PFM Reform Strategy
2025-2030

Finance Division
Ministry of Finance
Government of the People's Republic of Bangladesh

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Acronyms

AB	Autonomous Body (independent government entity)
ACC	Anti-Corruption Commission
ADP	Annual Development Programme
AFS	Audited Financial Statements
AIAP	Annual Internal Audit Plan
AMMS	Audit Management and Monitoring System
AMS	ADP/RADP Management System
API	Application Programming Interface
APP	Annual Procurement Plan
APPR	Annual Procurement Performance Report
ASOSAI	Asian Organization of Supreme Audit Institutions
ASYCUDA	Automated System for Customs Data
BACS	Budget and Accounting Classification System
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BC1	Budget Circular 1 (Strategic Budget circular)
BC2	Budget Circular 2 (Detailed Budget circular)
BCM	Business Continuity Management
BCP	Business Continuity Plan
BCS	Bangladesh Civil Service
BMC	Budget Management Committee
BMRC	Budget Management Reform Committee
BPATC	Bangladesh Public Administration Training Centre
BPPA	Bangladesh Public Procurement Authority
BPS	Budget Policy Statement
BSP	Budget Strategy Paper
BWG	Budget Working Group
CAG	Comptroller and Auditor General
CBA	Cost-Benefit Analysis
CGA	Controller General of Accounts
CGDF	Controller General of Defence Finance
CIA	Confidentiality, Integrity, Availability
CIAC	Central Internal Audit Committee
CIAD	Central Internal Audit Directorate
CIPFA	Chartered Institute of Public Finance and Accountancy (UK)
CISA	Certified Information Systems Auditor
CMIS	Committee Management Information System
COE	Central Oversight Entity
COFOG	Classification of the Functions of Government

CONTASA	Convertible Taka Special Account
CORBEC	Committee on Reforms in Budgeting and Expenditure Control
CPD	Continuous Professional Development
CPIA	Country Policy and Institutional Assessment
CPTU	Central Procurement Technical Unit
DCL	Debt and Contingent Liability
DDO	Drawing and Disbursing Officer
DGHS	Directorate General of Health Services
DIMAPPP	Digitizing Implementation Monitoring and Public Procurement Project
DLI	Disbursement-Linked Indicator
DMD	Debt Management Department
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
DMTBF	Deepening Medium-Term Budget Framework
DOSA	Dollar Special Account
DR	Disaster Recovery
DSA	Debt Sustainability Analysis
DSL	Debt Service Liability
DSR	Dynamic Social Registry
EC	Executive Committee
ECNEC	Executive Committee of the National Economic Council
e-PMIS	Electronic Project Management Information System
ERD	Economic Relations Division
EU	European Union
FAM	Financial Asset Management
FBE	Forward Baseline Estimates
FCDO	Foreign, Commonwealth and Development Office (UK)
FD	Finance Division
FIMA	Financial Management Academy
FMRP	Financial Management Reform Programme
FY	Fiscal Year
GED	General Economics Division
GFR	General Financial Rules
GFS	Government Finance Statistics
GFSM 2014	Government Finance Statistics Manual 2014
GoB	Government of Bangladesh
G2P	Government-to-Person
GRB	Gender-Responsive Budgeting
HSD	Health Services Division
IAC	Internal Audit Committee
IAU	Internal Audit Unit

IAW	Internal Audit Wing
IBAS++	Integrated Budget and Accounting System
ICT	Information and Communication Technology
IDA	International Development Association
IEC	International Electrotechnical Commission
IFMIS	Integrated Financial Management Information System
IIAB	Institute of Internal Auditors Bangladesh
IMED	Implementation Monitoring and Evaluation Division
IMF	International Monetary Fund
IMCC	Inter-Ministerial Coordination Committee
INTOSAI	International Organization of Supreme Audit Institutions
IPF	Institute of Public Finance
IPE	Independent Performance Evaluation
IPSAS	International Public Sector Accounting Standards
IRD	Internal Resources Division
ISMS	Information Security Management System
ISO	International Organization for Standardization
IVAS	Integrated VAT Administration System
JICA	Japan International Cooperation Agency
KPI/KPIs	Key Performance Indicator(s)
LGD	Local Government Division
LGI	Local Government Institution
LGED	Local Government Engineering Department
LogFrame	Logical Framework (planning and monitoring tool)
M&E	Monitoring and Evaluation
MAF	Ministry Assessment Format
MAPS	Methodology for Assessing Procurement Systems
MDA	Ministry, Division or Agency
MEL	Monitoring, Evaluation and Learning
MEW	Macroeconomic Wing (of Finance Division)
MFMOD	Macroeconomic Fiscal Model
MFT	Macroeconomic Framework Foundations Tool
MLTRS	Medium and Long-Term Revenue Strategy
MoF	Ministry of Finance
MoHPW	Ministry of Housing and Public Works
MoP	Ministry of Planning
MoPA	Ministry of Public Administration
MTBF	Medium-Term Budget Framework
MTDS	Medium-Term Debt Strategy
MTMF	Medium-Term Macroeconomic Framework
MYPIP	Multi-Year Public Investment Plan

NADA	National Academy for Development Administration
NAPD	National Academy for Planning and Development
NBR	National Board of Revenue
NFAM	Non-Financial Asset Management
NID	National Identity (card)
NOC	Network Operations Center
NPSC	National PFM Reform Steering Committee
NSD	National Savings Directorate
OCAG	Office of the Comptroller and Auditor General
OCDS	Open Contracting Data Standards
OECD	Organisation for Economic Co-operation and Development
OLAP	Online Analytical Processing
OTM	Open Tendering Method
PAC	Public Accounts Committee
PAR	Public Account of the Republic
PBB	Performance-Based Budgeting
PC	Planning Commission
PD	Programming Division
PEFA	Public Expenditure and Financial Accountability
PEFA 2016	The 2016 updated version of the PEFA framework
PEMSP	Public Expenditure Management Strengthening Program
PESA	Professional Education for SAI Auditors
PFM	Public Financial Management
PforR	Program-for-Results
PIM	Public Investment Management
PIS	Performance Improvement Strategy
PL Account	Personal Ledger Account
PPA	Public Procurement Act
PPE	Property, Plant, and Equipment
PPP	Public-Private Partnership
PPR	Public Procurement Rules
PSO	Public Service Obligation
PUC	Public Undertakings Committee
PWD	Public Works Department
RBIA	Risk-Based Internal Audit
RMD	Revenue Management Division
RPD	Revenue Policy Division
RR	Risk Register
SABRE+	State-Owned Enterprises Autonomous Bodies Budget and Reporting Evaluation System
SAF	Sector Appraisal Format

SAP	Sector Action Plan
SCB	Standard Chartered Bank
SDGs	Sustainable Development Goals
SLA	Service Level Agreement; *also* Subsidiary Loan Agreement
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SOEs	State-Owned Enterprises
SOP	Standard Operating Procedure (established process documentation)
SPEMP	Strengthening Public Expenditure Management Program
SPFMS	Strengthening Public Financial Management for Service Delivery Programme
SPP	Sustainable Public Procurement
SPV	Special Purpose Vehicle
SSP	Sector Strategy Plan
TDM	Treasury & Debt Management
TDS	Tax Deducted at Source
TIN	Taxpayer Identification Number
TNA	Training Needs Assessment
TSA	Treasury Single Account
TWG	Technical Working Group
USAID	United States Agency for International Development
USD	United States Dollar
VAR	Vector Autoregression
VAT	Value-Added Tax
WB	World Bank
WIP	Work-In-Progress
WOB	Women-Owned Business

Acknowledgement

Executive Summary

From Momentum to Resilience: The Economic Case for PFM Transformation
Bangladesh's Economic Context

Bangladesh's development trajectory reflects strong economic transformation, with robust GDP growth averaging 6.5% over two decades and significant gains in human development, including a fall in extreme poverty to 5.6% in 2022. Growth has been driven by the ready-made garments sector, remittances, and an expanding services economy, alongside improvements in social indicators. However, emerging fiscal and governance challenges now require a more resilient and accountable public financial management (PFM) system.

Despite sustained growth, revenue mobilization remains weak, with one of the lowest tax-to-GDP ratios in the region. Public expenditure continues to rise to meet infrastructure, human development, and social protection needs, increasing demand for efficient budget execution, stronger expenditure controls, and improved financial reporting.

Bangladesh's fiscal exposure—including public debt, SOE liabilities, and contingent obligations such as guarantees and PPP commitments—has expanded, heightening fiscal risks. While public debt levels remain moderate, rising SOE and quasi-fiscal liabilities pose growing threats to fiscal sustainability, calling for stronger fiscal risk monitoring and better integration of debt and SOE oversight into the fiscal framework.

The economy faces additional pressures from global volatility, climate risks, inflation, and rising debt service obligations. Achieving upper-middle-income status in future will require a modern, well-coordinated PFM system that boosts resource mobilization, ensures value for money, and reinforces public trust.

Bangladesh's evolving development landscape also demands diversification, stronger governance, and more efficient public spending. A shift toward innovation, human capital development, and productivity-oriented investments underscores the need for a more strategic and integrated approach to fiscal management.

PFM reforms are therefore central to macroeconomic stability. Strengthened budget discipline, enhanced cash and expenditure controls, improved tax administration, and better fiscal risk management are essential for maintaining fiscal space, reducing inflationary pressures, and safeguarding foreign reserves. A more resilient PFM system will also help Bangladesh respond to external shocks and climate-related risks.

Governance remains the most persistent challenge. Bangladesh continues to score low on global governance indicators—including control of corruption, regulatory quality, and government effectiveness—alongside weak performance in CPIA ratings and the Corruption Perceptions Index. The 2021 PEFA assessment highlights strong performance in fiscal strategy and budgeting but significant gaps in budget execution, asset/liability management, and external oversight.

Public Financial Management Reform Strategy 2025-30

Bangladesh's PFM Reform Strategy 2025–2030 responds to rising fiscal pressures, global uncertainty, and persistent structural weaknesses by shifting from isolated technical fixes to deeper policy and institutional reforms. Building on achievements from previous programs—including iBAS++, MTBF, TSA, pension reforms, and e-GP—the strategy seeks to institutionalize past gains while expanding the reform agenda to climate- and gender-responsive PFM, SOE governance, sectoral PFM, and citizen-centered transparency. It

addresses critical challenges such as debt sustainability, weak SOE discipline, budget execution constraints, and growing demands for value for money.

Guided by extensive whole-of-government consultations, the strategy's goal is to build a resilient, accountable, and high-performing PFM system through three interlinked reform dimensions: **strengthening the regulatory framework, empowering institutions, and digitizing systems and processes.** This framework is organized into six strategic goals and fifteen reform pillars that collectively support fiscal stability, efficient public spending, and improved service delivery.

From Foundations to Future: The Evolution of PFM Reform in Bangladesh

Over the past decades, Bangladesh has progressively strengthened its public financial management (PFM) system through successive waves of reform. Early post-independence efforts focused on rebuilding core institutions, establishing Bangladesh Bank, nationalizing SOEs and banks, and laying the constitutional and institutional foundations of today's PFM framework.

