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**Bangladesh:** Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

**Press Release:**  
[IMF Completes Third  
Review under the  
Extended Credit  
Facility Arrangement  
with Bangladesh, and  
Approves US\\$140.4  
Million Disbursement](#)  
December 1, 2013

November 5, 2013

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## Bangladesh—Letter of Intent

November 05, 2013

Ms. Christine Lagarde  
Managing Director  
International Monetary Fund  
Washington, D.C. 20431

Dear Ms. Lagarde:

The macro-economic environment in Bangladesh has improved considerably over the past two years. We are now entering a period of national elections with the net international reserve buffer at its historical peak. Despite a challenging global environment, exports have remained resilient and underlying inflation pressures have continued to ease. While revenue collection has fallen short of expectations, government borrowing remains restrained, and the overall fiscal deficit is on target. Moreover, we have increased the execution rate of capital spending under our Annual Development Program (ADP), and have protected social-related spending.

Our Extended Credit Facility (ECF)-supported program is firmly on track. We met all the quantitative performance criteria (PC) and all but one of the indicative targets for end-June 2013. Preliminary data indicate that we are on track for most end-September 2013 indicative targets as well. We have also completed all ten structural benchmarks due between end-June 2013 and end-September 2013, and confirm completion of all the prior actions under the third review of the ECF arrangement.

We are moving forward with the implementation of the new value-added tax (VAT) law. The VAT implementation project has now been included in the ADP, and the procurement process for automation software and related consultancies has begun, albeit somewhat behind schedule. In addition, rules and regulations for the new VAT law have been drafted and are now in public consultation. With Bangladesh Bank's financial regulatory and supervisory powers broadened under the newly approved amendments to the Bank Companies Act, we are now focusing on strengthening the governance, internal audit and controls, and risk management practices of state-owned commercial banks. These and other details of our policy program are set out in the attached Memorandum of Economic and Financial Policies (MEFP), which extends our commitments to end-December 2014.

To protect our international reserve buffer amid global and domestic uncertainties, we are requesting an increase in the end-December 2013 PC on net international reserves of Bangladesh Bank (BB), and a corresponding reduction of the PC on BB's net domestic assets.

We believe that our commitments, as outlined in the MEFP, are adequate to achieve program objectives, but we may consider further measures, as appropriate, for this purpose. In this context, the Government of the People's Republic of Bangladesh is requesting completion of the third review under the ECF arrangement and access to the fourth disbursement in the amount of SDR 91.423 million.

To ensure strong performance under the ECF arrangement, we will continue to maintain a close policy dialogue with the IMF and pursue technical assistance, as necessary, from the IMF and other development partners in support of our reform agenda. We will also consult with the IMF on the adoption of measures and in advance of revisions to the policies contained in the MEFP, in accordance with the IMF's policies on such matters. Moreover, we will provide the IMF with information in connection with our progress in implementing the policies and achieving the objectives of the program. We also authorize publication of this Letter of Intent and its attachments, as well as the accompanying staff report.

Sincerely yours,

/s/

Abul Maal Abdul Muhith  
Minister of Finance  
Government of the People's Republic of Bangladesh

Attachments: Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding

## Attachment 1. Bangladesh—Memorandum of Economic and Financial Policies

November 05, 2013

*This memorandum updates the May 13, 2013 Memorandum of Economic and Financial Policies (MEFP) under the Government of Bangladesh's three-year Extended Credit Facility (ECF) arrangement. The memorandum extends quantitative targets, structural benchmarks, and other reform commitments to end-December 2014.*

### I. RECENT DEVELOPMENTS

**Macroeconomic performance.** International reserves have continued to rise while inflation pressures have been abating steadily in recent months, supported by our restrained fiscal and monetary policies. However, political events and uncertainty in the run-up to elections are affecting economic activity by curbing investment appetite, slowing private credit growth and imports. While the external position remains strong, remittance growth is slowing, reflecting lower outflows of manpower. To ensure a smooth transition through the election period, our policies will remain prudent, safeguarding the macroeconomic stabilization gains achieved so far.

### II. FISCAL POLICY AND PUBLIC FINANCIAL MANAGEMENT

**Fiscal performance in FY13.** We met our FY13 fiscal target, with the overall budget deficit (excluding grants) closing at an estimated 4.5 percent of GDP. We also met our performance criterion (PC) on net credit to the central government (NCCG) by the banking system at end-June 2013—the third test date of the ECF arrangement. This was no easy task, as tax revenue has fallen short of program indicative targets (ITs) by 0.5 percent of GDP, led by weaknesses in VAT, supplementary duties and other taxes on imports. Therefore, to maintain fiscal policy on track, expenditures were kept under strict control. While implementation of investment spending under the Annual Development Program (ADP) improved significantly, we kept subsidy costs and non-ADP capital spending contained.

**Policy objectives.** We maintain our commitment to a budget deficit (excluding grants) target of 4.3 percent of GDP in FY14, anchored by restricting NCCG to Tk 242 billion over FY14. To underpin revenue collection despite slowing economic activity, we will strengthen our tax enforcement capacity by recruiting new staff; continue with progress in customs automation and modernization and on-going reforms to boost taxpayer registration. In addition, we will keep expenditures contained so as to achieve the overall deficit target. This notwithstanding, we will continue to strengthen ADP implementation—including by utilizing the pipeline of committed donor funding—and social-related expenditure (see paragraph 16 below). Over the medium term, fiscal policy will be centered on the objective of putting public debt on a smooth downward path.

**Tax reforms.** We have made further progress in VAT implementation by drafting rules and regulations for the new VAT law, and commencing public consultation on them. However, it has taken more time than expected to have the VAT implementation project included in the ADP budget. This has caused delays in the process toward selecting a vendor for a VAT automation system (a December 2013 benchmark, now rescheduled for June 2014), which will imply falling behind the implementation schedule approved by the Minister of Finance in March 2013. To minimize further delays, we expedited inclusion of the project for VAT implementation in the ADP. The corresponding Development Project Proposal was approved by the Executive Committee of the National Economic Council in October 2013 (a completed a prior action). The publication of the tender for the selection of the automation software vendor will be completed by December 2013 (a new structural benchmark).

**Revenue administration.** We remain committed to further progress in modernizing the tax administration system. To this end, we automated issuance of taxpayer identification numbers (TIN) linked with the national identification database (a June 2013 benchmark), with more than 530 thousand taxpayers having obtained TIN registration by end-September 2013, including over 90 thousand new taxpayers. We will launch an online platform for re-registration of VAT taxpayers, by December 2014.

**Subsidies and state-owned enterprise (SOE) reforms.** We will continue to contain fuel and electricity subsidies. In particular, we remain committed to keeping domestic average fuel prices within Tk 10 per liter of international prices, and will adjust prices as needed to keep to that target. We will continue making regular budgetary transfers to Bangladesh Petroleum Corporation (BPC) to cover subsidy costs, as well as reducing its short term external borrowing needs (an IT). Efficiency audits of BPC, Power Development Board (BPDB), and Chemical Industries Corporation (BCIC), completed in June 2013 (a structural benchmark), revealed significant operational and financial inefficiencies. We will focus our efforts first on strengthening BPC, the largest non-financial corporation in the country. We will hire professional staff for financial management of BPC by March 2014 and adopt automated financial reporting software for BPC by December 2014. We will also appoint a global firm, in association with a local firm, to conduct a financial audit for BPC for FY13, to be completed by September 2014, (a new structural benchmark).

**Public financial management (PFM).** The central government has continued to fully fund, through timely transfers, the subsidy costs incurred by BPC, BPDB, and BCIC. In addition, we have settled BPC's past-due subsidy-related loans held by the SOCBs through the issuance of special bonds for Tk 59 billion in June 2013. As a result, we met the IT for June on state-owned commercial bank (SOCB) loans to these SOEs. To further strengthen cash and expenditure controls, we will institutionalize cash flow forecasting, establishing a system of quarterly fund releases and developing monthly cash plans consistent with those releases by March 2014. In addition, the Cash and Debt Management Committee (CDMC) decided in September 2013 that any government borrowing from Bangladesh Bank (BB) through the overdraft facility has to be settled within 30 days. Building on this, and following the introduction of monthly cash flow

forecasting plans, the CDMC issued in October 2013 a decision (prior action) to place limits, effective from April 2014, on the amount of government borrowing from BB through the overdraft facility.

