

## International Monetary Fund

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## Bangladesh—Letter of Intent

May 11, 2014

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

Dear Ms. Lagarde:

The economy of Bangladesh went through a turbulent period ahead of national parliamentary elections in January 2014. Unrest and uncertainty affected activity and demand, slowing tax collections, imports, credit to private sector, and public investment, while headline inflation edged up on supply disruptions. Despite these challenges, we have maintained macroeconomic stability. Government borrowing has been kept within targeted levels and we have continued to build up reserves. Non-food inflation has been trending down, while exports have remained resilient.

Meanwhile our Extended Credit Facility (ECF)-supported program remains firmly on track. The quantitative performance criteria (PC) for end-December 2013 were met, and the indicative targets for September and December 2013 were either met or narrowly missed. Preliminary data indicate that the country is on track for most end-March 2014 quantitative targets as well. All structural benchmarks due in December 2013 and March 2014 have also been completed.

Our reform priorities remain focused on stepping up revenue collections, strengthening the state-owned commercial banks (SOCBs) and state-owned enterprises, and improving public financial management. Steady progress is being made on the implementation of the new value added tax (VAT), with the international tendering process for the automation software already completed and on track for final selection of the software provider by end-June 2014. To address continued weaknesses in asset quality and profitability of the SOCBs, Bangladesh Bank (BB) is regularly monitoring progress against plans to strengthen governance, risk management and internal control at these banks, and is moving to enforce sanctions in case of noncompliance. These and other details of our policy program are set out in the attached Memorandum of Economic and Financial Policies (MEFP).

We are requesting an increase in the end-June 2014 PC on net international reserves of BB, and a corresponding reduction of the PC on BB's net domestic assets.

We believe that our commitments, as outlined in the MEFP, are adequate to achieve program objectives, but we may consider further measures, as appropriate, for this purpose. In this context, the Government of the People's Republic of Bangladesh is requesting completion of the

fourth review under the ECF arrangement and access to the fifth disbursement in the amount of SDR 91.423 million.

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

Sincerely yours,

/s/

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

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

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

MAY 11, 2014

*This memorandum updates the November 5, 2013 Memorandum of Economic and Financial Policies (MEFP) under the Government of Bangladesh's three-year Extended Credit Facility (ECF) arrangement.*

### I. BACKGROUND

**1. Macroeconomic performance and outlook.** Economic activity was affected in the first half of FY14 by unrest and uncertainty in the run-up to the January 2014 general elections. The impact was reflected in slower credit growth, private and public investment, imports, and tax collections, while supply disruptions pushed up food inflation. Growth in worker remittances has also weakened along with manpower exports. Despite these challenges, Bangladesh's external position remains strong: exports have been resilient, and we have been able to continue to build up international reserves. Moreover, non-food inflation has continued to abate, and the overall fiscal balance remains on track against our targets. As normalcy returns, we expect domestic demand and economic activity to rebound in the remainder of FY14 and in FY15.

### II. FISCAL POLICY AND PUBLIC FINANCIAL MANAGEMENT

**2. Fiscal performance.** Subdued economic activity and weak imports in the first half of FY14 had a negative impact on tax revenues, which fell just below the program indicative target (IT) at end-December 2013, the fourth test date of the ECF arrangement. At the same time, political uncertainty and unrest led to delays in the implementation of the Annual Development Program (ADP). We have kept other fiscal expenditures under tight control, while protecting social-related spending. As a result, we met our performance criterion (PC) on net credit to the central government (NCCG) by the banking system at end-December 2013, and are on track to meet the NCCG target for end-June 2014 as well as the target for the overall fiscal deficit (excluding grants) of 4.3 percent of GDP for FY14 as a whole.