Major structural reforms in the 1980s—most notably the creation of the Controller General of Accounts and the CORBEC recommendations—set the stage for modern financial reporting and expenditure control. Since 2007, two national PFM Reform Strategies, supported by extensive development partner engagement, have driven key advances such as iBAS++, MTBF, TSA, strengthened debt management, improved financial reporting, and automation across core PFM functions. Flagship programs like MDTF-SPEMP and the WB-financed SPFMS-PforR helped institutionalize reforms, enhance fiscal discipline, and improve transparency and accountability.

The PEFA 2021 Assessment shows that while Bangladesh's PFM system has advanced through successive reforms, operational performance remains uneven. Six of seven PEFA pillars scored below the 'C' benchmark, reflecting systemic gaps in fiscal discipline, strategic budgeting, and accountability. Strengths include comprehensive budget documentation, annual performance reporting, and widespread e-procurement. However, major weaknesses persist -limited budget credibility, weak transparency and monitoring of execution, revenue and expenditure forecasting gaps, inadequate oversight of SOEs, weak internal controls and internal audit, delayed financial reporting and audit, and poor follow-up on audit findings.

Despite substantive progress, governance gaps, institutional constraints, and uneven performance across PFM dimensions persist—highlighting the need for deeper policy, institutional, and systems reforms, which the 2025–2030 PFM Reform Strategy seeks to address.

The Pillars of Progress: A Unified Framework for PFM Reform

The PFM Reform Strategy Framework sets out a coherent, country-owned roadmap to strengthen fiscal governance, improve resource allocation, and enhance transparency across the public sector. Grounded in international good practices, the framework is tailored to Bangladesh's unique institutional trajectory and evolving development needs.

Stakeholder consultations across government, oversight institutions, and development partners highlighted clear priorities—mobilizing more domestic revenue to meet mounting fiscal pressures, shifting from input-based budgeting to performance-oriented approaches, achieving deeper digital integration through iBAS++, establishing a resilient and inclusive debt management system, and expanding governance and fiscal oversight of SOEs. The framework

also embeds emerging priorities—modernize the legal and regulatory framework and citizens engagement for ensure public trust.

To deliver on these priorities, the Strategy is organized into fifteen mutually reinforcing Reform Pillars that span the entire PFM cycle. Complementing PFM core functionalities, three cross-cutting pillars focus on climate-smart PFM, institutionalizing gender-responsive budgeting, and improving sectoral PFM systems in health, education, social protection, and local government to reinforce service delivery.

Together, this framework provides a whole-of-government structure to address long-standing fiscal governance weaknesses, strengthen institutional credibility, and ensure that public resources are mobilised, strategic priority aligned resource allocation, and public spending in a manner that is efficient, equitable, and aligned with national development priorities.

Unlocking Implementation: Addressing Bangladesh's PFM Reform Bottlenecks

Bangladesh's experience over two decades shows that implementing PFM reforms is inherently complex, constrained by institutional rigidities, limited capacity, weak coordination, and political economy dynamics. Past programs—including the MDTF-supported reforms, SPEMP, and the SPFMS PforR—demonstrate that while progress is achievable, reforms often stall without strong leadership, continuity, and institutional anchoring.

Key challenges include the absence of empowered reform champions, frequent leadership turnover, weak inter-institutional coordination, and an acute need for close coordination between high-level policy intent and frontline execution. Capacity constraints—especially in macro-fiscal analysis, treasury, debt management, and iBAS++—are compounded by heavy reliance on consultants, which undermines long-term institutional capability. Fragmented financing from the development partners, limited monitoring and evaluation, and political economy constraints across revenue, procurement, SOEs, and digitization further inhibit progress.

The 2025–2030 Strategy shifts toward a whole-of-government, performance-driven reform model that emphasizes political commitment, institutional ownership, and sustained capacity development.

Implementation will follow a phased and prioritized approach, with clear accountability under each reform pillar, sequencing of foundational reforms, and strong oversight. Dedicated PFM personnel in the line ministries, a strengthened pool of officers in the Finance Division expert in PFM Reform, and a structured coordination mechanism among the development partners will ensure coherence and sustainability. Digital platforms such as iBAS++ and e-GP will underpin data-driven reform management, supported by a national PFM talent pool.

Change management, strategic communication, and incentives for reform champions will reinforce ownership and continuity. Together, these measures aim to build a resilient, well-coordinated PFM reform ecosystem capable of delivering sustained improvements and supporting Bangladesh's broader development agenda.

1. Introduction

1.1 Bangladesh's Economic Context

Bangladesh's development journey is a testament to resilience and ambition. Over the past several decades, the country has evolved from an agrarian base into a dynamic economy with thriving industrial and service sectors. The nation's Gross Domestic Product (GDP) growth has been robust, averaging around 6.5% annually over the last twenty years.

Remarkable progress has been made in human development. The extreme poverty rate dropped from 12.9% in 2016 to just 5.6% in 2022, reflecting Bangladesh's commitment to achieving the first Sustainable Development Goal (SDG): eradicating extreme poverty by 2030. Social indicators have also improved significantly, underscoring the country's dedication to inclusive growth.

Sustained economic expansion has been fuelled by the ready-made garments industry, consistent remittance inflows, and a growing services sector. These drivers have not only supported growth but also contributed to poverty reduction and social advancement. However, new and evolving challenges are emerging, particularly in the area of public finance.

Key Economic Indicators

- **GDP Growth (2015–2024):** Bangladesh has maintained strong economic growth, though recent years have seen some moderation.

- **Tax-to-GDP Ratio (2015–2024):** Despite progress, revenue mobilization remains a challenge, with the tax-to-GDP ratio among the lowest in the region.

Source: Bangladesh Bureau of Statistics (BBS), Ministry of Finance (MoF), IMF World Economic Outlook (WEO), National Board of Revenue (NBR), MoF budget documents, IMF Article IV reports.

Figure 1: GDP, Tax-to-GDP Ratio
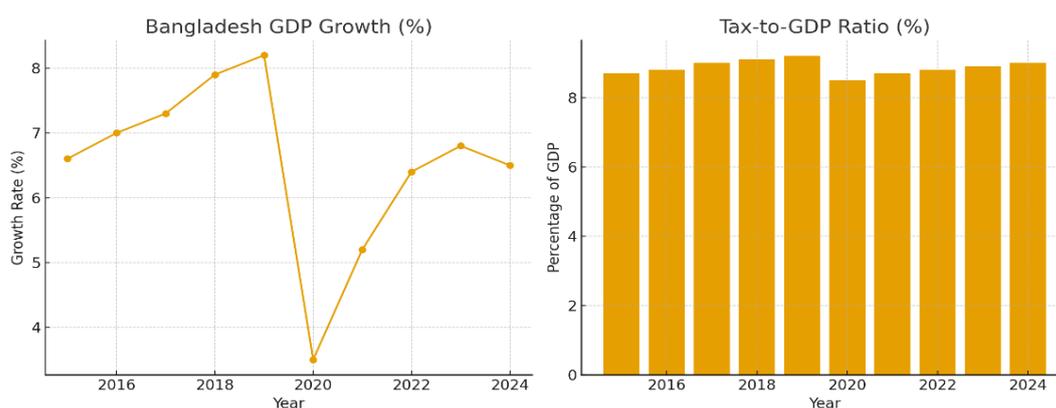
Source: Compiled using Data from Bangladesh Bureau of Statistics (BBS), Ministry of Finance (MoF), IMF WEO, and National Board of Revenue (NBR), MoF budget documents, IMF Article IV reports.

Public expenditure is increasing to address expanding development needs, especially in infrastructure, health, education, and social protection. As government operations become more complex, there is a growing need for efficient budget execution, stronger expenditure controls, and enhanced transparency in financial reporting.

Figure 2: Expenditure Trends
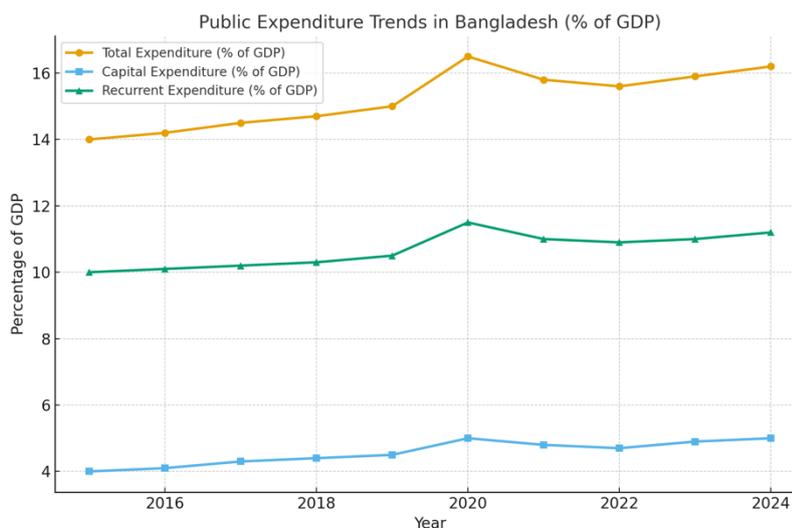
Source: Compiled using Data from Ministry of Finance (MoF), MoF Budget Documents.

Fiscal Risks and Sustainability: Bangladesh's total fiscal exposure, which includes public debt, State Owned Enterprises (SOE) borrowing, and contingent liabilities (such as government guarantees and Public Private Partnership (PPP) commitments), has been rising steadily.

Figure 3: Total Fiscal Exposure
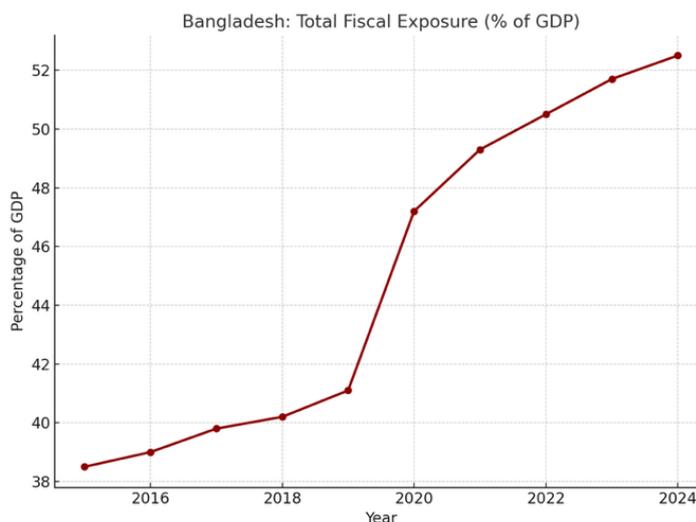
Source: Public Debt & Fiscal Risks: Economic Relations Division (ERD), Finance Division Debt Management Wing, IMF Debt Sustainability Analysis (DSA), World Bank Public Expenditure Reviews.

While headline public debt in Bangladesh remains moderate compared to some peers, the accumulation of state-owned enterprise (SOE) liabilities and contingent obligations introduces hidden risks to fiscal sustainability. This highlights the need for stronger fiscal risk monitoring, improved debt management, and the integration of SOE and other fiscal risks (such as public-private partnerships) into the government's fiscal framework.

