and iBAS++ have been established in FY2021-22.

To reap the full value of the successful achievements, the government will continue training program on AMS/MYPIP from FY2024-25 to FY2027-28 to further enhance efficiency and quality of information in AMS/MYPIP.

PAMS. The government conducted a study on digitization of MAF and SAF to enhance processing efficiency of project proposals in FY2020-21. Based on the recommendations of this study, the Programming Division launched the development of a Project Appraisal Management System (PAMS) in FY2021-22. PAMS is an online system developed in the AMS platform to prepare MAF and SAF online and generate the Working Papers for Project Scrutinizing Committee and Project Evaluation Committee, respectively. The government completed the development and testing of the PAMS in two pilot sectors in FY2023-2024.

The government will roll out the use of PAMS to all sectors in FY2024-25. Then, the government will integrate PAMS training in the MAF and SAF training programs of national training institutions in FY2024-25 to ensure that the PAMS training as well as MAF/SAF training will be sustained until FY2027-28.

PPS. Project Planning System (PPS) is a software to plan and prepare a project and process its approval, starting from Implementing Agency to the Planning Commission through the respective Ministry/Division. PPS has been developed as a component of the Strengthening Digital Processing of Projects (SDPP) project under the Planning Division of MoP. The System is used by Implementing Agencies to prepare DPP/TAPP/TPP/PFS/PDPP, their revisions and subsequent submission to

Ministry/Division using the digital platform. Most recently, the PAMS has been integrated with PPS so that the project assessment and appraisal can be undertaken in this digital platform.

System interface. The Programming Division will integrate PAMS with the Project Planning System (PPS) of the Planning Division in FY2023-24. IT will also seek integration of AMS with e-Project Management Information System (e-PMIS) of the IMED in FY2025-26 and FY2026-27. Establishing the interface will enable data sharing among those systems and expected to help enhance processing efficiency of ADP and RADP at the planning stage of PIM.

Activity 4: Strengthen regulatory framework for the PIM system

PIM Guideline and Sector Boundary Guideline. The government developed and approved the PIM Guideline in FY2022-23 and drafted Sector Boundary Guideline. The government has disseminated the PIM Guideline and use it in the PIM training program from FY2024-25 to FY2027-28 to provide clear guidance for officials to perform PIM activities.

Activity 5: Improve ADP implementation through improving investment portfolio quality

This Activity is aligned with Activity 13 (Monitor and improve investment portfolio quality) under Component 5 (Public investment management) under the PFM Reform Action Plan 2024-2028, which is implemented by the IMED of the MoP.

The current investment portfolio of ADP includes several projects that have been delayed, or are underperforming, incomplete or unable to be used for intended purposes. To address this issue, the government will undertake the following sub-activities:

- Conduct a comprehensive portfolio-wide review of all projects in ADP and assessment of the underlying causes of poor performance under the authority of ECNEC.
- Review the list of under-performing projects and prepare a strategy for dealing with each project.
- Develop regulations to require line Ministry/Division to follow up on IMED monitoring feedback.
- Strengthen project management for critical infrastructure projects to control cost and time overruns.
- Improve capacity of concerned officials of line Ministry/Division to monitor performance through training programs.

Activity 6: Develop human resource capacity for PIM

Continuation of PIM training program by national training institutions. The PIM Reform Wing of the Programming Division developed the training courses on PIM tools (MAF, SAF, SSP and MYPIP) in FY2020-21, and conducted training for various officials in two pilot sectors in FY2021-22 under the SPIMS project. The PIM Reform Wing consolidated those training courses in a PIM training program in FY2022-23 and FY2023-24. One of the key activities in FY2022-23 was to conduct training of trainers (TOT) in which the officials of PC, MoP, Ministries and Divisions of the pilot sectors as well as national training institutions were trained as trainers for the PIM tools. In FY2023-24, PIM Reform Wing continued TOT to increase the number of trainers and roll out MAF and SAF to all sectors.

The government will continue the PIM training program, including TOT, from FY2024-25 to FY2027-28 to ensure that all concerned officials well understand the PIM system of the government and use PIM tools (MAF/SAF/SSP/MYPIP) and digital systems such as AMS and PAMS effectively and efficiently.

The following table summarizes all activities and sub-activities under the PIM Reform Program, and its implementation schedule from FY2024-25 to FY2027-28.