**3. Fiscal policy objectives for FY15.** We will continue to pursue a prudent fiscal policy in the coming fiscal year, anchored by a budget deficit (excluding grants) target of 4.1 percent of GDP. In line with this, we will aim to keep NCCG below a cumulative ceiling of Tk 100 billion in the six months to December 2014. Within this envelope, we will increase priority fiscal spending. In public investment, top priority will be given to high-quality projects with a strong impact on growth, particularly in energy and transport infrastructure. In line with the government circular issued in January 2012 to line ministries, shortfalls in externally funded ADP projects shall not be substituted with domestic funding. We will also prioritize spending on social protection (see paragraph 13 below).

**4. Revenue measures.** To strengthen government revenue and increase fiscal space for priority spending going forward, we will take the following measures:

- **Implementation of the new value added tax (VAT).** We have continued to make steady progress on VAT implementation. We published the tender for the selection of the automation software vendor in November 2013 (ahead of the target). The tender evaluation process has been completed, and will be approved expeditiously by the Cabinet Committee on Government Purchases so as to ensure final selection of the software provider by the end-June 2014 deadline (a structural benchmark). We have also taken steps recently to expedite the tendering process to appoint an external management consultancy for VAT implementation, as well as the release of domestic funding for the project.
- **Other tax reforms.** To help relieve the export sector from the impact of the recent political unrest and ongoing restructuring costs, we granted a temporary reduction in export tax rates (from 0.8 percent to 0.3 percent for ready-made garments (RMG) exports, and from 0.8 percent to 0.6 percent for all other exports), effective from April 23, 2014 through June 2015. The cost is estimated at about Tk 20 billion in foregone revenue in FY14 and FY15. To offset this, we will undertake revenue-enhancing tax policy measures in the FY15 Budget and improve tax compliance through administrative measures. Over the medium term, we will continue to rationalize import tariff structures (reducing the level and dispersion of tariff rates), and will work on a plan to overhaul the corporate income tax by gradually reducing the rate while broadening the base, with the aim of increasing overall corporate income tax collections.
- **Revenue administration.** Tax revenue is expected to improve along with the recovery in domestic activity and imports. To further support revenue collections, we will continue to modernize the tax administration system. Registrations for the online tax identification number (e-TIN) have proceeded at a rapid pace: up to March 2014, over 1.1 million taxpayers registered for e-TIN, and of these 23 percent correspond to new taxpayers.

**5. Subsidies and state-owned enterprise (SOE) reforms.** Our policies continue to be oriented to containing energy subsidies. We remain committed to keeping domestic average fuel prices within Tk 10 per liter of international prices, and price will be adjusted as needed to keep to that target. The IT on short-term external borrowing for oil imports by Bangladesh Petroleum Corporation (BPC) was narrowly missed in December 2013. To avoid similar breaches in the future, and strengthen the transparency of subsidy policies, we will make regular budgetary transfers, at least on a quarterly basis, to BPC, the Power Development Board (BPDB), and Chemical Industries Corporation (BCIC) to cover subsidy costs. To strengthen BPC's financial management, we had planned to hire professional staff by March 2014; appoint a global firm to audit BPC's financial statements for FY13, in association with a local firm (a September 2014 structural benchmark); and adopt an automated financial reporting software by December 2014. There have been some delays in hiring professional staff in BPC, but the process is expected to be completed by June 2014. The other planned actions are on track.

**6. Public financial management.** We have developed a preliminary framework for cashflow forecasting, which will be validated in coming weeks and be fully operational by end-May 2014. We will report, from July 2014, the resulting monthly cash flow forecasts as part of the reporting requirements under the accompanying Technical Memorandum of Understanding. As a prior action for the previous ECF review, the Cash and Debt Management Committee (CDMC) placed a limit of Tk 40 billion on the amount of government borrowing from Bangladesh Bank (BB) through the overdraft (OD) facility, which became effective from April 2014, and a standstill on further increases in the Ways and Means Advances (WMA) facility. To build buffers in preparation for this policy, the government has been drawing down the balances in both the OD and WMA facilities through pre-financing via treasury bills and bonds.

