Independent Review of

iRBD

Bangladesh's Development

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

An Analysis of the National Budget for FY2023-24

Dhaka: 2 June 2023

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CPD IRBD 2023 Team

Lead contributions were provided by *Dr Fahmida Khatun*, Executive Director; *Professor Mustafizur Rahman*, Distinguished Fellow; *Dr Khondaker Golam Moazzem*, Research Director; *Mr Towfiqul Islam Khan*, Senior Research Fellow; *Mr Muntaseer Kamal*, Research Fellow; and *Mr Syed Yusuf Saadat*, Research Fellow, CPD.

Excellent research support was received from

Senior Research Associates			
Mr Abu Saleh Md. Shamim Alam Shibly		*Mr Tamim Ahmed*	
Research Associate			
Ms Helen Mashiyat Preoty	*Mr Foqoruddin Al Kabir*	*Ms Mamtajul Jannat*	*Ms Marfia Alam*
Mr Mashfiq Ahasan Hridoy	*Ms Nadia Nawrin*	*Ms Shourza Talukdar*	
Programme Associate			
Ms Afrin Mahbub	*Ms Maesha Rashedin Joita*	*Ms Lubaba Reza*	*Ms Jebunnesa*
Ms Marium Binte Islam	*Mr Mohammad Abu Tayeb Taki*	*Ms Amenda Purification*	*Ms Moumita A. Mallick*
Mr M Tanjim Hasan Khan	*Ms Nawshin Nawal Abanti*	*Mr Mahrab Al Rahman*	*Mr Shaifuddin Khaled*
Intern			
Ms Amrean Bushra		*Ms Zaria Amreen*	
Ms Sanjana Islam		*Ms Nishat Tasnim Anika*	

Special support was received from the CPD Finance Team

Mr M Shafiqul Islam	*Mr Uttam Kumar Paul*
Mr Md Samiul Mannan	*Mr Md. Sadaf Islam*
Mr Md. Hasibur Rahman	*Md Shahadat Hossen*

Mr Muntaseer Kamal was the Coordinator of the CPD IRBD 2023 Team.

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Dialogue & Communication Team	Administration Team
Mr Avra Bhattacharjee	*Mr A H M Ashrafuzzaman*
Mr Md. Sarwar Jahan	*Mr Md Mamun-ur-Rashid*
Mr S M Khalid	*Ms Sayma Fariha*
Ms Ema Akhter	
Mr Md Rifat Bin Aowlad	

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The CPD IRBD 2023 Team alone remains responsible for the analyses, interpretations and conclusions presented in this report.

Contents

I. INTRODUCTION

Independent Review of IRBD Bangladesh's Development

I. INTRODUCTION

- ❑ The national budget for FY2023-24 has been placed at a time when the macroeconomic stability of Bangladesh has weakened significantly
  - ➢ Negative developments in both domestic and external fronts contributed to this
- ❑ The macroeconomic stress is visible through:
  - ➢ Lower growth in revenue mobilisation and consequent shrinking of fiscal space
  - ➢ Over-dependence on bank borrowing to finance budget deficits
  - ➢ High prices of essentials
  - ➢ Depreciating external sector balance and foreign exchange reserve
- ❑ A number of milestones, e.g., LDC graduation in 2026 and SDG attainment by 2030, are ahead of Bangladesh
  - ➢ The timeline of the IMF programme overlaps with these milestones
- ❑ In view of this, the FY24 budget called for tough choices amid a difficult time

II. MACROECONOMIC PERSPECTIVES

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Distress in macroeconomic scenario…

- Reduced revenue collection
- Stagnant public expenditure
- Low ADP implementation
- High borrowing from central bank
- Skyrocketing prices of daily necessities
- Escalating non-performing loans
- Liquidity crunch in banking sector
- Lower export growth
- Low remittance growth
- Scarcity of foreign exchange
- Foreign exchange reserve bleeding
- Inability to import
- Severe shortage of energy and power
- Disruption in domestic production
- Sliding exchange rate

II. MACROECONOMIC PERSPECTIVES

GDP and Investment

Indicator	AFY22	BFY23	RBFY23	Projection		
				FY24	FY25	FY26
GDP growth (%)	7.1	7.5	6.0	7.5	7.8	8.0
Gross investment (as % of GDP)	32.0	31.5	27.8	33.8	35.1	36.0
Private investment (as % of GDP)	24.5	24.8	21.8	27.4	28.8	29.4
Public investment (as % of GDP)	7.5	6.7	6.0	6.3	6.3	6.6
ICOR	4.5	4.2	4.6	4.5	4.5	4.5

- For FY24, **GDP growth** target has been set at 7.5% - a recovery from 6% (provisional estimates for FY23)
- **Public investment-GDP ratio:** 6.3% in FY24 (6% in FY23)
- **Private investment-GDP ratio:** 27.4% in FY24 (21.8% in FY23)
  - **In FY24, Tk. 4,04,097 crore will be additionally required for private investment (41.8% increase in nominal terms) – a hope for remarkable recovery!**
- **ICOR** is expected to be 4.5 in FY24 – almost the same
- *Is the private investment figure estimated residually that is required for a higher economic growth?*
- **No impact of the macroeconomic reforms and adjustment considered.**

II. MACROECONOMIC PERSPECTIVES

Monetary Sector and Inflation

Indicator	AFY22	BFY23	RBFY23	Projection		
				FY24	FY25	FY26
Private sector credit growth (%)	13.7	15.0	14.1	15.0	16.0	16.0
CPI inflation (%)	6.2	5.6	7.5	6.0	5.5	5.4

- **Growth of credit to private sector:** 15% in FY24 – (14.1% in FY23)
  - As of April 2023, private sector credit growth was 11.3%
  - **The projection for FY24 does not commensurate with the earlier estimation for private sector investment projection**
- **Inflation** is expected to fall drastically to 6% in FY24 – (7.5% in FY24)
  - As of April 2023, annual average inflation (base year: 2021-22) was 8.6%
- **The projections for FY23 for these two indicators appear to be overambitious compared to the latest available figures as per official data**

II. MACROECONOMIC PERSPECTIVES

External Sector

Indicator	AFY22	BFY23	RBFY23	Projection		
				FY24	FY25	FY26
Export (growth in %)	33.4	20.0	10.0	12.0	14.0	14.0
Import (growth in %)	35.9	12.0	-9.0	8.0	12.0	12.0
Remittance (growth in %)	-15.1	16.0	4.0	10.0	13.0	13.0
Forex Reserve (bn. USD)	42.7	45.3	34.6	35.8	41.1	48.9
Exchange rate (BDT/USD)	86.3	95.0	97.8	104.0	104.5	105.0

- **Export growth: 12% in FY24 (10% in FY23)**
  - July-April FY23 was 5.4%
- **Import growth: 8% in FY24 [(-)9% in FY23]**
  - July-March FY23 was (-) 12.3%
- **Remittance growth: 10% in FY24 (4% in FY23)**
  - July-April FY23 was 2.4%
- **Forex reserve: $35.8 bln as of FY24 ($34.6 bln as of FY23)**
  - As of May 2023, $29.9 bln
  - No reporting of net forex reserve or accumulation of external payments arrears found
- **Exchange rate for FY24: Tk. 104/USD**
- ***Interbank Tk.-USD Exchange Rate (Average) on 31 May 2023 was Tk. 108/USD - Tk. (against USD) to appreciate in FY24!***

II. MACROECONOMIC PERSPECTIVES

Public Debt

Indicator	AFY22	BFY23	RBFY23	Projection		
				FY24	FY25	FY26
Debt Stock (as %of GDP)	33.7	35.5	35.1	36.6	37.6	38.5
External Debt Stock (as %of GDP)	12.4	13.0	12.9	13.9	14.4	14.8
Foreign Debt Principal Repayment ($ bln)	1.4	1.5	2.1	2.4	2.5	2.6

- **Public debt stock** as a % of GDP is to increase by 1.5 percentage points in FY24 (36.6% in FY24, 35.1% in RBFY23)
- Largely driven by external debt
- Foreign debt principal repayment after a hefty rise in FY23 is expected to increase at a more steady pace

- **Overall, the targets to be set for the macroeconomic framework for FY2024 did not take cognisance of the current realities**

Reflection of IMF Conditionalities in Budget FY24

Reforms	Comments
Floor on net international reserves (NIR) as a quantitative performance criterion *As of June 2023: $24.5 billion* *As of December 2023: $26.8 billion*	Hard to achieve. MTMPS does not make any mention.
Floor on primary balance (PB) as a quantitative performance criterion *As of June 2023: (-) Tk. 1,686.4 billion* *As of December 2023: (-) Tk. 1,141.1 billion*	No explicit mention.
Ceiling on reserve money (RM) as indicative target *As of June 2023: Tk. 3,951 billion* *As of December 2023: Tk. 4,004 billion*	Tk. 3576.12 crore as of April 2023.
Floor on tax revenue as indicative target *As of June 2023: Tk. 3,456.3 billion* *As of December 2023: Tk. 1,436.4 billion*	Not to be achieved in FY23
Floor on priority social spending of the Government of Bangladesh as indicative target *As of June 2023: Tk. 1033 billion* *As of December 2023: Tk. 309.9 billion*	No clear mention for next year
Floor on capital investment undertaken by the GoB as indicative target *As of June 2023: Tk. 1141.1 billion* *As of December 2023: Tk. 222.8 billion*	No clear mention for next year
Ceiling on accumulation of external payments arrears to be zero	No mention of the current status
Adopt tax revenue measures yielding an additional 0.5% of GDP in the FY2024 budget	Urgency felt through fiscal measures

II. MACROECONOMIC PERSPECTIVES

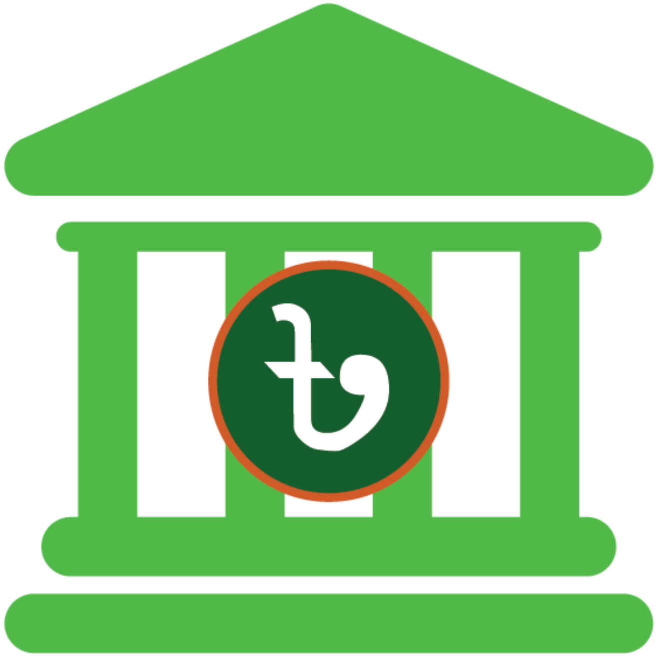
Reflection of IMF Conditionalities in Budget FY24

Reforms	Comments
Establish Compliance Risk Management Units in the NBR customs and VAT wings (End – December'23)	Initiated
Implement Fund TA recommendations to reduce tax expenditures across major taxes (e.g., PIT, CIT, VAT, Customs)	An estimation of Direct Tax Expenditure reported but no mention of a concrete plan
Develop and adopt a Tax Compliance Improvement Plan	Some indications given, not detailed.
Adoption of Medium-Term Revenue Strategy	To be initiated
Adoption of a periodic formula-based price adjustment mechanism for petroleum products (End- December'23)	A road map is being formulated
Implementation of a periodic formula-based petroleum product prices	A road map is being formulated
Price adjustment mechanism for petroleum products	Under consideration
Expand coverage and benefit level of social safety net programs and enhance delivery efficiency	Structure
Adopt a national disaster risk financing strategy that integrates social assistance measures	Ongoing
Update and publish Medium-Term Debt Management Strategy annually	No mention
Develop a plan to reduce NSC issuance (End -December 2023)	No mention
Develop a policy note to guide decisions on integrating bank accounts still remaining outside the TSA and on the sequencing of TSA enhancements (End-December 2023)	Will do.
Publish fiscal risk statement, covering major risks from SOEs, guarantees and PPPs as part of FY2025 budget documentation	Ongoing. Bangladesh Systemic Risk Dashboard (BSRD) is being developed

Independent Review of IRBD Bangladesh's Development

II. MACROECONOMIC PERSPECTIVES

- The shadow of IMF conditionalities, although not explicitly mentioned in the budget speech (or other documents) for FY24, is visible
- Almost all IMF reform conditionalities under the ECF/EFF and RSF have been listed as part of its intended reform measures
- Most updates do not have concrete progress or specific timelines
- Curiously, no mention was found regarding the accumulation of external payments arrears or new forex reserve
- Details about critical reforms, including shifting towards market-based exchange rate and interest rate and adoption of periodic formula-based petroleum product prices, have not been elaborated
- No acknowledgement of structural weaknesses in the domestic economy and its management could be found
- The macroeconomic targets and strategy outlook remained vague



III. FISCAL FRAMEWORK

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Broad fiscal framework for FY24

- **revenue mobilisation** (15.5%) is projected to grow **faster** than **public expenditure** (15.3%)
  - Total expenditure is set at 15.2% of GDP (marginally higher than RBFY23 → 14.9%)
  - Revenue is expected to be 10.0% of GDP (marginally higher than RBFY23 → 9.8%)
- **Development expenditure** (14.9%) is programmed to grow marginally **faster** than **Operating expenditure** (14.7%)
- **ADP**: 34.5% of total public expenditure (same as RBFY23)
- **Budget deficit** has been projected at 5.2% of GDP (5.1% in RBFY22)
- Share of foreign loans and grants (56.3%) in financing the incremental budget deficit is expected to rise
- **Overall fiscal framework continued to remain surreal as RBFY23 targets did not consider budget implementation progress into consideration!**

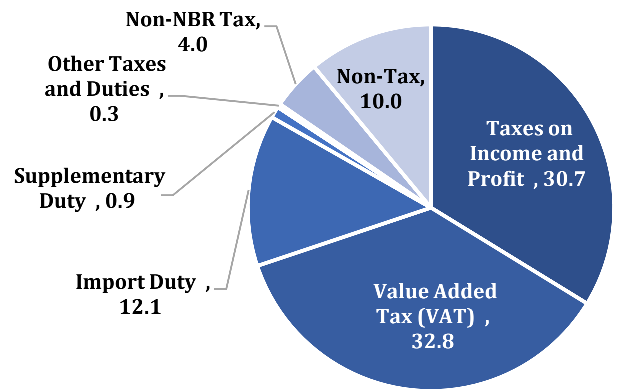
III. FISCAL FRAMEWORK

Revenue mobilisation

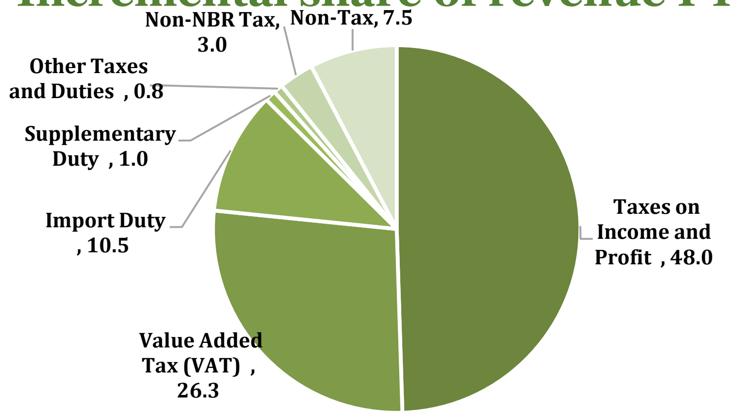
FY24 (Crore Tk.)	500,000
FY23 (RB) (Crore Tk.)	433,000
FY23 (CPD Projection) (Crore Tk.)	358,000
Target Growth (%) FY24 (Budget)	15.5
Target Growth (%) FY24 (CPD Projection)	39.7

- Budget FY24 targets 15.5% growth over RBFY23
  - **CPD projection: 39.7% on actual FY23 - approx. an additional Tk. 142,000 crore may need to be mobilised**
- NBR tax is projected to grow by 16.2% and deliver the lion's share of the incremental revenue (89.6%)
- To be primarily delivered by Taxes on Income, Profits and Capital Gains (48.0% of total incremental revenue) followed by VAT (26.3%)
- Income tax collection from corporates to grow faster (28.5%) than individuals (14.9%)
- LTU is to provide 22.4% of incremental revenue of NBR

Share of revenue FY24



Incremental share of revenue FY24



- **Tk. 4,774 crore revenue is expected as "Withdrawals from income of quasi-corporations" – is it from the windfall profit of BPC?!**

III. FISCAL FRAMEWORK

Total Public Expenditure

Sector	Share in BFY24	Share in RBFY23	Change in FY24B over FY23R		Incremental Share
	%		Crore Tk	%	%
Public Services	22.0	18.8	43410.0	34.9	42.9
Education and Technology	13.7	12.9	18967.0	22.3	18.7
Interest	12.4	13.6	4363.0	4.8	4.3
Transport and Communication	11.5	11.0	14683.0	20.1	14.5
LGRD	6.5	7.3	1271.0	2.6	1.3
Agriculture	5.7	8.2	-10599.0	-19.5	-10.5
Defence Services	5.5	5.5	5455.0	15.0	5.4
Social Security and Welfare	5.3	5.9	1268.0	3.2	1.3
Health	5.0	4.5	8303.0	27.9	8.2
Energy and Power	4.6	4.1	7629.0	28.1	7.5
Public Order and Safety	4.2	4.2	4364.0	15.6	4.3
Housing	1.0	1.3	-1269.0	-14.6	-1.3
Industrial and Economic Services	0.7	0.7	1291.0	30.1	1.3
Recreation, Culture and Religious Affairs	0.7	1.2	-2164.0	-28.0	-2.1
Others (Memorandum Item)	1.2	0.7	4305.0	93.2	4.3
Total Expenditure	**100.0**	**100.0**	**101277.0**	**15.3**	**100.0**

- **Public services sector accounts for 42.9% of total incremental allocation; budget for Agriculture sector declined**

III. FISCAL FRAMEWORK

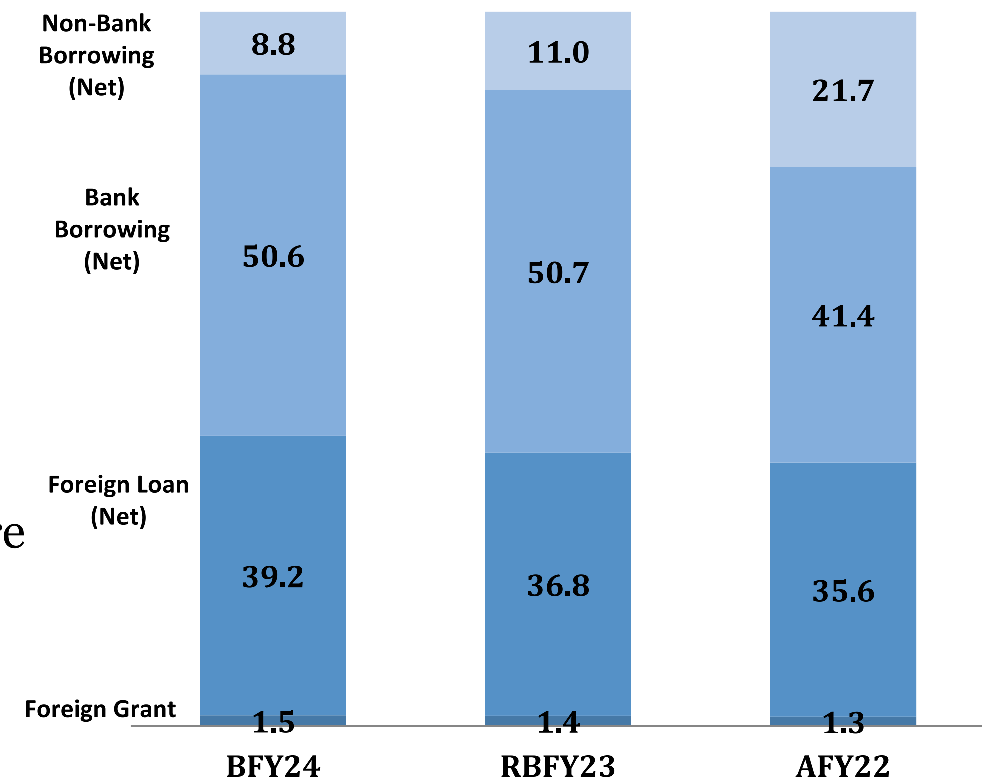
Sectors with higher share in BFY24	Change (percentage points)
Public Services	3.2
Education and Technology	0.8
Health	0.5
Transport & Communication	0.5
Energy & Power	0.5
Industrial & Economic Services	0.1
Sectors with lower share in BFY24	**Change (percentage points)**
Agriculture	-2.5
Interest	-1.2
LG & RD	-0.8
Social Security & Welfare	-0.6
Recreation, Culture & Religious Affairs	-0.4
Housing	-0.3

- **Within Public Services Sector, Finance Division receives** an additional amount of **Tk. 40,024** crore (**39.5% of total incremental public expenditure**)
- **Some of the high spending areas include:**
  - **Equity: Tk. 26,874 crore**
  - **Loan to autonomous bodies: Tk. 54,343 crore**
  - **Reserve: Tk. 35,208 crore**
  - ***Together, these three areas received 42.1% of total incremental public expenditure***