**Public debt management.** We will continue to strengthen public debt management by:

- Focusing our external borrowing, including the contracting and guaranteeing of nonconcessional external debt, on projects with a high development impact for which concessional financing is not available, in order to meet our critical development needs. In particular, projects in power, transportation, telecommunications, and other infrastructures will receive the highest priority.
- Streamlining debt management processes. In this regard, we revised the terms of reference (TOR) for the Cabinet’s Hard-Term Loan Committee (a June 2013 benchmark), now called Standing Committee on Non-Concessional Borrowing (SCNCB). The Technical Committee on Nonconcessional Borrowing (TCNCB) also continues its work supporting SCNCB by coordinating information gathering on the non-concessional borrowing pipeline across agencies. We will strengthen reporting procedures further to keep the TCNCB informed and engaged in ongoing and prospective negotiations for external borrowing. We requested a Debt Management Performance Assessment (DeMPA) from the World Bank, whose report is expected by November 2013. In addition, we will finalize our medium-term debt management strategy, with approval by the Minister of Finance by March 2014.

### III. MONETARY POLICY AND CENTRAL BANK OPERATIONS

**Monetary and exchange rate policy.** As set out in our July 2013 Monetary Policy Statement, we will continue to maintain a restrained monetary policy stance, anchored on a reserve money target, to safeguard macroeconomic stability and keep inflation in check, while allowing adequate space for private credit growth. We have continued to build up net international reserves, meeting our end-June 2013 target by a comfortable margin. Going forward, BB will adjust foreign exchange intervention to market conditions, while keeping up sterilization operations to adhere to program targets.

**Central bank operations.** A full external audit of BB by a global audit firm will be completed before the December 2013 benchmark. Following up on the findings from this audit, the BB Board will appoint a certified chartered accountant as an advisor to the Audit Committee of the BB Board by March 2014 (a new structural benchmark), until the Audit Committee is reconstituted to include such an expert. We will also continue to engage a global firm to audit BB’s financial statements on an annual basis.

#### IV. FINANCIAL SECTOR REFORMS

**Banking system supervision.** As a centerpiece of our efforts to strengthen the banking system, amendments to the Bank Companies Act (BCA) were approved by Parliament in July 2013. Following this, BB issued an order in September 2013 limiting banks' capital market exposure to 25 percent of their capital, as set out in the newly amended BCA (a June 2013 benchmark, delayed due to lagged passage of the amendments).

**Strengthening the SOCBs.** A key focus of our financial sector policies will be the strengthening of the governance, credit risk management, and balance sheets of the SOCBs. To this end, several measures are being undertaken:

- **Revised MOUs.** BB completed special diagnostic examinations of the SOCBs in June 2013 (a structural benchmark), which identified significant weaknesses in asset quality, liquidity management, and internal audit and control. To address these deficiencies, we have revised the memoranda of understanding (MOUs) between BB and the SOCBs (a September 2013 benchmark). The revised MOUs provide for the bank boards to adopt, among others, a stronger credit policy and credit risk management policy by November 2013 (in line with BB's credit risk management guidelines) and independent internal audit programs. The boards of the SOCBs will formulate an internal control and compliance policy for these banks by December 2013 (a new structural benchmark). Prudent credit growth ceilings, differentiated according to each bank's performance and financial soundness, will remain while their corporate governance and credit risk management are improved. We are committed to imposing the strengthened range of sanctions provided for in the revised MOUs in case of noncompliance.
- **Recapitalization.** We intend to gradually restore the capital position of SOCBs in line with regulatory capital adequacy standards, conditional on progress on actions agreed under the revised MOUs and clearly laid out new business plans approved by the SOCB boards.
- **Automation.** To reduce operational and financial reporting risks, we will initiate an automation plan for SOCB branches. A detailed action plan for automation will be completed by the Ministry of Finance, in consultation with BB, by March 2014 (a new structural benchmark).

**Contingency planning.** To strengthen the financial sector framework, the BB Board adopted a bank intervention and resolution plan, as well as a lender of last resort policy (September 2013 benchmark). These papers set out detailed roadmaps for full-fledged implementation of these policies by December 2014.

**Securities markets reforms.** Following passage of the Demutualization Act in April 2013, the Bangladesh Securities and Exchange Commission approved demutualization models and plans for both Dhaka and Chittagong stock exchanges in September 2013 (a June 2013 benchmark).

## V. REFORMS TO BOOST GROWTH AND INCLUSION

**Labor and safety standards.** We have formed a minimum wage board to revise the minimum wage for the garment industry, with a final decision expected by November 2013. In response to the Rana Plaza tragedy, we formed a high-level inter-Ministerial Committee, with worker participation, to examine working conditions and safety in the ready-made garment industry. In line with commitments set out in a joint statement signed in May, including employers' and workers' organizations, we have amended the Labor Act (in July) to improve safety standards and workers' collective bargaining rights. With support from the International Labour Organization, development partners, and international retailers, we are also strengthening the labor inspection system, including through the recruitment of 200 additional inspectors by end-2013 and through safety assessments of all active ready-made garment factories.

**Social safety nets.** We comfortably met the IT for June 2013 on social-related spending. Under the ECF, we will continue to increase budget allocations for well targeted social safety net programs, and strengthen the efficiency and transparency of all social safety net programs, with support from the World Bank and other development partners.

**Reforms to foreign exchange regulations.** With a view to facilitating business operations and attract foreign investment, we have prepared a strategy paper laying out the roadmap towards gradual liberalization of exchange regulations on current and capital account. As a significant step in this direction, BB will review and adopt the necessary amendments to all foreign exchange regulations and reporting routines for current account transactions by December 2014 (a new structural benchmark).

**Trade and investment climate reforms.** In line with our commitment to strengthen the trade and investment climate, we will give special attention to the trade regime, which includes a complex system of multiple taxes and levies. Our future trade liberalization program will focus on reducing the dispersion and average level of protection; streamlining customs and border procedures; and introducing a more efficient duty drawback system.

## VI. PROGRAM MONITORING

Progress under our program will continue to be monitored through PCs and ITs, structural benchmarks, and other necessary measures, with semi-annual program reviews. Quantitative PCs and ITs for December 2013 and for March, June, September, and December 2014 are set out in Table 1, and structural benchmarks are set out in Table 2. They are guided by the attached Technical Memorandum of Understanding, as amended. The fourth and fifth reviews are expected to take place on or after May 1, 2014 and November 1, 2014.