Table 4 Activity and sub-activities of PIM Reform Program

Activity	Sub-Activity	FY24-25	FY25-26	FY26-27	FY27-28
1. Improve project formulation, assessment, and appraisal	1.1 Continue MAF/SAF training programs as part of training curriculums of national training institutions	X	X	X	X
	1.2 Introduce and use PAMS in two pilot sectors, and roll the system out to all sectors	X			
	1.3 Conduct Training of Trainers (TOT) programs on MAF/SAF	X	X	X	X
	1.4 Disseminate DPP Preparation Handbook as part of the training programs for concerned officials	X	X	X	X
	1.5 Develop, and roll out MAF and SAF to the assessment and appraisal of TPP/TAPP and Revised DPP(RDPP)		X	X	X
	1.6 Review the use of disaster management and climate change tools as well as gender analysis in project assessment and appraisal and incorporate them in MAF and SAF		X	X	X
	1.7 Develop, validate, and introduce “Project Concept Note,” a screening tool of project ideas <i>prior to</i> project formulation	X	X		
	1.8 Develop a procedure to capture future recurrent cost implications in revenue budget at project assessment and appraisal stages, and integrate it in MAF and SAF	X	X		
2. Strengthen strategic linkages between ADP, FYP and MTBF	2.1 Continue SSP/MYPIP training programs as part of the training programs of national training institutions	X	X	X	X
	2.2 Conduct Training of Trainers (TOT) program on SSP and MYPIP in two pilot sectors	X	X	X	X
	2.3 Conduct training on digital MYPIP using AMS	X	X	X	X
	2.4 Roll out SSP/SAP and MYPIP to 5 sectors by using trainers trained by TOT and through the training programs of national training institutions		X		
	2.5 Roll out SSP/SAP and MYPIP to another 5 sectors			X	
	2.7 Disseminate the ADP Sector Boundary Guideline and continue provision of training	X	X	X	X
	2.8 Find a solution toward a unique project code system and complete a transition to a unique project code system	X	X		
3. Digitize the PIM system	3.1 Continue training program on AMS/MYPIP from to further enhance efficiency and quality of information in AMS/MYPIP	X	X	X	X
	3.2 Roll out the use of PAMS to all sectors	X			
	3.3 Integrate and sustain PAMS training in the MAF and SAF training programs of national training institutions	X	X	X	X
	3.4 Establish interface of AMS with the Project Planning System (PPS) of the Planning Division and e-Project Management Information System (e-PMIS) of the IMED		X	X	
4. Strengthen regulatory framework for the PIM system	4.1 Disseminate the Guidelines and use them in PIM training program	X	X	X	X

Activity	Sub-Activity	FY24-25	FY25-26	FY26-27	FY27-28
5. Improve ADP implementation and investment portfolio quality	5.1 Conduct a comprehensive portfolio-wide review of all projects in ADP and assessment of the underlying causes of poor performance under the authority of ECNEC.	X			
	5.2 Review the list of under-performing projects and prepare a strategy for dealing with each project.	X			
	5.3 Develop regulations to require line Ministry/Division to follow up on IMED monitoring feedback		X		
	5.4 Strengthen project management for critical infrastructure projects to control cost and time overruns.			X	
	5.5 Improve capacity of concerned officials of line Ministry/Division to monitor performance through training programs.				X
6. Develop human resource capacity for PIM	6.1 Continue the PIM training program, including TOT, to ensure that all concerned officials well understand the PIM system of the government and use MAF/SAF, SSP/SAP, MYPIP) and digital systems such as AMS and PAMS effectively and efficiently	X	X	X	X

Chapter 4

Institutional arrangements for implementing PIM Reform Program

This chapter presents the institutional arrangements to implement PIM Reform Program. The following principles provide guidance to the design of the institutional arrangements.

- Use existing organizations wherever possible to avoid unnecessary duplications.
- Ensure that the institutional arrangements are consistent with the PFM reforms.
- Keep the institutional arrangements simple and practical.

4.1 Implementation structure

The government has established the governance structure of PFM reforms for the implementation of the PFM Action Plan 2018-23 and PFM Reform Action Plan 2024-28(see the left-side panel of Figure 7). The implementation structure of PIM Reform Program will consist of the three levels: (1) National Coordination Committee; (2) Steering Committee; and (3) Technical Advisory Committee (TAC)/Sector Working Groups (SWGs) (see the right-side panel of Figure 7).