III. FISCAL FRAMEWORK

- Share of **domestic financing 59.4%** in BFY24 (61.7% in RBFY23)
- Tk 132,395 crore (50.6% of the total) will come from the bank borrowing
- The critical question will be how much will be borrowed from the central bank – if the liquidity situation in the banking system does not improve, the government will have no other option but to borrow from the central bank, and this will create inflationary pressure
- Only Tk. 18,000 crore from net sale of NSD certificates
- Gross foreign aid requirement will be **$12.6 bln** ($10.8 bln in RBFY22)

Share of budget deficit financing (%)



- Much will depend on the implementation of foreign funded ADP projects and success in accessing budgetary support from multinational agencies
- Foreign debt repayment to increase from $2.4 bln in BFY24 from $1.9 bln in RBFY23

Contingent Liability

- Government's guarantee (contingent liability) is about 2% of GDP and 37.7% of BFY24 budget deficit
- Increased by 6.5% over the last one year – **driven somewhat by TCB operations**
- Power sector remains the leading sector in terms of receiving guarantees from the government (52.2% of total in FY24)
- Biman is emerging as another leading sector (8.7% of total in FY24)

List of Government Guarantees (Contingent Liability)

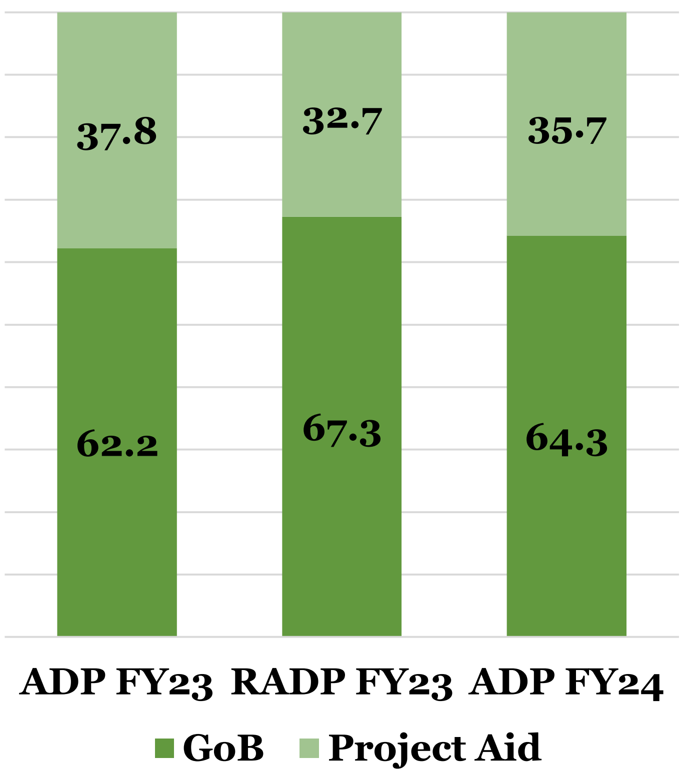
Sector	Amount (Crore Tk.)			Growth (%)		Share (%)		
	FY22	FY23	FY24	FY23	FY24	FY22	FY23	FY24
Agricultural Credit	4967.3	2752.1	3039.2	-44.6	10.4	6.7	3.0	3.1
Biman	10909.0	7795.8	8543.4	-28.5	9.6	14.8	8.4	8.7
Energy	1521.5	3990.4	4928.0	162.3	23.5	2.1	4.3	5.0
Power	41692.2	49515.6	51496.3	18.8	4.0	56.5	53.5	52.2
Telecom	1108.8	924.6	891.9	-16.6	-3.5	1.5	1.0	0.9
Miscellaneous	13637.1	27623.2	29692.4	102.6	7.5	18.5	29.8	30.1
Total	73835.9	92601.7	98591.2	25.4	6.5	100.0	100.0	100.0

IV. ANNUAL DEVELOPMENT PROGRAMME

IV. ANNUAL DEVELOPMENT PROGRAMME

- ADP of Tk. 263,000 crore has been proposed for FY24
  - **5.3% of GDP** in FY24 (5.5% in BFY23 and 5.1% in RBFY23)
  - **6.9% higher than** the **ADP for FY23** and 15.6% higher than RADP for FY23
  - The rate of implementation of original ADP in FY23 is likely to be **no more than 80%** even in the best-case scenario in view of current economic situation
  - In that case, ADP for FY24 will be more than 33.6% higher than the actual spending in FY23
  - Project Aid (PA) to finance 35.7% of total ADP in FY24 (37.8% in ADP of FY23)
  - **Two power sector projects** accounts for 18.2% of total project aid in ADP for FY24
    - Rooppur Nuclear Power Plant: 9.6% of total PA
    - Matarbari 2x600MW ultra super critical coal fired power project: 8.6% of total PA

ADP Financing Structure (% of total)



Independent Review of iRBD Bangladesh's Development

IV. ANNUAL DEVELOPMENT PROGRAMME

❑ The **top 5 sectors** have received **74.6%** of total ADP allocation

- **Transportation and Communications Sector** once again has received the highest allocation (28.9% of total) for the highest number of projects (230). **Power and Energy** have received second highest share (16.9%) in ADP allocation as before
- These two sectors account for about 45.8% of total ADP allocation
- Rooppur Nuclear Power Plant project accounts for 21.9% of total allocation for Power and Energy sector

Sector	No of projects in ADP FY24	Allocation share (%) ADP FY24
Top five sectors	**681**	**74.6**
Transportation and Communications	232	28.9
Power and Energy	63	16.9
Education	101	11.4
Housing and Community Amenities	190	10.3
Local Government and Rural Development	95	7.2
Other 10 Sectors	**569**	**25.4**
Development Assistance	NA	3.1
Total	**1,250**	**100.0**

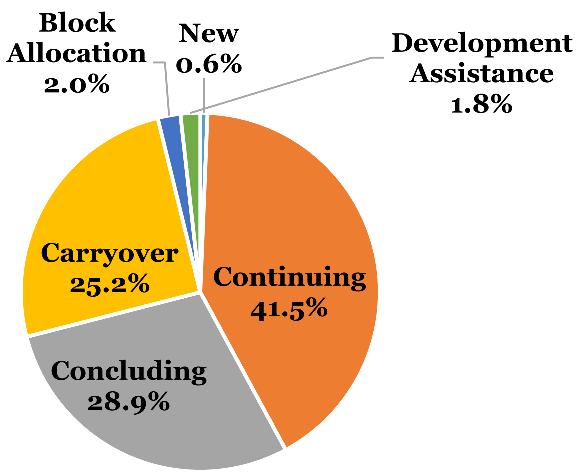
Independent Review of iRBD Bangladesh's Development

IV. ANNUAL DEVELOPMENT PROGRAMME

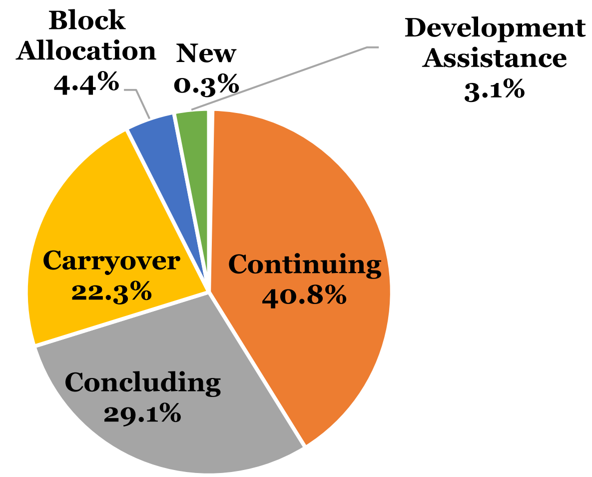
- **Education** sector has received 11.4% share of total ADP in FY24 from 11.8% in FY23 – a marginal decline
- The share of **Health** sector in ADP FY24 (6.2%) has decreased from 7.8% in ADP FY23 – this indicates a 16% drop in monetary terms
  - The decline in Education and Health sectors' share in ADP is perhaps a **reflection of their poor implementation during FY23**
- Share in ADP allocation has remained virtually the same for **Agriculture** sector, from 4.12% in FY23 to 4.07% in FY24 at a time when ensuring food security remains a high priority

IV. ANNUAL DEVELOPMENT PROGRAMME

- The ADP for FY24 contains **1,250 projects** (1,356 for ADP of FY23)



Share of allocation in FY23



Share of allocation in FY24

- **Share of allocation for continuing projects has further declined while that of concluding projects has <u>increased</u>**

➢ Share of allocation for continuing projects declined to 40.8% in FY24 from 41.5% in FY23

➢ 40.8% of allocation is provided to <u>313 continuing projects in FY23 (similar to 326 in FY23)</u>

➢ Indeed, <u>8 out of 10 highest allocated projects</u> are continuing projects

- **30 new projects** are included in FY24 (40 in FY22)
  - ➢ However, share has declined: 0.3% of total ADP allocation in FY24 (0.6% in FY23)
  - ➢ 165 new projects were included in the RADP for FY23 - tradition of allocating new projects in the RADP continues

IV. ANNUAL DEVELOPMENT PROGRAMME

- A total of **434 projects are scheduled to be concluded in FY24**, according to project completion timeline
- **473** 'carryover' projects (account for **22.3%** of the total allocation)
  - This share is on the high side for the third consecutive year over last 10 years
  - Transportation and Communications has 100 of these projects, followed by Housing and Community Amenities (65), Environment, Climate Change and Water Resources (56), Education (42), Industrial and Economic Services (38), and Local Government and Rural Development (32)
  - Higher share of carryover project would imply need for additional allocation due to cost escalation
- Thus, <u>total number of projects which should be concluded in FY24: **878**</u>
- Planning Commission has identified **336** projects which may be **completed in FY24** (298 were listed in FY23)
  - **Many of these are unlikely to be completed in FY24**

IV. ANNUAL DEVELOPMENT PROGRAMME

Project Status	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Unapproved projects without Allocation	624	857	1,172	1,315	1,338	1,045	1347	609	633	829
Projects listed to seek Foreign Funds	338	382	349	360	326	242	96	141	150	219
Total Number of Projects in the ADP	**1,034**	**999**	**1,141**	**1,192**	**1,347**	**1,475**	**1,584**	**1,426**	**1,356**	**1,250**
PPP	40	40	32	36	78	62	61	79	77	79
Possible Completion (PC identified)	324	324	354	411	446	355	380	412	298	336

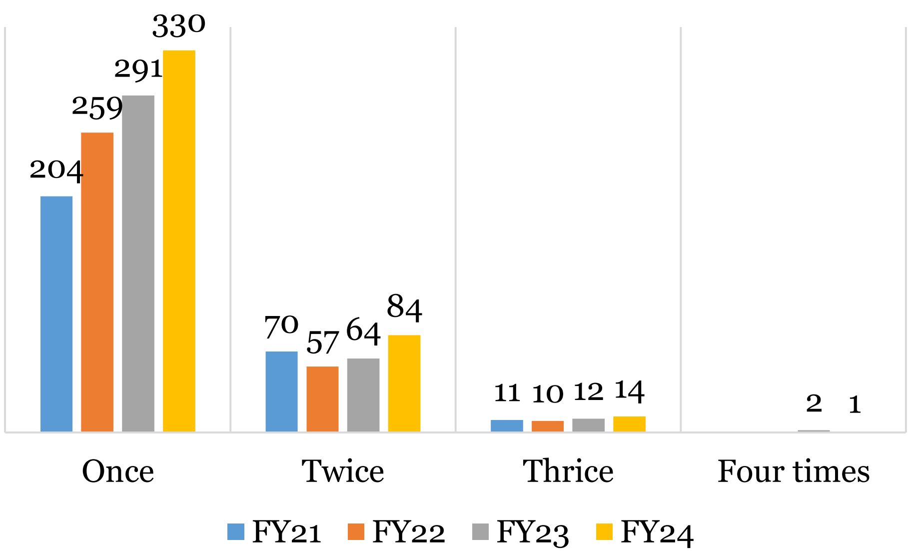
- 829 projects are listed without allocation (in a separate list) in FY24
- 219 unapproved projects have been listed to seek foreign funds
- **The share of projects with symbolic allocation (token allocation to keep these projects in the ADP list) has declined substantially – a praiseworthy development and a move to the right direction**
  - Inclusion of projects under Tk. 1 lakh have been a perpetual practice (barring FY22)
  - **40 projects (3.2% of total number of projects) under ADP FY24 have received only Tk. 1 lakh or below**; (59 projects (4.4%) received such allocation in FY23)

IV. ANNUAL DEVELOPMENT PROGRAMME

❑ Time-overrun projects continue!

- **Average age** of 1,167 investment projects is **4.9 years**
- **288** (24.7%) of these 1,167 projects are 6-10 years old (due to repeated extensions of projects)
- 34 of these 1,167 projects are more than 10 years old
- **36.8%** of investment projects in ADP for FY24 have already been revised 1-4 times
- Number of **projects with time extension** increased **from 369 in FY23 to 429 in FY24**

ADP Projects with number of revisions



IV. ANNUAL DEVELOPMENT PROGRAMME

- **Mega Projects: Allocations have risen, but not the pace of implementation**

Project Name	Start Date	Project Cost (Tk.cr.)	Progress till Jun 22 (%)	Possible Progress till Jun 24 (%)	End date
Construction of Rooppur Nuclear Power Plant	1-Jul-16	113,093	49.6	68.1	30-Dec-25
Dhaka Mass Rapid Transit Development Project (Line 1)	1-Sep-19	52,561	2.4	10.7	31-Dec-26
Matarbari 2x600 MW Ultra-Super Critical Coal-Fired Power Project (1st revised)	1-Jul-14	51,855	51.8	83.5	31-Dec-26
Dhaka Mass Rapid Transit Development Project (Line 5): Northern route	1-Jul-19	41,239	3.5	6.7	31-Dec-28
4th Health, Population and Nutrition Sector Development Programme (HPNSDP) (Health services)	1-Jan-17	40,323	66.9	99.1	30-Jun-23
Padma Bridge Rail Link (1st revised)	1-Jan-16	39,247	61.8	90.8	30-Jun-24
Fourth Primary Education Development Programme (PEDP4) (1st revised)	1-Jul-18	38,292	26.1	65.2	30-Jun-25

IV. ANNUAL DEVELOPMENT PROGRAMME

- **Mega Projects: Allocations have risen, but not the pace of implementation**

Project Name	Start Date	Project Cost (Tk.cr.)	Progress till Jun 22 (%)	Possible Progress till Jun 24 (%)	End date
Dhaka Mass Rapid Transit Development Project (Line 6) (2nd revised)	1-Jul-12	33,472	56.1	75.5	31-Dec-25
Conversion of Meter Gauge Rail Line into Dual Gauge in Akhaura-Sylhet Section of Bangladesh Railway	1-Apr-19	21,555	0.0	0.0	30-Jun-25
Expansion of Hazrat Shahjalal International Airport (1st phase) (1st revised)	1-Jul-16	21,399	40.0	86.6	30-Jun-25
Construction of 329 technical schools and colleges at the upazilla level	1-Jan-20	20,526	0.1	1.2	31-Dec-24
Expansion and Strengthening of Power System Network under DPDC Area (1st revised)	1-Jan-17	20,468	21.5	51.1	30-Jun-24
SASEC Road Connectivity: Improvement of Elenga-Hatikumrul-Rangpur-Highway into 4-Lane Highway (1st revised)	1-Sep-16	18,680	35.5	62.3	31-Dec-24

IV. ANNUAL DEVELOPMENT PROGRAMME

❑ **Mega Projects: Allocations have risen, but not the pace of implementation**

Project Name	Start Date	Project Cost (Tk.cr.)	Progress till Jun 22 (%)	Possible Progress till Jun 24 (%)	End date
Construction of Single Line Dual Gauge Track from Dohazari-Ramu-Cox's Bazar and Ramu to Ghundum near Myanmar Border (1st revised)	1-Jul-10	18,034	37.3	50.7	30-Jun-24
Construction of Dhaka-Ashulia Elevated Expressway (1st revised)	1-Sep-17	17,553	11.6	63.8	30-Jun-26
SASEC Dhaka-Sylhet Corridor Development	1-Jan-21	16,919	0.1	11.4	31-Dec-26
Construction of Bangabandhu Sheikh Mujib Railway Bridge (1st revised)	1-Jul-16	16,781	34.6	73.2	31-Dec-25
Development of Matarbari Port	1-Jan-20	15,564	3.3	32.2	31-Dec-26
Ghorasal Polash Urea Fertiliser Project (1st revised)	1-Oct-18	15,500	4.6	21.2	30-Jun-24
Power Grid Network Strengthening project under PGCB (revised)	1-Oct-16	14,326	14.5	39.0	30-Jun-24

IV. ANNUAL DEVELOPMENT PROGRAMME

- **Mega Projects: Allocations for these have increased, but not the pace of implementation**
- Tk. 79,391 crore is allocated for 20 mega projects (mostly infrastructure including fast-track and based on project size) which is 30.2% of total ADP of FY24
- **Five out of 20 mega projects are scheduled to be completed in FY24**
  - Padma Bridge Rail Link (1st revised)
  - Expansion and Strengthening of Power System Network under DPDC Area (1st revised)
  - Construction of Single Line Dual Gauge Track from Dohazari-Ramu-Cox's Bazar and Ramu to Ghundum near Myanmar Border (1st revised)
  - Ghorasal Polash Urea Fertiliser Project (1st revised)
  - Power Grid Network Strengthening project under PGCB (revised)
- **However, even if maximum utilisation of resources is ensured, none of these will be completed by FY24**

IV. ANNUAL DEVELOPMENT PROGRAMME

- One project was targeted to be completed by FY23
  - 4th Health, Population and Nutrition Sector Development Programme (HPNSDP) (Health services)
    - The need for time and cost extension is evident from the ADP allocation so far for this project
- **The issue of symbolic allocation has reached the mega projects**
  - Padma Multipurpose Bridge project is still listed with a symbolic allocation of Tk. 1 lakh!
  - The project titled Conversion of Meter Gauge Rail Line into Dual Gauge in Akhaura-Sylhet Section of Bangladesh Railway received a Tk 1 lakh allocation in FY24
- 16 out of the 20 mega projects were categorised as low priority in the FY24 ADP
  - 3 were categorised as high priority

V. FISCAL MEASURES

V. FISCAL MEASURES

❑ Major revision in the Personal Income Tax (PIT) structure

- Annual tax-free income threshold for personal income has been raised to Tk. 3.50 lakh from Tk. 3.0 lakh. This is roughly aligned with consumer price hike between FY2021 and FY2023
- For female taxpayers and elderly taxpayers: To Tk. 4 lakh from Tk. 3.50 lakh
- For physically challenged taxpayers: To Tk 4.75 lakh from Tk. 4.50 lakh
- For war-wounded gazetted freedom fighters: To Tk. 5.0 lakh from Tk. 4.75 lakh
- For third-gender taxpayers: To Tk. 4.75 lakh from Tk. 3.50 lakh
- Earlier, CPD had proposed to either increase this threshold to TK.3.50 lakh or raise the range of the next tier (at 5% tax) from Tk. 1 lakh to Tk. 3 lakh.
- CPD also argued that the highest tax rate (reduced from 30% to 25% in FY21) be restored for the sake of tax equity

Personal Income Tax Structure			
Current Provision		**FY24 Proposed Provision**	
Total Income	**Tax rate**	**Total Income**	**Tax rate**
First 3,00,000	Tax free	First 3,50,000	Tax free
3,00,001 to next 1 lakh	5%	3,50,001 to next 1 lakh	5%
4,00,001 to next 3 lakh	10%	4,50,001 to next 3 lakh	10%
7,00,001 to next 4 lakh	15%	7,50,000 to next 4 lakh	15%
11,00,001 to next 5 lakh	20%	11,50,000 to next 5 lakh	20%
16,00,001 and above	25%	16,50,001 and above	25%

- CPD feels the changes are welcome in view of erosion of purchasing power in the backdrop of the impact of high inflation on low-income people
  - Following the change, the lowest segment of income earners will gain the most

Annual Taxable Income (Tk.)	Monthly taxable income (Tk.)	Tax Relief (Tk.)	Tax Relief as (%) amount of tax (old rate)
3 lakh	25,000.00	-	
3.5 lakh	29,166.67	(2,500.00)	-100.0%
4.0 lakh	33,333.33	(2,500.00)	-50.0%
5 lakh	41,666.67	(5,000.00)	-33.3%
7.0 lakh	58,333.33	(5,000.00)	-14.3%
11.0 lakh	91,666.67	(7,500.00)	-7.9%
17.50 lakh	145,833.33	(12,500.00)	-5.4%
22.0 lakh	183,333.33	(12,500.00)	-3.6%
48.0 lakh	400,000.00	(12,500.00)	-1.3%
60.0 lakh	500,000.00	(12,500.00)	-0.96%
1 crore 20 lakh	1,000,000.00	(12,500.00)	-0.45%
48 crore	40,000,000.00	(12,500.00)	-0.01%

End of "Zero Tax" Returns

- Individuals below taxable income who are required to submit income tax returns to take 38 services from government will be required to pay a minimum tax of Tk. 2000- *Such a move will burden low-income TIN holders and contradict the concept of tax-free income thresholds*