**Table 1: Bangladesh: Quantitative Performance Criteria (PC) and Indicative Targets (IT) 1/**

	6/30/12		12/31/12		3/31/13		IT	Met	6/30/13			9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	
	PC with adjustors	Est.	PC with adjustors	Est.	IT with adjustors	Est.			Prog. PC	PC with adjustors	Est.	IT	Prog. PC	IT	Prog. PC	IT	Prog. PC	IT
<b>Performance criteria applicable on a periodic basis 2/ 3/</b>																		
Net international reserves (NIR) of Bangladesh Bank (BB) (floor, end of period (eop) stock, in millions of U.S. dollars)	6,097	6,984	6,356	9,435	9,304	9,404	10,887	Met	10,400	10,450	12,357	Met	10,877	13,402	13,526	13,729	14,270	14,714
Net domestic assets (NDA) of BB (ceiling, eop stock, in billions of taka)	538	435	566	338	350	340	243	Met	344	340	190	Met	324	207	223	271	245	301
Net credit to the central government (NCCG) by the banking system (ceiling, cumulative change from the beginning of the fiscal year, in billions of taka) 4/	240	139	92	41	138	128	66	Met	208	204	145	Met	25	100	167	242	25	100
	4/1/12 – 6/30/12		10/1/12 – 2/19/13		2/20/13 – 3/31/13		IT	Met	4/1/13 – 6/30/13		7/1/13 – 9/30/13	10/1/13 – 12/31/13	1/1/14 – 3/31/14	4/1/14 – 6/30/14	7/1/14 – 9/30/14	10/1/14 onward		
	Prog. PC	Rev. Est.	Prog. PC	Est.	Prog. PC	Est.			Prog. PC	Est.	Prog. PC	Prog. PC	Prog. PC	Prog. PC	Prog. PC	Prog. PC	Prog. PC	
<b>Performance criteria applicable on a continuous basis 5/</b>																		
New nonconcessional external debt maturing in more than one year, contracted by the public sector and/or guaranteed by the central government or BB (ceiling, stock since December 31, 2011, in millions of U.S. dollars)	500	0	1,000	2,436	3,000		2,436	Met	3,250		2,860	Met	4,000	4,250	5,000	5,750	6,000	6,000
New nonconcessional external debt maturing in one year or less, contracted by the public sector and/or guaranteed by the central government or BB (ceiling, stock since December 31, 2011, in millions of U.S. dollars)	0	0	0	0	0		0	Met	0		0	Met	0	0	0	0	0	0
Accumulation of new external payment arrears by the public sector (ceiling, stock since December 31, 2011, in millions of U.S. dollars)	0	0	0	0	0		0	Met	0		0	Met	0	0	0	0	0	0
	6/30/12		12/31/12		3/31/13		IT	Met	6/30/13		9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14		
	IT	Est.	IT	Est.	IT	Est.			IT	Est.	IT	IT	IT	IT	IT	IT	IT	
<b>Indicative targets</b>																		
Reserve money (ceiling, eop stock, in billions of taka)	1,014	976	1,061	1,067	1,063		1,079	Not Met	1,135		1,122	Met	1,151	1,216	1,242	1,304	1,319	1,407
Tax revenue of central government (floor, cumulative change from the beginning of the fiscal year, in billions of taka) 6/	924	916	489	456	757		723	Not Met	1,088		1,033	Not Met	240	495	783	1,191	274	569
Social-related spending by central government (floor, cumulative change from the beginning of the fiscal year, in billions of taka)	400	421	161	174	276		237	Not Met	455		464	Met	78	177	317	519	95	215
Net suppliers' credit and other short-term financing for oil imports (ceiling, cumulative change from end-FY11, in millions of U.S. dollars), program level	1,000	1,160	1,250	985	1,250		1,286	Not Met	1,125		805	Met	1,125	1,125	975	775	750	600
State-owned banks funded loans to Bangladesh Petroleum Corporation (BPC), Bangladesh Power Development Board (BPDB), and Bangladesh Chemical Industries Corporation (BCIC) (ceiling, cumulative change from the beginning of the fiscal year, in billions of taka) 7/	0	-10	0	11	0		6	Not Met	0		-61	Met	0	0	0	0	0	0
Net loans extended by four largest state-owned commercial banks (ceiling, eop stock, in billions of taka) 8/	...	...	...	...	702		695	Met	731		704	Met	748	705	711	719	736	752
<b>Memorandum items:</b>																		
Budget support from bilateral and multilateral donors agencies (cumulative change from the beginning of the fiscal year, in millions of U.S. dollars), program level	0	0	50	150	100	100	200		200		250		50	100	100	100	150	150
Budgetary transfers for settling fertilizer subsidy commitments incurred in FY12 (July 2011-June 2012) (cumulative change from the beginning of the fiscal year, in billions of taka), program level	...	...	...	...	55	55	55		55		56		...	...	...	...	...	...
Budgetary transfers for recapitalizing the four largest state-owned commercial banks in FY14 (July 2013-June 2014) (cumulative change from the beginning of the fiscal year, in billions of taka), program level 8/	...	...	...	...	...	...	...		...		...		...	41	41	50	...	...
1/ Fiscal year begins July 1.																		
2/ Evaluated at the program exchange rate.																		
3/ The adjustors are specified in the Technical Memorandum of Understanding.																		
4/ The ceiling on NCCG by the banking system excludes special bonds, Tk 27.0 billion issued in FY12 (July 2011-June 2012) and Tk 55.2 billion programmed (actual Tk 59.35 billion) in FY13 (July 2012-June 2013), by the central government to the state-owned commercial banks for the securitization of loans made by these banks to the BPC prior to FY12 to cover shortfalls in government budgetary transfers for fuel-related subsidy costs incurred by the BPC.																		
5/ These performance criteria are applicable on a continuous basis, i.e.the targets are monitored continuously during each period.																		
6/ Collections by the National Board of Revenue only, as recorded by the Controller General of Accounts.																		
7/ Outstanding funded loans of Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, and BASIC Bank to BPC, BPDB, and BCIC.																		
8/ Comprising Sonali Bank, Janata Bank, Agrani Bank, and Rupali Bank.																		

**Table 2. Bangladesh: Structural Benchmarks (Existing and Proposed) for the Third ECF Review**

Actions	Date	Macroeconomic Criticality	Status
<b>Prior Actions:</b>			
Final approval by the Executive Committee of National Economic Council (ECNEC) of the Development Project Proposal (DPP) for the VAT implementation project.		To strengthen tax revenue administration	Completed.
Cash and Debt Management Committee (CDMC) decision to place limits on the amount of government borrowing from BB through the current overdraft facility.		To strengthen public financial management	Completed.
<b>Structural Benchmarks:</b>			
Issue guidelines and procedures on budget monitoring and reporting in accordance with the Public Money and Budget Management Act.	June 2013	To strengthen budget monitoring and controls	Met.
Complete efficiency audits by the Office of the Auditor General of the Bangladesh Petroleum Corporation, Bangladesh Power Development Board and Bangladesh Chemical Industries Corporation.	June 2013	To minimize fiscal transfers and risks	Met.
Complete special diagnostic examinations by Bangladesh Bank (BB) at the four largest state-owned commercial banks focused on asset quality, liquidity management, and internal audit and controls.	June 2013	To strengthen financial sector soundness	Met.
Issue notification for revised terms of reference for the Cabinet's Hard Term Loan Committee	June 2013	To strengthen external public debt management	Met.
Automate taxpayer identification number issuance, including links to the national identification number system.	June 2013	To increase tax revenue	Met.
Issue a BB order, consistent with the amended Bank Companies Act (BCA), establishing a limit on a commercial bank's shareholdings in the stock market to 25 percent of its total regulatory capital.	June 2013	To strengthen banks' financial position	Not met by the deadline. BB issued the order in September 2013 following a delayed passage of the amended BCA in July 2013.
Approval by the Bangladesh Securities and Exchange Commission of a demutualization model and plan for the Dhaka and Chittagong stock exchanges.	June 2013	To strengthen the financial sector	Not met by the deadline. The demutualization model and plan were approved in September 2013 following passage of the Demutualization Act in April 2013, which allowed a maximum of five months for the approval process.
Finalize a bank resolution framework, comprising a contingency plan and lender of last resort policy at BB.	September 2013	To reduce systemic risks	Met.
Complete a review of the Foreign Exchange Regulation Act.	September 2013	To strengthen the trade and investment climate	Met.
Revise the memoranda of understanding with the four largest state-owned commercial banks to address key shortcomings identified by the special diagnostic examinations.	September 2013	To strengthen the banking system	Met.
Engage and complete a full external audit for the financial year of 2012-13 of BB by a global audit firm.	December 2013	To strengthen internal operations and controls	
Publication of the tender for the selection of the VAT automation software vendor.	December 2013	To strengthen tax revenue administration	New benchmark under the third review of the program.
An internal control and compliance policy to be approved by each of the boards of the four largest state-owned commercial banks.	December 2013	To strengthen the banking system	New benchmark under the third review of the program.
Appointment of a certified chartered accountant as an advisor to the Audit Committee of the BB Board.	March 2014	To strengthen internal operations and controls	New benchmark under the third review of the program.
A detailed action plan for automation at the state-owned commercial banks to be approved by the Ministry of Finance.	March 2014	To strengthen the banking system	New benchmark under the third review of the program.
Selection of a vendor for a tax automation system for VAT.	June 2014	To strengthen tax revenue administration	Rescheduled from December 2013 in view of delays in the inclusion of a funding allocation for the VAT implementation project in the Annual Development Program.
Complete a full external audit for the financial year 2012-13 of the Bangladesh Petroleum Corporation by a global audit firm in association with a local firm.	September 2014	To strengthen financial management at the largest state-owned enterprise	New benchmark under the third review of the program.
Review and adopt the amendments to foreign exchange regulations and reporting routines for all current account transactions, guided by the September 2013 roadmap adopted by BB and the Ministry of Finance.	December 2014	To strengthen the trade and investment climate	New benchmark under the third review of the program.