Bangladesh is also facing external pressures, including global market volatility, climate-related risks, and rising debt service obligations. These factors underscore the importance of prudent fiscal management and proactive fiscal risk monitoring. The government's ambition to achieve upper-middle-income status further emphasizes the need for a modern, integrated, and accountable public financial management (PFM) system—one that supports resource mobilization, ensures value for money in public spending, and fosters trust between the state and citizens.

This economic context sets the stage for the next generation of PFM reforms. These reforms focus not only on strengthening fiscal discipline, allocative efficiency, operational performance, and transparency across the public sector, but also on addressing structural issues, institutionalizing reforms, and building sustainable capacity for implementation.

1.2 Bangladesh's Evolving Development Landscape: Advancing Governance and Prudent Public Financial Management

Bangladesh's impressive development has been driven primarily by global trade and investment. The country has become a significant player in the global textile and ready-made garments value chain, which accounts for more than half of manufacturing employment. Since 2001, exports have grown at an average annual rate of 10.25%, while employment in the textile and garment sector increased by 11% per year between 2003 and 2010, outpacing all other non-agricultural sectors. These achievements, along with progress in human development, have positioned Bangladesh to reach a USD 500 billion economy by 2026, as projected by research from SCB and the IMF.

Looking ahead, Bangladesh envisions a future of greater prosperity and global prominence. To achieve its development targets, the country aims to diversify its economic landscape, strengthen governance and institutional capacity, align budgeting with strategic priorities, reduce inefficiencies in public expenditure, and invest in human capital. Bangladesh aspires to become a knowledge-based society, leveraging innovation and technology for sustainable economic growth.

1.3 PFM as a Foundation for Macroeconomic Stability

PFM reforms are critical for Bangladesh's macroeconomic stability and resilience. Economic vulnerabilities require a robust fiscal framework to ensure effective resource mobilization, allocation, and mitigation of economic shocks. PFM reforms can improve fiscal discipline, efficient budget execution, and ensure transparency and accountability in public expenditures, all of which are essential for maintaining macroeconomic stability.

Effective PFM systems help address inflationary pressures and safeguard fiscal space. With persistently high inflation (11.66% in July 2024), it is vital to streamline public spending and prioritize expenditures that directly address inflation. A disciplined approach to budget execution can prevent fiscal slippage that exacerbates inflation, while strengthened cash management and expenditure controls will help reduce fiscal deficits.

Reforms in revenue mobilization and expenditure management are also vital for reversing foreign reserve depletion. Enhancing domestic revenue mobilization through improved tax administration and a broader tax base can reduce dependency on external borrowing and ease pressure on reserves.

Finally, resilient PFM systems are indispensable for managing external shocks and building long-term fiscal sustainability. Bangladesh's exposure to external shocks, such as declining apparel demand and rising import costs, underscores the need for a responsive and

adaptive fiscal framework. PFM reforms that strengthen financial planning, integrate climate-smart policies, and establish contingency mechanisms for emergencies will help the country better navigate uncertainties.

1.4 Governance and Institutional Challenges: Global Indicators

In 2023, Bangladesh scored particularly low on key dimensions of the Worldwide Governance Indicators: control of corruption (14.62), regulatory quality (18.87), and government effectiveness (26.89). These scores reflect ongoing challenges in delivering quality public services, enforcing regulations impartially, and curbing the misuse of public power.

Bangladesh's struggle with governance is also evident in its CPIA performance in Public Sector Management and Institutions, which remains unsatisfactory. This continues to hinder progress in rule-based governance, budgetary and financial management, revenue mobilization, public administration quality, and transparency, accountability, and corruption.

The 2021 PEFA assessment shows significant variation in PFM performance. The pillar on "Policy-based fiscal strategy and budgeting" demonstrates strong results, while "Budget Execution, External Audit and Oversight," and "Management of Assets and Liabilities" show basic levels of performance, indicating substantial room for improvement. Bangladesh also received a low score of 24 on the Corruption Perceptions Index 2023, ranking among the bottom 10 globally. This deteriorating governance landscape makes comprehensive PFM reforms urgently necessary to ensure transparency, institutional integrity, and accountability.

1.5 The Persistent Weak Link

Among the four key dimensions supporting institutional strength, economic stability, and efficient service delivery in PFM—Fiscal Management, Operational Management, Fiduciary Risk Management, and Governance—Bangladesh's performance in governance remains consistently weak despite progress in the other areas. Structural weaknesses in governance are-

Figure 4: Different Dimensions of PFM
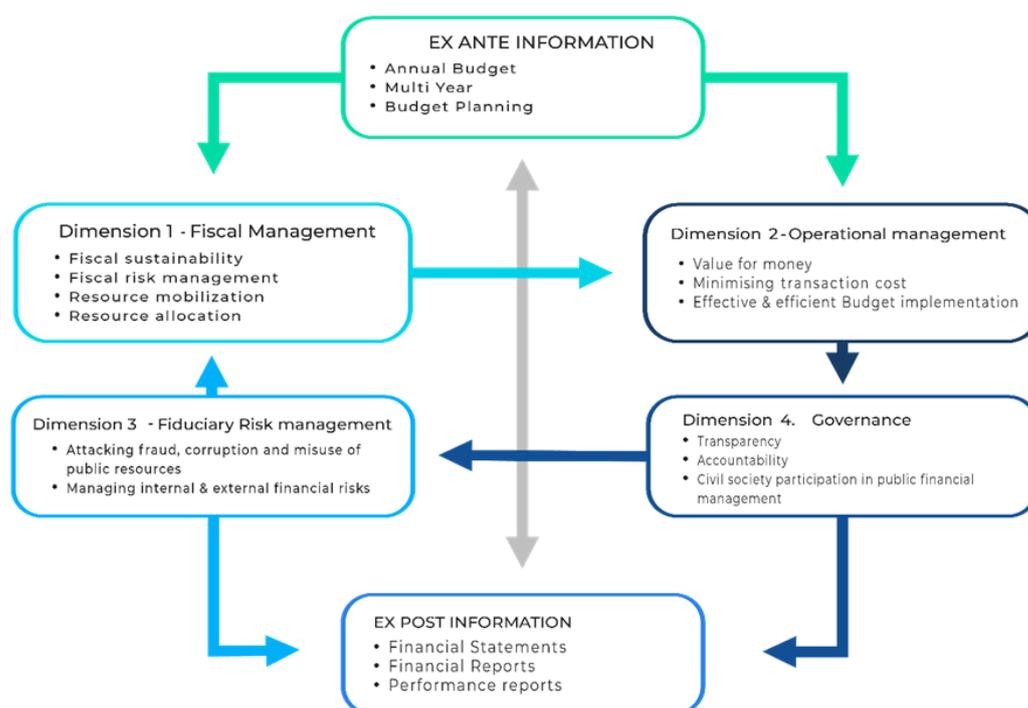
2. The 3rd Public Financial Management Reform Strategy 2025-30

Bangladesh's PFM Reform strategy is shaped by the country's experience in navigating global economic volatility, domestic fiscal pressures, and the structural challenges within public financial management system and institutions.

2.1 Technical Fixes to Economic Transformation

The PFM Reform Strategy 2025–2030 sets forth a broad vision for public financial management (PFM) reform in Bangladesh, aiming to move beyond technical fixes toward deeper economic transformation through institutional and policy reforms. Bangladesh's evolving economic landscape, rising public expectations, global uncertainties, and rapid technological change demand a renewed strategic direction for managing public finances. This strategy aligns with national development objectives and international best practices, developed through rigorous stakeholder consultations and extensive policy review. It provides a comprehensive roadmap to support Bangladesh's aspirations for inclusive economic growth and sustainability, focusing on building a resilient, transparent, and performance-oriented financial management system that delivers better value for public resources and inclusive development outcomes.

2.2 Institutionalizing and Building on Past Achievements

The strategy builds on the successes of previous reform programs, notably the SPFMS–Program for Results (PforR), which was the first IDA-financed initiative for PFM reform and contributed significant technical and institutional insights. Achievements under SPEMP–BETF and the Finance Division's own reform programs have also informed the new strategy. The 2025–2030 strategy emphasizes institutionalizing reform outcomes from SPFMS and other initiatives, proposing ways to further strengthen the foundations of PFM systems and institutions. Key gains from iBAS++, MTBF, TSA, Pension, and e-GP must be integrated and enhanced to sustain their contributions to fiscal discipline, allocative efficiency, and operational effectiveness.

2.3 Expanding the Reform Agenda

The strategy extends beyond core PFM functions to address emerging and cross-cutting priorities, making the next phase of reform more inclusive and integrated. In addition to core pillars, it covers climate-smart and gender-responsive PFM, youth budget frameworks, SOE governance, PFM in critical sectors (Health, Education, Social Protection, Local Government), and the PFM Regulatory Framework. It also incorporates citizens' expectations for improved service delivery, social inclusion, greater fiscal transparency, and participatory budgeting, integrating reforms such as gender budgeting and climate-tagged expenditures to enhance inclusiveness.

2.4 Addressing Challenges

A unique feature of the 2025–2030 strategy is its identification of existing and emerging challenges. Bangladesh faces ongoing pressures related to debt sustainability, weak fiscal discipline in state-owned enterprises (SOEs), and constraints in budget execution and control—structural issues that threaten fiscal stability and service delivery. New challenges include the financing demands of climate change adaptation and mitigation, and rising expectations for social inclusion and performance measurement to demonstrate value for money. The strategy also addresses implementation challenges, outlining considerations for designing the next generation of reforms.

2.5 Strategic Objective and Reform Dimensions

The strategic objective of the Bangladesh PFM Reform Strategy 2025–2030 is to build a resilient, accountable, and high-performing public financial management system that supports fiscal stability, efficient resource utilization, and improved service delivery. The strategy aims to strengthen core PFM institutions, modernize systems and processes, and reinforce governance and transparency across the public sector.

Past reforms focused largely on automating processes and introducing tools, often without embedding them in supportive policy and institutional frameworks. The new strategy introduces three interlinked reform dimensions—policy, institutional, and technical—to address systemic regulatory barriers, institutional constraints, and to sustain previous achievements:

- **Policy Reforms:** Strengthen the PFM regulatory framework to address fragmented and delayed decision-making and regulatory gaps.

- **Institutional Reforms:** Empower PFM institutions, clarify mandates, foster coordination, ownership, accountability, and sustained leadership.

- **Technical Reforms:** Modernize and integrate systems, processes, and procedures to ensure alignment with broader PFM business processes.

2.6 Approach & Methodology

A comprehensive and inclusive approach underpins the development of the PFM Reform Strategy 2025–2030, adopting a whole-of-government perspective. The strategy was informed by national policy documents, global analytics, and extensive stakeholder consultations.