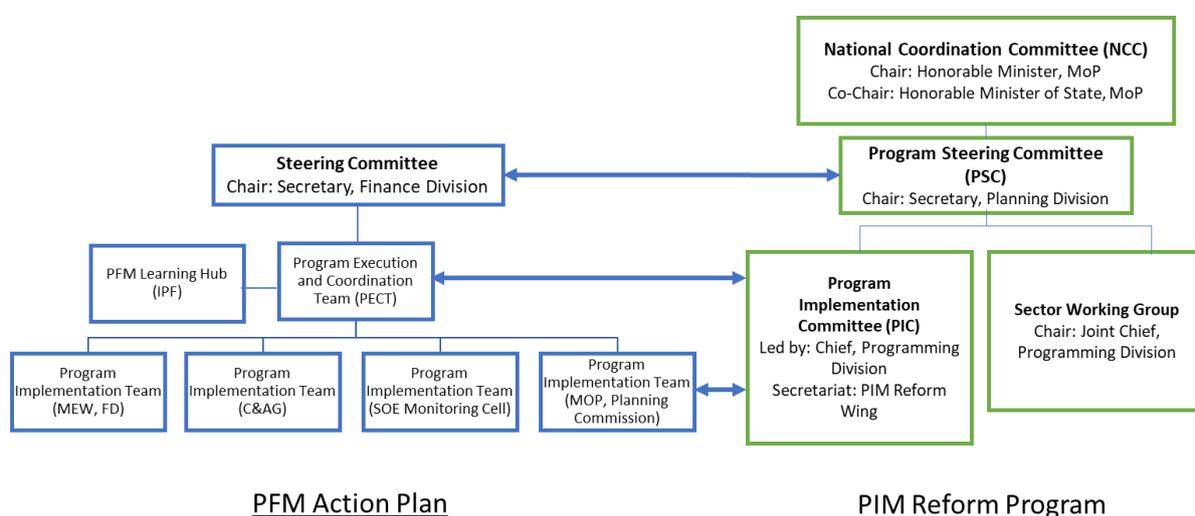


Figure 7 Implementation structures of PIM Reform Program and PFM Action Plan

The National Coordination Committee (NCC). As the PIM Reform Program involves a wide range of stakeholders across the government and could even include the private sector in the future, a high-level *National Co-ordination Committee (NCC)* headed by Honorable Minister, Ministry of Planning would be established for guidance and oversight of PIM Reform Program. The Honorable Minister of State, Ministry of Planning will be the Co-Chair, while the members of the NCC would be comprised of all Members of the Bangladesh Planning Commission, Secretaries of Planning Division, IMED and SID, Secretaries of the Ministry of Finance (FD, ERD and IRD) and Secretaries of concerned ministries and divisions of respective sectors. Secretarial service for the NCC will be provided by PIM Reform Wing. The NCC will meet as and when needed for guiding the formulation and implementation of the PIM Reform Program.

Steering Committee (SC). The Steering Committee (SC) would provide necessary guidance and decisions for planning, implementation, monitoring and evaluation of the PIM Reform Program, which would be subject to review by the NCC, if deemed necessary. The SC is chaired by Secretary of the

Planning Division and Member, Programming Division of the Bangladesh Planning Commission. Senior officials of Ministry of Planning, Bangladesh Planning Commission, Ministry of Finance, and other concerned ministries and agencies will participate in the SC. Secretarial service for the SC will be provided by PIM Reform Wing. The SC will meet twice a year to guide the implementation of the PIM Reform Program.

PIM Reform Wing, Technical Advisory Committee (TAC), and Sector Working Group (SWG).

The PIM Reform Wing would serve as the anchor for any such initiatives on PIM reform. Apart from serving as the secretariat for the NCC and SC mentioned earlier, the PIM-RW will also serve as the secretariat for a Technical Advisory Committee (TAC) under the leadership of the Chief, Programming Division. The TAC would work in parallel with the existing Sector Working Groups (SWGs) currently under SPIMS to review and validate PIM reform proposals, as well as to monitor and evaluate the implementation of the PIM Reform Program. The TAC would be comprised of relevant officials from the Sector Divisions of PC and MDAs along with external sector experts from relevant organizations. The existing SWGs for the two pilot sectors under the SPIMS would be utilized, and new SWGs would be formed as the activities of PIM Reform Program are rolled out to the other sectors. The TAC would be formed in accordance with the new sector classification of ADP.

The PIM Reform Wing is also tasked to coordinate with the implementation of PFM Action Plan. The coordination will take place at the three levels—Steering Committee, the Program Execution and Coordination Team (PECT) and Program Implementation Teams (PIT) under the governance structure of PFM Action Plan (see Figure 7).

The main functions of PIM Reform Wing are highlighted below.

- Coordinate implementation, monitoring and update of PIMRP and AWP in association with Sector Working Groups (SWGs) and Technical Advisory Committee (TAC)
- Serve as the secretariat for NCC, SC and TAC/SWGs for PIM Reform Program
- Secure approval of PIMRP by SC and NCC (if required) of PIMRP
- Liaise with all stakeholders to organize PIM-related events such as seminars, workshops, and training
- Accumulate knowledge, experiences, and skills for PIM as the knowledge center
- Raise awareness on PIM Reform Program among stakeholders
- Serve as members of PIT for PIM under the governance structure of PFM Action Plan
- Liaise with PECT to coordinate with other Components of PFM Action Plan

4.2 Implementation process

The government will implement the PIM Reform Program over four fiscal years from FY2024-25 to FY2027-28. As an example, the implementation process of PIM Reform Program in FY2024-25 is presented in Figure 8. This implementation process will be repeated annually in the following three fiscal years.

Annual planning stage of PIMRP
Annual planning of PIM Reform Program starts in July 2024 by preparing an Annual Work Plan (AWP) for FY2024-25. The PIM Reform Wing will coordinate with all PIM stakeholders to prepare activities, sub-activities, key steps, and annual implementation schedule in the AWP.