## Attachment 2. Bangladesh—Technical Memorandum of Understanding

November 05, 2013

1. This Technical Memorandum of Understanding (TMU) defines the variables subject to quantitative performance criteria and indicative targets under the Extended Credit Facility (ECF) arrangement, as specified in the Memorandum of Economic and Financial Policies (MEFP). It also describes the methods to be used to assess program performance and information requirements to ensure adequate monitoring of the targets.
2. Under the ECF arrangement, the program exchange rate is Bangladesh taka (Tk) 74.23 per U.S. dollar, as agreed at the time of approval of the ECF arrangement in April 2012. Foreign currency accounts denominated in currencies other than the U.S. dollar and monetary gold will first be valued in U.S. dollars as at the exchange rates and gold prices prevailing on June 30, 2011, and then be converted to Bangladesh taka.
3. The data listed in Table 1 will be provided for monitoring performance under the program based on data templates agreed with IMF staff. Under each section, reporting responsibilities are indicated. The best available data will be submitted, so that any subsequent data revisions will not lead to a breach of quantitative performance criteria or benchmarks. All revisions to data will be promptly reported to IMF staff.

### I. QUANTITATIVE PERFORMANCE CRITERIA AND INDICATIVE TARGETS

4. Quantitative performance criteria for end-December 2013 and end-June 2014 and quarterly indicative targets for end-March 2014, end-September 2014, and end-December 2014 are set out in Table 1 of the Memorandum of Economic and Financial Policies. The continuous performance criteria for each specific period are also set out in this table, and will be monitored continuously during these periods.
5. Performance criteria under the ECF arrangement have been established with respect to a:
  - Floor on the level of net international reserves of Bangladesh Bank (BB), calculated as an end-of-period stock;
  - Ceiling on the level of net domestic assets of BB, calculated as an end-of-period stock; and
  - Ceiling on the change in net credit to the central government from the banking system, calculated as a cumulative flow from the beginning of the fiscal year (FY) (i.e., FY14 is July 1, 2013–June 30, 2014).

6. Performance criteria applicable on a continuous basis have been established with respect to a:

- Ceiling on new medium- and long-term nonconcessional external debt (maturing in more than one year) contracted by the public sector and/or guaranteed by the central government or BB, calculated in cumulative terms from December 31, 2011;
- Ceiling on new short-term nonconcessional external debt (maturing in one year or less) contracted by the public sector and/or guaranteed by the central government or BB, calculated in cumulative terms from December 31, 2011; and
- Ceiling on the accumulation of new external payment arrears by the public sector, calculated in cumulative terms from December 31, 2011.

7. Indicative targets have been established with respect to a:

- Ceiling on the level of reserve money, calculated as an end-of-period stock;
- Ceiling on the net change in suppliers' credit and other short-term financing for oil imports, calculated in cumulative terms from June 30, 2011;
- Ceiling on the net change in funded loans made by the state-owned commercial banks (SOCBs) to Bangladesh Petroleum Corporation (BPC), Bangladesh Power Development Board (BPDB) and Bangladesh Chemical Industries Corporation (BCIC), calculated in cumulatively from the beginning of the fiscal year;
- Floor on tax revenue of central government, calculated cumulatively from the beginning of the fiscal year;
- Floor on social-related spending by central government, calculated cumulatively from the beginning of the fiscal year; and
- A ceiling (aggregate) on net loans and advances of the four largest SOCBs (Agrani, Janata, Rupali, and Sonali).

8. Adjustors to the measurement of performance criteria are (i) budget support to the central government from bilateral and multilateral agencies, calculated cumulatively from the beginning of the fiscal year; (ii) suppliers' credit and other short-term financing for oil imports, calculated cumulatively from end-June 2011; (iii) budgetary transfers in FY14, calculated cumulatively from the beginning of the fiscal year, for recapitalizing the four largest SOCBs—Sonali Bank, Janata Bank, Agrani Bank, and Rupali Bank (this adjustor will be introduced from December 2013); and (iv) budgetary transfers for settling fertilizer subsidy commitments incurred in FY12 (this adjustor will be removed from September 2013).

## II. INSTITUTIONAL DEFINITIONS

9. The central government is defined as all budgetary units of the government of Bangladesh. It captures balances in the Treasury accounts and for special projects outside the Treasury accounts (as will be measured by government lending funds reported in the monetary accounts).
10. The public sector is defined as the central government, BB, nonfinancial public enterprises, departments, and autonomous and semi-autonomous bodies of all ministries and divisions.
11. Deposit money banks (DMBs) include commercial banks (state-owned, Islamic, private, and foreign-owned) and specialized banks, on which BB compiles data for the monthly monetary survey.
12. Nonbank claims on the central government represent the sum of cash receipts from sales of National Savings Certificates and Treasury bill and bond holdings outside BB and the DMBs, as reported by National Savings Directorate and BB's Debt Management Department.

## III. MONETARY AGGREGATES

### A. Reserve Money

13. A ceiling applies on the level of reserve money, which comprises currency issued by BB (excluding BB holdings of currency) plus deposits of DMBs held at BB. Reserve money excludes DMBs' foreign currency clearing accounts at BB and nonbank deposits at BB.

### B. Net International Reserves of Bangladesh Bank

14. A floor applies to the level of net international reserves (NIR) of BB. The floor on NIR of BB will be adjusted upward (downward) by the amount of budget support from bilateral and multilateral agencies in excess (short) of the programmed level. The floor on NIR of BB will be adjusted upward by the amount of suppliers' credit and other short-term financing for oil imports in excess of the programmed level.
15. For program monitoring purposes, NIR of BB is defined as gross international reserves (GIR) less international reserve liabilities. For program monitoring purposes, the stock of foreign assets and foreign liabilities of BB shall be valued at the program exchange rate in U.S. dollars, as described in paragraph 2.
16. Gross international reserves of BB are defined as the sum of:
- Foreign currency assets in convertible currencies held abroad and as vault cash that are under the direct and effective control of BB, readily available for intervention in the foreign exchange market or the direct financing of balance of payments imbalances, and which have received investment grade rating by at least two of the following three rating

agencies: Moody's, (a rating of at least Baa), Standard & Poors (a rating of at least BBB-) and Fitch (a rating of at least BBB-), or held with an investment-grade institution;

- The reserve position of Bangladesh in the IMF;
- Holding of SDRs; and
- Monetary gold.

Excluded from the definition of GIR are:

- Foreign currency assets that are in any way encumbered or pledged, including, but not limited to, reserve assets used as collateral or guarantee for third-party external liabilities, BB's blocked account with the Central Bank of Iraq, and BB's deposits with Rupali Bank (Pakistan) and with Sonali Bank (U.K.) in relation to guarantees provided to Biman Bangladesh Airlines;
- Foreign currency assets in nonconvertible currencies and precious metals other than gold, including BB's Silver Acquisition Account;
- Non-investment grade foreign currency sovereign bonds;
- Foreign currency claims on entities incorporated in Bangladesh, including funds lent out through the Foreign Exchange Overdraft Facility (FXOD) and funds invested in offshore banking units (OBUs) of domestic banks and subsidiaries or branches of international banks in Bangladesh;
- Any other foreign currency claims on residents; and
- Capital subscriptions in international institutions.