**7. Public debt management.** We have prepared a draft medium-term debt strategy, which was circulated for wider consultation in April 2014. The final strategy will be approved by the Minister of Finance in June 2014. We will follow up on the recommendations of the ongoing Debt Management Performance Assessment (DeMPA) by the World Bank. Based on one of its recommendations, we will adopt, by July 2014, guidelines for the approval and issuance of loan guarantees provided by the government (a new structural benchmark). As a result of the several measures adopted in recent months to strengthen external borrowing procedures, inter-agency coordination in this area has significantly improved. Going forward, our external borrowing, particularly on nonconcessional terms, will continue to center on projects in power, transportation, telecommunications, and other infrastructures to help meet our critical development needs.

### III. MONETARY POLICY AND CENTRAL BANK OPERATIONS

**8. Monetary and exchange rate policy.** Our monetary policy will be anchored on a reserve money target aimed at containing inflation while allowing adequate expansion of private sector credit growth. As indicated in our January 2014 Monetary Policy Statement, there are upside risks to inflation stemming from higher wages and the rebound in aggregate demand. Should inflation steadily rise above projections, the reserve money target will be tightened, and the exchange rate may also be allowed to appreciate. International reserves have continued to rise, exceeding our end-December 2013 PC target. BB will continue to intervene in foreign exchange markets to further build up reserves in order to preserve reserve adequacy, sterilizing as required to meet our reserve money targets.

**9. Central bank operations.** We have taken several measures to strengthen BB's financial reporting. The final approval by BB Board of the management letter for the external audit of BB's FY13 financial accounts by a global audit firm took place in January 2014, a slight delay relative to the benchmark. Based on the satisfactory experience with this external audit, we have initiated the process to engage a global firm to audit BB's FY14 financial statements. The BB Board has appointed a certified chartered accountant as an advisor to its Audit Committee (a structural benchmark for March 2014).

## IV. FINANCIAL SECTOR REFORMS

**10. Banking system supervision.** We issued a circular in December 2013 temporarily relaxing loan rescheduling guidelines until June 2014 to help private sector borrowers in the face of severe disruptions in economic activities during the last three months of 2013. This relaxation will not be extended beyond June 2014. In order to ensure the proper utilization of this temporary policy relaxation and to prevent the possibility of misuse, we are taking the following measures: (i) we will order the banks to issue quarterly status reports on the restructured loans and BB will monitor these reports; (ii) BB will verify the rescheduled loan accounts and inspect them on a case-by-case basis to ensure compliance with BB's approval conditions; and (iii) if any restructured loan is defaulted on, BB will instruct that it be classified adversely and the required provision be made. BB has continued to implement provisions under the amended Bank Companies Act (BCA), including through issuance of circulars on related lending and stock market exposure for banks. For banks currently with stock market exposure above the permissible limit, BB will strictly monitor that the current exposures in nominal taka terms will not be increased and strictly enforce a steady reduction in their investments within the three-year period allowed in the BCA. BB remains committed to implementing a stronger bank resolution and lender of last resort framework, along the lines of the roadmaps approved last September 2013.

**11. Strengthening the state-owned commercial banks (SOCBs).** We will continue to focus on strengthening the governance, credit risk management, and balance sheets of the SOCBs. To this end, several measures are being undertaken:

- **Governance.** In accordance with the memoranda of understanding (MOUs) with BB, the Boards of the SOCBs adopted business plans and approved several policies to improve their operations, develop credit and risk management, and strengthen internal control and compliance (a December 2013 benchmark). By December 2014, BB will assess conformity of the SOCBs with their recently approved internal control and compliance policies (a new structural benchmark).
- **Prudent credit policies.** We will impose strong sanctions provided for in the MOUs in case of noncompliance, particularly regarding areas which are directly under the control of banks, such as credit growth ceilings and limits on single borrower exposures and related lending. In this regard, as a sanction against an SOCB that has systematically breached the credit growth ceiling, BB has ordered it to deposit, as unremunerated reserves at the central bank, the entire excess amount lent over the credit limit.
- **Strengthening SOCB balance sheets.** As envisaged in our previous MEFP, in December 2013 we injected Tk 41 billion into the four SOCBs to partially recapitalize them. We intend to continue to strengthen the SOCB's capital position in line with regulatory capital adequacy standards, conditional on progress on actions agreed under the MOUs

and in the business plans approved by the SOCBs. BB will continuously monitor loan recovery practices by SOCBs, and explore alternative ways of recovering bad loans.