Stakeholder Consultations:

The strategy preparation began with an inaugural discussion in May 2024, involving high-level government officials, development partners, and other stakeholders. Thirty-one thematic consultations were held between July and November 2024, engaging core and non-core institutions, including the Finance Division, Ministry of Planning, National Board of Revenue, Office of Comptroller and Auditor General, Controller General of Accounts, Parliament Secretariat, Cabinet Division, Economic Relations Division, and various line ministries and agencies. Renowned research organizations, think tanks, and PFM reform champions contributed technical and political perspectives.

Figure 5: Approach for developing PFM Reform Strategy 2025-30
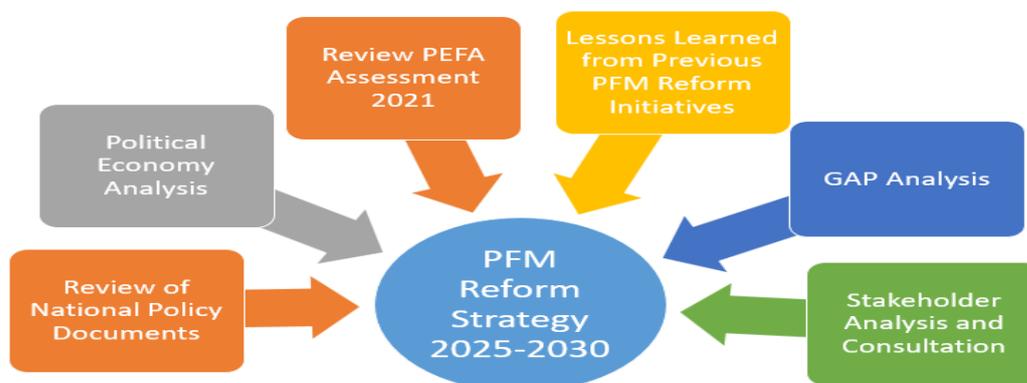
Finance Division Leadership & Consultation
The stakeholder consultations, draft technical notes, and the overall Strategy were further strengthened by the Strategy Matrices developed by several teams within the Finance Division. These teams conducted multiple brainstorming sessions and workshops to produce matrices that clearly summarise the strategic directions and priority reform areas.

2.7 Setting Goals and Objectives

Extensive consultations with a diverse group of stakeholders, along with the Finance Division's detailed review of the initial draft strategy and technical notes prepared by multiple teams and consultants, have shaped the interlinked Goals and Objectives of the PFM Reform Strategy 2025–2030.

To implement the reform priorities in alignment with these Goals and Objectives, a strategic, pillar-based framework has been developed. This framework is further elaborated in Chapter 5 and the accompanying Annex.

Goal 1: Comprehensive, forward-looking, integrated macro-fiscal planning and budget framework linked to policy priorities and performance outcomes.

Goal 2: Long-term fiscal sustainability and resilience through assessing and mitigating fiscal risks and vulnerabilities.

Goal 3: Optimized Public Expenditure Management for Efficient Service Delivery.

Goal 4: Institutional Accountability and Financial Transparency through Stronger Oversight, Institutional Collaboration, and Citizen Engagement.

Goal 5: PFM Principles Integrated into Cross-Cutting Sectors to Strengthen Fiscal Governance and Service Delivery.

Goal 6: Resilient PFM ecosystem by aligning laws, institutions, people, and partnerships toward sustainable reform, innovation, and improved public sector performance.

2.8 Technical Notes

Fifteen technical notes were prepared, reflecting discussions from stakeholder consultations and incorporating inputs from global experts and policy reviews. These notes identified policy, institutional, and operational challenges, proposed reform options, and supported prioritization of the PFM reform agenda for the next five years. Recommendations were further reviewed by key government stakeholders during three technical workshops in November 2024.

3. Background and Evolution of PFM Reforms

3.1 Evolution of PFM Reforms in Bangladesh

Over the past decade, Bangladesh has made commendable progress in modernizing its PFM system through a series of technical reforms. While these reforms have laid the foundation for a more efficient, accountable and transparent PFM system, the sustainability and full realization of their benefits hinge on deeper policy and institutional reforms. Over the course of the last three decades, the Government of Bangladesh has continued its efforts strengthening its PFM systems as a vital component of overall governance and has made notable progress in reforming its PFM system.

- The post-independence period (1972–1981) in Bangladesh saw significant economic restructuring under the Ministry of Finance (MoF) and Ministry of Planning (MoP), tasked with rebuilding a war-ravaged economy. In addition, Bangladesh Bank was established immediately after independence. Another major reform was the nationalization of State-Owned Enterprises (SOEs) and Banks (1972), where the government took control of nearly all large industries, jute mills, and financial institutions to redirect resources toward development. Moreover, The Constitution of Bangladesh, promulgated in 1972, established the core principles upon which the country's PFM institutions and legal framework were constructed.

- The period between 1982 and 1990 is very crucial in the history of PFM in Bangladesh. British Indian treasury led fiscal governance was broken down by an office memorandum of Finance Division in 1985 and office of the Controller General of Accounts (CGA) was established. Treasuries were converted to Pay and Accounts Offices under CGA and CGA had been given responsibility of preparation of financial reports. The first major effort to reform Bangladesh's financial sector began with the Committee on Reforms in Budgeting and Expenditure Control (CORBEC) in 1989. Although its work was primarily diagnostic, CORBEC made a series of recommendations aimed at improving financial discipline and modernizing expenditure management. While limited in scope, this initiative laid the foundation for subsequent reform programs, setting in motion a reform trajectory that would evolve over the following decades.

- CORBEC laid down the basis for formulation developed of the first PFM Reform Strategy 2007-12. The strategy considered the findings of the 2005 PEFA Assessment and other diagnostic tools and supported the Government's poverty reduction strategy (Unlocking the Potential: National Strategy for Accelerated Poverty Reduction- NSAPR, 2005) by improving financial management systems that underpin poverty reduction objectives. With three distinct interconnected goals, Strategy 2007-12 was supported by development partner assistance (FMRP, Strengthening Public Expenditure Management Program SPEMP, PEMSP and other initiatives), and laid the foundation for the overall architecture of the country's digital financial system- IBAS++.

- The **PFM Reform Strategy 2007–12** primarily advanced three core dimensions of the PFM system, placing comparatively limited emphasis on the Governance pillar. Macro-fiscal projections proved unreliable, and the reform agenda remained largely process driven. Institutional restructuring and change management were not explicit priorities, and progress was further hindered by systemic public administration, institutional, and capacity constraints.

- A major milestone during this period was the establishment of the **Multi Donor Trust Fund (MDTF – Recipient Executed)**—the first platform bringing together five development partners to support the implementation of the 2007–12 Strategy through the **Strengthening Public Expenditure Management Program (SPEMP, 2009–2014)**.

Administered by the World Bank, MDTF-SPEMP unified the efforts of three key PFM actors—**Finance Division (FD)** of the Ministry of Finance, the **Office of the Comptroller and Auditor General (OCAG)**, and the **Financial Oversight Committees of** Parliament—to pursue their respective reform priorities.

- Drawing from lessons of the first strategy period and the MDTF-supported SPEMP, the Government developed the **Second PFM Reform Strategy 2016–21** to deepen ongoing reforms and strengthen government ownership. Anchored in five overarching goals and informed by four policy notes and a suite of analytical products—including the PEFA 2015 Assessment, the PFM legal and regulatory review, the PIM Roadmap 2015, the Public Expenditure Review Update 2015, and IMF TA reports—the Strategy shaped a US$356 million umbrella program and the **PFM Action Plan 2018–2023**. The Finance Division led the implementation of **8 out of 14 components** of this agenda through the **IDA-financed PforR—Strengthening PFM Program to Enable Service Delivery (SPFMS)**.

- In parallel, the **Bank-Executed Trust Fund (BETF)** under SPEMP, supported by the EU and Canada, continued to provide targeted technical assistance to advance key reforms **under both the PFM Action Plan 2018–2023 and PFM-SPFMS.**

- **D**evelopment partners have played a pivotal role throughout Bangladesh's PFM reform journey. Under the 2016–21 Strategy, the **European Union** supported domestic revenue mobilization and accountability institutions (NBR, OCAG, and Parliamentary Oversight Committees). **JICA** focused on strengthening Public Investment Management, while **USAID** assisted NBR in enhancing its internal audit and tax audit capacities. The **IMF** provided technical assistance on government finance statistics, public sector debt management, and supported revisions to Bangladesh's medium-term debt strategy. Additional contributions came from the **Asian Development Bank**, **FCDO**, **Global Affairs Canada, and Australia.**

- **Consi**stent leadership from the **Finance Division** has been central to Bangladesh's progress across three core PFM dimensions—**fiscal management, operational management, and fiduciary risk management**. Significant advancements have been made in medium-term budgeting, macroeconomic forecasting, debt management, financial reporting, the development of iBAS++ and BACS systems, alignment of budgets with national plans, automation of PFM processes, and adoption of international **standards such as ISO and CMMI.**

- **Overa**ll, the evolution of PFM reforms reflects a steady trajectory of institutional strengthening, improved fiscal discipline, and enhanced transparency. While substantial progress has been made across core PFM functions, persistent structural challenges signal the need for a deeper assessment of the current PFM landscape. The next section provides a detailed situation analysis, examining systemic issues and priority areas for targeted future reforms.

3.2 Highlights of Key Achievements

- Marking a shift away from long-standing reliance on grant-funded reforms, the ongoing **SPFMS-PforR** is the first PFM program for which the Government of Bangladesh sought **IDA financing** to implement eight critical components of the PFM Strategy 2016–21. Each component is linked to **10 Disbursement-Linked Indicators (DLIs)** that have driven significant reform progress and measurable results. The following table summarizes the major outcomes achieved.

Figure 6: SPFMS Achievements

1

TECHNOLOGICAL TRANSFORMATION OF PUBLIC FINANCIAL MANAGEMENT THROUGH IBAS++

The Integrated Budget and Accounting System (iBAS++) has effortlessly integrated various public financial management systems from different government divisions and agencies, such as the FD, CD, ERD, PC, NBR, and the OCAG. This integration has introduced EFT for pay fixation, salaries, pensions, and social benefits, as well as an Automated Challan system for real-time revenue deposit. Additionally, the Electronic Fiscal Device Management System expedites retail VAT collection, and automated Savings Schemes certificates have lightened the government's interest burden while improving citizen service delivery.

2

DYNAMIC MACROECONOMIC FORECASTING FOR SUSTAINABLE GROWTH

The development of the "Macro-fiscal model (MFMOD)" has enhanced fiscal forecasting, covering 50 macroeconomic variables across real, monetary, fiscal, and external sectors. This model generates alternative scenarios and evaluates the impacts of shocks using a comprehensive dataset spanning 40 years (1981-2020).

3

STRENGTHENING TREASURY AND DEBT MANAGEMENT

Treasury and Debt Management capacity has been bolstered through the publication of the "Debt Bulletin" and active online availability of government borrowing and debt stock data. The MTDS is regularly published and distributed, and a comprehensive Debt Sustainability Analysis is in place. The National Savings Scheme and Non-Tax Revenue Database are consistently updated to ensure accuracy and relevance.