Wealth Surcharge threshold raised: A Concession to the rich

- Minimum net wealth exemption limit has been increased to Tk. 4 crore from Tk. 3 crore- *leaves a number of rich people out of the surcharge net*
- Earlier CPD had recommended introduction of wealth tax and inheritance tax on ground of equality and distribution justice
- CPD also recommended raising of maximum tax from 25% to 30% on the same ground. However, this has been kept at the current level

Current Provision		Proposed Provision	
Net Wealth Amount	**Rate**	**Net Wealth Amount**	**Rate**
Upto Tk. 3 crore	Tax-free	Upto Tk. 4 crore	Tax-free
More than Tk. 3 crore to Tk. 10 crore or, having multiple motor cars under one name or, having more than 8000 sq. ft house in city corporation area	10%	More than Tk. 4 crore to Tk. 10 crore or, having multiple motor cars under one name or, having more than 8000 sq. ft house in city corporation area	10%
More than Tk. 10 crore to Tk. 20 crore	20%	More than Tk. 10 crore to Tk. 20 crore	20%
More than Tk. 20 crore to Tk. 50 crore	30%	More than Tk. 20 crore to Tk. 50 crore	30%
More than Tk. 50 crore	35%	More than Tk. 50 crore	35%

V. FISCAL MEASURES

❑ Environmental surcharge on multiple vehicles

- The owners of multiple vehicles will have to pay surcharge for each vehicle after the first one, at rates depending on engine capacity (in addition to the previous tax adjustable AIT)- *This is a timely decision; The surcharge which will be collected should be used to cut carbon emissions*

Engine capacity	Amount
Up to 1500 cc	Tk . 25,000
From 1501cc to 2000 cc	Tk. 50,000
From 2001 cc to 2500 cc	Tk. 75,000
From 2501 cc to 3000 cc	Tk. 150,000
From 3001 cc to 3500 cc	Tk. 200,000
Over 3500cc	Tk. 350,000

- **Increase in Travel Tax-** In the FY24, travellers will face an increase in travel taxes by air, road, and water- *Oversee Migrant workers should be kept out of this*

- Various tax rates at source have been doubled for flat and land registration in areas under and outside the jurisdiction of Rajuk and CDA Avenue of Chittagong- *will generate revenue but will be passed on to buyers and flat owners*

V. FISCAL MEASURES

❑ Tax Return Preparer

- Appointment of Tax return preparer has been proposed by the NBR as part of a new rule under section 185 of Income Tax Ordinance 1984 to help taxpayers in preparing and submitting their tax returns; the NBR would pay the agent a certain percentage of the tax a person would pay
  - *This move may create a "broker class" with potentially negative consequences. Agents reliant on tax collection commissions may exert pressure on taxpayers to pay higher amounts or accept bribes to reduce tax liabilities*
  - *Any such move should first be piloted, and the outcomes through analysed before any final decision*

❑ Corporate Tax

- Corporate tax structure remains unchanged –*CPD had proposed that the previous difference between listed and non-listed companies be restored*
- It is proposed that businesses will have to maintain 12 types of documents (at present 29 documents) reporting for their tax return submission- *this will make tax return process easier for businesses*

V. FISCAL MEASURES

- **Direct Tax Expenditure: A Move towards transparency should have been more explicitly articulated. This should not be considered as subsidy**
  - The Income Tax Department of the National Board of Revenue has, for the first time in Bangladesh estimated "Direct Tax Expenditure"
  - The total estimated amount of the "Direct Tax Expenditure" applicable for the FY2020-21 was Tk 1,25,813 crore (3.56% of total GDP,. 39.8% of Tax revenue and 131.1% of direct tax revenue)
  - The total amount of projected "Direct Tax Expenditure" for the current financial year will be Tk 1,78,241 crore (3.56% of GDP, 39.6% of Tax revenue and 116.3% of direct tax revenue)
  - The objective of the tax expenditure is to create future opportunities for the mobilisation of revenue from higher income and profit. However, in Bangladesh, while the tax expenditure is significant, there is no commensurate reflection in the form of enhanced tax collection
  - The "Direct Tax Expenditure" will be included in the total subsidy along with other subsidies of government- *This is not logical as it would violate budgetary discipline because the objectives of the two are different*

❑ Undisclosed/ Untaxed Money Provision

- In the FY23 budget, a new provision (Special tax treatment in respect of undisclosed offshore assets under Section 19F of Income Tax Ordinance 1984) to tax undisclosed offshore assets at the rate of 7% was introduced for the assessment year 2022-23

  - CPD had strongly argued against this provision on the grounds that morally unacceptable and discourages honest taxpayers, and is also not justified on fiscal mobilisation grounds

  - In the budget, no mention was made what was the outcome of this measure.

  - No mention was made as regards what resources were returned to the country in respect to such unethical and immoral incentives to tax dodge and those who had taken the money out illegally

  - **Since no mention has been made in FY24 budget as regards this provision, one assumes that this has been discontinued**

V. FISCAL MEASURES

- However following provisions are still in place as regards legalisation of undisclosed income and assets under Income Tax Ordinance, 1984
  - **Section 16H:** An assessee (taxpayer) can legalise his income by paying 50% tax on the disputed income if there is any discrepancy between :
    - ✓ Actual transaction value of the export/ import business and the value shown in the statement submitted by him to the tax authority
    - ✓ Actual investment and disclosed investment in the statement of submitted to the tax authority
  - **Section 19BBBBBB:** Investment in the construction, or purchase of any building or apartment shall be deemed to have been explained if the assessee (taxpayer) pay tax at certain rate in certain areas mentioned in the ordinance
  - **Section 19DD:** No question shall be raised regarding the source of the fund invested in any economic zone declared under Bangladesh Economic Zone Act,2010 or in any hi-tech park declared under Bangladesh High Tech Park Authority Act, 2010 for setting up industrial undertaking within the period from the first day of July, 2019 and the thirtieth day of June, 2024 (both days inclusive) by a company subject to paying 10% tax
- These measures thus will continue in the upcoming FY2023-24. In the past CPD has argued that rather than continuing such measures year after year, more proactive action should be taken against tax dodgers by enforcing appropriate laws

V. FISCAL MEASURES

❑ Lack of Focus

- A number of IT-enabled services (ITES) listed in para 33 of sixth schedule in Income Tax Ordinance 1984 have been exempted from paying direct tax on any type of income since 2008. This is to be in place till June 30, 2024
  - However, there is no mention in the FY2024 budget speech as to whether the tax exemption period will be extended, terminated in FY2023-24 or phased out gradually
  - CPD in a recent study has suggested to impose sunset clause on tax exemptions for sectors that are enjoying such exemptions and bring ITES sector under the tax net through amendments to the relevant Finance Acts in a phased manner

- The budget speech for FY2022-23 had proposed to withdraw the provision of exemption from submission of income tax returns for entities not having any permanent establishment (non-resident businesses) in Bangladesh.
  - However, no initiative was taken in this connection in FY2022-23, nor has any initiative been proposed in the budget speech for FY2023-24.
  - CPD in a recent study has suggested issuance of TIN for non-resident business through relevant legal provision to bring those under direct tax net
  - *The proposed Income Tax Ordinance 2023 should address the aforementioned issue*

Indirect Tax Measures

- **Some of the Proposed Amendments will bring clarity to a number of definitional ambiguities.**

- Amendments include clarifying definitions, rationalising provisions, and simplifying processes related to input tax credit, refund claims, determination of tax, and penalty imposition.
- Amendment addresses issues such as timely refunds, elimination of unnecessary obligations, and correction of clerical errors.
- Proposals include adjustments to schedules, definitions, and forms to enhance clarity and streamline procedures.
- Included “Market place” in the definition of “online sale of goods”. **- *this was proposed by CPD.***

V. FISCAL MEASURES

❑ Measures to Generate more Revenue

- Imposition of 7.5% VAT compared to the prior 5% VAT at local manufacturing stage on iron or steel (LPG Cylinder) - *will be passed on to consumers.*
- Notification period extended till June 30,2024 by increasing VAT on Mobile phone manufacturers/assemblers at the local stage - cost of mobile phones will go up.
- 7.5% VAT instead of 5% on several home items - *will add on to price.*
- SDs and prices of various cigarette items have been raised – *Good move from health grounds and will generate additional revenue.*
- 15% VAT levied on Cashew Nuts. Fresh Dates, Dried Dates and Non-fortified Basmati rice - *Will be passed on to consumers.*
- Duty tax exemptions on imported materials for hotel industries withdrawn – *will raise revenue but likely to result in higher hotel tariffs.*

V. FISCAL MEASURES

❑ Support to provide protection to, and develop, local industries.

- VAT exemption for some locally manufactured home appliances extended till June 30, 2025 - *Will support import substituting industries.*
- VAT exemption for Computer and ICT extended till June 30, 2026 - *in view of the potentialities of this growing sector, a good move.*
- VAT exemption in excess to 5% at the production stage of optical fibre cable till June 30, 2024 - *Will support domestic industries.*
- Specific Duty on Cement Clinker raised by BDT 200 for both manufacturers and importers from the already higher levels – *Revenue generation motive but should be revised downwards.*
- VAT free threshold increased for handmade biscuits and cake - *Will benefit small scale producers.*

Independent Review of IRBD Bangladesh's Development

V. FISCAL MEASURES

- Increased TTI (43% from 15.25%) on Cashew Nut Imports - *Will give protection to domestic producers.*
- Customs Duty on imports for elevators raised from 5% to 15%, while for escalators, it has been increased from 1% to 15% - *Revenue expansion motive.*
- 25% Customs Duty and 15% VAT imposed on Software Imports - *Will generate revenue and provide protection.*
- Customs duty on low - capacity electric panels was increased to 10% from its previous rate of 1% - *Will support import substitute industries.*
- Custom duty on imported bicycle parts increased to 15% from the existing 10% rate - *Will provide protection to local industries but will raise costs of assembly plants.*
- Concessional facility for local opal glassware manufacturers and switch/socket industry - *Support to domestic producers.*
- Reduction of VAT from 15% to 5% Ethylene Glycol, Terephthalic acid, and Hot Rolled Stainless Steel in Coils - *Will help reduce the cost of production.*

V. FISCAL MEASURES

❑ Welfare and Eco-Friendly Measures

- Withdrawal of 7.5% VAT on Textile Waste's (cut fabrics and waste pieces) Sale.
  - *Good initiative to promote utilisation of recycled fibre.*
- Exemption of AT on Solar Powered Water Desalination Plant Imports - *will benefit provisionary of safe drinking water in the coastal area.*
- Exemption of VAT at the production stage on anti-malarial and anti-tuberculosis drugs - *will help domestic pharmaceuticals industry.*
- Raw materials for medicines, medical products and some health care products will be imported at a concessionary rate - *Will help reduce cost of domestic production of these items.*

❑ Change in tax structure on petroleum: Consumers unlikely to benefit from lower global prices, and done without public consultation

- VAT on the import stage has been exempted for 13 petroleum and its by-product items. Specific duty rates for Petroleum oils and Furnace Oils are now set at BDT 1117 per barrel and BDT 9108 per metric ton, respectively. The remaining oil items will incur a specific duty of BDT 13.75 per litre.
- *Shifting from ad-valorem to specific duty will secure NBR's tax collection.*
- *Apparently, the applied tax is likely to be higher than the tax to be collected at a time of stable global oil price ($70-80).*
- *The pricing of petroleum products should be discussed and reviewed in the public domain under the public hearing mechanism of BERC.*
- *These products being essential for production and consumption, should not be treated as a source of easy tax collection.*
- *If 15% VAT on production is continued, then local production (refinery) will become costlier and may be discouraged.*

❑ Summary of the observations on fiscal measure

- Budget FY24 did not propose any discernible fiscal measures to bring down inflation. Rather, incidences of some of the fiscal measures will be passed on to consumers by the producers in the form of higher prices
- Some fiscal proposals will support domestic import-substituting industries, which is a positive step, through (a) raising of import duties on selected final goods, (b) increase in import-VAT, and (c) extension of VAT exemption period for domestic producers
- There are desperate attempts to increase tax (e.g., Tk. 2,000 tax even for those not eligible for payment of tax)
- Overall, in spite of some fiscal measures in support of consumers and domestic import-supporting industries, raising of tax-free threshold etc., from the perspective of distribution and equity Budget FY24 has failed to address the growing inequality of income and wealth in Bangladesh
- Although the share of direct tax has declined in recent years, no discernible measure has been taken to expand it: the highest tax rate remains at 25%, and the wealth surcharge threshold was raised

V. FISCAL MEASURES

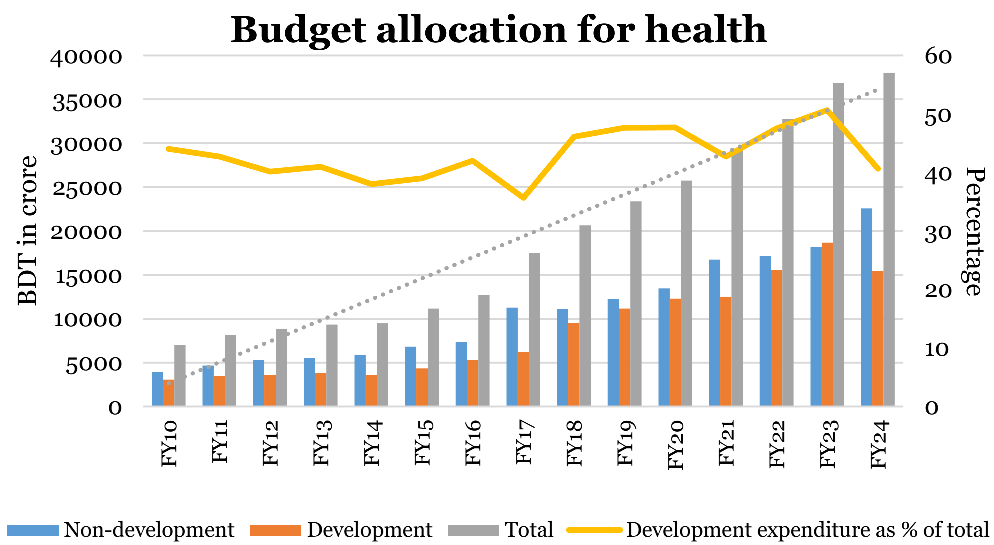
- The Income Tax Ordinance 2023 has now been prepared to place before the Parliament. Though inordinately late, this is a good move, but the enactment of the law should not be delayed as happened with VAT and SD Act 2012
- CPD had proposed property tax and inheritance tax as a measure of reducing inequality and mobilisation of resources through direct taxation. However, no such initiative was proposed
- However, one good sign is that an attempt has been made to estimate direct tax expenditure, but it has been added to subsidies which is contrary to logic
- NBR should undertake an initiative for "indirect tax expenditure" also, similar to the one it has undertaken for "direct tax expenditure"
- There are some notable absences in the budget speech
  - Nothing was mentioned about the incentives enjoyed by IT-enabled services, which are scheduled to be in place till June 30, 2024
  - No mention was made as regards the end of the moratorium on e-transmission in place in the WTO since 1998 and what strategies Bangladesh will pursue in view of this

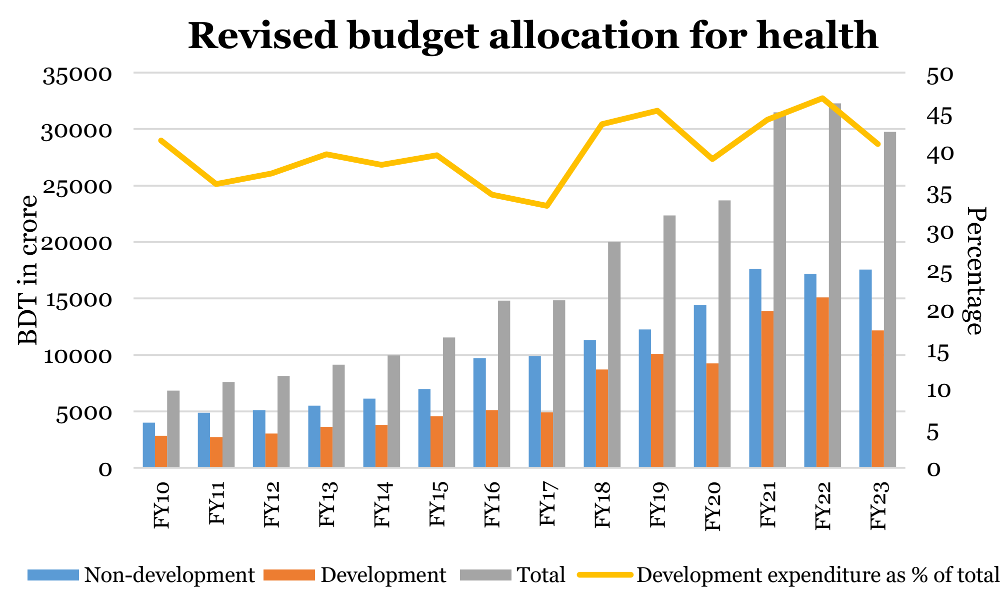
VI. SELECTED PRIORITY SECTORS

Health

Health

- ❑ Total budget allocation for health has increased **only by 3%**, from BDT 36,864 in FY23 to BDT 38,050 in FY24
  - ➢ **Development budget** allocation has **decreased** by 17%, whereas **non-development budget** allocation **increased** by 24%
  - ➢ Share of development budget allocation in total health budget allocation has decreased from 51% in FY23 to 41% in FY24
  - ➢ Share of revised development budget allocation in total health budget allocation has decreased from 47% in FY22 to 41% in FY23

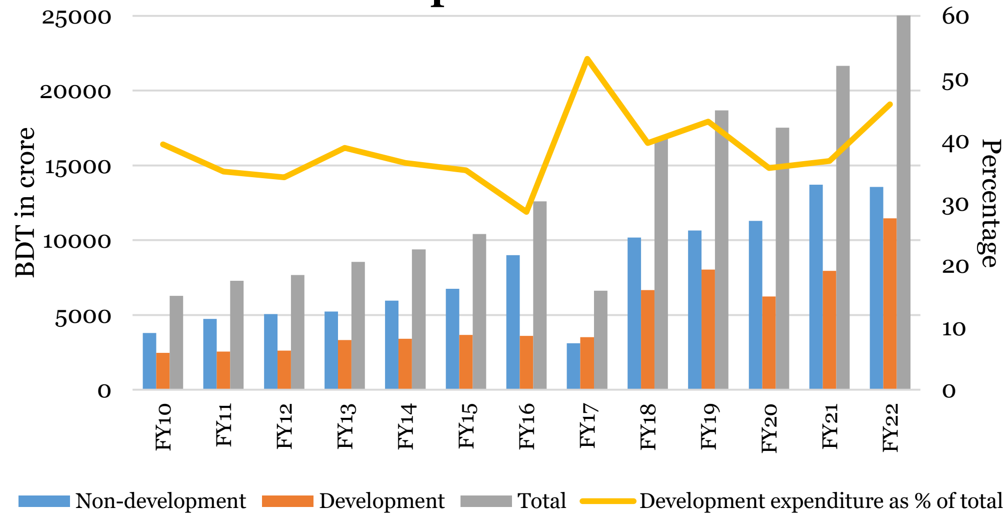




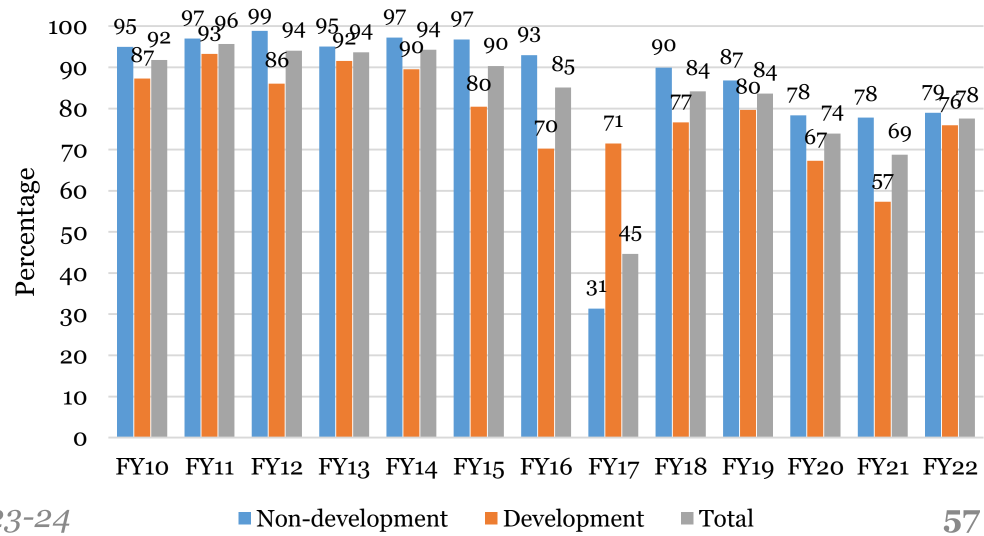
Health

- ❑ **Actual expenditure** increased by 16% from BDT 21,647 crore in FY21 to BDT 25,028 crore in FY22
- ❑ **Budget utilisation** (actual expenditure as a percentage of revised budget allocation) has **worsened** over the past decade
  - ➢ **Non-development budget utilisation** decreased from 99% in FY12 to 79% in FY22
  - ➢ **Development budget utilisation** also decreased from 86% in FY12 to 76% in FY22
  - ➢ **Total budget utilisation decreased from 94% in FY12 to 78% in FY22**
- ❑ Over the past several years, **non-development budget utilisation has been consistently higher than development budget utilisation**

Actual expenditure on health



Health budget utilisation



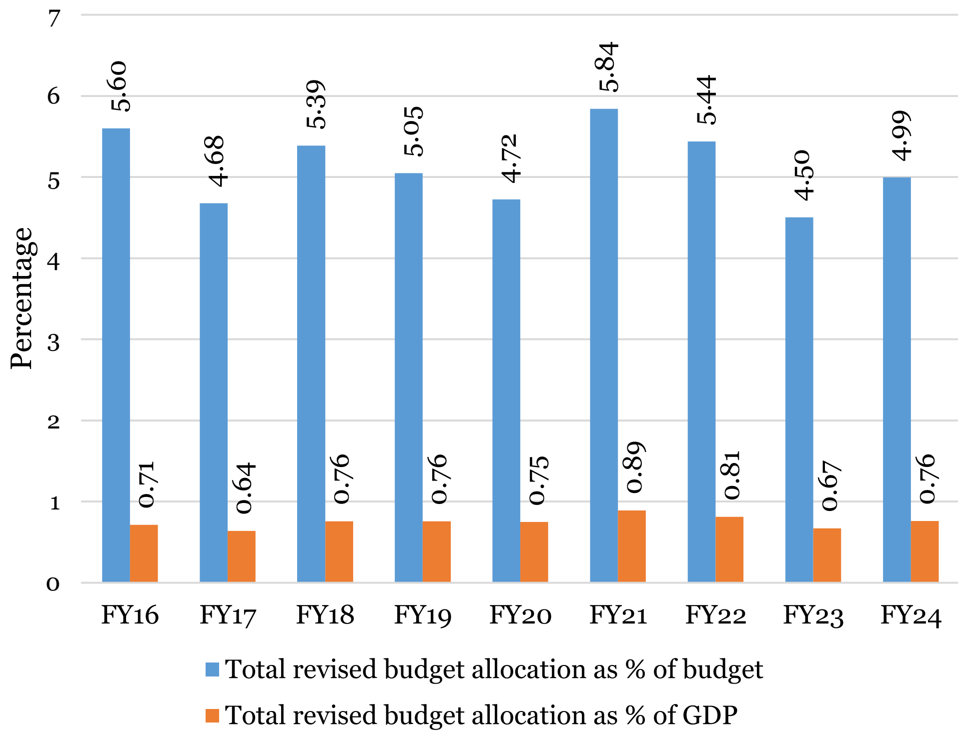
Health

❑ Allocation for health as a *share of the total budget* has slightly increased from **4.5% in FY23 to 4.99% in FY24**

❑ Allocation for health as a *share of GDP* has increased **from 0.67% in FY23 to 0.76% in FY24**

➢ Such allocation is only marginally higher than the average allocation of 0.71% of GDP during FY16 to FY24.