After completion of the draft AWP, the PIM Reform Wing will seek approval of the AWP from relevant authorities through the regular institutional arrangements at PC and MoP.

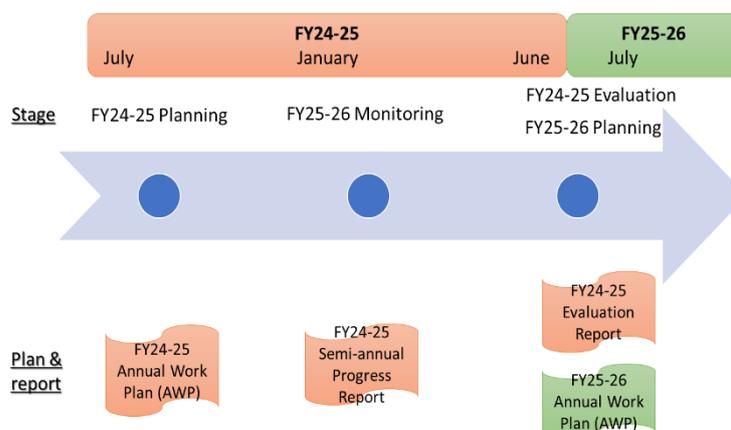


Figure 8 Implementation process of PIMRP

Monitoring stage of PIMRP

After approval of the AWP 2024-25, the process of PIMRP implementation enters its monitoring stage.

The PIM Reform Wing will conduct progress monitoring of all activities in AWP FY2024-25. Progress monitoring is conducted semi-annually, first in January 2025, and second in June 2025. It will report the progress of all activities and analyze the causes for delays if any. By preparing these progress reports, the PIM Reform Wing can also submit them to Program Execution Coordination Team (PECT) for the PFM Reform Action Plan.

Evaluation stage of PIMRP

After monitoring the implementation of AWP FY2024-25, PIM Reform Wing will prepare an annual evaluation report (AER) in July 2025. The AER will incorporate the results of the second semi-annual progress monitoring conducted in June 2025.

The AER will include information such as: (i) annual progress of activities in AWP; (ii) the extent of achievements in key performance indicators; (iii) key issues to be addressed; (iv) lessons learned from implementation; and (v) next steps including overall directions and strategy in FY2025-26.

PIM Reform Wing will report the findings in the AER and propose the AWP for FY2025-26 to relevant authorities at the PC and MoP for approval in July 2025.

The annual cycle of planning, monitoring, and evaluation of PIMRP implementation above will be repeated in FY2025-26, FY2026-27, and FY2027-28.

4.3 Key performance indicators for monitoring and evaluation of PIM Reform Program

Key performance indicators for M&E

The PIM Reform Wing will monitor and evaluate the PIM Reform Program based on the key performance indicators (KPIs) in Table 5.

The KPIs are grouped into the following two categories:

- **Outcome indicators** – Measurements of “outcomes” to be achieved by delivering outputs.
- **Output indicators** – Measurements of “outputs” directly produced by respective Activities in the PIMRP. For instance, “the number of sectors using MAF”, “the number of sectors whose officials was trained to use PIM tools”, and so on.

Four Outcome indicators are set up to monitor and evaluate the achievements of Outcomes 1 and 2 of the PIM Reform Program:

Outcome 1: Improve the quality and processing efficiency of DPP

- OC1.1 (Quality): Average quality score of DPP in a sector
- OC1.2 (Efficiency): Average number of days required for DPP approval in a sector

Outcome 2: Improve strategic guidance and ADP allocation

- OC2.1 (Strategic guidance): The number of sectors using SSP and MYPIP in both ADP and MTBF processes
- OC2.2 (Future resource shortage): The extent to which future resource needs (forward baseline estimates) deviate from future resource availability (=sector budget ceiling) in a sector

Annex 1 provides a technical note on Outcome-level indicators presented above to explain the definition of the indicator, estimation of indicator values, and setup of baseline and target values.

Roles and responsibilities of M&E

The PIM Reform Wing will collect information on respective indicators from the sources in Table 5. Data collection will require collaboration with concerned organizations and conducting some surveys.

The PIM Reform Wing will analyze the extent to which the targets of KPIs have been achieved each fiscal year and report the results in Annual Evaluation Report (AER).