- **Automation.** In consultation with the SOCBs, we have completed an action plan to fully automate financial reporting in SOCB branches (a structural benchmark for March 2014), whereby by 2016 around 96 percent of the branches of the SOCBs will have been automated through implementation of the “Core Banking System” software.

## V. REFORMS TO BOOST GROWTH AND INCLUSION

**12. Labor and safety standards.** In November 2013 the Wage Board approved an increase in the minimum wage for the RMG industry. We are also working, in alliance with development partners and international retailers, on improving factory safety standards in the RMG sector, including through enhanced inspections.

**13. Social safety nets.** We met the IT for December 2013 on social-related spending. To continue to protect social spending while enhancing its efficiency, we intend to increase budget allocations for well targeted social safety net programs. We remain committed to strengthening the efficiency and transparency of social safety net programs, along with developing a comprehensive poverty database.

**14. Reforms to foreign exchange regulations.** To help facilitate business transactions, deepen local capital markets, and attract foreign direct investment, we will continue to make progress towards a gradual liberalization of exchange regulations on current and capital account in accordance with the roadmap approved in September 2013. We will review and adopt the necessary amendments to foreign exchange regulations and reporting routines for current account transactions by December 2014 (a structural benchmark). In addition, we will draft the necessary amendments to the Foreign Exchange Regulations Act, with submission to Parliament by December 2014.

**15. Trade and investment reforms.** We will continue our efforts to rationalize our trade policies by reducing the dispersion and average level of protection, as well as the incidence of waivers and exemptions. We will also expand public investments in areas with high expected social returns, in particular those that reduce supply bottlenecks and the cost of doing business.

## VI. PROGRAM MONITORING

**16.** Progress under our program will continue to be monitored through PCs and ITs, structural benchmarks, and other necessary measures, with semi-annual program reviews. Quantitative PCs and ITs for March, June, September, and December 2014 are set out in Table 1, and structural benchmarks are set out in Table 2. They are guided by the attached Technical Memorandum of Understanding, as amended. The fifth and sixth reviews are expected to take place on or after November 1, 2014 and April 1, 2015, respectively.