4

ENHANCED COUNTRY BUDGETARY SYSTEM

Capacity building within the Budget Management Committee and Budget Working Group has streamlined budget preparation, resulting in systematic allocation of budget ceilings and detailed Economic Code-wise estimates at the department/directorate level. Peer reviews of BMCs through a structured framework and performance scorecards have improved budget preparation, leading to increased social spending. Budget releases are now independent of Fund Utilization Report submissions, with budgets released by July 01.

5

EFFICIENT PENSIONER PAYMENT AUTOMATION

The administration of civil, defense, and railway service pensions has been modernized through payroll and personnel record integration, and pension payments via EFT through iBAS++. This has significantly reduced monthly pension processing time and introduced a life verification app for ease of yearly verification. A centralized Pension and Fund management unit has been established, covering all new pensioners through EFT. A Grievance Redress System through a Dedicated Call Centre and online portal has been launched for pension-related issues.

6

ENHANCED STATE-OWNED ENTERPRISE GOVERNANCE

Reforms in State-Owned Enterprises (SOEs) include regulations for debt and contingent liabilities, public disclosure of audited financial statements on respective websites, and the establishment of an Independent Performance Evaluation Guideline for SOEs and Autonomous Bodies.

7

GOVERNANCE TRANSFORMATION VIA INTERNAL AUDIT AND FOLLOW-UP

The Finance Division has initiated internal audit and achievement include establishing Standard Operating Procedures, a Strategic Implementation Plan, and a Risk-Based Internal Audit Manual have been developed, along with a primary "Risk Assessment Register" for the concerned departments. Additionally, it focuses on five high-spending departments and will gradually expand to cover all MDAs.

8

EFFECTIVE PFM REFORM LEDARSHIP AND COORDINATION

A leadership and coordination system has been established to manage change effectively, raise awareness, and build capacity. This includes a Steering Committee led by the Finance Secretary, a well-structured oversight system to track progress and assess reform impacts, and Program Implementation Teams comprising relevant institutions for seamless PFM Action Plan implementation.

Source: Finance Division, 2024

REACH

iBAS++ benefits one-fifth of the population resulting in estimated savings of BDT **59,804** Crore (**approx. 5.4 US$ billion**) in the nest 5 years

PENSION AUTOMATION

9,50,000 pensioners received payments promptly through EFT saving bank service charges of +**400-500** crore annually, travel costs, and non authentic expenses

AUTOMATED REVENUE COLLECTION

70% (BDT 2,65,708 Crore) of total revenue deposited through A-Challan in FY 2024-25 which was **BDT 1,190 Crore** in FY 20-21)

TRANSACTION AUTOMATION OF NATIONAL SAVING SCHEMS

BDT 25,000 crore saved by the enforcement of purchase ceilings and rationalization of interest rates.

SALARY AUTOMATION

Almost every government employee **(99%)** receives salaries through Electronic Fund Transfer.

AUTOMATED SOCIAL SAFETYNET PROGRAMS (SSNP)

31.40 million beneficiaries including **1.81** million students received benefits and stipends amounting to **BDT 20,491** crore through EFT across **25** safety net programs under **8** Ministries/ Divisions in FY **2024-25.**

AUTOMATED CRISIS RESPONSE

During COVID-19, **3.5 million** families received cash assistance instantly amounting **BDT 2,088 Crore.**

INSTITUINAL REFORMS

Established new bodies and institutions:
(i) Financial Management Academy (FIMA)
(ii) Institute of Public Finance (IPF)
(iii) Chief Accounts and Finance Office (CAFO), Pension and Fund Management.

4. PFM Performance Snapshot: Insights from the PEFA 2021 Assessment

4.1 Overview

Bangladesh has made steady progress in modernizing its Public Financial Management (PFM) systems through successive reform efforts. Yet persistent fragmentation, weak coordination, and partial digital integration continue to constrain fiscal discipline, strategic resource allocation, and accountability. As a result, the PFM system is institutionally well-developed but operationally uneven.

The **PEFA 2021 Assessment** evaluated the impact of PFM weaknesses across the three core budget outcomes—**fiscal discipline**, **strategic resource allocation**, and **efficient service delivery**—using seven pillars and 31 indicators that collectively measure the operational performance of PFM institutions and processes. Overall results show that Bangladesh scored **below the 'C/C+' benchmark in six out of seven PEFA pillars**, indicating systemic gaps that require sustained reform attention.

PEFA 2021 identified key strengths as the completeness of budget documentation presented to Parliament, annual performance plans and reports prepared to monitor service delivery, e-procurement which now covers 70% of procurement. The main weaknesses identified relate to the lack of credibility, transparency and preparation of the budget, as well as shortcomings in the monitoring of budget execution and in external scrutiny. Key limitations include less than optimal budget absorption capacity, shortcomings in revenue forecast and expenditure budgets, insufficient fiscal and performance monitoring of SOEs, weak internal control and internal audit, significant delays in the preparation of fiscal reports and audit of central accounts with a significant lag in submission of audit reports and inadequate follow-up on audit recommendations.

Table 1: Summary of PEFA 2021 Scores

Indicators /Dimensions		1	2	3	4	
I. Budget reliability						
PI-1	1. Aggregate expenditure outturn	B				B
PI-2	2. Expenditure composition outturn	C	C	A		C+
PI-3	3. Revenue outturn	D	D			D
II. Transparency of public finances						
PI-4	4. Budget classification	C				C
PI-5	5. Budget documentation	B				B
PI-6	6. Central government operations outside financial reports	C	B	D*		C
PI-7	7. Transfers to subnational governments	C	D			D+
PI-8	8. Performance information for service delivery	B	B	D	D	C
PI-9	9. Public access to fiscal information	D				D
III. Management of assets and liabilities						
PI-10	10. Fiscal risk reporting	C	D	C		D+
PI-11	11. Public investment management	C	A	D	B	C+
PI-12	12. Public asset management	C	D	D		D+
PI-13	13. Debt management	B	D	B		C+
IV. Policy-based fiscal strategy and budgeting						
PI-14	14. Macroeconomic and fiscal forecasting	A	B	D		B
PI-15	15. Fiscal strategy	D	A	C		C+
PI-16	16. Medium term perspective in expenditure budgeting	B	A	D	D	C+
PI-17	17. Budget preparation process	A	B	D		B
PI-18	18. Legislative scrutiny of budgets	A	C	A	B	C+
V. Predictability and control in budget execution						
PI-19	19. Revenue administration	B	B	D*	C	C+
PI-20	20. Accounting for revenue	A	A	C		C+
PI-21	21. Predictability of in-year resource allocation	D*	A	B	B	B
PI-22	22. Expenditure arrears	D*	D*			D
PI-23	23. Payroll controls	B	B	C	C	C+
PI-24	24. Procurement management	A	B	B	A	B+
PI-25	25. Internal controls on nonsalary expenditure	A	C	D*		C+
PI-26	26. Internal audit	D	NA	NA	NA	D
VI. Accouting and reporting						
PI-27	27. Financial data integrity	B	D*	D*	B	C
PI-28	28. In-year budget reports	B	B	C		C+
PI-29	29. Annual financial reports	C	D	C		D+
VII. External scrutiny and audit						
PI-30	30. External audit	C	D	D	C	D+
PI-31	31. Legislative scrutiny of audit reports	B	A	C	C	B

Source: PEFA 2021

4.2 Benchmarks, International Good Practices

The following section summarizes the analysis of the core PFM performance—revenue mobilization, fiscal forecasting, budgeting, public investment management, cash and debt management, internal control, and oversight—against the PEFA framework's goals of fiscal sustainability, resource efficiency, and transparency. **The PFM Reform Strategy 2025–2030 draws directly on this analysis** to ensure that future reforms are explicitly designed to address the identified gaps across PEFA performance indicators.

4.3 Revenue Collection, Administration and Forecasting (PI-3, PI-19)

Revenue mobilisation remains structurally weak, with the tax-to-GDP ratio stagnating at around 8–9%, below regional comparators. The MLTRS (2025) aims to broaden the tax base, reduce exemptions, and enhance digital compliance through e-filing, e-invoicing, and data integration. However, incomplete automation and fragmented systems limit real-time accounting and reporting capacity and in turn reliable forecasting. The Automated Chalan (A-Chalan) system covers 70% of receipts, but the remainder is processed manually, delaying revenue recognition in iBAS++.

The next reform wave will prioritise full automation of A-Chalan, integration of revenue databases with iBAS++, and establishment of a Revenue Policy Division within the Ministry of Finance to enhance revenue forecasting. These reforms will improve the quality of macro-fiscal projections and strengthen budget credibility.

4.4 Macro-Fiscal Policy and Medium-Term Framework (PI-14, PI-15)

The Macroeconomic Wing (MEW-1) uses dynamic models such as MFMOD and IMF's MFT to prepare the Medium-Term Macroeconomic Framework (MTMF). While scenario-based forecasting and fiscal risk statements have improved transparency, the models remain partially calibrated, lacking monetary, debt, and climate linkages. Forecasting still depends on delayed data from BBS, NBR, and Bangladesh Bank, reducing reliability of the models.

Future reforms will contextualise MFMOD to Bangladesh's structure, automate data sharing through an inter-agency protocol, and strengthen fiscal risk disclosure. A dedicated macro-fiscal data hub and cross-agency modelling team will improve reliability and ensure integration between forecasts, ceilings, and policy decisions, enhancing fiscal credibility and resilience.

4.5 Budget Planning, Integration and Execution (PI-11–PI-18)

The Medium-Term Budget Framework (MTBF) provides ceilings across the current and two forward years for ministries but remains fragmented between development and recurrent budgets. Top-down sector ceilings often lack alignment with program-level costs, while Forward Baseline Estimates (FBEs) are inconsistently applied. Limited Cabinet involvement in the strategic phase and weak linkage between the Multi Year Public Investment Plan (MYPIP) and annual budgets undermine fiscal discipline. It will also be important for the policy framework to better integrate social inclusion (gender budgeting) and climate change adaptation and mitigation strategies.

The next reform wave will continue to integrate capital and recurrent expenditures and strengthen planning–budget coordination through PFM Wings and Directors of Finance in line ministries. Institutionalisation of program-based budgeting will also be a focus once the fundamental elements of a medium-term fiscal framework are embedded across all of government, Adoption of IPSAS cash basis and systematic use of FBEs will improve predictability and transparency of spending, better linking resources to results.

4.6 Public Investment and Capital Spending Efficiency (PI-11, PI-12)

Public investment management (PIM) is guided by the ADP, MYPIP, and associated digital systems (AMS, e-PMIS). Despite structural reforms, fragmentation persists between the Programming Division and implementing ministries, and recurrent cost implications of ADP projects are often overlooked. Weak appraisal quality, limited use of MAF/SAF tools, and non-integration between AMS and e-PMIS hinder transparency.

The next reform wave will prioritise integration of planning–budgeting–execution systems, lifecycle costing of projects, and linking MYPIP with MTBF ceilings. Strengthening IMED's evaluation capacity and embedding O&M costs within operating budgets will ensure efficient capital use and sustainable infrastructure service delivery.