17. International reserve liabilities of BB are defined as the sum of:

- All outstanding liabilities of Bangladesh to the IMF; and
- Foreign currency liabilities in convertible currencies to residents and nonresidents, including liabilities to the Asian Clearing Union; the Foreign Currency Clearing Account (i.e., the total amount of DMBs' foreign currency deposits held at BB); foreign currency deposits held by the central government and state-owned enterprises at BB; and forward contracts, foreign currency swaps, and other futures market contracts.

C. Net Domestic Assets of Bangladesh Bank

18. A ceiling applies to the level of net domestic assets (NDA) of BB. The ceiling on NDA of BB will be adjusted downward (upward) by the amount of budget support from bilateral and multilateral agencies in excess (short) of the programmed level. The ceiling on NDA of BB will be

adjusted downward by the amount of suppliers' credit and other short-term financing for oil imports in excess of the programmed level.

19. For program monitoring purposes, NDA of BB is defined as the difference between reserve money and the sum of NIR of BB and other net foreign assets (NFA) of BB valued in taka using the program exchange rates specified in paragraph 2. Any revisions to the historical stock of reserve money based on changes to the accounting treatment of the profit/loss account of BB will be notified to the IMF immediately and used to adjust monetary aggregates by an equivalent amount, as deemed appropriate. Other NFA of BB includes:

- Foreign assets related to holdings of foreign currency deposits and securities not included in NIR of BB, and loans, shares, financial derivatives, or other accounts receivable with nonresidents (including BB's blocked account with the Central Bank of Iraq and deposits with Rupali Bank (Pakistan) and with Sonali Bank (U.K.) in relation to guarantees provided to Biman Bangladesh Airlines); holdings of noninvestment grade foreign currency bonds; and other foreign assets that are not included in NIR of BB, as defined in Section III. B (including the Silver Acquisition Account); and
- Other foreign liabilities that are not included in international reserve liabilities of BB, as defined in Section III. B.

Other NFA does not include funds invested in OBUs of resident domestic banks and subsidiaries or branches of resident foreign banks in Bangladesh. These funds are included as a part of NDA of BB.

#### D. Net Credit to the Central Government by the Banking System

20. A ceiling applies on the change in net credit to the central government (NCCG) by the banking system measured cumulatively from the beginning of the fiscal year. The ceiling on NCCG by the banking system will be adjusted upward (downward) by the amount of budget support from bilateral and multilateral agencies short of (in excess of) the programmed level. The ceiling on NCCG by the banking system will be adjusted downward by the amount of suppliers' credit and other short-term financing for oil imports, calculated cumulatively since end-June 2011, in excess of the programmed level and by the amount of net lending by the central government to the BPC and the BPDB short of the programmed level. The ceiling on NCCG by the banking system excludes special bonds issued by the central government to the SOCBs for the securitization of loans made by these banks to the BPC prior to FY12 to cover shortfalls in government budgetary transfers for fuel subsidy-related costs incurred by the BPC. From March 2013, the ceiling on NCCG by the banking system will be adjusted downward by the amount of budgetary transfers for settling fertilizer subsidy commitments incurred in FY12 short of the programmed level. This ceiling will be removed from September 2013. From December 2013, the ceiling on NCCG by the banking system will be adjusted upward (downward) by the amount of budgetary transfers in FY14, calculated cumulatively from the beginning of the fiscal year, for

recapitalizing the four largest SOCBs—Sonali Bank, Janata Bank, Agrani Bank, and Rupali Bank—in excess (short of) the programmed level.

21. For program monitoring purposes, NCCG by the banking system is defined as the sum of net claims of BB and DMBs on the central government. For program monitoring purposes, from March 2013, NCCG by the banking system will be defined to exclude deposits of and credit to autonomous and semi-autonomous bodies of the government (Table 2 of the TMU).

E. Funded Loans by State-Owned Commercial Banks to State-Owned Enterprises

22. A ceiling applies on the net change in funded loans by selected banks to state-owned enterprises. Funded loans are defined as cash lending by Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, and BASIC Bank to BPC, BPDB, and BCIC (see Table 3).

#### IV. FISCAL AGGREGATES

##### A. Tax Revenue

23. A floor applies on tax revenue of central government measured cumulatively from the beginning of the fiscal year.

24. For program monitoring purposes, tax revenue is defined as collections by the National Board of Revenue that have been transferred to the Controller General of Accounts.

##### B. Social-Related Spending

25. A floor applies on social-related spending by central government cumulatively from the beginning of the fiscal year.

26. For program monitoring purposes, social spending comprises all spending categories of the Ministry of Primary and Mass Education; Ministry of Education; Ministry of Health and Family Welfare; and all expenditures on social safety net programs in the budget project/program codes listed in Table 4. Safety net programs hosted in one of these ministries already included in this definition will be deducted from the total to avoid double counting.

#### V. EXTERNAL DEBT

##### A. Medium- and Long-Term External Debt

27. A continuous ceiling applies to new nonconcessional external debt with nonresidents with original maturities of more than one year contracted by the public sector and/or guaranteed by the central government or BB. The ceiling applies to debt and commitments contracted or guaranteed for which value has not yet been received. This applies to private debt for which official guarantees have been extended and which, therefore, constitutes a contingent liability of the central government or BB.



28. For program monitoring purposes, the definition of debt is set out in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangement Executive Board Decision No. 6230-(79/140), as subsequently amended, including by Executive Board Decision No. 14416-(09-91), effective December 1, 2009 (see Annex I). External debt is defined by the residency of the creditor, excluding any taka-denominated treasury bonds and any U.S. dollar-denominated bonds issued by the central government's Directorate of National Savings that are held by nonresidents (see TMU paragraph 29).

29. Excluded from the ceiling are (i) the use of IMF resources; (ii) concessional debts; (iii) debts incurred to restructure, refinance, or prepay existing debts, to the extent that such debt is incurred on more favorable terms than the existing debt and up to the amount of the actually restructured/refinanced/prepaid debt; (iv) any taka-denominated treasury bonds held by nonresidents; and (v) any U.S. dollar-denominated bonds issued by the central government's Directorate of National Savings that are held by nonresidents.

30. For program purposes, the guarantee of a debt arises on any explicit legal obligation of the central government or BB to service debt in the event of nonpayment by the main obligor (involving payments in cash or in kind).

31. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the net present value (NPV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The NPV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. The discount rate used for this purpose is 5 percent.

## **B. Short-Term External Debt**

32. A continuous ceiling applies to new nonconcessional debt with nonresidents with original maturities of up to and including one year contracted by the public sector and/or guaranteed by the central government or BB. The ceiling applies to debt and commitments contracted or guaranteed for which value has not yet been received. This applies to private debt for which official guarantees have been extended and which, therefore, constitute a contingent liability of the central government or BB.

33. For program monitoring purposes, the definition of debt is set out in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangement approved by the Executive Board Decision No. 6230-(79/140), as subsequently amended, including by Executive Board Decision No. 14416-(09-91), effective December 1, 2009 (see Annex I). External debt is defined by the residency of the creditor, excluding any taka-denominated treasury bills or BB bills held by nonresidents (see TMU paragraph 34).

34. Excluded from the ceiling are (i) debts classified as international reserve liabilities of BB; (ii) debts incurred to restructure, refinance, or prepay existing debts, to the extent that such debt

is incurred on more favorable terms than the existing debt and up to the amount of the actually restructured/refinanced/prepaid debt; (iii) taka-denominated treasury bills and BB bills held by nonresidents; (iv) concessional debts; (v) normal import financing; (vi) suppliers' credit and other short-term financing for oil imports from the Islamic Development Bank (IsDB) and other official entities; and (vii) forward contracts, foreign currency swaps, other futures market contracts, and short-term liabilities of the banking system. A financing arrangement for imports is considered to be "normal" when the credit is self-liquidating.