Health allocation as share of total budget and GDP



Health

- Budget allocation for health has been **less than 1% of GDP** for the past 20 years indicating that healthcare was **one of the least prioritised sectors for the government**

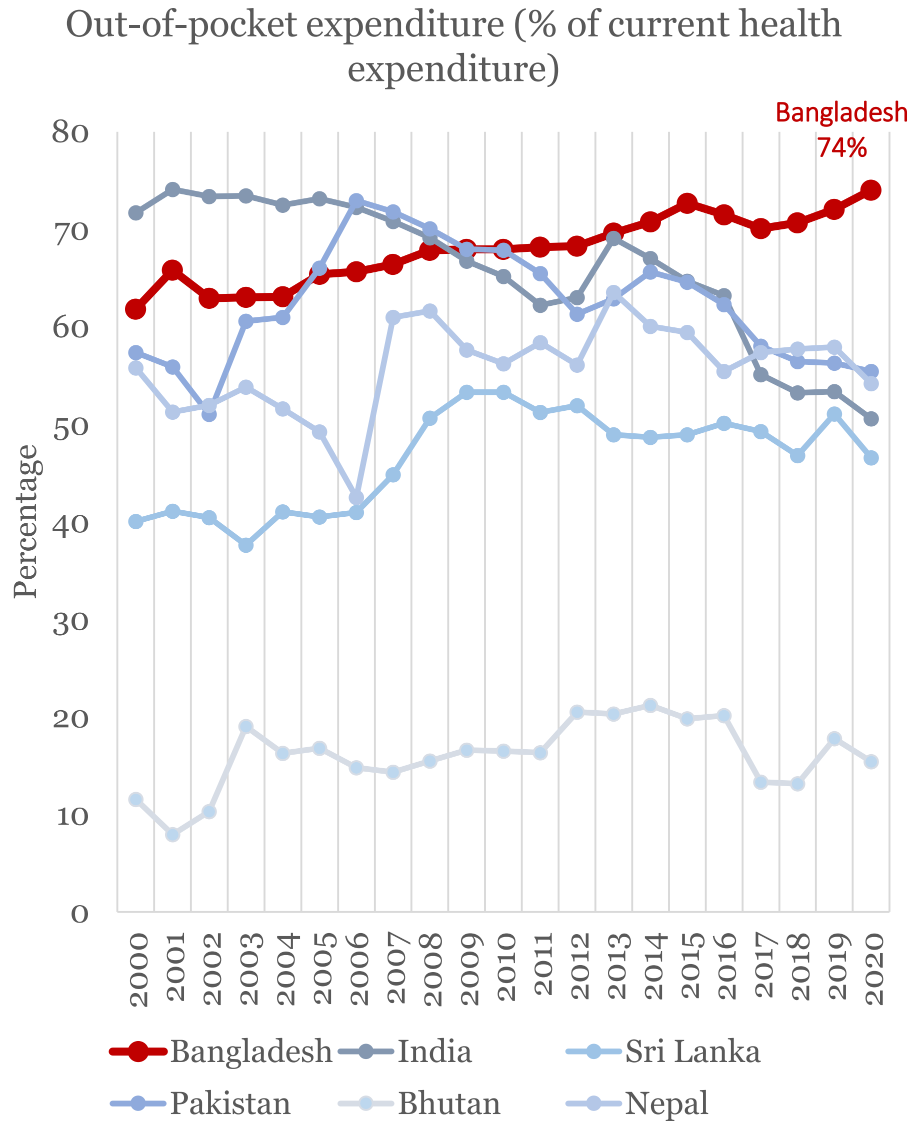
- In 2020, at least 44 LDCs spent more than 1% of the GDP on healthcare

- Bangladesh's government expenditure on health as a share of GDP was the **4th lowest among 44 LDCs** in 2020 – *only Djibouti, Benin, and Gambia spent less on health than Bangladesh in 2020*

- **The budget allocation on health per person per year increased by only BDT 70, from BDT 2,158 in FY23 to BDT 2,228 in FY24**

- Bangladesh's out-of-pocket expenditure on health per capita at purchasing power parity was the **7th highest** among 44 LDCs in 2020

- Bangladesh's out-of-pocket expenditure as a percentage of current health expenditure was 74% in 2020 and shows an increasing trend for the past two decades whereas the trend is decreasing for its neighbouring countries including India, Pakistan, Bhutan, Nepal and Sri Lanka.



Corporate tax on tobacco product manufacturing companies

- The effective tax for a publicly listed tobacco company **deceased by 1 percentage point in 2022**
- CPD proposes that the **corporate tax on all companies manufacturing tobacco products** to be **increased** from 45% in FY23 to **50% in FY24**, and the associated **surcharge** to be increased from 2.5% in FY23 to **5% in FY24**
- The National Board of Revenue (NBR) should not give highest taxpayer award or any other social recognition to any individual or company involved in the tobacco business.

Proposed corporate tax on tobacco product manufacturing companies

	Current tax structure in FY24		CPD's proposed tax structure for FY24		CPD's proposed tax structure for FY26	
Type of company	**Corporate tax (in %)**	**Surcharge (in %)**	**Corporate tax (in %)**	**Surcharge (in %)**	**Corporate tax (in %)**	**Surcharge (in %)**
All companies manufacturing tobacco products	45	2.5	50	5	55	7.5

- The budget for FY24 has continued a complicated tiered tobacco tax framework that supports differential pricing
  - If enacted, the proposed tax on tobacco would encourage consumption of cheap cigarettes, increase public health costs, and reduce government revenue

Tax structure for cigarettes (per pack of 10 cigarettes)

<table>
<tr><th colspan="6">Proposed tax structure for cigarettes in FY24</th><th colspan="5">CPD's recommendation</th></tr>
<tr><th></th><th colspan="2">Retail price</th><th colspan="3">SD</th><th></th><th colspan="2">Retail price</th><th colspan="2">Specific excise duty</th></tr>
<tr><td>Tier</td><td>Pack of 10 (in BDT)</td><td>Per stick (in BDT)</td><td>Per pack of 10 (in per cent)</td><td>Per pack of 10 (in BDT)</td><td>Per stick (in BDT)</td><td>Tier</td><td>Per pack of 10 (in BDT)</td><td>Per stick (in BDT)</td><td>Per pack of 10 (in BDT)</td><td>Per stick (in BDT)</td></tr>
<tr><td>Low</td><td>45</td><td>4.5</td><td>58</td><td>26.10</td><td>2.61</td><td rowspan="4">Universal</td><td rowspan="4">Market based</td><td rowspan="4">Market based</td><td rowspan="4">100</td><td rowspan="4">10</td></tr>
<tr><td>Medium</td><td>67</td><td>6.7</td><td>65</td><td>43.55</td><td>4.35</td></tr>
<tr><td>High</td><td>113</td><td>11.3</td><td>65</td><td>73.45</td><td>7.34</td></tr>
<tr><td>Premium</td><td>150</td><td>15.0</td><td>65</td><td>97.50</td><td>9.75</td></tr>
</table>

- The budget for FY24 has left the tax structure on Bidi **unchanged**

Tax structure for Bidi

<table>
<tr><th colspan="6">Proposed tax structure in FY24</th><th colspan="5">CPD's recommendation</th></tr>
<tr><th></th><th colspan="2">Retail price</th><th colspan="3">SD</th><th></th><th colspan="2">Retail price</th><th colspan="2">Specific excise duty</th></tr>
<tr><td>Type of bidi</td><td>Per pack (in BDT)</td><td>Per stick (in BDT)</td><td>Per pack (in per cent)</td><td>Per pack (in BDT)</td><td>Per stick (in BDT)</td><td>Type of bidi</td><td>Per pack (in BDT)</td><td>Per stick</td><td>Per pack (in BDT)</td><td>Per stick (in BDT)</td></tr>
<tr><td>Non-filtered 25 stick handmade bidi</td><td>18</td><td>0.72</td><td>30</td><td>5.40</td><td>0.22</td><td rowspan="5">All</td><td rowspan="5">Market based</td><td rowspan="5">Market based</td><td>75</td><td rowspan="5">3</td></tr>
<tr><td>Non-filtered 12 stick handmade bidi</td><td>9</td><td>1.33</td><td>30</td><td>2.70</td><td>0.23</td><td>36</td></tr>
<tr><td>Non-filtered 8 stick handmade bidi</td><td>6</td><td>1.33</td><td>30</td><td>1.80</td><td>0.23</td><td>24</td></tr>
<tr><td>Filtered 20 stick handmade bidi</td><td>19</td><td>1.05</td><td>40</td><td>7.60</td><td>0.38</td><td>60</td></tr>
<tr><td>Filtered 10 stick handmade bidi</td><td>10</td><td>1.00</td><td>40</td><td>4.00</td><td>0.40</td><td>30</td></tr>
</table>

- CPD recommends a **BDT 3 specific excise duty per stick of Bidi** to be implemented in FY24
- Such a specific tax on Bidi should be **increased by at least BDT 1 each year**, to account for annual inflation and income growth

Health

- The budget for FY24 has changed (slightly increased) the tax on Jarda and Gul

Tax structure for Jarda and Gul

Proposed tax structure in FY24						CPD's recommendation				
	Retail price		SD				Retail price		Specific excise duty	
Type of product	**Per 10gm (in BDT)**	**Per gm (in BDT)**	**Per 10 gm (in per cent)**	**Per 10 gm (in BDT)**	**Per gm (in BDT)**	**Type of product**	**Per 10gm (in BDT)**	**Per gm (in BDT)**	**Per 10gm (in BDT)**	**Per gm (in BDT)**
10gm jarda	45	4.5	55	24.75	2.47	10gm jarda	Market based	Market based	60	6
10gm gul	23	2.3	55	12.65	1.26	10gm gul				

- CPD recommends a **BDT 6 specific excise duty on per gram (gm) of Jarda and Gul** to be implemented in FY24
- Such a specific tax on Jarda and Gul should be **increased by at least BDT 1 each year**, to account for annual inflation and income growth

- The finance bill of FY24, mentioning a supplementary duty of 150% for soft drinks is a step in the right direction.
  - In the budget for FY24, the beverage and carbonated industry is subjected to a **25% SD** for carbonated soft drinks, **35% SD** for energy drinks, and **15% VAT** applicable for both.
  - For locally manufactured soft and energy drinks CPD recommends removing the supplementary duty on both soft drinks and energy drinks and replacing it with **a specific excise duty of BDT 0.10 per *millilitre* or BDT 100 per *litre*** in order to **minimise the public health risks.**

Proposed Tax Structure for Soft Drinks and Energy Drinks

Current Tax Structure for FY24			CPD's recommendation			
Beverage	**SD (%)**	**VAT (%)**	**Beverage**	**Specific excise duty (BDT per ml)**	**Specific excise duty (BDT per litre)**	**VAT (%)**
Soft drinks	25	15	Soft drinks	0.10	100	15
Energy drinks	35	15	Energy drinks	0.10	100	15

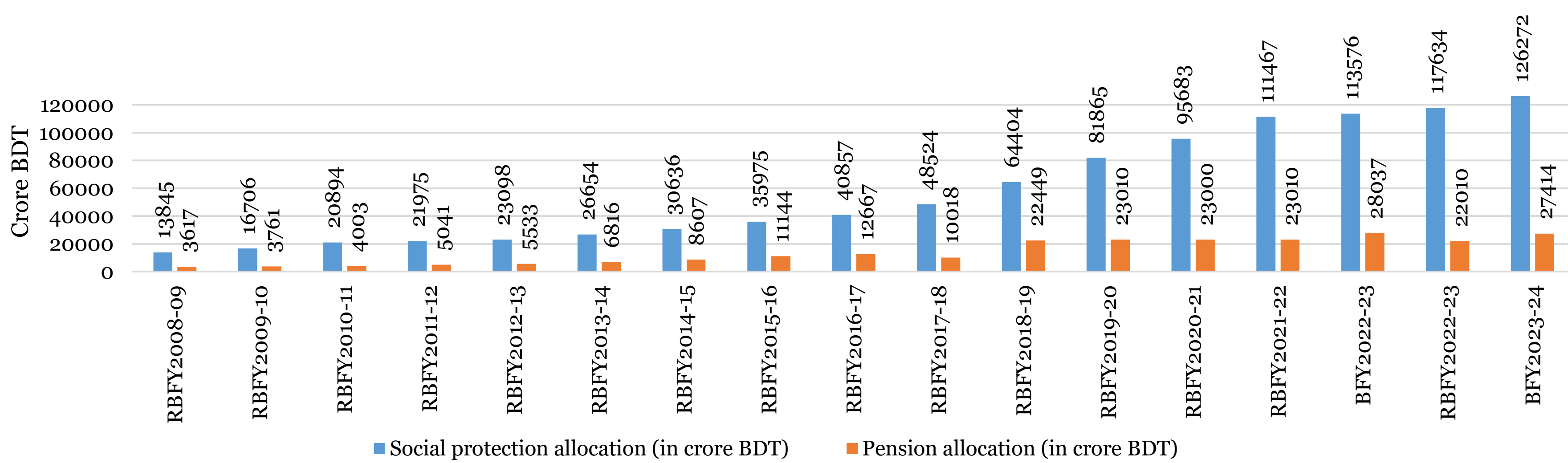
Social Safety Net Programmes

Independent Review of Bangladesh's Development

Social Safety Net Programmes

- Allocation for **social safety nets** has **increased** from BDT 1,17,634 crore in revised budget for FY23 to BDT 1,26,272 crore in budget for FY24
  - **This represents an increase of only 7.34% which is lower than the average rate of increase of 15.65% between FY10 and FY23**
- Allocation for **pension** has **increased** from BDT 22,010 crore in revised budget for FY23 to BDT 27,414 crore in budget for FY24
  - **This represents an increase of 24.6% which is more than three times the rate of increase of overall social protection**

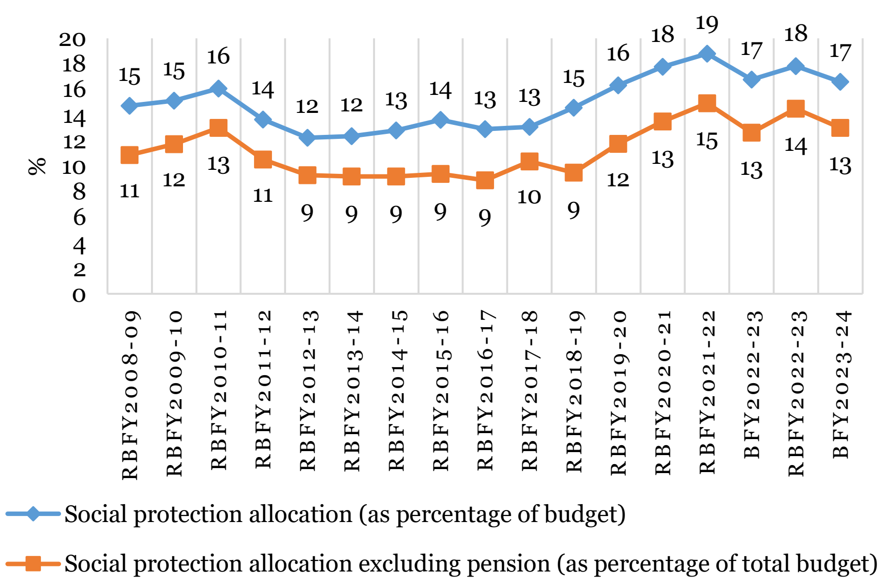
Social protection allocation and pension allocation (in crore BDT)



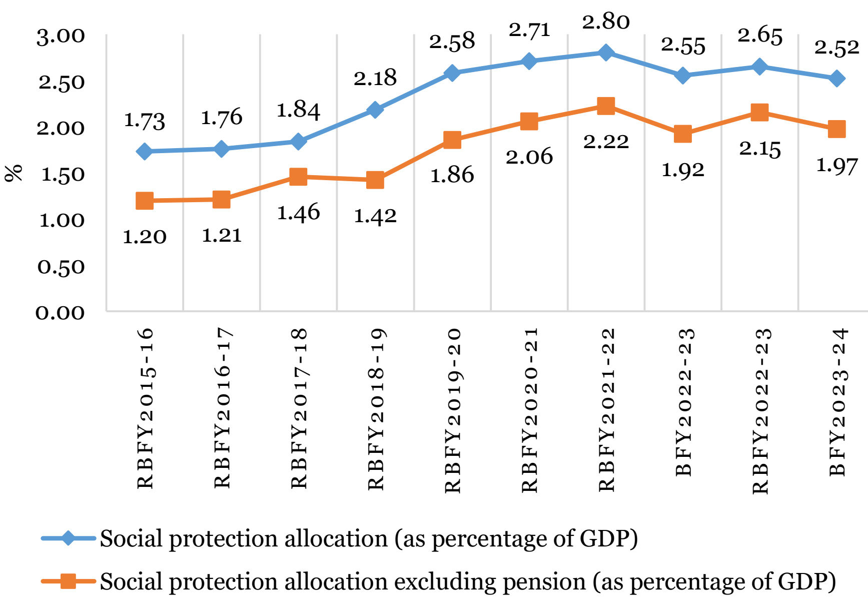
Social Safety Net Programmes

- Overall, social safety net budget as a percentage of total budget and GDP **decreased** slightly from RBFY23 to BFY24
- **Social safety net budget excluding pension as a percentage of budget decreased** from 14.47% in RBFY23 to 12.98% in BFY24
- **Social safety net budget excluding pension as a percentage of GDP decreased** from 2.15% from RBFY23 to 1.97% in BFY24

Social protection allocation as a % of budget



Social protection allocation as a % of GDP



Social Safety Net Programmes

Some programmes where allocation decreased

Description	RBFY23 (BDT in crore)	FY24 (BDT in crore)	Change (in %)
Vulnerable Group Feeding (VGF)	1542.19	1089.79	-29.3
EGPP	2107.62	1780.00	-15.5
Open Market Sales (OMS)	2338.34	2110.04	-9.8

- In view of high prices of essential food items, **reduced budget allocation for the above programmes will affect the poor**
- Programmes such as
  - *pension for retired government employees and their families*
  - *savings certificate interest assistance*
  - and *agricultural subsidy*

should not be included in the budget for Social Safety Net Programmes

Social Safety Net Programmes

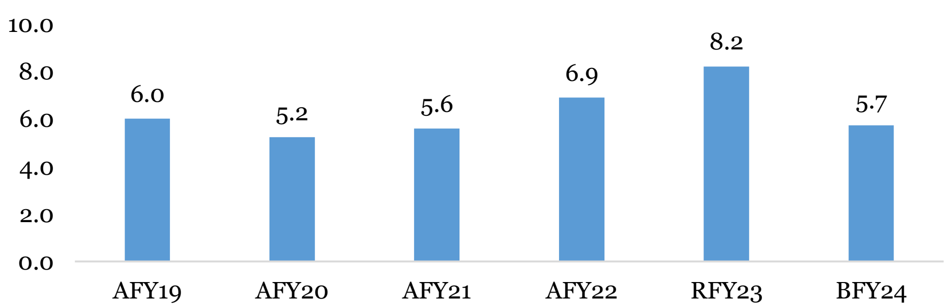
Some programmes where allocation is less than BDT 100 per beneficiary per month