4.7 Cash Management (PI-21, PI-22)

Cash management has improved through iBAS++ and the Treasury Single Account (TSA), yet fragmented accounts and delayed reporting still constrain reliable forecasting. Revenue recognition lags due to ongoing dependence on manual challans and limited linkage between expenditure commitments and budget allocations also limits forecasting reliability.

The next phase will extend TSA coverage to autonomous bodies and ensure real-time integration with Bangladesh Bank. Strengthening short-term cash flow forecasting and better alignment with debt repayments and issuance (including automated reconciliation between iBAS++ and the debt database) will reduce idle balances and borrowing costs, improving overall liquidity control and expenditure predictability.

4.8 Debt Management and Contingent Liabilities (PI-12, PI-13)

Public debt is moderate (≈38% of GDP), but fiscal exposure from SOEs, PPPs, and guarantees is growing. Debt management roles and responsibilities are fragmented among different DMAs. As such, there is no centralised debt management system in place, different debt offices use different databases, yet contingent liabilities remain outside its scope. Lack of a unified public sector balance sheet limits comprehensive fiscal risk assessment.

The next reform wave will integrate debt management roles in a unified office, there will be a centralised integrated debt database which will be connected with iBAS++ and establish a Central Fiscal Risk Unit within Finance Division to consolidate SOE and PPP data. Annual Debt Sustainability Analyses (DSA) and fiscal risk statements will be institutionalised to inform the MTMF, supporting prudent borrowing and fiscal stability.

4.9 Treasury Operations and Commitment Controls (PI-23, PI-24)

Treasury operations are supported by iBAS++, but commitment recording and invoice tracking remain partial. Line ministries often exceed allotments, leading to arrears. Commitment controls, though mandated, are not uniformly enforced, and manual interventions continue at sub-national levels.

Reforms will focus on expanding the commitment module within iBAS++, linking budget allotments to contract registration and payment authorisation including the issuance of e-purchase orders (this provides vendors with a clear obligation issued from the controlled environment of IBAS++[1]). Standardising allotment workflows and cash release calendars will strengthen predictability and prevent arrears, ensuring more disciplined execution aligned with fiscal ceilings. For effective commitment control, linkage between MTBF and MYPIP is also required along with alignment with APP, allocation and e-purchase order.

4.10 Procurement (PI-24)

The Bangladesh Public Procurement Authority (BPPA) has successfully rolled out e-GP nationwide, significantly improving transparency and competition. However, system integration with iBAS++ and project monitoring remains limited. Procurement delays, inconsistent use of framework agreements, and insufficient capacity within procuring entities persist.

Future reforms will focus on linking e-GP with iBAS++ and AMS for real-time expenditure tracking, enhancing vendor performance analytics, and embedding climate and gender-responsive procurement criteria. Institutionalising certification programs for procurement officials will strengthen compliance and efficiency across all ministries.

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[1] Control over commitments can be enhanced if all parties are aware that government approved obligations are issued from a single source. Thus, if vendors do not have a e-purchase order from IBAS++ the government has no legal obligation to pay. This has reduced the practice of MDAs issuing their own unchecked commitments in many countries.

4.11   Internal Controls and Compliance (PI-25)

Internal control mechanisms exist but are not systematically enforced across ministries. Transaction-level checks dominate, with limited risk-based monitoring. Delegation of financial powers remains inconsistent, and compliance reporting is largely manual.

The next reform wave will establish a unified internal control framework anchored in risk management, linking control assurance to audit processes. Digital workflows under iBAS++ will standardise approval hierarchies, enhance traceability, and reduce manual interventions, promoting greater operational integrity.

4.12   Internal Audit (PI-26)

Internal audit units' function in select ministries with varying mandates and capacity. Audits are compliance-focused and lack independence or risk-based methodology. The Internal Audit Wing (IAW) under Finance Division will standardise processes, introduce risk-based internal audit (RBIA), and ensure annual audit planning is aligned with entity-level risk profiles.

The reform will also formalise reporting lines, strengthen auditor capacity through certification, and embed follow-up mechanisms for management responses. This will enhance control assurance and support the transition from transaction checking to performance-oriented auditing. In course of time, separate institution like Central Internal Audit Directorate (CIAD) will be established in future for widespread support of RBIA in the MDAs.

4.13   External Audit (OCAG) (PI-27, PI-28)

The Office of the Comptroller and Auditor General (OCAG) conduct financial, compliance and performance audits aligned with INTOSAI standards. While timeliness of reports has improved, follow-up and use of technology remain limited. Audit observations often lag due to manual processes and capacity constraints.

Reforms will complete the digital transformation through the Audit Management and Monitoring System (AMMS) and data linkages with iBAS++. Annual financial, compliance and performance audits will be automated, enabling real-time tracking of audit recommendations. Enhanced coordination between OCAG and parliamentary committees will strengthen accountability and transparency.

4.14   Legislative Oversight (PI-30)

The Public Accounts Committee (PAC), Public Undertakings Committee (PUC), and Estimates Committee (EC) have increased activity but face backlogs and limited analytical capacity. Secretariat support and Committee Management Information Systems (CMIS) have improved workflow visibility but lack full integration with OCAG reports.

Future reforms will focus on risk-based scheduling of hearings, capacity-building for MPs and committee staff, and enhanced CMIS dashboards linking audit status with follow-up actions. Strengthening engagement between FOCs, OCAG, and civil society will promote greater fiscal transparency and oversight effectiveness.

4.15   Fiscal Transparency and Reform Coordination (PI-9, PI-29)

Transparency in budget and fiscal reporting has improved through online publication of MTMPS, budget briefs, and citizens' budgets. However, real-time fiscal data disclosure, public participation, and independent oversight remain limited. Coordination across PFM institutions is fragmented, and reform ownership is concentrated in project units.

The upcoming PFM Reform Strategy (2025–2030) will institutionalise cross-agency governance through permanent PFM Wings in line ministries, integrate fiscal data portals for open access, and operationalise a PFM Monitoring and Evaluation Framework aligned with good practice (including relevant PEFA indicators). This will consolidate reform momentum, foster accountability, and ensure that transparency becomes an embedded feature of Bangladesh's fiscal management landscape.

By combining PEFA indicators and international good practices, the **PFM Strategy Framework** (elaborated in the next section), ensures that reforms are:

- **Evidence-based**: Grounded in measurable PFM performance dimensions.

- **Structural-aware**: Explicitly address workforce, institutional, and governance constraints.

- **Outcome-oriented**: Directly linked to fiscal sustainability, effective resource allocation, credible execution, accountability, and institutional capacity.

- **Aligned with Global Standards**: Incorporate SDGs, climate and gender-responsive budgeting, and best practices in digital governance.

5. PFM Strategy Framework and Reform Pillars

5.1 Framework for PFM Reform in Bangladesh

The PFM Reform Strategy Framework for Bangladesh provides a structured roadmap for strengthening fiscal governance, enhancing transparency, and improving the efficiency of resource use across the public sector. The framework draws upon international good practices - such as those reflected in the Public Expenditure and Financial Accountability (PEFA) performance dimensions - but is firmly grounded in Bangladesh's institutional context, reform trajectory, and policy priorities.

Stakeholder consultations strongly supported alignment with the Reform Pillars, covering both core and cross-cutting PFM functions. The priority areas identified include:

- Enhancing domestic revenue mobilization to meet critical development needs

- Transitioning from input-based budgeting to a performance-oriented budget framework

- Deepening digital integration through the iBAS++ platform and ensuring its long-term sustainability

- Establishing a more inclusive and resilient debt management system

- Advancing a **Climate-Smart PFM** system

- Mainstreaming gender-responsive budgeting

- Strengthening fiscal governance and accountability of SOEs

- Reinforcing PFM institutions and professional competencies

- Modernizing the PFM legal and regulatory framework

- Strengthening sectoral PFM in health, education, social protection, and local government

This overview organizes the reform priorities into interlinked **Reform Pillars**, each addressing a core function of the PFM cycle—from fiscal forecasting and revenue mobilization to budgeting, execution, oversight, digital transformation, and capacity development. It also incorporates sectoral and other cross-cutting dimensions.

Chapter 6 provides detailed descriptions of each Reform Pillar, outlining the current state, key challenges, lessons learned, and the specific reform priorities under each pillar.

5.2 Strategy Pillars: Core PFM functionalities

- **Strategy Pillar 1**: **Fiscal Sustainability and Resilience**

  Strengthens macroeconomic and fiscal forecasting, medium-term fiscal strategy, and risk management to ensure credible budgets and resilience to shocks.

- **Strategy Pillar 2: Revenue Mobilizations**

  Improves revenue administration, compliance, and accounting systems to secure predictable domestic resources and accurate revenue reporting.

- **Strategy Pillar 3:** Strategic Resource Allocation in line with policy priorities and sector strategies,

  Strengthens the efficiency and effectiveness of resource use by ensuring stronger linkages between policy priorities, sector strategies, and budget allocations, and between budget allocations and performance on the ground.

- **Strategy Pillar 4: Public Investment Management**

  Strengthens the efficiency, effectiveness, and sustainability of capital investments by improving project appraisal, selection, budgeting, implementation, and ex-post evaluation processes. Promotes better alignment between capital expenditure and the recurrent cost implications of those investments to ensure adequate operational funding and long-term service delivery.

- **Strategy Pillar 5: Treasury and Debt Management**

  Integrates cash, commitment, and debt management to maintain fiscal discipline, liquidity, and minimize borrowing costs.

- **Strategy Pillar 6: State-Owned Enterprise (SOE) Management**

  Improves SOE governance, financial oversight, and fiscal risk disclosure to safeguard public assets and limit contingent liabilities.

- **Strategy Pillar 7: Public Procurement**

  Ensures transparent, competitive, and efficient procurement through full e-GP coverage and strengthened oversight mechanisms.

- **Strategy Pillar 8: Expenditure integrity and risk management**

  Enhances internal control framework and internal audit coverage within MDAs.

- **Strategy Pillar 9:** Accounting and Financial Reporting

  Improves Accounting, in-year and year-end financial reporting through iBAS++ and compliance with international Public Sector Standards.

- **Strategy Pillar 10: Accountability, Oversight, and Citizen Engagement**

  Strengthens external audit, legislative scrutiny, and citizen access to fiscal information to foster transparency and public trust.

- **Strategy Pillar 11: Digital Transformation**

  Accelerates digital integration across planning, budgeting, procurement, treasury, and reporting systems for data-driven fiscal management.

- **Strategy Pillar 12: PFM Regulations, Institutionalization, and Capacity Building**

  Modernizes the PFM legal and regulatory framework, clarifies mandates, professionalizes officials engaged in financial management, and institutionalize reform sustainability.

5.3 Strategy Pillars: Sectoral and Cross Cutting

- **Strategy Pillar 13: Climate-Smart PFM and Resilient Fiscal Management**

  Integrate climate considerations into fiscal policy, budgeting, and public investment to strengthen resilience and support Bangladesh's climate commitments.