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

	6/30/12		12/31/12		6/30/13		9/30/13		IT	12/31/13			3/31/14	6/30/14		9/30/14	12/31/14	
	PC with adjusters	Est.	PC with adjusters	Est.	PC with adjusters	Est.	IT	Est.		Prog. PC	PC with adjusters	Est.	IT	Prog. PC	Modified PC	IT	Prog. PC	
<b>Performance criteria applicable on a periodic basis 2/ 3/</b>																		
Net international reserves (NIR) of Bangladesh Bank (BB) (floor, end of period (eop) stock, in millions of U.S. dollars)	6,097	6,984	6,356	9,435	10,450	12,357	10,877	13,326	Met	13,402	13,352	15,024	Met	13,526	13,729	15,290	15,760	16,230
Net domestic assets (NDA) of BB (ceiling, eop stock, in billions of taka)	538	435	566	338	340	190	324	133	Met	207	211	79	Met	223	271	155	129	177
Net credit to the central government (NCCG) by the banking system (ceiling, cumulative change from the beginning of the fiscal year, in billions of taka) 4/	240	139	92	41	204	145	25	2	Met	100	104	63	Met	167	242	242	25	100
	4/1/12 – 6/30/12		10/1/12 – 2/19/13		4/1/13 – 6/30/13		7/1/13 – 9/30/13			10/1/2013 – 12/31/13			1/1/14 – 3/31/14	4/1/14 – 6/30/14		7/1/14 – 9/30/14	10/1/14 – onward	
	Prog. PC	Est.	Prog. PC	Est.	Prog. PC	Est.	Prog. PC	Est.		Prog. PC	Est.		Prog. PC	Prog. PC	Prog. PC	Prog. PC	Prog. PC	
<b>Performance criteria applicable on a continuous basis 5/</b>																		
New nonconcessional external debt maturing in more than one year, contracted by the public sector and/or guaranteed by the central government or BB (ceiling, stock since December 31, 2011, in millions of U.S. dollars)	500	0	1,000	2,436	3,250	2,860	4,000	2,860	Met	4,250		3,107	Met	5,000	5,750	5,750	6,000	6,000
New nonconcessional external debt maturing in one year or less, contracted by the public sector and/or guaranteed by the central government or BB (ceiling, stock since December 31, 2011, in millions of U.S. dollars)	0	0	0	0	0	0	0	0	Met	0		0	Met	0	0	0	0	0
Accumulation of new external payment arrears by the public sector (ceiling, stock since December 31, 2011, in millions of U.S. dollars)	0	0	0	0	0	0	0	0	Met	0		0	Met	0	0	0	0	0
	6/30/12		12/31/12		6/30/13		9/30/13			12/31/13			3/31/14	6/30/14		9/30/14	12/31/14	
	IT	Est.	IT	Est.	IT	Est.	IT	Est.		IT	Est.		IT	IT	IT	IT	IT	
<b>Indicative targets</b>																		
Reserve money (ceiling, eop stock, in billions of taka)	1,014	976	1,061	1,067	1,135	1,122	1,151	1,137	Met	1,216		1,208	Met	1,242	1,304	1,304	1,313	1,396
Tax revenue of central government (floor, cumulative change from the beginning of the fiscal year, in billions of taka) 6/	924	916	489	456	1,088	1,033	240	248	Met	495		493	Not Met	783	1,191	1,191	274	569
Social-related spending by central government (floor, cumulative change from the beginning of the fiscal year, in billions of taka)	400	421	161	174	455	464	78	73	Not Met	177		186	Met	317	519	519	95	215
Net suppliers' credit and other short-term financing for oil imports (ceiling, cumulative change from end-FY11, in millions of U.S. dollars), program level	1,000	1,160	1,250	985	1,125	805	1,125	978	Met	1,125		1,126	Not Met	975	775	775	750	600
State-owned banks funded loans to Bangladesh Petroleum Corporation (BPC), Bangladesh Power Development Board (BPDB), and Bangladesh Chemical Industries Corporation (BCIC) (ceiling, cumulative change from the beginning of the fiscal year, in billions of taka) 7/	0	-10	0	11	0	-61	0	0	Met	0		10	Not Met	0	0	0	0	0
Net loans extended by four largest state-owned commercial banks (ceiling, eop stock, in billions of taka) 8/	...	...	...	...	731	704	748	705	Met	705		691	Met	711	719	719	736	752
<b>Memorandum items:</b>																		
Budget support from bilateral and multilateral donors agencies (cumulative change from the beginning of the fiscal year, in millions of U.S. dollars), program level	0	0	50	150	200	250	50	50		100	...	50		100	100	100	150	150
Budgetary transfers for settling fertilizer subsidy commitments incurred in FY12 (July 2011-June 2012) (cumulative change from the beginning of the fiscal year, in billions of taka), program level	...	...	...	...	55	56	...	...		...	...	...		...	...	...	...	...
Budgetary transfers for recapitalizing the four largest state-owned commercial banks (cumulative change from the beginning of the fiscal year, in billions of taka), program level 9/	...	...	...	...	...	...	...	...		41	...	41		41	50	50	...	15

1/ Fiscal year begins July 1. Cells marked by "..." indicate data not yet available or that the cell is not applicable for that particular date.

2/ Evaluated at the program exchange rate.

3/ The adjusters are specified in the Technical Memorandum of Understanding.