Name of programme	Allocation per beneficiary per year (in BDT)	Allocation per beneficiary per month (in BDT)
Essential Service Delivery & Community Based Health Care	16	1
Urban Resilience Project (DNCC & DDM)	28	2
Construction of the Multiple Disaster Shelters	89	7
Maternal, Neonatal, Child and Adolescent Health/ National Nutrition Services	106	9
Cash Transfer Modernization (CTM)	110	9
H T.B, Leprosy, Communicable and Non-communicable Disease Control	111	9
School Feeding Programmes in poverty stricken areas	124	10
Various Relief Goods (Cloths, Blankets, Biscuits, Corrugated Iron Sheets, Tents, Baby Food, Cattle-Food etc) / Relief Goods	225	19
Stipends for Undergraduate and Post graduate students	258	22
Improvement of work environment in readymade garment sector/ elimination of risky child labor in Bangladesh and welfare facilities and skill development activities for workers	268	22
Tottho Apa: Empowering Women Through ICT towards Digital Bangladesh / Tattha Apa: Empowerment of women through information communication technology with the aim of building a digital Bangladesh	335	28
Multi-Sectoral Programme to Prevent Violence against Women (4th Phase)	432	36
Maternal, Child, Reproductive and Adolescent Health	577	48
Vulnerable Group Feeding (VGF)	605	50
Service and Assistance Center for Disabled	635	53
Agricultural Rehabilitation	984	82
Trust for the protection of the Persons with Neuro-developmental Disabilities. / Neuro-Developmental Disability Protection Trust	1145	95

Agriculture

- Agriculture and allied sector (AAS) has an allocation of Tk 43,700 crore in BFY24 which has **decreased by 19.5%** over RBFY23
  - Overall share of AAS has decreased (5.7% in BFY24 from 8.2% in RFY23) (Fig 1)
- MoA receives Tk 25,122 crore, which is the highest allocation within AAS
  - However, the allocation for MoA has **decreased by 25.7%** due to the reduction in the operating budget (30.1% in BFY24)
  - Development budget of MoA has increased by 6% in BFY24 over RFY23
- **The rise in the world price of fertilisers led to increased demand for subsidy which inflated the budget of MoA during FY23**
- Allocation for water resources has decreased by 24.4%
  - While allocation for fisheries & livestock, environment & forest, and land has increased by 16.7%, 20.8% and 26.2%, respectively

Fig 1: AAS budget as a share of total budget



Agriculture

- ADP implementation of MoA (47.5% till Apr'23) **is below the overall average ADP** implementation rate **(50.3%)**
  - Progress of ADP implementation in AAS has a **negative trend in AFY23** (till Apr'23) (Fig 2)
- Selected projects have been analysed to understand the level of implementation
  - Projects were selected based on two criteria: (a) being a high-cost project and (b) receiving a large amount of foreign aid allocation to implement that project
- **Number of "carry-over" projects has decreased to 26 in FY24 from 29 in FY23**
  - "New" and "concluding" projects have **increased** in FY24 (7 & 61, respectively)
  - Number of 'continuing' projects have **decreased** in FY24 (69)

Fig 2: AAS's dev. budget implementation as % of RFY

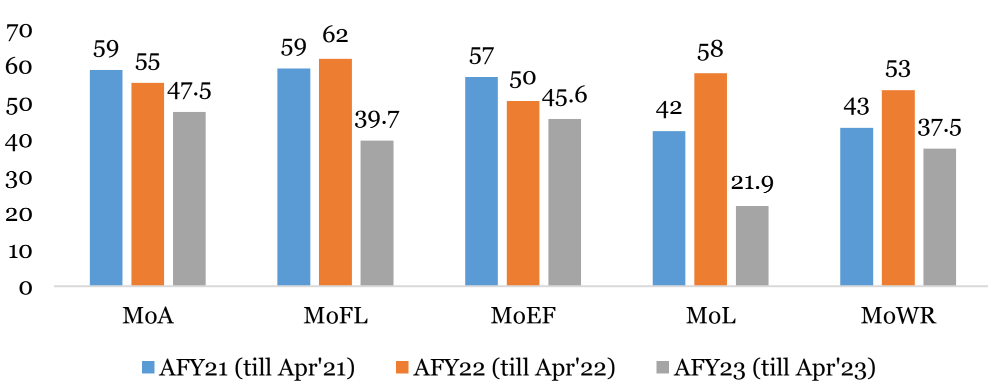
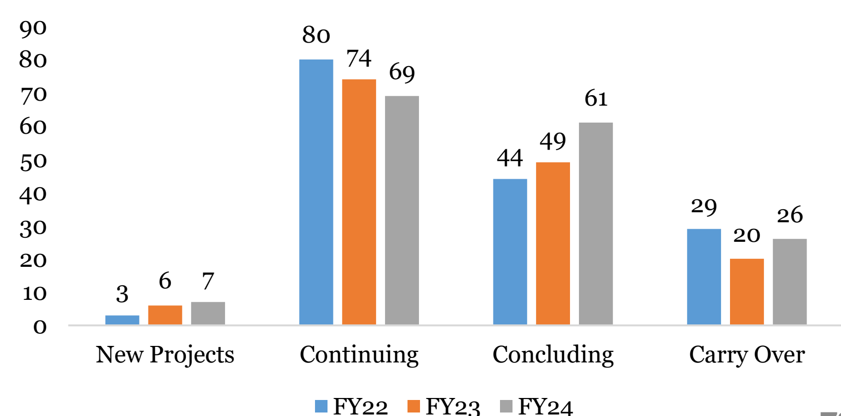


Fig 3: Types of ADP projects



Agriculture

- 36.6% of the financing of ADP projects in the AAS is being allocated from foreign assistance (Table 1)

Table 1: ADP allocation in the agriculture sector by types & implementation status (in crore Tk)

Types of projects	Total	GoB	PA
Investment	10,316.8	6,539.1	3,777.7
Technical assistance	51.9	22.1	29.8
Block allocation	338.6	326.2	12.3
Total	10,707.3	6,887.4 (63.4%)	3,819.8 (36.6%)

- **Some selected ADP projects will not be implemented in time, despite having a high allocation**
  - A high amount of allocation has been made for continuing projects
  - The current allocation of carry-over and concluding projects is insufficient for their full implementation
    - The projects are related to irrigation, food storage and dairy development
- Quick and proper utilisation of these foreign aided projects could help improve the foreign reserve as well

Maximum Possible Completion rate of ADP Projects in AAS by FY24

Types of Project	Project Name	Max Possible Completion rate	Implementing Agency
Carry over	Rangpur Division of Agriculture and Rural Development	88.5	DAE
Carry over	Sustainable Coastal and Marine Fisheries Project (SCMFP)	79.7	Dept of Fisheries
Carry over	Irrigation Management Improvement Project (for Muhuri Irrigation) (3rd Revised)	95.0	BWDB
Concluding	Livestock and Dairy Development Project (LDDP)	76.2	Dept of Livestock
Concluding	Modern Food Storage Construction (2nd Revised)	87.9	Dept of Food
Concluding	Smallholder Agricultural Competitiveness Project (SACP)	74.9	DAE
Concluding	Small Water Resource Development (Phase 2)	61.6	Direct of Local Govt Engineering
Continuing	Sustainable Forests and Livelihood (Sufol) (1st Revised)	95.9	Dept of Forest
Continuing	Climate-Smart Agriculture and Water Management (BSWM) (BWDB part) Project.	30.6	BWDB
Continuing	Establishment of digital land management system of 3 city corporations, 1 municipality and 2 rural upazilas through digital land survey (1st Revised)	94.4	Land Record and Survey Dept

Independent Review of Bangladesh's Development

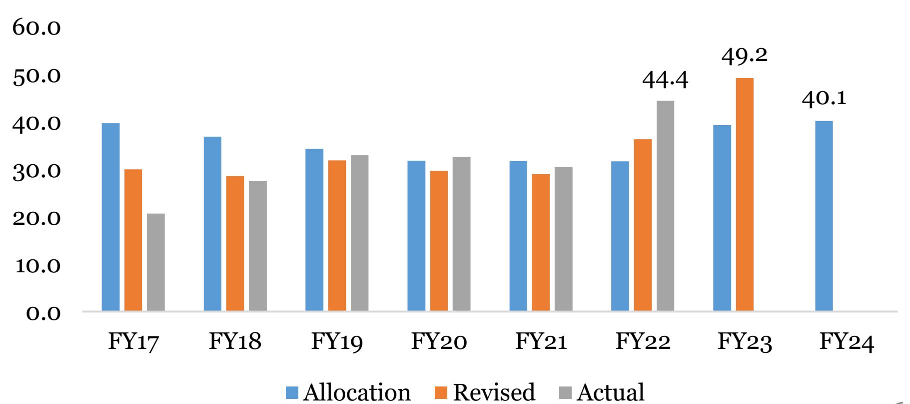
Agriculture

- Agriculture subsidy accounts for 40% of the total AAS budget in FY24
  - In RFY23, the subsidy accounted for 49.2% of the total AAS budget
- **The government has declared a subsidy package of BDT 17,533 crore for the agriculture sector - reduced by 34.3% from the RBFY23**
- Reasons for the reduction in subsidy allocation can be explained by
  - Upward revision of domestic fertiliser prices in August 2022 and April 2023
  - Global reduction in the price of urea ($300 per ton in Apr'23 from $351 in Apr'22)
- It is expected that, in FY24, the utilisation will remain around the proposed allocation owing to the downward trend of the import price of fertilisers
  - Otherwise, allocation needs to be revised to accommodate the additional cost of importing fertiliser

Subsidy in Agriculture (BDT crore)

Fiscal Year	Allocation	Revised	Utilised	Unutilised
FY17	9000	6000	3493	2507
FY18	9000	6000	5268	732
FY19	9000	8070	7763	307
FY20	9001	8001	7175	826
FY21	9501	8599	7844	755
FY22	10099	12690	*15,888*	-3198
FY23	16527	*26,693*		
FY24	*17,533*			

Share of subsidy of total AAS budget



Agriculture

- Selected targeted fiscal measures would have a mixed impact on the prices of different food and agricultural commodities at local market

Product description	Existing Rate (%)	Proposed Rate (%)	Change status	Implications
Cashew nuts: Shelled Other	0%	15%	VAT increased	Retail price will increase which will directly affect the consumer
Fresh Dates: Other	0%	15%	VAT increased	Imported dates price will increase
Dried Dates: Other	0%	15%	VAT increased	Imported dates price will increase
Non fortified Basmoti rice	0%	15%	VAT increased	Retail price of rice will increase
Cashew nuts: Shelled Other	5	15	Import duty (CD) increased	Import price will increase
Fresh Dates: Wrapped/canned upto 2.5 kg	0	25	Import duty (CD) increased	Import price will increase
Fresh Dates: Other	0	25	Import duty (CD) increased	Import price will increase
Fruit, nuts and other edible parts of plants, whether or not containing added sugar or other sweetening matter or spirit	0%	20%	Supplementary Duty levied	Prices may increase
Concessional facilities on import of materials used in production of poultry/dairy/fish feed				
Artemia				Would reduce production costs of fisheries, dairies and poultry farmers and would raise the profit of the marginal entrepreneur
Sea weeds and other algae for use in dairy, poultry and hatchery				
Shrimp feed				

Employment Generation

Employment Generation

- The FY24 budget proposal was expected to take into account three potential challenges related to employment generation that the Bangladesh economy may confront in the coming years
  - First, given the prevailing economic crisis, the creation of new jobs could be challenging in the forthcoming fiscal year (FY24)
  - Second, the conditionality imposed by the IMF to increase revenue generation has exerted pressure on the removal of tax incentives from the private sector which could potentially result in reduced job creation
  - Third, Bangladesh's graduation from LDC status in 2026 would mean losing preferential trade access and the inability to provide direct subsidies to the export industry, which could impact employment generation in the country
- In fact, the budget of FY24 required a distinct focus on employment generation particularly in view of the ongoing economic crisis as it can yield positive ripple effects like increased consumer spending, and higher tax revenues
- The proposed budget for FY24 has set a higher target of increasing private investment to 27.4% of the GDP
  - This means an additional private investment of 404,096.754 crore taka will be required for fulfilling this target (would require both local and foreign investment)
- In view of LDC graduation GoB was expected to decrease cash incentives to the export sector, and as part of IMF's conditions the tax exemption was also to be removed from private industry including the power sector
  - However, perhaps given the upcoming national election and further immediate instability of the current situation, the government did not consider this in BFY24
- The FY24 budget aims for employment generation, but the allocation increase is uneven across the three selected ministries (Ministry of Industries, Employment, and Expatriate) focused on this objective

Employment Generation

- The allocation for both the development and operational budget for Ministry of Industries and Ministry of Expatriates in FY24 is proposed to be increased as compared to RBFY23. (Figure 1)
  - In contrast, a significant decrease is proposed in the allocation of the development budget for the MoLE, which is a crucial ministry in relation to employment (Figure 1)
  - This decline is perhaps attributable to the lower/no allocation to several crucial ADP projects
  - Over the last fiscal years, the level of development expenditure among these ministries also appeared to be inconsistent (Figure 2)

Figure 1: % change in allocation in BFY24 vis-à-vis RFY23

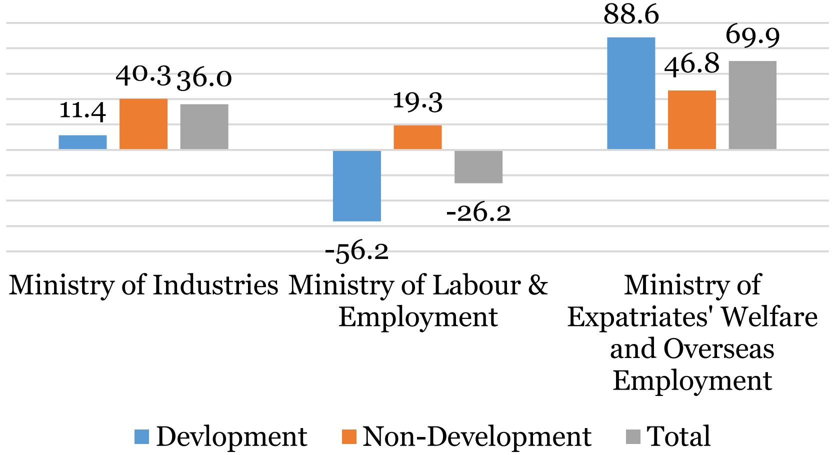
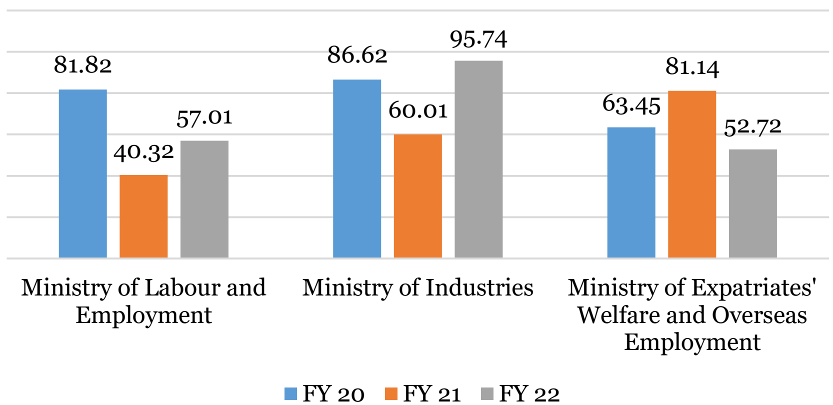


Figure 2: share of actual development expenditure against revised allocation (%)



Employment Generation

- Implementation status selected **carry over projects**

Project Name	Max Completion by FY24
BSCIC Industrial Park Raujan (1st Revised) (01/07/2016-30/06/2023)	88.8%
BSCIC Plastic Industrial Park (01/07/2015-31/12/2022)	57.0%
Establishment of Indian Economic Zone in Mirersorai (01/04/2019 - 30/06/2023)	9.9%
Modernization & Strengthening of DIFE and Establishment of 13 Districts Office (1st Revised) (01/07/2019-31/12/2022)	32.9%
Establishment of 5 Training Institute, 1 Fashion Design Institute, 2 Market Promotion Institute in 5 Centres under Bangladesh Handloom Board (1st Revised) (01/07/2018-30/06/2023)	77.2%
Infrastructure Development for Japanese Economic Zone at Araihazar, Narayanganj (01/03/2019-30/06/2023)	82.7%

- Implementation status of selected **concluding projects**

Project Name	Max Completion by FY24
Construction of Tourist Centre at Panchagarh (1st Revised) (01/07/2018 - 30/06/2024)	14%
Improving Labour Market Information through Labour Force Survey (01/07/2019 - 30/06/2024)	81.7%
Recovery and Advancement of Informal Sector Employment (RAISE): Reintegration of Returning Migrants (01/07/2021 - 30/06/2024)	64.8%

- Implementation status selected **continuing projects**

Project Name	Max Completion by FY24
Extension of BITAC for self-employment and poverty alleviation through hands-on technical training highlighting women Phase-2 project (01/10/2020 - 30/09/2025)	55.6%
BSCIC Chemical Industrial Park Munshiganj (2nd Revised) (01/07/2018-30/06/2024)	52.9%

Employment Generation

- Similar to the previous fiscal years, important projects like industrial park establishment and economic zones, which have the potential to generate direct employment, lacked adequate funding in FY24 and will carry over into the upcoming fiscal year
  - A number of these projects had funding from foreign sources, hence, higher implementation of these projects could ease the ongoing pressure on foreign reserves to some extent.
- The proposed share of ADP allocation for the Ministry of Industries and the Ministry of Expatriates is set to be increased slightly in FY24 compared to FY23 (from 1.07% to 1.3 % of total ADP), while that of the Ministry of Labour decreased (Table 1)
- However, the implementation rate of ADP in the ongoing fiscal year (as of April 2023) declined even further to 49%, compared to the previous fiscal year's 78% (Table 2)
  - The implementation of ADP significantly reduced for MoI, however, slightly increased for the Ministry of Labour and Ministry of Expatriates in FY23

Table: 1 ADP allocation (% of total ADP)

	RFY21	RFY22	RFY23	BFY24
MoI	0.82	0.77	0.83	1.01
MoLE	0.11	0.11	0.12	0.05
MoEOE	0.20	0.19	0.12	0.24
Overall	1.14	1.07	1.07	1.3

Table 2: ADP implementation (in %) (Jul-Apr period)

	FY21	FY22	FY23
MoI	42.7	82.8	48.3
MoLE	48.7	42.0	47.1
MoEOE	74.5	52.7	57.72
Overall	45.5	78.0	49.0

Employment Generation

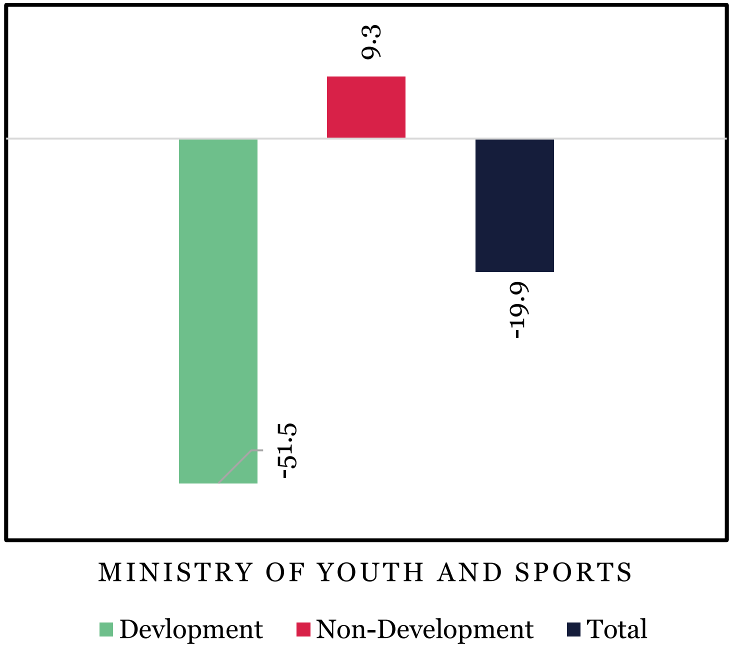
- The budget speech did not set any guidance on the setting up of minimum wage in certain private sectors particularly when inflation continues to erode real income
- As such the FY24 budget missed a crucial opportunity to establish minimum wage standards across different sectors, which has left private-sector workers without government intervention in this regard
- Several commendable initiatives have been proposed which could yield positive outcomes from the employments point of view
  - Such as, necessary tax adjustments have been proposed to be reformed protecting the local industry which in turn can contribute to employment generation
  - Through the 'Promoting Gender Responsive Enterprise Development in TVET System (ProGRESS)' program, 10,000 'Not in Employment, Education, or Training (NEET)' individuals will be provided with skill-based training, and 250 women will be assisted in becoming entrepreneurs.
  - "Department of Employment" will be created to generate new employment and establish a central database on employment, education, and training
- However, the FY2023-24 budget lacks new initiatives focused on migrant workers and enhancing remittance flow.
  - To address this, CPD proposed two key measures: a) increasing the cash incentive from 2.5% to 3%; b) implementing a multi-year mega project worth 4,550 crores to tackle challenges faced by migrant workers across the three stages of migration: pre-departure, destination, and reintegration.
  - This project would involve collaboration with the 12 ministries involved in the migration process.
  - Such initiatives would contribute to better migration of workers, increase remittance flow, and improve the livelihood of the migrants and migrant community.