- **Strategy Pillar 14: Institutionalizing Gender-Responsive Budgeting and Inclusive Fiscal Governance**

  Strengthening methodologies and tools for gender budgeting; Ensuring gender-responsive resource allocation and program design; Enhancing reporting, monitoring, and evaluation of gender outcomes; Building capacity across ministries to integrate gender analysis into PFM processes

- **Strategy Pillar 15: Strengthening Sectoral PFM Systems for Improved Service Delivery**

  Integrating sector strategies with MTBF and annual budget formulation; Improving budget execution, procurement, and financial reporting within sectors; Strengthening autonomy and accountability in sector institutions; Institutionalizing performance-based approaches and sector-specific PFM capacities

5.4 Strategic Alignment of Reform Pillars

The selected Strategy Pillars directly respond to Bangladesh's fiscal governance challenges and institutional ambitions. They provide a coherent structure for addressing systemic weaknesses and guiding future reforms across the entire PFM cycle:

- **Strengthened fiscal credibility and resilience** – ensuring forecasts, budgets, and outturns are realistic, risk-informed, and aligned, thereby reducing volatility in fiscal outcomes.

- **Efficient mobilization and allocation of public resources** – enhancing domestic revenue performance and aligning expenditures with national priorities through program-based and medium-term budgeting.

- **Discipline and service delivery** – **Improved execution through** embedding robust treasury, debt management, and procurement systems to ensure predictable resource flows and efficient utilization.

- **Enhanced transparency and accountability** – strengthening audit functions, legislative oversight, and opportunities for citizen engagement to reinforce public trust.

- **Digital transformation and institutional capacity** – enabling data-driven fiscal management through integrated platforms (iBAS++, e-GP, SABRE+) and advancing professional competencies through targeted capacity development.

- **Comprehensive coverage of the PFM cycle** – integrating upstream (policy and planning), midstream (budget formulation and execution), and downstream (reporting and oversight) functions into a unified, mutually reinforcing framework.

Together, these pillars establish a whole-of-government approach that aligns fiscal policy, institutional capacity, and digital transformation to deliver a sustainable, transparent, and accountable public financial management system for Bangladesh.

6. Strategic Pillars, Objectives and Reform Areas

6.1 Strategy Pillar 1: Fiscal Sustainability and Resilience

6.1.1 Overview

A credible and integrated macro-fiscal framework is essential for ensuring fiscal sustainability and resilience against shocks. Strengthening Bangladesh's macro-fiscal forecasting architecture will improve the government's capacity to produce timely, evidence-based, and risk-adjusted projections that inform sound fiscal policy and budget decisions.

Reforms under this pillar will focus on upgrading and institutionalising the Macro-Fiscal Model (MFMOD) within the Macroeconomics Wing–1 (MEW-1), ensuring it incorporates monetary linkages, supply-side dynamics, debt dynamic, and climate-related risks. The agenda also prioritises data integration and governance, establishing a central fiscal data hub that connects key data producers—such as the NBR, Bangladesh Bank, BBS, and iBAS++—through standardised data exchange protocols.

By embedding forecasting, analysis, and policy simulation functions within MEW-1, Bangladesh will be better equipped to manage macroeconomic volatility, anticipate fiscal risks, and align the fiscal strategy with national development economic, social and climate priorities.

6.1.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO1: Strengthen macro-fiscal forecasting to provide realistic, risk-adjusted, and research/evidence-based projections for fiscal policy.	Reform Area 1: Macro fiscal Forecasting and Modelling
SO2: Expand and upgrade macroeconomic models to include monetary, supply-side, debt and climate dimensions.	Reform Area 1: Macro fiscal Forecasting and Modelling

6.1.3 Reform Area 1: Macro fiscal Forecasting and Modelling (SO1, SO2)

Key Issues

Macro-fiscal management faces challenges in accurate forecasting, limited monitoring and adoption of dynamic tools. The current **Macro-Fiscal Model (MFMOD)** is underutilised as it lacks key modules for monetary, supply-side, debt, and climate analysis. Data inputs from core institutions are inconsistent, non-standardised, and delayed, limiting the model's reliability and scope for forward-looking analysis.

Institutional challenges, such as inadequate staffing, frequent rotations, and poor data-sharing mechanisms, is another challenge in fiscal planning. Lack of skilled personnel, high staff turnover, and underutilization of macroeconomic models (e.g., MFMOD) hinder reform implementation. The absence of structured capacity-building and operational continuity within Ministry of Finance (MoF) and key units such as the Macroeconomic-1 Wing reduces effectiveness.

Weak institutional arrangements have resulted in limited coordination between **MEW-1, the Debt Management Wing, NBR, and BBS**, while dependence on ad hoc data submissions undermines forecasting credibility. The model does not currently simulate alternative fiscal scenarios or stress tests, reducing its value as a policy tool for fiscal planning and resilience analysis. Given Bangladesh's vulnerability to climate and external shocks, there is a need to

establish a **robust, institutionalised macro-fiscal framework** that integrates quantitative modelling, data governance, and scenario-based analysis.

Reform Actions:

Policy Decisions

- Develop the Macroeconomics-1 Wing (MEW-1) as the central hub of government with enhanced analytical tools, academic collaboration, and mandate macroeconomic-fiscal research to support evidence-based fiscal policymaking.

- Institutionalize a model governance (code repository, documentation, version control, metadata standards) and develop a comprehensive user manual for MFMOD and associated sub-models, including calibration and usage protocols.

- Develop clear guidelines and procedures to integrate macro-fiscal analysis and forecasting into policymaking, ensuring alignment among fiscal policy, monetary policy and macroeconomic goals.

Institutional Changes

- Develop an integrated, high-frequency macro-fiscal data hub linking iBAS++, NBR, BBS, Bangladesh Bank, etc. and key international data sources to ensure consistent, timely and globally comparable data exchange for utilizing forecasting and policy research.

- Strengthening institutional capacity and retention of MEW-1 through continuous advance/ structured training on model operation/calibration, advance forecasting, scenario analysis, policy integration, career/retention incentives, access to international journals and databases, and regular knowledge-sharing events.

Technical Upgradations

- Upgrade the Macro-Fiscal Model (MFMOD) by integrating monetary, supply-side, debt dynamics, climate risk modules, and scenario analysis.

- Revise the input framework of the MFMOD in line with national accounts and real-time data inputs to improve forecasting accuracy.

- Introduce Dynamic Revenue and Expenditure Forecasting in the MFMOD.

- In line with the best international practices and robust economic forecasts, develop/ use a computable general equilibrium (CGE) for policy simulations and distributional analysis with VAR and other econometric tools as supporting techniques.

- Develop sub-model for expenditure and revenue forecasting.

- Institutionalize fiscal risk and shock analysis, including development of advanced risk assessment tools and integration of their outputs into a Fiscal Risk Dashboard for regular monitoring.

Rationale

A modernised and institutionalised macro-fiscal framework will strengthen Bangladesh's ability to design credible budgets, manage risks, and sustain fiscal discipline. By combining robust modelling with integrated data systems and skilled analytical capacity, policymakers will be able to **simulate policy trade-offs, anticipate shocks, and anchor fiscal decisions in quantitative evidence** - a critical step toward long-term fiscal sustainability and resilience.

6.2 Strategy Pillar 2: Revenue Mobilisation

6.2.1   Overview

Bangladesh's revenue mobilisation remains structurally weak, with a tax-to-GDP ratio of around 8 to 9 percent, well below regional comparators. The **MLTRS (2025)** identifies deep-rooted constraints including widespread exemptions, a narrow taxpayer base, weak compliance, and fragmented automation efforts.

The **National Board of Revenue (NBR)** continues to be the primary revenue collection agency but is undergoing a significant **institutional transition**. Under the proposed bifurcation, **tax policy functions** will soon move to **Revenue Policy Division (RPD)** of the Ministry of Finance, while **tax administration** will remain **Revenue Management Division (RMD)**[2]. This structural reform aims to clarify roles, strengthen policy coherence, and improve alignment between tax policy, administration, and macro-fiscal management.

Operationally, NBR is implementing digital transformation initiatives such as **e-filing, e-invoicing, risk-based audits, and unified taxpayer identification systems**, supported by integration with **iBAS++** for real-time transaction visibility. However, tax policy analysis and planning capacity remain constrained. Revenue data are often based on aggregated trends rather than disaggregated sectoral data or behavioural analysis.

A coordinated forecasting and policy framework among **RMD, RPD, and the Finance Division** is therefore essential to improve data reliability, strengthen forecast realism, and ensure consistency between revenue projections and macroeconomic assumptions.

6.2.2   Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO3: Strengthen the revenue forecasting and policy framework through a coordinated arrangement between RMD, RPD and the Finance Division.	Reform Area 2: Coordination and Policy Framework for Revenue Forecasting

6.2.3   Reform Area 2: Coordination and Policy Framework for Revenue Forecasting (SO3)

Key Issues

Bangladesh's revenue administration faces persistent data and analytical limitations that constrain evidence-based fiscal policy. The **National Board of Revenue (NBR)** collects substantial tax data, but much of it remains **aggregate, inconsistent, and non-standardised** across tax types. Fragmented data on **sectoral tax bases, exemptions, arrears, and compliance trends** limits the ability to perform granular policy analysis. The absence of **machine-readable, disaggregated datasets**—by activity, income group, or import category—restricts the use of modern econometric and elasticity-based tools for evaluating tax impacts. Data sharing between **NBR and FD** is not yet automated, weakening integration between tax administration and fiscal reporting. The establishment of a **Revenue Policy Division (RPD)** offers an opportunity to create a specialised unit for **data analytics and policy assessment**, enhancing coordination, data quality, and the ability to analyse fiscal implications of policy choices.

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[2] From this point onward, NBR will be replaced by the Revenue Management Division and IRD will be replaced by Revenue Policy Division. In this backdrop, this strategy uses RMD and RPD in place of NBR and IRD respectively.

Reform Actions

RMD

Action	Category
• Develop a **central revenue data warehouse** consolidating data from VAT, Customs, and Income-Tax systems, with common identifiers and machine-readable formats that will be shared real time with RPD and FD	**Policy**
• Introduce common **data definitions linked to BACS, data quality standards** and validation protocols to improve consistency and timeliness.	**Technical**

RPD

Action	Category
• Establish a **Revenue Policy Analytics Unit** to assess fiscal and distributional impacts of tax measures, exemptions, and incentives using disaggregated revenue data.	**Policy**
• Develop protocols for data sharing and reconciliation with RMD, MEW-1 and other fiscal entities.	**Technical**
• Generate periodic analytical summaries (e.g. compliance gaps, elasticity estimates, sectoral tax trends) for policy analysis.	**Technical**

Joint Actions

Action	Category
• Formalise data-sharing agreements between RMD, RPD, and MEW-1 to ensure quality, timely data flow for policy formulation and fiscal planning.	**Policy**
• Daily datasets in accordance with agreed data definitions (BACS) to be posted to IBAS++ each day.	**Institutional**
• Design and deliver a capacity-building program on revenue data analytics, elasticity estimation, and policy modelling for RMD and RPD officials.	**Institutional**

Rationale

Improving revenue data quality and analytical capacity is critical for informed policy decisions and credible fiscal planning. Establishing a coherent framework for data integration and policy analysis will enable RMD and RPD to **assess the economic effects of tax policies, broaden the evidence base for reform, and enhance transparency in resource mobilisation**. Standardised, automated data flows and analytical capability will also strengthen coordination with the Finance Division and support the long-term objective of sustainable domestic revenue generation.