Table 5 Key performance indicators of PIM Reform Program

Activity	Measurement (Baseline and targets)						Data source	
	Key performance indicator (KPI)	Baseline	Targets					
		FY23-24 ⁽¹⁾	FY24-25	FY25-26	FY26-27	FY27-28		
KPI at the Outcome level								
Outcome 1: Improve quality and processing efficiency of DPP	OC1.1	Quality indicator: Average quality score of DPP in a sector (Unit: Index between 0 and 100) * "Score of DPP quality" is measured by assessing four aspects of DPPs – Logical Framework, CBA, required attachments, and other miscellaneous aspects – and calibrated to fall between 0 and 100.	51.25	52.5	55.0	60.0	67.5	DPPs from Prog. Div./Sector Div./Agencies
	OC1.2	Efficiency indicator: Average number of days required for DPP approval in a sector (Unit: Day) * "Days required" is defined as the number of days from submission date of DPP (by agency to ministry/division) to approval date by ECNEC or competent authorities.	290	288	285	281	271	PPS (Planning Div.)
Outcome 2: Improve strategic guidance and ADP allocation	OC2.1	Strategic guidance indicator: Number of sectors using SSP/SAP and MYPIP in the ADP process	2	2	5	10	14	Programming Division
	OC2.2	Future Resource Shortage (FRS) indicator: The extent to which future resource needs (= forward baseline estimates) deviate from future resource availability (=sector ceilings) for a sector in two outer years (Unit: %) * The smaller the FRS is, the more desirable ADP allocation is for a sector. The FRS falls in the following four categories. A: FRS<10% B: 10%≤FRS<20% C: 20%≤FRS<30% D: 30%≤FRS	PE: A LGRD: A	PE: A LGRD: A	PE: A LGRD: A Other sectors: C	PE: A LGRD: A Other sectors: B	PE: A LGRD: A Other sectors: A	AMS/MYPIP
KPI at the Output level								
Activity 1:	A1.1	Number of sectors using MAF	2	All	All	All	All	Programming Division

Activity	Measurement (Baseline and targets)							Data source
	Key performance indicator (KPI)		Baseline	Targets				
			FY23-24 ⁽¹⁾	FY24-25	FY25-26	FY26-27	FY27-28	
Improve public investment formulation, appraisal, and approval processes	A1.2	Number of sectors using SAF	2	All	All	All	All	Programming Division
Activity 2: Strengthen strategic linkages between ADP, FYP and MTBF	A2.1	Number of sectors using SSP/SAP in the ADP process (tripartite meetings, sector narrative sections in ADP)	2	2	5	10	12	Programming Division
	A2.2	Number of sectors using MYPIP in the ADP process (tripartite meetings, sector narrative sections in ADP)	2	2	5	10	14	Programming Division
	A2.3	Number of sectors using SSP in the MTBF process (Budget Call Circulars 1 and 2)	2	2	5	10	12	Programming Division
	A2.4	Number of sectors using MYPIP in the MTBF process (Budget Call Circulars 1 and 2)	2	2	5	10	14	Programming Division
Activity 3: Digitize the PIM system	A3.1	Number of sectors using PAMS	0	All	All	All	All	Programming Division
Activity 4: Strengthen regulatory framework for the PIM system	A4.1	PIM Guideline and Sector Boundary Guideline	Approved	Used for training	Used for training	Used for training	Used for training	Programming Division
Activity 5: Develop human resource capacity for PIM	A5.1	Number of trainers for PIM training program	6	10	15	20	25	Programming Division
	A5.2	Number of officials at PIM Reform Wing	4	5	8	10	12	Programming Division

Chapter 5

Conclusion

The Public Investment Management Reform Program (PIMRP) is a medium-term reform roadmap from 2024 to 2028. It is aimed to plan, monitor, coordinate, and disseminate the government's reform initiatives to strengthen PIM in Bangladesh. Through the implementation of PIMRP, the government will achieve the national goals in the Perspective Plan 2041- and Five-Year Plans and strengthen management of investment projects and development budget.

The PIMRP takes a sequenced approach to PIM reform, starting from the planning and allocation stages of PIM and gradually expanding its coverage to the implementation stage of PIM. The PIM Reform Wing in the Programming Division of Bangladesh Planning Commission will coordinate all PIM reform activities under the implementation structure of PIMRP.

It is important to note that the PIMRP is aligned with the larger umbrella of Public Financial Management (PFM) reform led by the Finance Division, Ministry of Finance. All activities under the PIMRP are consistent with Component 5 (Public investment management) of PFM Reform Action Plan 2024-2028. Therefore, monitoring the implementation of PIMRP will serve simultaneously for the monitoring of Component 5 of PFM Reform Action Plan 2024-2028.

References

Government policy documents concerned with PIM

Government of Bangladesh. 2015. *7th Five Year Plan FY2016-2020: Accelerating Growth, Empowering Citizens*. General Economics Division, Bangladesh Planning Commission.

Government of Bangladesh. 2016. *Public Financial Management (PFM) Reform Strategy 2016-2021*. Finance Division, Ministry of Finance.

Government of Bangladesh. 2018. *Public Financial Management (PFM) Action Plan 2018-2023*. Finance Division, Ministry of Finance.

Government of Bangladesh. 2020. *Making a Vision into a Reality: Perspective Plan of Bangladesh 2021-2041*. General Economics Division, Bangladesh Planning Commission.