Youth

Youth

- As was observed during COVID-19, the youth are more vulnerable than most other groups during an economic crisis
  - The youth are disproportionately affected by lack of jobs or job losses during a crisis
  - Financial constraints resulting from the crisis further hinder their access to education and training, which can have lasting effects on their future prospects

Figure 1: % change in allocation in BFY24 vis-à-vis RFY23



- Regrettably, the proposed budget for FY24 indicates a significant decrease in the total allocation for the Ministry of Youth (19.9%)
  - This is mainly due to the proposed 51.5% decrease in the allocation of development expenditure in FY24

Youth

- Ministry of youth has been facing dual challenge; lower allocation, and lower ADP implementation capacity (Table 1).
- However, a number of commitments has been made in the budget speech which could yield a positive outcome for the youth (Table 2)
- For example, introducing different training targeting youth, allocation of additional fund for research and innovation, etc.
- In addition to these initiatives, support measures like **unemployment insurance** could be introduced.
  - The National Social Security Strategy (NSSS) already includes the proposal to introduce unemployment insurance in Bangladesh
  - This would help them mitigate the challenges they face in finding employment and provide them with financial support during periods of joblessness.

Table 1: Rate of implementation of ADP for the Ministry of Youth

FY	Implementation rate
FY21 (Jul-Apr)	29.15%
FY22 (Jul-Apr)	28.02%
FY23 (Jul-Apr)	17.48%

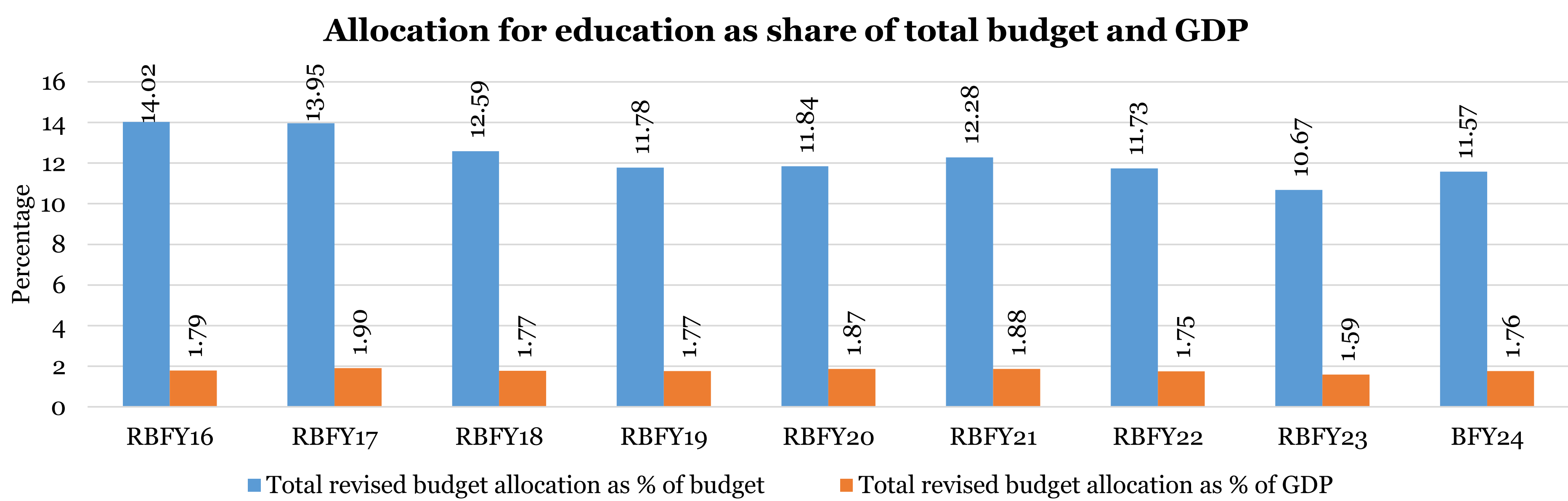
Table 2: Key commitments targeting youth in FY24

80,000 youth will be provided training on advanced technology and innovation through research and innovation centres of various universities.
A special allocation of Tk 100 crore has been kept in the next budget for research, innovation and development work to prepare the driving force- the youth and women for building Smart Bangladesh
200 Youth-Friendly Corners will be set every year
651,000 youth will be provided training on emerging trade and technology as well as 42 occupations related to the Fourth Industrial Revolution (4IR) through ASSET programme
Skill development training through the Department of Youth Development will be continued for youth
Employment opportunities will be created for fifty-two thousand youths by 2025 and two lakh youths by 2030 through the support of high-tech park authority
Training is scheduled to start by 2026 to train 20 thousand young women in advanced technology

Education

Education

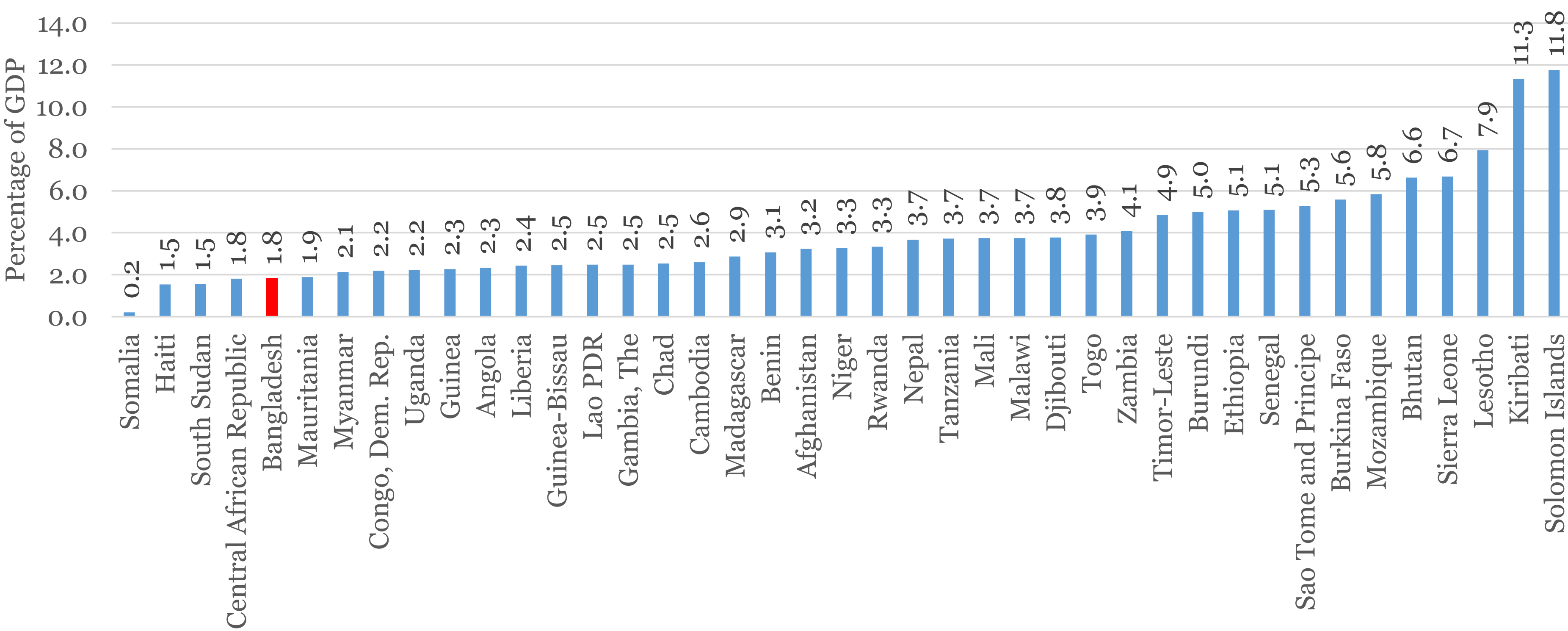
- Education budget as a share of total budget increased slightly from **10.67% in RBFY23 to 11.57% in BFY24**
- Additionally, the education budget as a share of GDP increased slightly from **1.59% in RBFY23 to 1.76% in BFY24**
- The 8th Five Year Plan states that the education budget should grow from 2.0% of GDP in FY19 to 3.0% of GDP by FY25. However, the education budget is not even 2%of GDP in FY24.
- No Bangladeshi universities could make it to the top 500 universities in the QS World University Rankings 2023.



Education

- Bangladesh's average education expenditure as a percentage of GDP from **2016 to 2022** was the **fifth lowest among 41 LDCs**
- On average, at least 35 LDCs spent **2% or more** of their GDP on education from 2016 to 2022

Average government expenditure on education in LDCs, as a % of GDP, 2016-2022

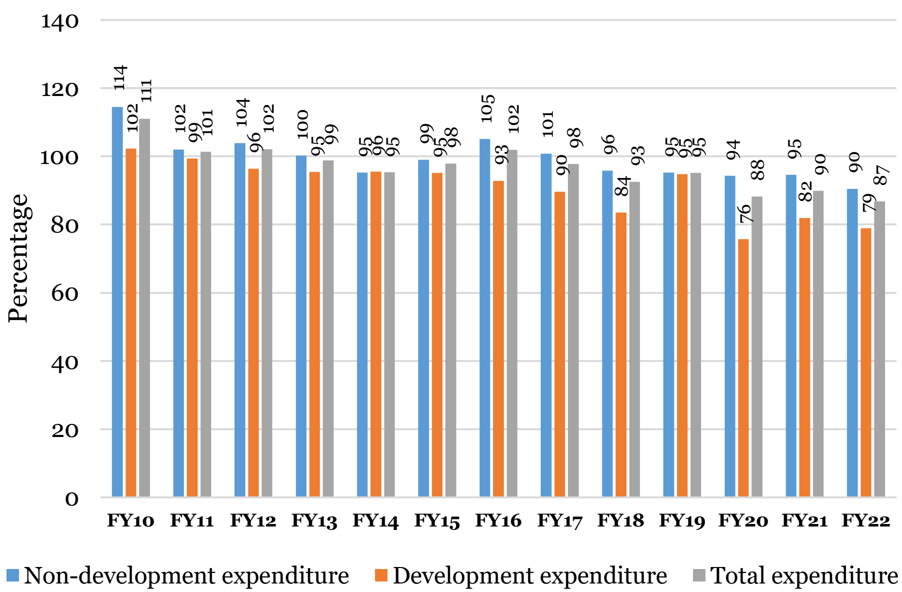


Independent Review of Bangladesh's Development (IRBD)

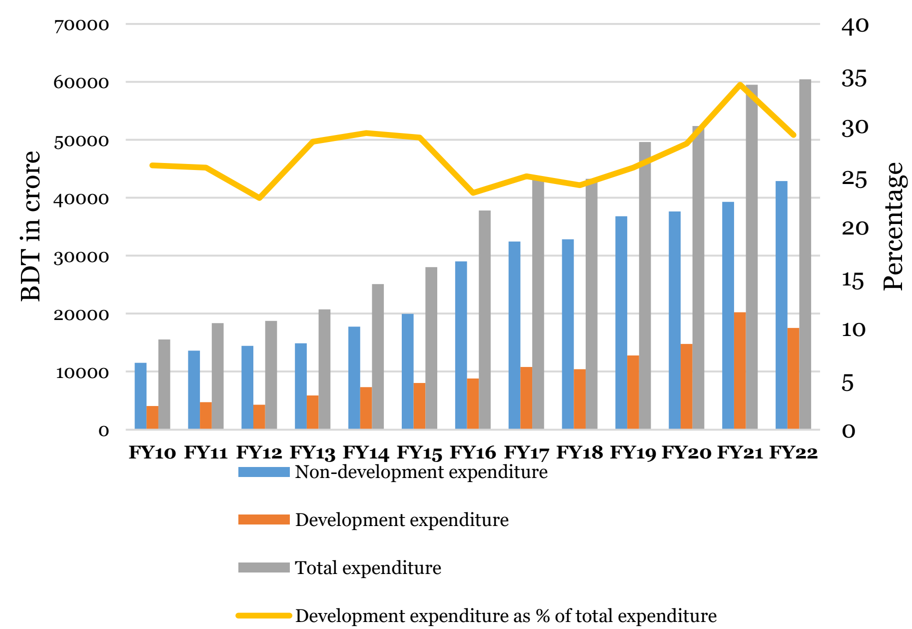
Education

- Budget utilisation decreased from **95% in FY19 to 87% in FY22**
- Growth in total actual expenditure **decreased by 12% between FY21 to FY22**
- Additionally, development expenditure as a share of total expenditure too **decreased from 34% in FY21 to 29% in FY22**
- In recent fiscal years, actual development expenditure has been significantly **lower** than actual non-development expenditure in the education sector

Education budget utilisation



Actual expenditure on education



Education-related fiscal measures

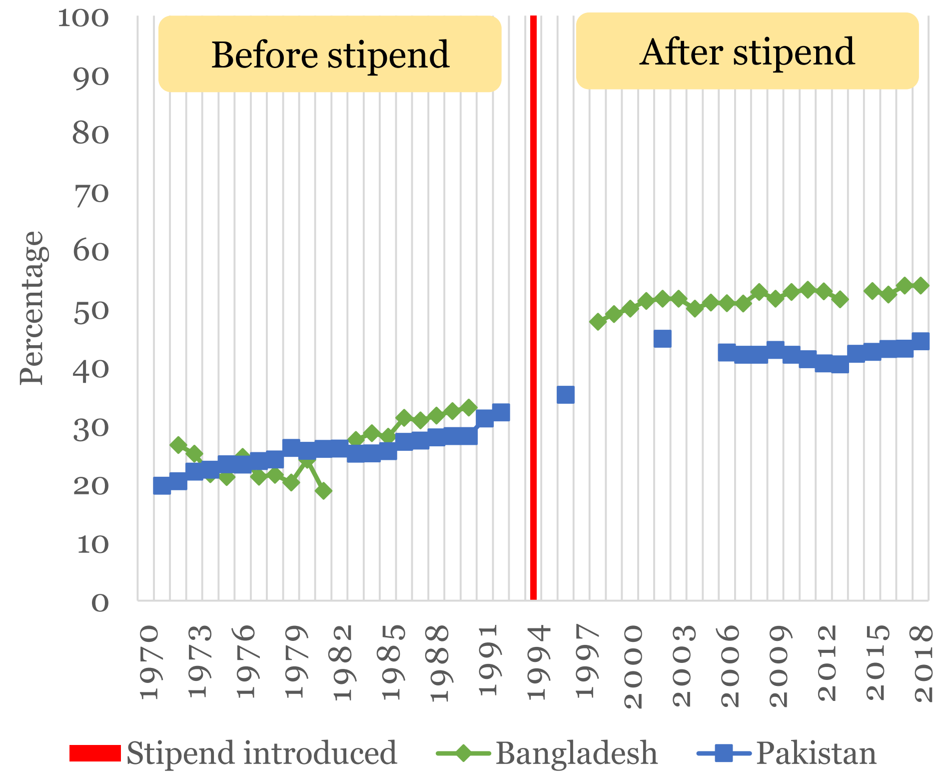
- While the government has exempted Bengali medium schools, **VAT on English medium schools continues to be at 5% in the budget for FY24**
  - The existing VAT puts an additional burden on the parents of middle-income households.
  - **Therefore, the VAT on English medium schools should be exempted in FY24**
- Private academic institutions were subjected to 15% corporate tax in the budget for FY24
  - **CPD recommends corporate tax on private academic institutions to be reduced from 15% to 10% in FY24**
- A 15% VAT is imposed on ballpoint pen in the budget for FY24
  - **CPD recommends the VAT of 15% on ballpoint pen be withdrawn in FY24 as it is mostly used by students**
- In the budget for FY24, the **total tax incidence on imported books is 73.96%**
  - This impedes the efforts made in order to achieve SDG 4, which aims for inclusive and quality education for all
  - **Therefore, all taxes on imported foreign books should be exempted in FY24**

Education

- The allocation on Stipend for Secondary, Higher Secondary, and Madrasah education students has **decreased by 43% in FY24**
- In the Stipend for Undergraduate and Post Graduate Students programme, the allocation per beneficiary per year is **only BDT 258 in FY24**

- In **1981**, only **19% secondary school pupils in Bangladesh were female**, compared to 26% in Pakistan
- In 1982, the government of Bangladesh initiated the female secondary education stipend.
  - Results from a pilot project showed that girls' **secondary enrolments increased from an average of 7.9% to 14%**
- This was a highly successful programme was launched nationwide in 1994
- In **2018**, girls comprised of **54% secondary school pupils in Bangladesh**, compared to only 44% in Pakistan

Secondary education, general pupils (% female)



Children

Children

- The constitution of Bangladesh commits and obligates the state to undertake various measures and ensure a number of rights to Children. Some of these are enshrined in Article 15 and Article 28 of the constitution.
- Child Budget could play an important in role in securing children's interests by ensuring that the national economic plans and programmes and budgets and their implementation are in alignment with the constitution and in line with the commitments made by the GoB for the children of the country.
- Although children constituted about two-fifths of the population, allocation for them **was only about 14.1 per cent of total national budget for FY19** and **15.3 per cent in the budget for FY20**
- The recommendation in the aforesaid report, however, was to take the allocation gradually up to 20 per cent of total public expenditure.
- Regrettably, the government didn't produce the child budget report for the last four fiscal years (FY21, FY22, FY23, and FY24). As a result, it is difficult to tell how much the government did spend for children to compensate adverse impact of Covid pandemic on the children of Bangladesh.

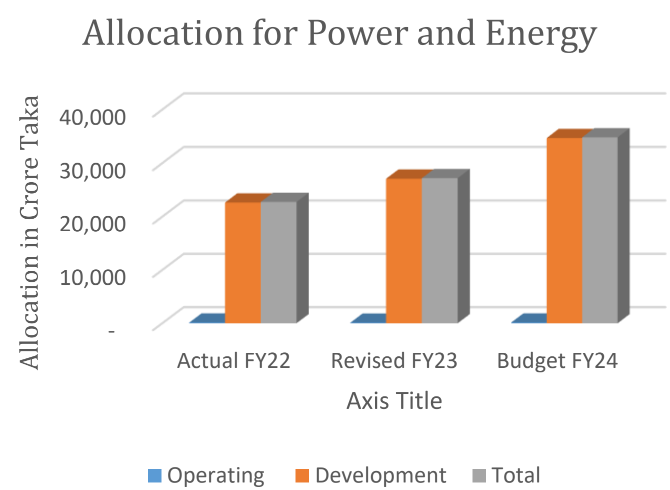
Changes in some social protection programmes related to children

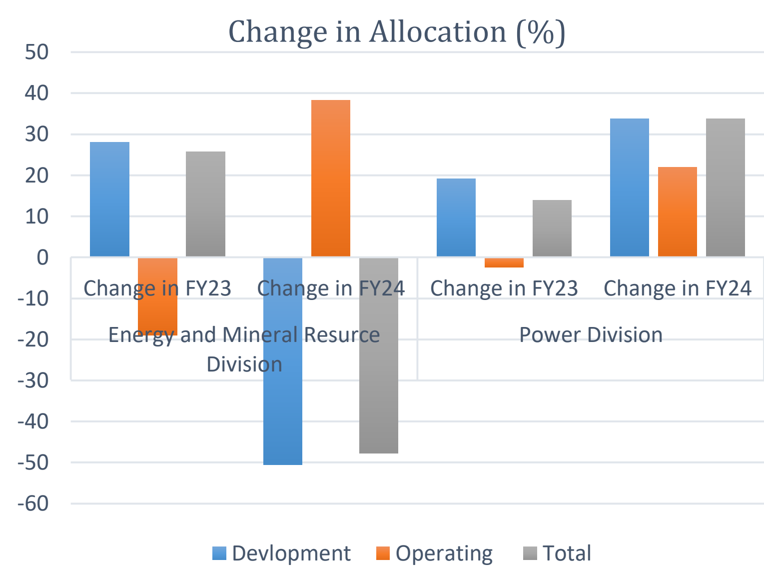
Name of programme	Beneficiaries (Persons in lakh)		Budget (Taka in crore)	
	Revised	Budget	Revised	Budget
	(2022-2023)	(2023-2024)	(2022-2023)	(2023-2024)
Mother and Child Benefit Program	12.54	13.04	1242.82	1294.42
Sheikh Russell Child Training and Rehabilitation Center	0.03	0.03	26.63	28.9
Street Children Rehabilitation Program and CDC	0.01	0.01	11.48	12.2
Welfare Fund for the Oppressed Women and Children and Fund for the Welfare of Burnt and Disabled	0.01	0.02	6.93	7.12
Child Sensitive Social Protection in Bangladesh	1.76	2	35.3	86.29
Women, Child protection and child welfare	0.79	0.06	31.41	1.79
Maternal, Neonatal, Child and Adolescent Health/ National Nutrition Services	735.76	747.3	895.44	788.65
Maternal, Child, Reproductive and Adolescent Health	9.95	10	178.1	57.73
Improvement of work environment in readymade garment sector/ elimination of risky child labor in Bangladesh and welfare facilities and skill development activities for workers	1	1	253	2.68
Accelerating Protection for Children	0.3	0.63	31.16	28.64