C. Suppliers' Credit and Other Short-Term Financing for Oil Imports

35. A ceiling applies on the net change in suppliers' credit and other short-term financing for oil imports.

36. For program monitoring purposes, suppliers' credit is defined in Annex I. Other short-term financing for oil imports comprises financing received for this purpose from the IsDB and other official entities and through syndicated loans, which is contracted by the public sector and/or guaranteed by the central government or BB.

**VI. EXTERNAL PAYMENT ARREARS**

37. A continuous ceiling applies on the accumulation of new external payments arrears by the public sector.

38. For program monitoring purposes, external payments arrears comprise external debt and debt-service obligations (principal and interest) that have not been paid at the time they are due, as specified in the contractual agreements. However, for program purposes, overdue debt and debt-service obligations that are in dispute will not be considered as external payment arrears.

**Table 1. Bangladesh: Data Reporting Requirements**

Item	Reporting agency	Periodicity
<b>I. Monetary, exchange rate, and interest rate data</b>	<b>Bangladesh Bank (BB)</b>	
Daily exchange rates (taka per U.S. dollar)—weighted-average, open market (buy and sell rates), interbank (high and low rates), and BAFEDA member rates.	BB	Daily, next working day
Daily foreign exchange interbank market trading spot, forward, and swap volume	BB	Daily, next working day
Net open position of deposit money banks	BB	Daily, next working day
Stock of gross international reserves (GIR), Asian Currency Unit liabilities, Foreign Exchange Clearing Account balances, Foreign exchange overdraft balance (FXOD) and exchange rate valuation changes to GIR.	BB	Daily, next working day
Detailed data on the composition of GIR, including currency composition	BB	Daily, next working day
Stock of GIR, net international reserves (NIR), NFA including subcomponents, both at program and market exchange rates.	BB	Daily, next working day
Stock of noninvestment grade bonds by name of issuer, investment rating, and currency composition	BB	Monthly, within two weeks of the end of each month
Sales and purchases of foreign exchange by BB	BB	Daily, next working day
Daily bank and call money market rates	BB	Daily, next working day
Daily BB repo and reverse repo rates and interbank repo and reverse repo rates (weighted average yields)	BB	Daily, next working day
Daily BB repo and reverse repo and interbank repo and reverse repo trading volumes (billions of taka)	BB	Daily, next working day
Daily volume of open market operations (sales and purchases) by BB (billions of taka)	BB	Daily, next working day
Stock of reserve money and its components	BB	Daily, next working day
Excesses/shortfalls of DMBs' reserves	BB	Daily, next working day
Bangladesh Bank's balance sheet and off-balance items by currency representation	BB	Monthly, within two weeks of the end of each month
Treasury bill and bond auction reports, including range of bids submitted by primary dealers	BB	Weekly, within one week of the end of each week
Weekly retirement of government securities and outstanding balances of Treasury bills and bonds	BB	Weekly, within one week of the end of each week
Bangladesh Bank bills and auction reports	BB	Weekly, within one week of the end of each week
Balance sheet of BB (form 10 G)	BB	Monthly, within six weeks of the end of each month
Balance sheet (aggregate) of commercial banks (form 20 G)	BB	Monthly, within six weeks of the end of each month
Monetary survey (form 30 G)	BB	Monthly, within six weeks of the end of each month
Bank deposits of Bangladesh Petroleum Corporation, Meghna Petroleum Limited, Padma Oil Company Limited, and Jamuna Oil Company Limited	BB	Monthly, within six weeks of the end of each month,
Foreign assets and liabilities of BB	BB	Monthly, within six weeks of the end of each month
Foreign exchange cash flow of BB	BB (Foreign Reserve and Treasury Management Department)	Monthly, within five working days of the end of each month

**Table 1. Bangladesh: Data Reporting Requirements (continued)**

Item	Reporting agency	Periodicity
<b>II. Fiscal data</b>	<b>Ministry of Finance(MOF)</b>	
Fiscal outturn, including financing of the overall fiscal balance	MOF (Finance Division (FD))/ Controller General of Accounts (CGA)	Monthly, within six weeks of the end of each month
Revenue, by type of tax and nontax revenues (with main subheadings)	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
Privatization receipts	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
National Bureau of Revenue collections (by type of tax and subheadings)	NBR	Monthly, within six weeks of the end of each month
Recurrent expenditure, including spending on pay and allowances, goods and services, interest payments (domestic and foreign), subsidies, transfers, and block allocations (with main subheadings)	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
Breakdown of subsidies by main categories (agriculture, fertilizer, food, exports, and others)	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
Outstanding payments due to settle commitments arising from fertilizer subsidies	MOF(FD)/CGA	Monthly, within six weeks of the end of each month
Fiscal outturn, excluding railways and Controller General, and defense finance	MOF(FD)/CGA	Monthly, within three weeks of the end of each month
Fertilizer subsidy commitments in FY13, both actual and projections, by regularly monitoring the trade gap between import costs and sales revenue as per the monitoring framework.	MOF (FD)	Monthly, within six weeks of the end of each month
Social spending (see Table 4)	MOF (FD)/CGA	Quarterly, within six weeks of the end of each quarter
Food account surplus/deficit	MOF (FD)/CGA	Monthly, within six weeks of the end of each month (quarterly for detailed data)
Annual Development Program (ADP) expenditure funded by (i) the central government and (ii) foreign grants and loans, included in the budget, including separately for Padma Bridge (domestically and externally funded)	MOF (FD)/CGA	Monthly, within six weeks of the end of each month (quarterly for detailed data)
Non-ADP capital spending (including main subheadings) and net lending (including by receipts and payments, including a breakdown by state-owned enterprises (SOEs))	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
Extraordinary expenditures (by type)	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
Foreign financing, comprising (i) disbursements and amortization of program and project loans; and (ii) changes in external debt arrears, classified into principal and interest arrears	MOF (FD)/CGA	Monthly, within six weeks of the end of each month

Disbursements of program and project grants	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
Foreign financing, comprising (i) disbursements and amortization of program and project loans; and (ii) changes in external debt arrears, classified into principal and interest arrears	MOF (Economic Relations Division (ERD))	Monthly, within four weeks of the end of each month
<b>Table 1. Bangladesh: Data Reporting Requirements (continued)</b>		
<b>Item</b>	<b>Reporting agency</b>	<b>Periodicity</b>
Disbursements of program and project grants by donor	MOF (ERD)	Monthly, within four weeks of the end of each month
Domestic financing, comprising (i) borrowing from and repayment to BB, DMBs, and nonbanks; (ii) changes in deposits held in BB, DMBs, and other deposit-taking institutions (see Table 2)	MOF(FD)/CGA/BB	Monthly, within six weeks of the end of each month
Balancing items reported by the CGA	MOF (FD)/CGA	Monthly, within six weeks of the end of each month
<b>III. State-owned enterprise data</b>	MOF	
See Table 3 on key financial indicators for Bangladesh Power Development Board (BPDB), Bangladesh Petroleum Corporation (BPC), and Bangladesh Chemical Industries Corporation (BCIC).	MOF (FD/SOE Monitoring Unit)/BPC	Quarterly, within six weeks of the end of each quarter
<b>IV. Debt data</b>	MOF/BB/National Savings Directorate (NSD)	
New external debt obligations contracted and/or guaranteed (concessional and nonconcessional) by the government of Bangladesh, BB, nonfinancial public enterprises, departments and autonomous and semi-autonomous bodies of all ministries and divisions (i.e. the public sector) , including details on the amounts, terms, and conditions of each new obligation	MOF (ERD)/BB	Monthly, within six weeks of the end of each month
Total amount disbursed for each loan and guarantee included under the ceiling on nonconcessional external debt	MOF (FD)	Quarterly, within six weeks of the end of each quarter
Stock of outstanding external debt (short-term and medium- and long-term obligations) of the public sector, by creditor (in original currency and U.S. dollars)	MOF (ERD)/BB	Quarterly, within eight weeks of the end of the quarter
Stock of arrears on external debt contracted or guaranteed by the public sector by creditor (in original currency and U.S. dollars)	MOF (ERD)/BB	Monthly, within six weeks of the end of each month
Stock of domestic debt, including the outstanding balance of Treasury bills, Treasury bonds, as well as breakdown of instruments of the National Savings Directorate (i.e. National Savings Certificates)	MOF (FD)/BB/NSD	Monthly, within six weeks of the end of each month
Projections of daily individual oil-related payments by commercial banks.	BB	Monthly, two weeks in advance of the beginning of each month
<b>V. Financial data</b>	BB	
Financial soundness indicators of DMBs	BB (Department of Off-Site Supervision (DOS))	Quarterly, within eight weeks of the end of the quarter
Bank-by-bank data for the DMBs on credit to the private sector, as reported to BB for the purpose of compiling the monetary survey	BB	Monthly, within six weeks of the end of each month
Bank-by-bank data for the DMBs on deposit and advance position	BB	Weekly data reported on a monthly basis, within two weeks of the end of each month