Government of Bangladesh. 2020. *8th Five Year Plan July 2021-June 2025: Promoting Prosperity and Fostering Inclusiveness*. General Economics Division, Bangladesh Planning Commission.

Government of Bangladesh. 2022. *Procedures for Preparation, Processing, Approval, and Revision of Development Projects in the public Sector*. Planning Division, Ministry of Planning.

Government of Bangladesh. 2023. *Public Investment Management Guideline*. Programming Division, Bangladesh Planning Commission.

Government of Bangladesh. 2023. *Public Financial Management (PFM) Reform Action Plan 2024-2028*. Finance Division, Ministry of Finance.

Analytical papers and reports on PIM

- Hiddink, C. and S.A. Shabab. 2019. *Mainstreaming SSP/MYPIP in the ADP and Budget Processes*. Strengthening Public Investment Management System (SPIMS) Project. Dhaka.
- Haque, S., Shabab, S.A., Wolsey, J. and C. Hiddink. 2020. *Mid-term Evaluation on the use of the SSPs*. Strengthening Public Investment Management System (SPIMS) Project, Dhaka.
- International Monetary Fund. 2015. *Making Public Investment More Efficient*. Washington, DC.
- International Monetary Fund. 2018. *Public Investment Management Assessment – Review and Update*. IMF Policy Papers. Washington, DC.
- International Monetary Fund. 2023. *Bangladesh: Requests for An Extended Agreement Under the Extended Fund Facility, An Arrangement under the Extended Credit Facility, and An Arrangement under the Resilience and Sustainability Facility*. Washington, DC.
- Japan International Cooperation Agency. 2012. *Fact Finding Study on Public Investment Management in Bangladesh: Final Report*. Tokyo.
- Japan International Cooperation Agency. 2018. *Public Investment Management Handbook for Capacity Development*. Tokyo.
- Kim, J-H., J.A. Fallov, and S. Groom. 2020. *Public Investment Management Reference Guide*. World Bank. Washington, DC.
- Rajaram, A., Le, T.M., Biletska, N., and Brumby, J. 2010. *A Diagnostic Framework for Assessing Public Investment Management*. World Bank Policy Research Working Paper 5397. Washington, DC.
- Rajaram, A., Le, T.M., Kaiser, K., Kim, J.-H., and Frank, J. (eds.). 2014. *The Power of Public Investment Management*. World Bank. Washington, DC.
- Sayduzzaman, Md., Md. S. Haque, and C. Hiddink. 2020. *A Technical Background Paper on New Sector Classification for ADP/RADP*. Strengthening Public Investment Management System (SPIMS) Project. Dhaka.
- Schwartz, G. M. Fouad, T. Hansen, and G. Verdier (eds.). 2020. *Well Spent: How Strong Infrastructure Governance End Waste in Public Investment*. International Monetary Fund. Washington, DC.
- World Bank. 2011. *The Quality of Public Investment Management in Bangladesh*. Washington, DC.
- World Bank. 2014. *A Public Investment Management Review and Reform Roadmap for Bangladesh*. Washington, DC.

Appendix

Annex 1 Technical Note on Outcome-level Indicators

This Annex presents a technical note on the Outcome-level Indicators OC1.1, 1.2, 2.1 and 2.2 presented in Table 5 (Key Performance Indicators of PIMRP). The main purpose of this note is to ensure transparency and reproducibility of those indicators by presenting the definition of the indicator, estimation of indicator values, and setup of baseline and target values over four fiscal years in the PIMRP. This note is expected to help use those indicators to monitor and evaluate the performance of PIM.

OC1.1 Quality indicator: Average quality score of DPPs in a sector

Definition of the indicator

The quality indicator aims to measure the improvement in the effectiveness of the project formulation and assessment/appraisal process by quantifying the quality of the DPPs generated by the process. The quality indicator is defined as the mean score of the approved DPPs, whose qualities are assessed in the following four major aspects: 1) Logical Framework; 2) Cost Benefit Analysis (CBA); 3) attachments in annexes/appendixes; and 4) other areas. The average quality score is expressed as a value between 0 and 100.

Estimation of indicator values

The estimation of indicator values consists of two steps: The scoring of individual DPPs and the aggregation of the individual scores. By construct, a DPP could take a minimum total raw score of zero and a maximum total raw score of between 18.0 and 20.5, depending on the type of the project. To standardize the scores by adjusting for different numbers of question items, a total raw score is then converted into a percentage score. For example, if a DPP receives a total raw score of 9.5 out of 18.5, its quality score will be 51.4 ($= 9.5 \div 18.5 \times 100$). Then, those individual DPP scores are aggregated.

The baseline quality score, 50 (plus or minus 5), is set for DPPs that are not assessed or appraised by MAF or SAF. This baseline quality score has been calculated from the data from the baseline survey of SPIMS project conducted in the two pilot sectors in FY 2021-22.