Power and Energy

Power and Energy

- In FY2024, Power and Energy sector has received an allocation of Tk. 34,819 crore (increased by 28% from RFY23)
  - This accounts for 4.6% of total FY24 budget, higher than that of revised FY23 budget (RFY23: 4.1%)
- Power division allocation has increased by 34% mainly driven by the higher allocation in development budget
  - A comparative lower rise (22%) is observed in operating budget
- Allocation for energy and mineral resources division has decreased drastically by 48%
  - The negative growth is mainly due to the reduction in the development budget allocation by 51%
- The contraction in the development budget for energy sector is mainly because of the 64% reduction in project aid
  - Energy and mineral resources division should receive more allocation for exploration of domestic natural gases
  - Govt. should take initiative to further expedite foreign aid flow for on- shore and off- shore gas exploration by BAPEX





Source: Budget in Brief, MoF

Power and Energy

- ❑ The overall ADP allocation in power and energy sector has increased by 19% in FY24 compared to FY23
  - ➢ The ADP allocation of the power division has increased by 22%, whereas the allocation of the energy and mineral resources division has decreased by 19%
- ❑ According to the current plan of BPDB, 26153 MW of generation capacity from as many as 85 power plants will be added to the national grid in the upcoming years
  - ➢ Addition of the generation capacity while having 40% of the present capacity unutilised (BPDB, 31 May 2023) will rather cause misallocation and misusage of resources
- ❑ The allocation in transmission & distribution has been gradually increasing
  - ➢ However, the allocation is insufficient, and still generation is prioritised in the budget
- ❑ The project aid in power division has increased by 51%
- ❑ Majority of the newly allocated foreign aids are provided in transmission, followed by generation
  - ➢ The allocation in the transmission should be increased further from GoB finance and project aids in order to utilise the total present generation capacity
  - ➢ On the other hand, allocation in generation from both GoB finance and project aids should be reduced gradually

Share of ADP Allocation in FY24

Sub-sector	FY23	FY24
Generation	58%	52%
Transmission	21%	22%
Distribution	21%	26%
Total	100%	100%

Source: Authors' calculation from ADP FY24

Power and Energy

- Govt. has proposed to withdraw the existing 15% VAT and 5% advance tax on the import of 13 oil and petroleum products
  - Simultaneously, specific duty has been levied at fixed rates on all types of petroleum products and fuel oils
  - This decision has been made mainly to not disrupt the revenue collection due to the fluctuation of global price after the periodic formula-based price adjustment mechanism, likely to be introduced in September'23
  - As the import of diesel, furnace oil and other fuels yields the highest revenue collection (FY22: 56% of total NBR revenue), NBR would like to keep it intact
- If the adjustment adversely impacts BPC's financial condition, BPC will most likely pass it on consumer's shoulder
  - Hence, the imposition of specific duties on petroleum products will help NBR to ensure the revenue generation but may not ensure consumers welfare

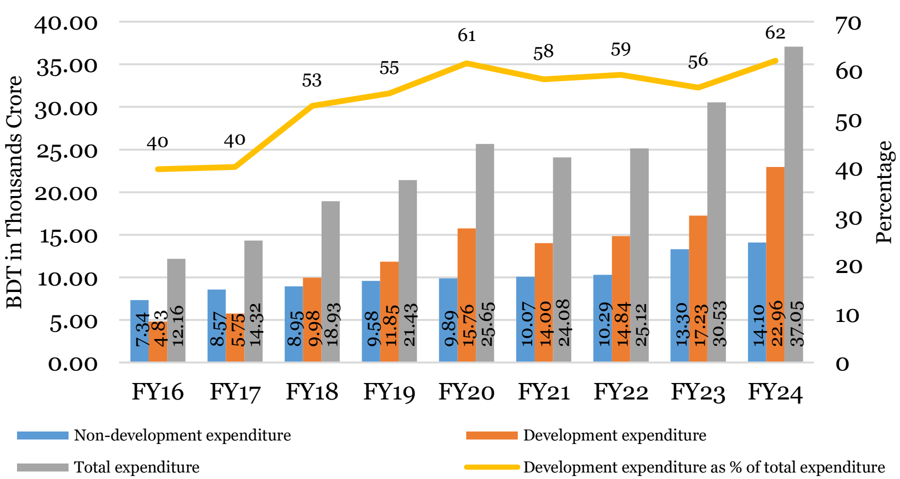
Environment and Climate Change

Budget allocation for FY2023-2024

- The cumulative budget allocations for the **25 Ministries/Divisions** account for **54.09% of total budget,** of which **8.99%** are climate-relevant. The budget allocation has decreased by **0.45%** in FY24 compared to the revised budget in FY23

- Total revised budget allocation increased by **0.85%** from **4.78% in FY22** to **5.63% in FY23**. However, as a share of GDP, the total allocation as % of GDP increased by only **0.13% in FY23** from **0.71% in FY22** to **0.84% in FY23**

Budget Allocation

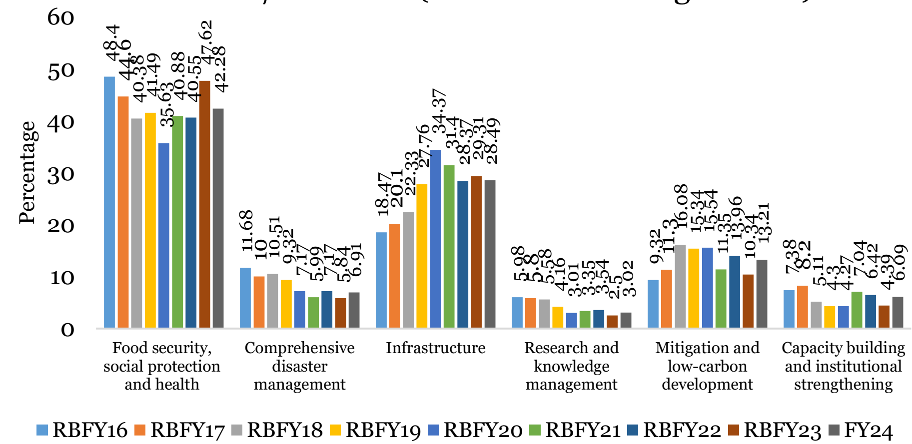


BCCSAP thematic areas in the budget

- Considering the six BCCSAP thematic areas, **13.21%** of the climate budget is allocated to **mitigation and low-carbon development** thematic areas whereas only **6.91% is allocated to comprehensive disaster management**

- The allocation for mitigation and low-carbon development increased over the years from **9.32% in FY16** to **13.21% in FY24** and the allocation for comprehensive disaster management decreased over the year from **11.68% in FY16** to **6.91% in FY23**

BCCSAP Thematic Areas in Budget for Twenty-five Ministries/Divisions (% of Revised Budget in CC)



Climate Change

Climate Budget Utilisation

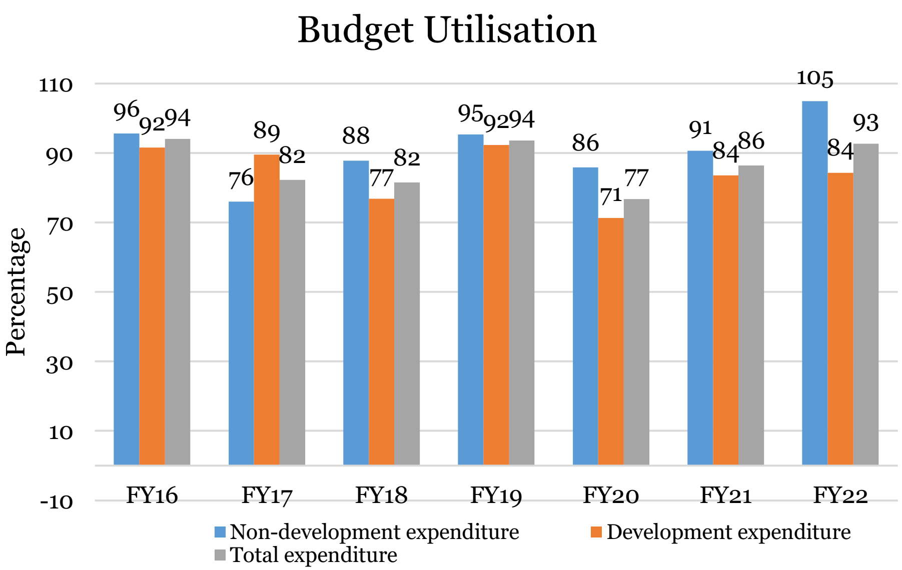
- The climate budget utilisation increased by **7% in FY22** from **86% in FY21** to **93% in FY22**. However, the utilisation of the climate budget in **FY22 is lower than FY16 when it was 94%**

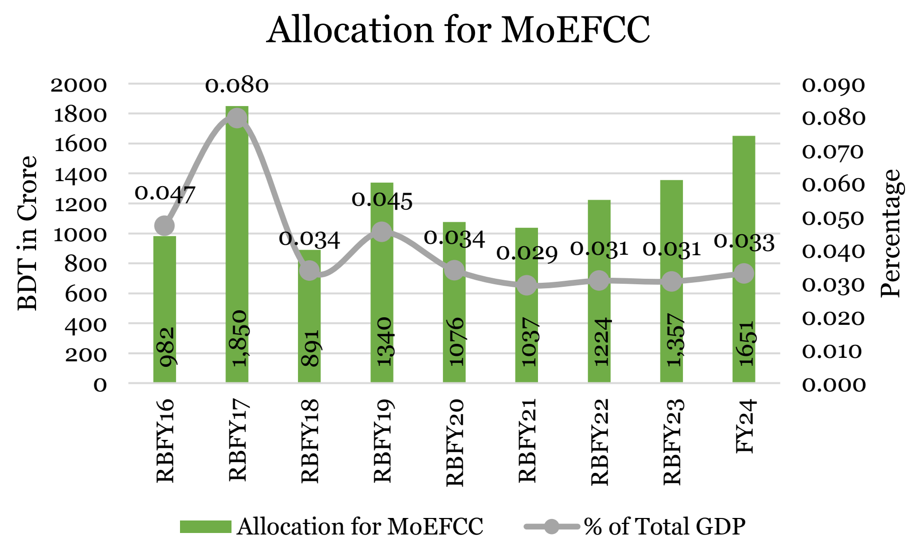
- The utilisation of the development budget was 84% in FY22 and the non-development budget was 105% exceeding the allocation in the revised budget (BDT 11469.62 crore in FY22)

Budget Allocation for MoEFCC

- The allocation for MoEFCC has increased to **0.033% of GDP in FY23 from 0.031% in FY22**, far behind the target stated in 8FYP of 0.10% of GDP by 2025 and 0.5% of GDP by 2041

- The allocation for strengthening institutional capacity for climate risk management increased by **58.66% in FY24** from **BDT 3.87 crore in RBFY23** to **BDT 6.14 crore in original budget of FY24.** However, the actual expenditure in FY22 was BDT 2.93 crore indicating only 75.71% budget utilisation





Some Notable Facts for Climate Change

- **The implementation of climate budget requires efficient budget management** in terms of budget utilisation since the non-development budget exceeded the revised budget allocation.

- **Anomaly is observed in reporting the historical data** in the climate budget for FY24. For example, data of budgetary allocation for FY20, FY21, and FY22 published in budget document for FY24 are found to be inconsistent compared to previous years climate budget documents, led to a convoluted analysis.

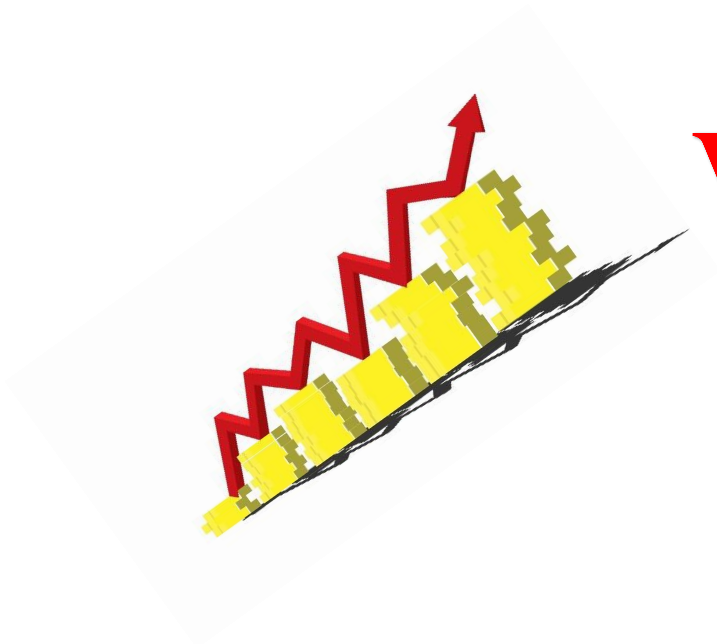
- Bangladesh has taken a measure to develop a blueprint to guide the national fund-allocation strategy, themes, delivery mechanisms, capacity building needs and financing approaches such as guarantees, concessional loans, convertible debt, and equity. But there is no timeline for this.

- The MoEFCC requires more budget allocation in achieving the target for improving the capacity of the ministry in climate risk management and regular monitoring and evaluation of environmental compliance

Fiscal measures to reduce environmental pollution

- In FY23, a 5% supplementary duty on all kinds of polythene bags, plastic bags, and wrapping materials made of polyethylene was removed. This measure continues in FY24. This was not an environment friendly move as it would have increased the use of these items.
- On the other hand, a 20% supplementary duty on paper cups, plates, and bowls remains in FY24. However, these are not as harmful as the plastic items.
- In order to develop sustainable practices and reduce plastic pollution in urban areas of Bangladesh, it is important to reduce the use of plastic products and make sustainable products more affordable.
  - Therefore, CPD recommends exempting the 20% supplementary duty on paper cups, plates, and bowls and instead imposing 20% supplementary duty on polythene bags, plastic bags, and wrapping materials made of polyethylene in FY24.

Independent Review of Bangladesh's Development

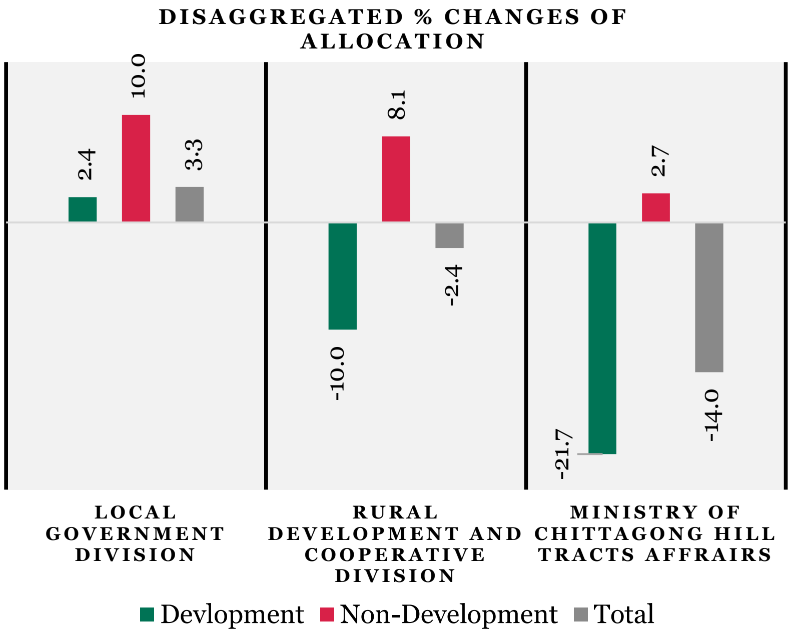


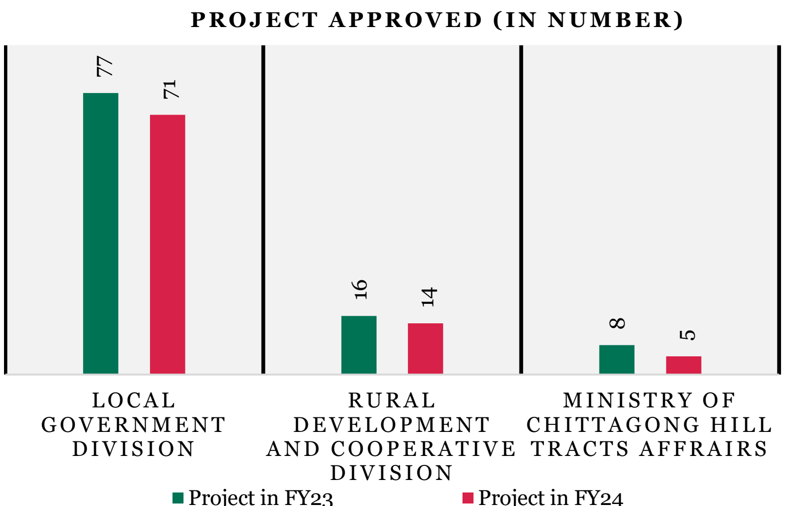
VII. OTHER SELECTED ISSUES

Local Government

Local Government

- The proposed allocation for local government and rural development (LGRD) is Tk48,071 crore which is **2.6% higher than the RBFY23**
  - LGRD accounts for almost 6.5% of the total budget allocation in BFY24, lower than the previous year (RFY23: 7.2%)
- However, the divisional budget for FY24 shows justified insights
  - In comparison to RBFY23, the budget allocation has increased by 3.3% in the local government division.
  - For the rural development and cooperatives division (RDCD) and ministry of Chattogram Hill Tracts affairs divisions (MCHTA), the allocation was reduced by 2.4% and 14%, respectively
  - For each of the three divisions, the number of projects undertaken and the Development expenditure is reduced





Local Government

- But non-development/operating expenditure is increased significantly in each division, especially in local government division, where Non-development expenditure increases by 10%
  - Under the Non-development expenditure, some components such as - (a)Fees, charges and commissions, (b) Medical and surgical supplies, (c) Public order and safety supplies show a drastic increase without any plausible explanation
- **The budget for the ministry of Chattogram Hill Tracts affairs divisions (MCHTA) has consistently decreased in the past budgets**
  - Given the higher poverty rate among indigenous peoples (around of 65%) in the Chittagong Hill Tracts, this continuous reduction may potentially worsen the situation and contradict the government's commitment to inclusive growth
- Despite LGRD's good ADP implementation capacity, inconsistency in the level of implementation is observed in carryover, concluding and continuing projects
- CPD selected some significant projects mostly financed (Reimbursable Project Aid, RPA) through foreign resources. These include -

❑Implementation Status of Selected Carry Over Projects

Carry over Projects	Max Completion rate by FY24 (%)
Construction of Multipurpose Disaster Shelter (2nd Revised) (01/01/2015 - 31/12/2021) PA Source: World Bank	**79.6**
Upazila Governance and Development (01/12/2015 - 30/06/2022) PA Source: JICA	**96.9**
Local Government Initiative on Climate Change (LOGIC) (01/07/2017 - 30/06/2021) PA Source: EU; Sweden; UNCDF; UNDP	**83.3**
Rural Access Road Development of Sylhet Division (1st Revised) (01/07/2015 - 30/06/2021) PA Source: IDB	**100.0**
Bangladesh Emergency Assistance Project (LGED Part) (1st Revised) (01/07/2018 - 30/06/2022) PA Source: ADB	**87.0**
Disaster Risk Management Enhancement Project (LGED Part) (1st Revised) (01/10/2018 - 30/06/2022) PA Source: JICA	**76.4**
Establishment of Diversified Milk Product Plant and Cattle development in greater Faridpur Chars and adjacent areas (01/01/2018 - 31/12/2021)	**64.5**
Construction of master drain for development of water extraction system and removing water logging of Khagrachari sader upazila of khagrachari in CHTs (01/07/2019 - 31/12/2022)	**99.9**

❑Implementation Status of Selected Concluding Projects

Concluding Projects	Max Completion rate by FY24 (%)
Emergency Multi-Sector Rohingya Crisis Response Project (EMCRP) (LGED-Part) (1st Revision (01/12/2018 - 30/06/2024) PA Source: World Bank	79.0
Institutionalization of Climate Resilient Infrastructure (01/01/2018 - 30/06/2023) PA Source: GEF; KFW	41.2
Bridge Development assistance programme in Rural Roads (01/09/2018 - 30/08/2023) PA Source: IDA	56.2
Rural Connectivity Improvement Project (01/07/2018 - 30/06/2023) PA Source: ADB	97.1
Development of Rural infrastructure project in 3 District CHT (1st Revised) (01/07/2018 - 30/06/2023)	98.7
Construction of Rural Road from Rowangchari sadar upazila to Ruma upazila in Bandarban Hill District (1st Revised) (01/10/2018 - 30/06/2024)	47.6

Local Government

❑Implementation Status of Selected Continuing Projects

Continuing Projects	Max Completion rate by FY24 (%)
Western Economic Corridor & Regional Enhancement Program (WeCARE) Phase-1: Rural Connectivity, Market and Logistic Infrastructure Improvement Project (RCMLIIP) (01/10/2020 - 30/06/2025) PA Source: IDA	**39.9**
Promoting Resilience of Vulnerable Through Access to Infrastructure, Improved Skills and Information (Provati) (01/07/2018 - 31/12/2024) PA Source: IFAD	**60.8**