4/ The ceiling on NCCG by the banking system excludes special bonds, Tk 27.0 billion issued in FY12 (July 2011-June 2012) and Tk 55.2 billion programmed (actual Tk 59.35 billion) in FY13 (July 2012-June 2013), by the central government to the state-owned commercial banks for the securitization of loans made by these banks to the BPC prior to FY12 to cover shortfalls in government budgetary transfers for fuel-related subsidy costs incurred by the BPC.

5/ These performance criteria are applicable on a continuous basis, i.e., the targets are monitored continuously during each period.

6/ Collections by the National Board of Revenue only, as recorded by the Controller General of Accounts.

7/ Outstanding funded loans of Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, and BASIC Bank to BPC, BPDB, and BCIC.

8/ Comprising Sonali Bank, Janata Bank, Agrani Bank, and Rupali Bank. Program IT from December 2013 reflect change in definition of net loans.

9/ Comprising Sonali Bank, Janata Bank, Agrani Bank, and Rupali Bank.

**Table 2. Bangladesh: Structural Benchmarks (Existing and Proposed)**

Actions	Date	Macroeconomic Criticality	Status
Engage and complete a full external audit for the financial year of 2012-13 of Bangladesh Bank (BB) by a global audit firm.	December 2013	To strengthen internal operations and controls	Not met by the deadline. Completed on January 19, 2014.
Publication of the tender for the selection of the value-added tax (VAT) automation software vendor.	December 2013	To strengthen tax revenue administration	Met.
An internal control and compliance policy to be approved by each of the boards of the four largest state-owned commercial banks (SOCBs).	December 2013	To strengthen the banking system	Met.
Appointment of a certified chartered accountant as an advisor to the Audit Committee of the BB Board.	March 2014	To strengthen internal operations and controls	Met.
A detailed action plan for automation at the SOCBs to be approved by the Ministry of Finance.	March 2014	To strengthen the banking system	Met.
Selection of a vendor for a tax automation system for VAT.	June 2014	To strengthen tax revenue administration	
Adopt guidelines for the credit risk assessment, approval and issuance of loan guarantees provided by the central government.	July 2014	To strengthen public debt management	New benchmark.
Complete a full external audit for the financial year 2012-13 of the Bangladesh Petroleum Corporation by a global audit firm in association with a local firm.	September 2014	To strengthen financial management at the largest state-owned enterprise	
Review and adopt the amendments to foreign exchange regulations and reporting routines for all current account transactions, guided by the September 2013 roadmap adopted by BB and the Ministry of Finance.	December 2014	To strengthen the trade and investment climate	
An assessment by BB of compliance by the SOCBs with the Internal Control and Compliance policies approved in December 2013.	December 2014	To further improve governance at the SOCBs	New benchmark.

## Attachment 2. Bangladesh—Technical Memorandum of Understanding

May 11, 2014

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

### I. QUANTITATIVE PERFORMANCE CRITERIA AND INDICATIVE TARGETS

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

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

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

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

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

8. Adjustors to the measurement of performance criteria are (i) budget support to the central government from bilateral and multilateral agencies, calculated cumulatively from the beginning of the fiscal year; (ii) suppliers' credit and other short-term financing for oil imports, calculated cumulatively from end-June 2011; and (iii) budgetary transfers, calculated cumulatively from the beginning of the fiscal year, for recapitalizing the four largest SOCBs—Sonali Bank, Janata Bank, Agrani Bank, and Rupali Bank.

## II. INSTITUTIONAL DEFINITIONS

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

## III. MONETARY AGGREGATES

### A. Reserve Money

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

### B. Net International Reserves of Bangladesh Bank

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

which have received investment grade rating by at least two of the following three rating agencies: Moody's, (a rating of at least Baa), Standard & Poors (a rating of at least BBB-) and Fitch (a rating of at least BBB-), or held with an investment-grade institution;

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

Excluded from the definition of GIR are:

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

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

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

### **C. Net Domestic Assets of Bangladesh Bank**

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

multilateral agencies in excess (short) of the programmed level. The ceiling on NDA of BB will be adjusted downward by the amount of suppliers' credit and other short-term financing for oil imports in excess of the programmed level.