For the estimation of baseline indicator values, first, the list of 118 approved development projects since FY2017-2018 was compiled. Then, 61 usable DPPs were collected from the list of 118 projects in a non-random manner. Finally, to minimize any bias arising from the non-random sampling nature of the sampling, analytical weights (i.e., inverse of selection probability) were assigned to each DPP according to the division it belongs to so that the representativeness of each Division (i.e., Power, Energy, LGD, CHT, and RDCD) in the population is appropriately reflected in the final estimation. For example, 26 DPPs were collected out of 39 projects for the Power Division and all DPPs in the Power Division received a weight of 1.50 ($= 1 \div (26 \div 39)$). The estimated baseline values on the average quality score of DPPs are as follows:

Sector	Obs	Mean	Std. Err.	[95% Conf. Interval]	
LGRD	31	48.5	2.09	44.4	52.7
PE	30	61.3	2.62	56.1	66.5
Total	61	53.4	1.80	49.8	57.0

Setup of target values

The targets to be achieved from FY2024-25 to FY2027-28 have been set by assuming that the quality score, 75 (out of total 100), would be achieved after the use of the MAF/SAF. It is also assumed that the use of MAF/SAF in DPP assessment by Ministry/Division and appraisal by Planning Commission

would be gradually progressed from 10%, 20%, 40%, and 70% of approved DPPs in FY2024-2025, FY2025-26, FY2026-27, and FY2027-28, respectively.

	Percentage of DPPs		Baseline and target	Upper	Lower
	MAF/SAF used	MAF/SAF not used			
(Unit)	(%)	(%)	(Days)	(Days)	(Days)
FY2023-24 (Baseline)	5	95	51.3	46.3	56.3
FY2024-25	10	90	52.5	47.5	57.5
FY2025-26	20	80	55.0	50.0	60.0
FY2026-27	40	60	60.0	55.0	65.0
FY2027-28	70	30	67.5	62.5	72.5

OC1.2 Efficiency indicator: Average number of days required for DPP approval in a sector

Definition of the indicator

The efficiency indicator aims to measure how quickly the project formulation and assessment/appraisal process evaluates a DPP. The efficiency indicator is defined as the mean number of days it took from the date the Ministry/Division received the DPP to the date the Executive Committee of the National Economic Council (ECNEC) or competent authorities approved the DPP.

Estimation of indicator values

Like the quality indicator, the estimation of efficiency indicator values consists of two steps: The measurement of process time for individual DPPs and the aggregation of the individual performance.

A baseline quality score of 290 (plus or minus 35) days is set for DPPs that are not assessed or appraised by MAF or SAF. This baseline quality score is derived from the data from the baseline survey of SPIMS project conducted in the two pilot sectors in FY 2021-22.

For the estimation of baseline indicator values, first, both data on the date the Ministry/Division received the DPP and data on the date the ECNEC approved the DPP were collected non-randomly for 30 development projects for the PE sector and 34 projects for the LGRD project. Next, the mean process time was calculated for each project by counting the number of days it took for DPP approval. Then, the sector-wise mean was estimated by taking a mean of all project process times for each sector. To minimize any bias arising from the non-random sampling design, analytical weights (i.e., inverse of selection probability) were assigned to each project. For example, for the LGD division, process time data for 30 projects were collected out of 68 projects. Therefore, all projects in the LGD division received an analytical weight of 2.266 ($=1 \div (30 \div 68)$). The estimated baseline values on the average number of days required for DPP approval are as follows:

Sector	Obs.	Mean	Std. Err.	[95% Conf. Interval]	
LGRD	34	282.9	25.70	231.5	334.2
PE	30	306.0	27.64	250.8	361.2
Total	64	291.7	18.71	254.3	329.1

Setup of target values

It is perhaps realistic to expect that the introduction of the MAF/SAF would initially increase the required days for DPP approval before starting to improve efficiency. This is because the MAF/SAF requires a more detailed assessment of a DPP in line with the Green Book. Therefore, it is likely that

efficiency improvement due to standardization starts materializing a few years after the introduction of the MAF/SAF once desk officers have got used to the new tools.

Consequently, the target values to be achieved from FY2024-25 to FY2027-28 have been set by assuming that the average number of days required for DPP approval can be reduced by 60 days in four years after the introduction of MAF/SAF and that the pace of efficiency gain will gradually accelerate. It is also assumed that the use of MAF/SAF in DPP assessment by Ministry/Division and appraisal by Planning Commission would be gradually progressed from 10%, 20%, 40%, and 70% of approved DPPs in FY2024-2025, FY2025-26, FY2026-27, and FY2027-28, respectively.