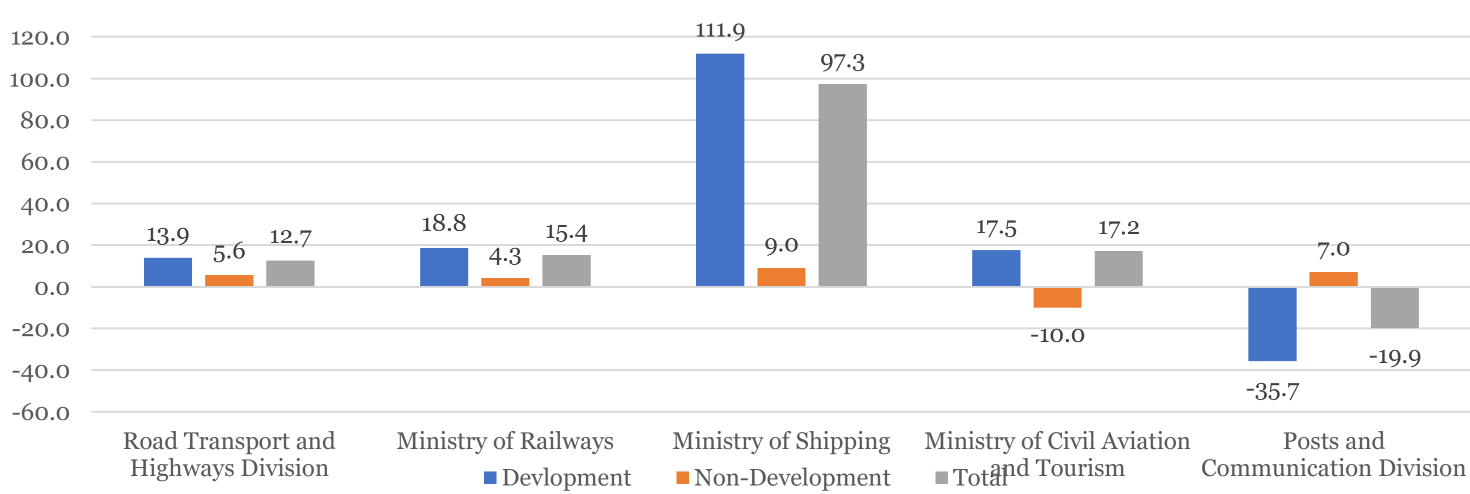
- ❑ **Even though some carry-over projects are expected to be completed within FY24, the pace of completion of the carry-over projects is slow, and with the proposed allocation, those will be difficult to complete in FY24 as well**
  - ➢ Construction of Multipurpose Disaster Shelter has a completion rate of 79.6% with the current allocation, which would result in further delay
- ❑ For the concluding project, some of the important projects can be completed with the help of this year's budget
  - ➢ Rural connectivity and rural infrastructure projects are likely to ensure geographical mobility, which would assure higher benefits for the targeted people
- ❑ **The status of the continuing project is still very unsatisfactory; with this rate of completion, these projects cannot be completed within the expected time period**
- ❑ Given the dollar crisis, Aided Reimbursable Projects should have been given more priority, so that the situation with foreign reserves is improved

Transport and Communication

Transport and Communication

- ❑ Total allocation for the transport and communication sector (for six ministries and divisions) in FY24 is Tk 87,629 crore which is **20.1% higher compared to that in RBFY23**
- ❑ The sector has received **11.5% of the total budget and 28.9% of the development budget** (it is the highest allocation in the development budget)
  - ➢ Allocation for FY24 in Road Transport and Highways Division (RTHD), Ministry of Railway (MoR), Ministry of Shipping (MoS), Ministry of Civil Aviation and Tourism (MoCAT), Posts and Communication Division (PCD), and Bridges Division (BD) are 5.2%, 2.5%, 1.4%, 0.8%, 0.3%, and 1.1% of the total budget respectively
  - ➢ A huge jump is observed in the development budget allocation for the Ministry of Shipping. This might be a result of an increase in the number of **unallocated and unapproved projects** for this ministry in the FY24

Figure 1: Ministry-wise change in allocation (%) in BFY24 compared to RFY23



Transport and Communication

- The overall **implementation rate of ADP** for the transport and communication sector **is 56.6%** (up to April 2023) which is above the average ADP completion rate (50.3%)
  - Sector wise implementation rate: Roads: 57.7%, Rail: 57.7%, Bridges: 68.9%, Aviation: 56.7%, Shipping: 37.8%, and Communication: 35.6% respectively
  - The progress of Shipping and Posts and Communication is comparatively poor than that of other divisions/ministries

- **Transport and communication is still burdened with large number of "carry over" (43.9%) projects**

Table 1: Distribution of ADP Projects under Transport and Communication FY24

New Project	4 (1.7%)
Carry over	101 (43.9%)
Concluding	79 (34.3%)
Continuing	46 (20%)
Total	230 (100%)

Independent Review of IRBD Bangladesh's Development

Transport and Communication

❑ *Implementation Status of Selected* ***Carry Over Projects***

Project Name	Maximum Possible Completion by FY24 (%)
Construction of Dhaka Ashulia Elevated Expressway (1st Revised) (01/09/2017 - 30/06/2022)	63.8%
Construction of 3rd & 4th Dual Gauge Railway Track Between Dhaka-Tongi Section and Dual Gauge Double Track Between Tongi-Joydevpur Section (1st Revised) (01/07/2012 - 30/06/2023)	96.2%
Construction of Double Line Railway Line from Khulna to Dorshana Junction of Bangladesh Railway (01/01/2018 - 31/12/2022)	3.4%
Modernization of Telecommunications Network for Digital Connectivity (01/07/2017 - 30/06/2022)	39.9%
Technical Assistance for Road Transport Connectivity Improvement Project Preparatory Facility (IRTCIPPF) (01/07/2020 - 30/06/2023)	55.6%

❑ *Implementation Status of Selected* ***Concluding Projects***

Construction and development of Cox's Bazar-Tecknaf (N-1) road (1st revised) (01/10/2018 - 30/06/2024)	35%
Construction of Multilane Road Tunnel under the River Karnaphuli (2nd Revised) (01/11/2015 - 31/12/2023)	96.7%
Construction of Bangabandhu Sheikh Mujib Railway Bridge (01/07/2016 - 31/12/2023)	73.2%
Construction of Single Track DG Railway Line from Dohazari-Ramu-Cox's Bazar and from Ramu to Gundum near Myanmar (1st Revised) (01/07/2010 - 30/06/2024)	50.7%
Procurement of 20 Nos. Meter Gauge Locomotives and 150 Nos Meter Gauge Passenger Carriages for Bangladesh Railway (01/07/2017 - 30/06/2024)	100%

Transport and Communication

- *Implementation Status of Selected **Continuing Projects***

Project Name	Maximum Possible Completion by FY24 (%)
Dhaka Mass Rapid Transit Development Project (Line-1) (01/09/2019 - 31/12/2026)	9.9%
Improvement of Sylhet Tamabil Road to a 4-Lane Highway with separate SMVT Lane (01/09/2020 - 30/06/2025)	6%
SASEC Dhaka Sylhet Corridor Road Investment Project (01/01/2021 - 31/12/2026)	11.4%
Matarbari Port Development (01/01/2020 - 31/12/2026)	29.5%
Expansion of Hazrat Shajalal International Airport (1st Phase) (1st Revised) (01/07/2016 - 30/06/2025)	86.6%

- The projects were selected on the basis of project aid
  - It is recommended that these projects receive higher priority as this may help mitigate the foreign reserve crisis
- **Estimations indicate that the current level of allocation will not ensure the completion of a number of important ADP projects in the transport sector even in FY24**
  - Projects like Dhaka Ashulia Elevated Expressway (completion rate 63.8%), are being "carried over" which eventually increases financial burden Dhaka Ashulia expressway has been delayed by four years, increasing congestion and traffic. According to a World Bank report, people lose around 3.2 working hours daily in Dhaka due to congestion and slow driving speeds. Continual project completion delays contribute to this chronic congestion
  - The progress of some "concluding" projects is in the last stage that can be finished through some additional funds – Construction of Multilane Road Tunnel under the River Karnaphuli (2nd Revised) (96.7%; 12/23)
  - Unless adequate allocation is made to the "continuing" projects, they will turn into "carry-over" projects in the next fiscal year

Transport and Communication

- An exercise was carried out to see whether there would be a noticeable uptick in projects due to upcoming elections
  - Although the transport and communication sector received the highest allocation in FY24, last year's allocation was even higher (20.1% vs. 23.7%)
  - There has been a decrease in the total number of Govt-financed projects from FY22 to FY24 (Table 2)
  - The number of unallocated and unapproved projects decreased by a small margin (Table 3)
- It seems there is no indication of election-induced financing in case of allocation for the transport and communication sector

Table 2: Government-Financed ADP Allocation per Project

FY	Total no. of projects	Total Allocation (Lakh BDT)	Allocation per project
FY22	202	1997893	9890.6
FY23	199	2515337	12639.9
FY24	135	2073647	15360.3

Table 3: Number of Unallocated Projects

Ministry/Division	No. of unallocated projects in FY2023-24	No. of unallocated projects in FY2022-23
Road Transport and Highways Division	47	55
Ministry of Railways	9	16
Ministry of Shipping	23	13
Ministry of Civil Aviation and Tourism	1	4
Posts and Telecommunication Division	6	9
Total	86	96

Independent Review of Bangladesh's Development

Transport and Communication

Status of Mega Projects			
Project Name	**Timeline**	**Project cost**	**Maximum Possible Completion by FY24 (%)**
Construction of Dhaka Ashulia Elevated Expressway (1st Revised)	01/09/2017 30/06/2022 (Extended 2026)	1,755,304	**63.8%**
Padma Bridge Rail Link Project (1st Revised)	01/01/2016-30/06/2024	3924680	**77.1%**
Construction of Bangabandhu Sheikh Mujib Railway Bridge	01/07/2016 31/12/2023	1,678,095	**73.2%**
Construction of Multi-Lane Road Tunnel under Karnaphuli River (2nd Revised)	01/11/2015-31/12/2023	3019339	**96.7%**
DG Railway Line from Dohazari-Ramu-Cox's Bazar and from Ramu to Gundum near Myanmar (1st revised)	01/07/2010 30/06/2024	1803448	**50.7%**
Expansion of Hazrat Shajalal International airport (1st phase) (1st revised)	01/07/2016 30/06/2025	2139906	**86.6%**

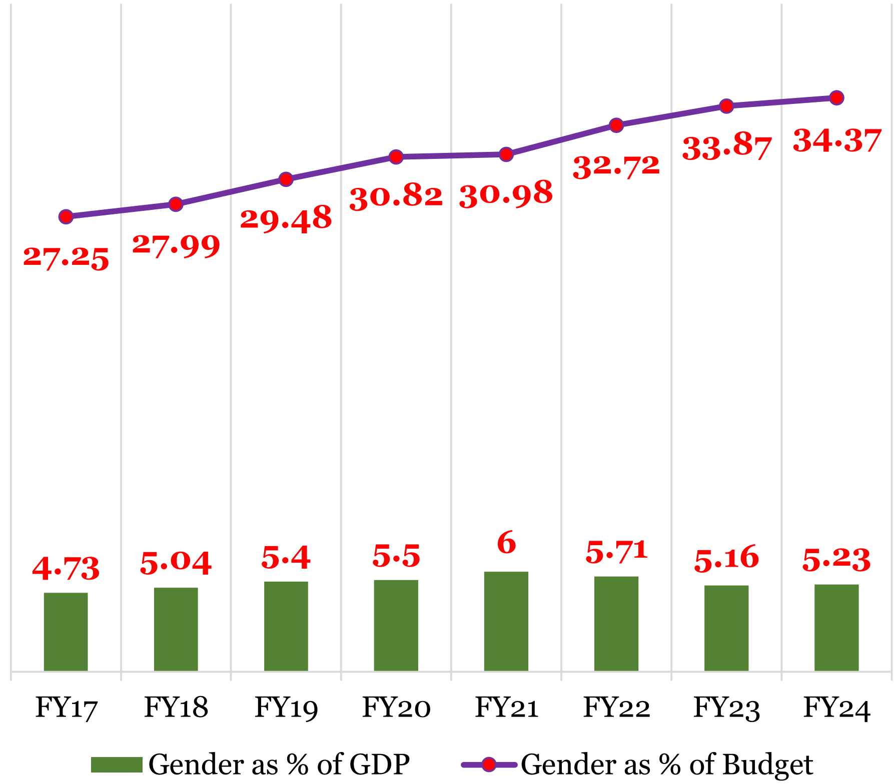
Status of MRT - 6 First Phase (Uttara to Agargaon)	
Revenue (Jan 2023 – March 2023)	**Tk 6.2 crore**
Operational cost (Jan 2023 – March 2023)	**Tk 7.33 crore**

- Most mega projects are running behind their scheduled timeline
- Some of the major mega projects are running within their scheduled time
  - Karnaphuli tunnel **(96.7%)**
  - Expansion of Hazrat Shahjalal airport **(86.6%)**
- Following mega projects are running behind schedule:
  - Dhaka Ashulia Elevated Expressway's original completion deadline was June 2022, has been extended to June 2026 **(%63.8)**
  - Padma Bridge Rail Link Project **(%77.1%)**
  - Bangabandhu Sheikh Mujib Railway Bridge **(73.2%)**
  - Dohazari to Ramu via Cox's Bazar and Ramu to Gundam near Myanmar **(50.7%)**
- MRT-Line 6 has not accrued enough revenue to recover costs in three months of operation
  - It is expected that mega projects will ensure higher rates of return vis a vis expenditure

Gender

Gender

- Allocation for gender budget has **increased by 13.19%** **in FY24 to BDT 261,787 crores against RBFY23**
  - Gender budget as a percentage of the total budget has **slightly increased** **in FY24 to 34.37% from 33.84% in FY23**
  - Similarly, the gender budget as a percentage of GDP has **increased** **from 5.16% in FY23 to 5.23% in FY24**



- Actual expenditure data for FY22 has been reported in the budget for FY24
  - **However, only 57% of the total gender budget was utilised in FY22, which is quite lower than FY21 (79.51%)**
    - Of which non-development budget utilisation was 30%, and development budget utilisation was 95%

- **Despite the continuous increase in the allocation and publishing of actual expenditure for the past two years, yet the data discrepancies between the Gender Budget Report and Gender Reducing Expenditure Statement remained**

Gender

- Exemption from Value Added Tax (Excluding AT) and Supplementary duty on import of **certain raw materials used in the production of sanitary napkins and diapers** extended to protect women and children until June 30, 2024.
  - **However, due to several conditions, not many local companies qualify for this temporary tax cut**
- Also, the import tariffs such as customs duty, supplementary duties, advanced income taxes and other taxes were not reduced on the menstrual products.
  - **Therefore, women still must pay VAT on menstrual products.**
- However, menstrual hygiene is a fundamental right for women and girls which is violated when menstrual hygiene products are subjected to all kinds of tax
- **We recommend that:**

- TTI on imported raw materials to produce sanitary napkins and diapers should be brought down to **zero** by exempting all form of VAT, CD, SD AIT, RD, AT and AIT
- Raw materials used to produce sanitary napkins falls under 12 HS codes including 48239094, 35052000, 35069110, 39069000, 39199020, 39201020 and 40021100
- TTI of all these raw materials should be made **zero** to ensure affordable sanitary napkins for women and girls from all levels of income
- The TTI on imported sanitary napkins in FY24 was **127.72%** which we recommend to **be reduced to at least 31.93%**

Gender

- This is **equivalent to one-fourth the existing value** because this will keep the product low-priced and also protect the domestic producers
- Allocation for Joyeeta Foundation has increased from BDT 7.18 crore to BDT 7.73 crore
- Allocation for Women's Skill-Based Training For Livelihood programme has decreased from BDT 8.05 crore to BDT 8.21 crore
- Allocation for the credit support programme "**Micro-credit for women Self-employment**." has **decreased** to nearly half in FY24 (BDT 5 crores) from BDT 10 crores in FY23.
- Allocation for "**Women, Child protection and child welfare**" has **decreased massively** from BDT 31.41 crores in FY23 to BDT 1.79 crores in FY24
- Also, allocations for "**Development of women entrepreneurs in economic empowerment at the grass root level**" has **decreased significantly** from BDT 105 crores in FY23 to BDT 86.25 crores in FY24
- **Allocations for significant programmes essential for the empowerment and development of women have decreased in FY24, which may result in limited support for gender-specific needs and slower progress in achieving gender-related targets**

Defence Services

Defence Services

- The budgetary allocation for Defence Services in BFY24 is Tk. 41,732 crore, which is 15% higher than RBFY23
    - Overall, the share of defence services in the budget has remained the same in BFY24 and RBFY23 (5.5%)
    - The share of non-development component in the overall defence budget is more than 96%, in keeping with the past trend

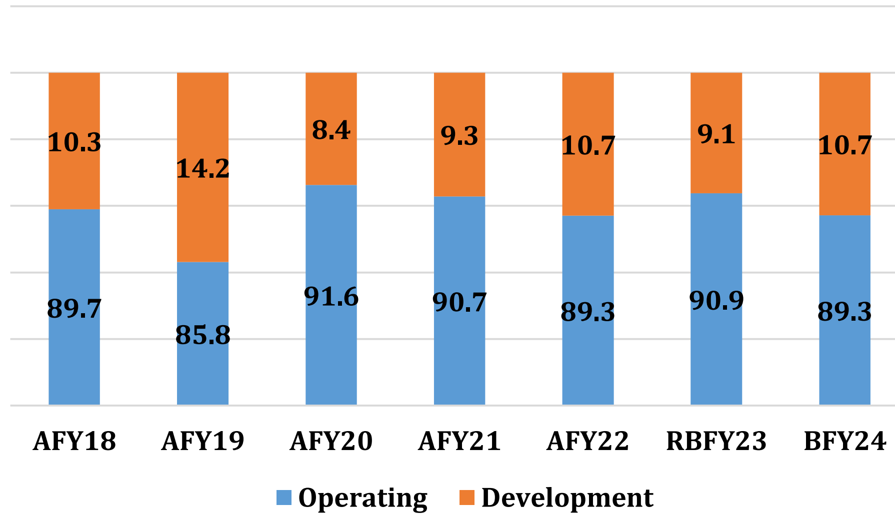
Defence Allocation and Expenditure (In crore Tk.) and Share in Recent Years

	FY21 (A)	FY22 (A)	FY23 (RB)	FY24 (B)
Ministry of Defence-Defence Services				
Non-Development	33,648	31,788	32,636	38,284
Development	229	1,451	1,838	1,542
Total	33,877	33,239	34,474	39,826
Ministry of Defence-Other Services				
Non-Development	1,549	1,979	1,766	1,861
Total	1,549	1,979	1,766	1,861
Armed Forces Division				
Non-Development	37	52	37	45
Total	37	52	37	45
Total-Defence Services	35,463	35,270	36,277	41,732
% of Total Budget Allocation	7.7	6.8	5.5	5.5

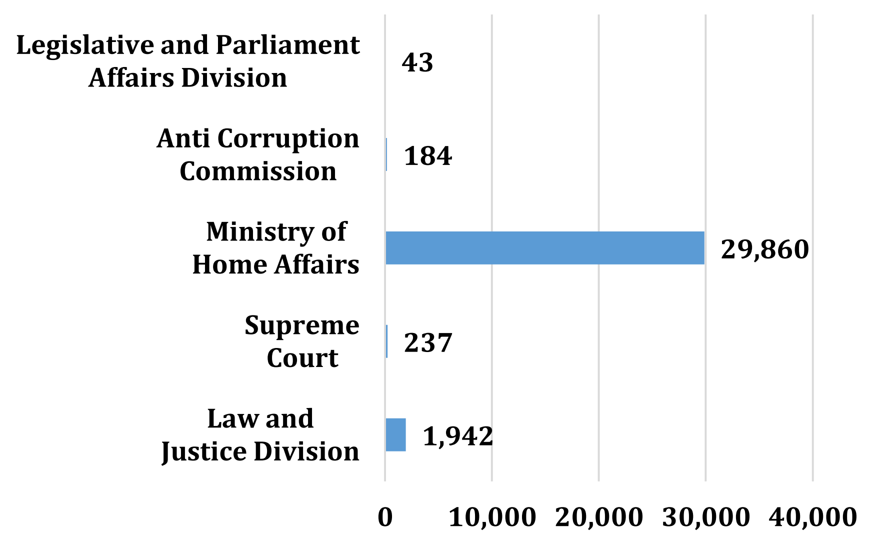
Public Order and Safety

Public Order and Safety

- The allocation for Public Order and Safety for BFY24 is Tk. 32,266 crore (15.6% higher than RBFY23)
  - Overall, the share of this sector in the total budget has remained the same between RBFY23 and BFY24 (4.2%)
- Following the usual trend, Ministry of Home Affairs (MoHA) has taken the lion's share of the total allocation for the sector in BFY24 (92.5%)
  - An additional Tk. 4,098 crore has been earmarked for MoHA in BFY24



Allocation for BFY24 (Crore Tk.)



VIII. CONCLUDING REMARKS

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- In the **FY24 budget**, the **underlying assumptions** pertaining to the key macroeconomic correlates appear to be **far from reality**
- As a consequence, the **budgetary targets** set for FY24 are **likely to be missed by a substantial margin**
- The budget **failed to address** the **most difficult challenge in the current reality**: containing inflation

On the whole, the budget for FY24 failed to fully acknowledge the ongoing macroeconomic challenges and, therefore, offered inadequate remedial measures.

Independent Review of iRBD Bangladesh's Development

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