Compliance of state-owned commercial banks (SOCBs) with memoranda of understanding	BB (DOS)	Quarterly, within six weeks of the end of the quarter
Net loans and advances and components for each of the four largest SOCBs (Agrani, Janata, Rupali, and Sonali).	BB	Monthly, within six weeks of the end of each month
External borrowing in foreign currency by each SOCB from nonresident institutions	BB	Within a week from the date of approval by BB
Total capital market exposure and total share holding (in percent of total liabilities) of DMBs, and their exposures via subsidiaries	BB (DOS)	Monthly, within six weeks of the end of each month
<b>Table 1. Bangladesh: Data Reporting Requirements (concluded)</b>		
<b>Item</b>	<b>Reporting agency</b>	<b>Periodicity</b>
Risk-weighted capital asset ratios and asset quality indicators of DMBs	BB (DOS)	Quarterly, within six weeks of the end of each month
Stock of loans extended to SOEs (BPC, BPDB, BCIC) by SOCBs (Sonali, Agrani, Janata, Rupali) and BASIC bank, both funded and unfunded loans	BB (DOS)	Monthly, within four weeks of the end of each month
<b>VI. External data</b>	<b>BB/Other agencies</b>	
Detailed balance of payments	BB	Monthly, within six weeks of the end of each month
Export data by goods	Export Promotion Bureau	Monthly, within four weeks of the end of each month
Import letters of credit (settlement, opening, and outstanding)	BB	Monthly, within four weeks of the end of each month
Remittances and manpower exports	BB/Bureau Manpower, Employment, and Training	Monthly, within two weeks of the end of each month
<b>VII. Other data</b>	<b>Bangladesh Bureau of Statistics (BBS)</b>	
National accounts, by expenditure and by production, in nominal and real terms	BBS	Annual, within three months of the end of each year
Overall consumer price index	BBS	Monthly, within six weeks of the end of each month
Industrial production statistics	BBS	Monthly, within eight weeks of the end of each month

**Table 2. Bangladesh: Components of Domestic Bank Financing  
of the Central Government**

A new data reporting format is being established, as follows:		
Item (in Tk millions)	Reporting agency	Periodicity
<b>Bank financing</b>	Bangladesh Bank	All quarterly
<b>Bangladesh Bank</b>		
Change in claims on government (excluding change in claims on autonomous and semi-autonomous bodies)		
<i>Of which:</i> Change in ways and means balance		
Change in overdraft		
Change in overdraft block		
Change in holdings of Treasury bills and bonds		
Change in government currency liabilities		
Change in accrued interest		
Change in government deposits and lending funds (excluding change in deposits of autonomous and semi-autonomous bodies)		
Change in government deposits		
Change in government lending funds		
<i>Memorandum items:</i>		
Change in credit to autonomous and semi-autonomous bodies		
Change in deposits of autonomous and semi-autonomous bodies		
<b>Commercial banks</b>		
Change in claims on government (excluding change in claims on autonomous and semi-autonomous bodies)		
<i>Of which:</i> change in holdings of Treasury bills and bonds		
Change in advances and bills to ministries (of food and others)		
Change in accrued interest		
Change in government deposits and lending funds (excl. change in deposits of autonomous and semi-autonomous bodies)		
Change in government deposits		
Change in government lending funds		
<i>Memorandum items:</i>		
Change in credit to autonomous and semi-autonomous bodies		
Change in deposits of autonomous and semi-autonomous bodies		

**Table 3. Bangladesh: Template for Key Financial Indicators of Bangladesh Petroleum Corporation (BPC), Bangladesh Power Development Board (BPDB), and Bangladesh Chemical Industries Corporation (BCIC)**

Name of company (BPC, BPDB, or BCIC)	Periodicity
<b>Item (in millions of taka)</b>	<b>All quarterly</b>
Tax payments, due to the National Bureau of Revenue (NBR)	
Tax payments, paid to the NBR	
Debt service payments, due to the government	
Debt service payments, paid to the government	
Quarterly profit (loss) reported by company	
Transfers received from the budget	
New interest-bearing loans received from the budget	
Outstanding stock of funded loans from state-owned commercial banks (SOCBs)	
Additional items (for BPC only)	
<i>Financing requirements:</i> (in millions of taka, unless otherwise indicated)	
Oil import costs	
Costs of operating BPC	
Repayments of SOCB loans	
Repayments to Islamic Development Bank (IsDB) (in millions of U.S. dollar)	
Repayment of deferred payments (other suppliers' credit) (in millions of U.S. dollar)	
Repayment of syndicated loans	
Increase in assets (inventories, cash, etc.)	
Other	
<i>Sources of financing:</i> (in millions of taka, unless otherwise indicated)	
Sales revenue	
Other income	
Gross disbursements of loans from SOCBs	
Gross disbursements from IsDB (in millions of U.S. dollar)	
Gross disbursements of deferred payments (other suppliers' credit) (in millions of U.S. dollar)	
Gross disbursement of syndicated loans	
Net lending from the government	
Increase in payables	
<i>Other items:</i>	
Exchange rate imputed for estimated outturns (taka per U.S. dollar)	
Demand volumes of petroleum products (kerosene (SKO), diesel (HSD), furnace oil (FO), petrol (MS), octane (HOBC), and jet fuel (JET-A-1))	



Table 4. Bangladesh: Safety Net Programs

	Programs	Name of Ministry	Code
<b>(A.1) Cash Transfer (Allowances) Programs &amp; Other Activities:</b>			
(A.1.1) Social Protection			
1	Old Age Allowance	Ministry of Social Welfare	3960
2	Allowances for the Widow, Deserted and Destitute Women	Ministry of Social Welfare	3965
3	Allowances for the Financially Insolvent Disabled	Ministry of Social Welfare	3970
4	Maternity Allowance Program for the Poor Lactating Mothers	Ministry of Social Welfare	4715
5	Honorarium for Insolvent Freedom Fighters	Ministry of Social Welfare	3587
6	Honorarium & Medical Allowances for Injured Freedom Fighters	Ministry of Social Welfare	3585
7	Grants for Residents in Government Orphanages and Other Institutions	Ministry of Social Welfare	0000
8	Capitation Grants for Orphan Students in Non-government Orphanages	Ministry of Social Welfare	3451
9	General Relief Activities	Ministry of Disaster Management and Relief	0001
10	Block Allocation for Disaster Management	Ministry of Disaster Management and Relief	0003
11	Non-Bengali Rehabilitation	Ministry of Social Welfare	0015
12	Allowances for Distressed Cultural Personalities/ Activists	Ministry of Cultural Affairs	0001
13	Pension for Retired Government Employees and their Families	All Ministries	
14	Ration for Shaheed Family and Injured Freedom Fighters	Ministry of Liberation War Affairs	0001
(A.1.2) Social Empowerment			
1	Stipend for Disabled Students	Ministry of Social Welfare	4711
<b>(A.2) Cash Transfer (Special) Program</b>			
(A.2.1) Social Empowerment			
1	Housing Support	Ministry of Disaster Management and Relief	0001
2	Agriculture Rehabilitation	Ministry of Agriculture	0012
<b>(B) Food Security Programs: Social Protection</b>			
1	Open Market Sales (OMS)	Ministry of Food	0005
2	Vulnerable Group Development (VGD)	Ministry of Women and Children Affairs	0005
3	Vulnerable Group Feeding (VGF)	Ministry of Women and Children Affairs	0007
4	Test Relief (TR) Food	Ministry of Food	0001
5	Gratuitous Relief (GR) - Food	Ministry of Food	8209
6	Food Assistance in Chittagong Hill Tracts Area	Ministry of Chittagong Hill Tracts Affairs	0003
7	Food For Work (FFW)	Ministry of Disaster Management and Relief	5060