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

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

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

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

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

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

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

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

### **IV. FISCAL AGGREGATES**

#### **F. Tax Revenue**

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

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

#### **G. Social-Related Spending**

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

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

### **V. EXTERNAL DEBT**

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

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

28. For program monitoring purposes, the definition of debt is set out in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangement Executive



Board Decision No. 6230-(79/140), as subsequently amended, including by Executive Board Decision No. 14416-(09-91), effective December 1, 2009 (see Annex I). External debt is defined by the residency of the creditor, excluding any taka-denominated treasury bonds and any U.S. dollar-denominated bonds issued by the central government's Directorate of National Savings that are held by nonresidents (see TMU paragraph 29).

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

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

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

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

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

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

34. Excluded from the ceiling are (i) debts classified as international reserve liabilities of BB; (ii) debts incurred to restructure, refinance, or prepay existing debts, to the extent that such debt is incurred on more favorable terms than the existing debt and up to the amount of the actually restructured/refinanced/prepaid debt; (iii) taka-denominated treasury bills and BB bills held by

nonresidents; (iv) concessional debts; (v) normal import financing; (vi) suppliers' credit and other short-term financing for oil imports from the Islamic Development Bank (IsDB) and other official entities; and (vii) forward contracts, foreign currency swaps, other futures market contracts, and short-term liabilities of the banking system. A financing arrangement for imports is considered to be "normal" when the credit is self-liquidating.

#### **H. Suppliers' Credit and Other Short-Term Financing for Oil Imports**

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

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

#### **VI. EXTERNAL PAYMENT ARREARS**

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

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

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

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

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

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

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

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

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

<b>Item</b>	<b>Reporting agency</b>	<b>Periodicity</b>
Bank-by-bank data for the DMBs on deposit and advance position	BB	Weekly data reported on a monthly basis, within two weeks of the end of each month
Compliance of state-owned commercial banks (SOCBs) with memoranda of understanding	BB (DOS)	Quarterly, within six weeks of the end of the quarter
Net loans and advances and components for each of the four largest SOCBs (Agrani Bank, Janata Bank, Rupali Bank, and Sonali Bank).	BB	Monthly, within six weeks of the end of each month
External borrowing in foreign currency by each SOCB from nonresident institutions	BB	Within a week from the date of approval by BB
Total capital market exposure and total share holding (as per section 26A(1) of the amended Bank Companies Act) of DMBs, and their exposures via subsidiaries	BB (DOS)	Monthly, within six weeks of the end of each month
Risk-weighted capital asset ratios and asset quality indicators of DMBs	BB (DOS)	Quarterly, within six weeks of the end of each month
Stock of loans extended to SOEs (BPC, BPDB, BCIC) by SOCBs (Sonali Bank, Agrani Bank, Janata Bank, and Rupali Bank) and BASIC bank, both funded and unfunded loans	BB (DOS)	Monthly, within four weeks of the end of each month
<b>VI. External data</b>	<b>BB/Other agencies</b>	
Detailed balance of payments	BB	Monthly, within six weeks of the end of each month
Export data by goods	Export Promotion Bureau	Monthly, within four weeks of the end of each month
Import letters of credit (settlement, opening, and outstanding)	BB	Monthly, within four weeks of the end of each month
Remittances and manpower exports	BB/Bureau Manpower, Employment, and Training	Monthly, within two weeks of the end of each month
<b>VII. Other data</b>	<b>Bangladesh Bureau of Statistics (BBS)</b>	
National accounts, by expenditure and by production, in nominal and real terms	BBS	Annual, within three months of the end of each year
Overall consumer price index	BBS	Monthly, within six weeks of the end of each month
Industrial production statistics	BBS	Monthly, within eight weeks of the end of each month

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

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

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

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



Table 4. Bangladesh: Safety Net Programs

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

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

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

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

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

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

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

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

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

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

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

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

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

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