	Percentage of DPPs		Baseline and target (Days)	Upper (Days)	Lower (Days)
	MAF/SAF used (%)	MAF/SAF not used (%)			
(Unit)	(%)	(%)	(Days)	(Days)	(Days)
FY2023-24 (Baseline)	5	95	290	255	325
FY2024-25	10	90	288	253	323
FY2025-26	20	80	285	250	320
FY2026-27	40	60	281	246	316
FY2027-28	70	30	271	236	306

OC2.1 Strategic guidance indicator: The number of sectors using SSP/SAP and MYPIP in both the ADP and MTBF processes

The number of sectors using SSP and MYPIP is used as a proxy for strategic guidance. The government adopted the SSP and MYPIP in two pilot sectors – (1) local government and rural development, and (2) power and energy. The SSP and MYPIP have been used for the ADP Circular, ADP tripartite meetings, and the sector narrative sections since ADP 2021-22. They can be also used for setting soft budget ceilings, Budget Call Circular 1, and Budget Call Circular 2 in the MTBF process. The Strategic Guidance Indicators requires the use of SSP and MYPIP in both the ADP and MTBF processes.

OC2.2 ADP allocation indicator: Future Resource Shortage (FRS)

Definition of the indicator

The Future Resource Shortage (FRS) Indicator aims to estimate the gap of future resource needs and future resource availability for development projects, and guide and improve resource allocation in ADP from the medium-term perspective.

The FRS is defined as “the extent to which future resource needs (=forward baseline estimates) deviate from future resource availability (=sector budget ceiling) in two outer years for a sector. Formally, the following formula defines the FRS Indicator.

$$\begin{aligned}
 & \text{Future Resource Shortage (FRS)} \\
 & \equiv \left(\frac{\text{Future resource needs} - \text{Future resource availability}}{\text{Future resource availability}} \right) \times 100 \\
 & = \frac{\sum_{i=1}^2 (FBE_i - SBC_i)}{\sum_{i=1}^2 SBC_i} \times 100,
 \end{aligned}$$

Where,

$i = 1$ (outer year 1), and 2 (outer year 2)

FBE_i is the forward baseline estimate in year i

SBC_i is the sector budget ceiling in year i

In the above formula, the values of FRS indicator are expressed in percentage since the difference between future resource needs minus future resource availability is divided by future resource availability and is multiplied by 100.

If the FRS indicator is zero percent, future resource needs is fully matched by future resource availability in a sector. This implies that the Government will be able to fully finance required resources of all ongoing development projects in a sector. It should be noted, however, that no resource will be available for adopting new projects in two outer years if the FRS indicator is equal to zero percent. If the FRS is less than zero percent (=negative value), budgetary resources will be available for new projects in two outer years in that sector.

By contrast, if the FRS is positive, future resource needs exceed future resource availability in a sector. Under this situation, the Government will need to allocate more resources to meet fully the resource needs of ongoing projects by increasing sector budget ceilings. If not, the allocation for ongoing projects in the sector will have to be cut back. This will most likely cause time overrun and possibly cost overrun of ongoing projects in that sector.

Estimation of indicator values

The MYPIP is used to estimate the FRS indicators of the two pilot sectors by using the data from ADP in FY2019-22, FY2020-21, FY2021-22, FY2022-23, and FY2023-24. The following table summarizes the estimated values of FRS over three fiscal years expressed in percentage.

	Future resource shortage (FRS) indicator (%)	
	PE sector	LGRD sector
ADP 2019-20	62	38
ADP 2020-21	45	12
ADP 2021-22	67	39
ADP 2022-23	12	32
ADP 2023-24	-17	4

Setup of target values

The scoring methodology from the PEFA assessments for the PEFA indicator “PI-1.1 Aggregate expenditure outturn” is applied for Future Resource Shortage (FRS) indicator with some adjustments. Based on the standard PEFA scoring, the extent to which actual aggregate expenditure deviates from the original budget is ranked as Category A if the deviation is less than 5%, B if the deviation is between 5-10%, C if the deviation is 10-20%, and D if the deviation is higher than 15%. Since this deviation in PEFA indicator concerns one fiscal year, those deviations are multiplied by 2 since the FRS indicator concerns two outer years. Thus, the FRS indicator fall under the following four categories:

- A: $FRS < 10\%$
- B: $10\% \leq FRS < 20\%$
- C: $20\% \leq FRS < 30\%$
- D: $30\% \leq FRS$

The FRS indicators of the PE and LGRD sectors are 67% and 39% in ADP 2021-22, respectively (see the table above). Since the two sectors started using MYPIP in 2022-23, the FRS values of both sectors have improved (i.e., reduced) considerably. The baseline values in ADP2023-24 are -17% (i.e., positive fiscal space) in the PE sector and 4% in the LGRD sector, and therefore both sectors are set to Category A in FY2023-24. The target values of the both sectors are set to maintain Category A from FY2025-26 to FY2027-28. For the other sectors, the target values are set to Category C in FY2025-26, and gradually improve to Category B in FY2026-27 and Category A in FY2027-28.



Programming Division
Bangladesh Planning Commission
Government of the People's Republic of Bangladesh

June 2024