Table 4. Bangladesh: Safety Net Programs (continued)

	Programs	Name of Ministry	Code
<b>(C.1) Micro-Credit Programs: Social Empowerment</b>			
1	Fund for Micro-Credit through PKSF	Ministry of Finance	3912
2	Social Development Foundation	Ministry of Finance	3946
<b>(C.2) Miscellaneous Funds: Social Empowerment</b>			
1	Fund for the Welfare of Acid Burnt and Disabled	Ministry of Social Welfare	3967
2	Fund for Assistance to the Small Farmer and Poultry Farms	Ministry of Finance	3996
3	Swanirvar Training Program	Ministry of Finance	3961
4	Shamaj Kallyan Parishad	Ministry of Social Welfare	3091
<b>(C.3) Miscellaneous Funds: Social Protection</b>			
1	Fund for Climate Change	Ministry of Environment and Forest	0002
2	Allowances for Urban Low-income Lactating Mothers	Ministry of Finance	3108
3	Block Allocation for Various Program	Ministry of Finance	0000
4	Employment Generation Program for the Ultra Poor	Ministry of Disaster Management and Relief	0006
5	National Service	Ministry of Youth and Sports	4729
6	Child Development Center	Ministry of Social Welfare	3489
7	Service and Assistance Center for Disabled	Ministry of Social Welfare	3490
<b>(C.4) New Fund: Social Protection</b>			
1	Rehabilitation and Creation of Alternative Employment for People Engaged in Begging Profession	Ministry of Social Welfare	3495
2	Universal Pension Insurance Scheme	Ministry of Local Government, Rural Development and Cooperatives	4009
<b>(D) Development Sector Programs: Social Empowerment</b>			
<b>(D.1) Running Development Programs</b>			
1	"Ashrayan" (Housing)	Prime Minister's Office	6520
2	Economic Empowerment of the Poor	Ministry of Local Government, Rural Development and Cooperatives	8162
3	Employment for Ultra-Poor in Northern Region	Ministry of Local Government, Rural Development and Cooperatives	7000
4	Participatory Rural Development (2nd Phase)	Ministry of Local Government, Rural Development and Cooperatives	8090
5	"Gucchagram" (Climate Victims Rehabilitation Project)	Ministry of Land	5120
6	Rural Employment and Rural Maintenance Program	Ministry of Local Government, Rural Development and Cooperatives	8112
7	Preliminary Education for Development of Children	Ministry of Women and Children Affairs	5011
8	Disaster Risk Mitigation and Reduction	Ministry of Disaster Management and Relief	5010

**Table 4. Bangladesh: Safety Net Programs (continued)**

	<b>Programs</b>	<b>Name of Ministry</b>	<b>Code</b>
9	Regional Fisheries and Livestock Development	Ministry of Fisheries and Livestock	5300
10	Projects Undertaken for Fisheries Development	Ministry of Fisheries and Livestock	7050
11	Jatka (Fish)Protection and Alternative Employment for Fishermen	Ministry of Fisheries and Livestock	5390
12	One Household One Farm	Ministry of Local Government, Rural Development and Cooperatives	7310
13	Sisimpur Outreach Project	Ministry of Women and Children Affairs	7021
14	National Sanitation Project	Ministry of Local Government, Rural Development and Cooperatives	5140
15	Pulse and Oil Seed Project	Ministry of Agriculture	7450
16	Community Based Adaptation to Climate Change through Coastal Aforestation in Bangladesh	Ministry of Environment and Forest	5360
17	Comprehensive Village Development	Ministry of Local Government, Rural Development and Cooperatives	8167
18	Comprehensive Disaster Management Program	Ministry of Disaster Management and Relief	5041
19	Urban Public Environment Health Development Program	Ministry of Local Government, Rural Development and Cooperatives	7479
20	Poverty Eradication and Ensuring Livelihood for the People Living in Economically Backward Areas.	Ministry of Fisheries and Livestock	7010
21	Poverty Eradication through Social Aforestation.	Ministry of Environment and Forest	8881
22	Improvement and Quality Seed Production of Rice, Wheat and Maize.	Ministry of Agriculture	8882
23	Ashrayan – 2 project	Prime Minister's Office	6530
24	Rehabilitation of AILA Affected Rural Infrastructure	Ministry of Local Government, Rural Development and Cooperatives	5016
25	Mujibnagar Integrated Agricultural Development Project	Ministry of Agriculture	8912
26	Greater Comilla Rural Infrastructure Development Project	Ministry of Local Government, Rural Development and Cooperatives	5680
27	Support Service for Vulnerable Group (01/12/2011-30/06/2013) Approved	Ministry of Social Affairs	5560
28	Food and Livelihood Security (FLS)	Ministry of Social Affairs	5260
29	Creation of Employment and Self Employment Opportunities for Unemployed Youths in 7 District of North Bengal	Ministry of Youth and Sports	5160
30	Poverty Reduction Through Minor Crops Production, Preservation, Processing & Marketing Programm-2nd Phase (01/07/11-30/06/14)	Ministry of Agriculture	7200
31	Integrated Rural Employment Support Project for the Poor Women (IRESPPW)	Ministry of Local Government, Rural Development and Cooperatives	7260
32	Create Employment Opportunities of Char Dwellers in Greater Rangpur Districts Through Sugarcane Cultivation	Ministry of Agriculture	5180

<b>Table 4. Bangladesh: Safety Net Programs (concluded)</b>			
	<b>Programs</b>	<b>Name of Ministry</b>	<b>Code</b>
33	Food Security through Enhanced Agricultural Production, Diversified sources of Income, Value Addition and Marketing in Bangladesh (Mymensingh/Sherpur) (FSMSP)	Ministry of Agriculture	5031
34	Integrated Fisheries & Livestock Development Project in Flood Control, Drainage and Irrigation	Ministry of Fisheries and Livestock	5030
35	Integrated Fisheries Livelihood Project Bangladesh (Preparatory phase) (Sep'2011-Aug'2012)	Ministry of Fisheries and Livestock	8202
36	Establishment of Regional Duck Breeding Farm along with Hatchery (3rd Phase)	Ministry of Fisheries and Livestock	5150
<b>(D.2) New Development Programs</b>			
1	Child Sensitive Social Protection	Ministry of Social Welfare	5019
2	Urban Primary Health Care Services Delivery Project	Ministry of Local Government, Rural Development and Cooperatives	5019
3	Extension of Palli Daridra Binochon Foundation (PDBF) Activities for Poverty Alleviation and Self Employment	Ministry of Local Government, Rural Development and Cooperatives	5028
4	Integrated Support to Poverty and Inequality Reduction through Enterprise Development	Ministry of Industries	5014

## Annex I. Guidelines on Performance Criteria with Respect to External Debt

Excerpt from Executive Board Decision No. 6230-(79/140), subsequently amended, including by Executive Board Decision No. 14416-(09-91), effective December 1, 2009.

9. (a) For the purpose of this guideline, the term “debt” will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers’ credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

(ii) suppliers’ credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

(b) Under the definition of debt set out in point 9 (a) above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.