6.3 Strategy Pillar 3: Strategic Resource Allocation

6.3.1   Overview

Efficient and effective resource allocation is critical to ensuring that limited public funds deliver maximum value for citizens. For Bangladesh, this means moving toward a more strategic, evidence-based budgeting system that links policy priorities to fiscal decisions through stronger Cabinet engagement and structured tools such as the **Budget Strategy Paper (BSP)** and **Budget Policy Statement (BPS)**.

While the **Medium-Term Budget Framework (MTBF)** has improved fiscal planning, budgeting remains largely incremental. **Forward Baseline Estimates (FBEs)** are not

systematically prepared, costing methodologies are underdeveloped, and many line ministries continue to base submissions on historical allocations. Weak integration between recurrent and development budgets and fragmentation across IT systems including iBAS++ and **ePMIS**— limit coordination and real-time visibility over spending.

Sector strategies often lack robust costing, performance indicators, and monitoring mechanisms. As a result, policy commitments are not adequately reflected in resource ceilings, and execution remains input driven. To address these gaps, reforms under this pillar focus on strengthening **Cabinet's role in strategic budgeting**, institutionalising **BSP/BPS**, developing **FBEs and costing frameworks** for credible fiscal planning, and introducing **Budget Implementation Plans (BIPs)** to improve budget execution and accountability. Importantly, each stage of budget process from top to bottom processes will also ensure a strengthened focus on social inclusion (gender budgeting) and climate issues.

Collectively, these measures will enhance fiscal realism, ensure transparent and disciplined resource allocation, and strengthen the link between national priorities, budgets, and results on the ground.

6.3.2   Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO4: Provide a disciplined framework for Inter-Sectoral Allocative Efficiency to minimize duplication of effort and leverage Synergies across different sectors to achieve greater impact with the same or fewer resources.	Reform Area 3: Institutionalize the Budget Strategy Paper (BSP) and Budget Policy Statement (BPS) Reform Area 3a: Integration of Gender and Climate into the strategic budgeting process Reform Area 4: Enhance Cabinet Engagement in the Strategic Budgeting phase Reform Area 5: Strengthen Forward Baseline Estimates (FBE) for medium-term planning. Reform Area 6: Implement costing methodologies for credible budget preparation.
SO5: Enhance the Intra-Sectoral Allocative Efficiency, making sure that each Taka spent within a sector is used to its maximum potential, leading to better service delivery at relatively lower costs.	Reform Area 7: Institutionalize the Budget Implementation Plan (BIP)
SO6: Develop a comprehensive M&E Framework for the Government to track outputs, outcomes and evaluate impact in a systematic and effective manner.	Reform Area 8: Program Classification Reform Area 9: Establish a central KPI repository owned and managed by Finance Division.
SO7: Strengthen local government public financial management to enhance fiscal transfers, accountability, and service delivery.	Reform Area 10: Strengthening Local Government PFM and Accountability (SO16)

6.3.3 Reform Area 3: Institutionalize the Budget Strategy Paper (BSP) and Budget Policy Statement (BPS) (SO4)

Key Issues

Bangladesh currently lacks formal fiscal policy instruments such as the **Budget Strategy Paper (BSP)** and **Budget Policy Statement (BPS).** The introduction of these tools would significantly improve strategic budgeting and communication of fiscal priorities. The BSP would serve as an internal document to inform Cabinet deliberations during the strategic budget phase, providing concise, evidence-based analysis of the macroeconomic outlook, fiscal space, and policy scenarios to support decision-making on expenditure ceilings and priorities. The BPS, on the other hand, would be a public document tabled in Parliament, summarising the Government's fiscal objectives, resource envelope, and strategic priorities in a clear and accessible format. Together, these instruments would enhance the transparency, coherence, and credibility of fiscal policy and budgeting.

Reform Areas

Action	Category
• Institutionalise the **Budget Strategy Paper (BSP)** as the primary tool for presenting fiscal outlooks, expenditure priorities, and sector ceilings to Cabinet and Parliament	**Policy**
• Introduce the **Budget Policy Statement (BPS)** to outline key macroeconomic assumptions, fiscal risks, and policy direction. Through classification or mapping tables, Align BSP and BPS preparation with the **MTBF** and policy document frameworks	**Policy**
• Publish both documents on the **Finance Division website** to enhance transparency and public accountability.	**Institutional**

Rationale

BSP and BPS strengthen the budget process by linking fiscal planning to policy decisions in a transparent and structured manner. These instruments improve coordination, facilitate informed decision-making, and institutionalise medium-term fiscal discipline.

6.3.4 Reform Area 4: Enhance Cabinet Engagement in the Strategic Budgeting Phase (SO4)

Key Issues

The Cabinet currently has limited time - often only a single session - to review complex fiscal and policy information during the strategic budget phase. This constrains evidence-based deliberation on fiscal space, macroeconomic outlook, and policy priorities. As a result, decisions on budget ceilings are often made under tight timelines, reducing the effectiveness of the strategic budgeting stage and its intended role in aligning policy and fiscal choices.

Reform Actions

Action	Category
• **Revise the budget calendar** to allocate sufficient time for multiple Cabinet-level discussions during the strategic budget phase	**Policy**
• Develop and institutionalise a structured **pre-Cabinet review process** through the **Budget Management and Resources Committee (BMRC)** to analyse fiscal options, MTMF data, and expenditure trade-offs before presentation to the Cabinet	**Policy**

Action	Category
• Develop concise, data-driven **Cabinet briefing notes** summarising the macroeconomic outlook, fiscal scenarios, and sectoral performance	Technical
• Strengthen coordination among the **Finance Division**, **Planning Commission**, the **Cabinet Committee** and other offices to ensure consistent and timely preparation of policy and data inputs for Cabinet consideration	Institutional

Rationale

Early and structured Cabinet engagement enhances strategic ownership of the budget, ensuring that fiscal decisions are guided by policy evidence and long-term development goals. This improves the quality, coherence, and legitimacy of fiscal outcomes.

6.3.5 Reform Area 5: Strengthen Forward Baseline Estimates for Medium-term Planning (SO4)

Key Issues

Forward Baseline Estimates (FBEs) are not prepared in a systematic or credible manner. At present, the budget framework includes the budget year and two "outer years," but these are largely generated by filling a template with incremental adjustments to the previous year's allocations. There is no structured methodology to project the forward cost of existing policies, programs, or commitments. As a result, the FBEs do not capture the fiscal implications of demographic shifts, wage dynamics, recurrent commitments from capital projects, or policy changes. This undermines medium-term fiscal planning, reduces budget credibility, and contributes to frequent revisions of estimates during execution.

Reform Actions

Develop and issue comprehensive FBE guidelines that:

• Define the methodology for projecting the future costs of existing policies and programs (e.g., demographic, economic, and price changes), moving away from assumption to systematic and model-based forecasting.

• Pilot these guidelines in a select number of MDAs including the MoF to test applicability and refine approaches.

• Gradually integrate scenario analysis, sensitivity testing and realistic FBEs into the annual budget cycle so that forward estimates become a central tool for resource allocation and medium-term planning.

• Align FBEs with program-based budgeting (PBB) and sector strategies to strengthen the link between policy commitments, outputs, and resource envelopes.

Rationale

Credible FBEs are essential for improving the predictability and stability of fiscal policy. By projecting the ongoing cost of policies and programs beyond the budget year, FBEs enable government to:

• **Anticipate fiscal pressures** such as wage increases, pension obligations, and recurrent costs of new investments, and manage them proactively rather than reactively.

• **Reduce reliance on incremental budgeting**, which often perpetuates inefficiencies and leads to unrealistic projections.

- **Improve budget credibility** by minimising the need for frequent mid-year revisions and ensuring that out year projections reflect genuine policy commitments.

- **Support medium-term fiscal sustainability** by identifying expenditure trends and pressures early, allowing corrective actions or reprioritization before they become fiscal risks.

- **Enhance decision-making** for Cabinet and Parliament, by presenting a more realistic picture of the fiscal space available for new initiatives versus ongoing commitments.

Moving from "budget year + 2 incremental estimates" to a systematic FBE framework transforms the budget process from a short-term exercise into a medium-term fiscal management tool.

6.3.6 Reform Area 6: Implement costing methodologies for credible budget preparation (SO4)

Key Issues

Currently, costing of policies, programs, and outputs is non-existent. Budget submissions often rely on rough estimates or incremental adjustments to the previous year's allocations rather than credible cost projections. This leads to several problems:

- **Unrealistic budget estimates** that do not reflect the true cost of delivering services or implementing policies.

- **Underfunding of programs** when recurrent implications (e.g., staffing, operations, maintenance) are not properly calculated.

- **Inefficiencies and misallocation** of resources, since programs are not systematically costed relative to their outputs and outcomes.

- **Weak links to policy priorities**, as decision-makers lack reliable costing information to evaluate trade-offs between competing programs.

- **Reduced credibility of the budget process**, with frequent mid-year reallocations and supplementary appropriations required to address cost shortfalls.

Reform Actions

Action	Category
• **Develop and adopt standard scenario analysis and costing methodologies** for policies, programs, and outputs, including activity-based costing and unit-cost analysis where applicable.	**Policy**
• **Prepare costing guidelines** and tools that MDAs can use in developing their budget submissions, ensuring consistency across government.	**Policy**
• Establish functional, analytical budget desks with trained personnel and clear mandates in line ministries	**Policy**
• **Build costing capacity** through training of budget officers and program managers, enabling them to apply costing tools systematically and conduct scenario analysis and sensitivity testing.	**Institutional**
• **Pilot the costing framework** in selected MDAs before rolling out across all agencies, refining approaches based on lessons learned.	**Institutional**
• Limit staff rotation and develop a must know "budget module" for people working at the budget desks and build career tracks to incentivize and improve retention of trained personnel	**Policy**

Action	Category
• **Integrate risk analysis and costing into the budget cycle and templates** to ensure that forward baseline estimates and out-year projections are based on realistic assumptions and considers multiple scenarios.	Institutional

Rationale

Standardized costing methodologies are essential to strengthen fiscal discipline, improve efficiency, and enhance budget credibility. They:

- **Ensure projections reflect actual fiscal pressures**, reducing the gap between budgeted and actual spending.

- **Promote better resource allocation**, as Cabinet and Parliament can make informed decisions on trade-offs using reliable cost information.

- **Enhance program sustainability**, since costing makes explicit the recurrent implications of capital projects and policy initiatives.

- **Support performance budgeting**, by linking resources to outputs and outcomes with clear cost structures.

- **Strengthen accountability**, as MDAs must justify their funding requests based on transparent and consistent costing.

Credible costing methodologies shift the budget process away from incrementalism toward a more evidence-based, medium-term framework that better reflects the government's real policy commitments and fiscal constraints.

6.3.7 Reform Area 7: Institutionalize the Budget Implementation Plan (BIP) (SO5)

Key Issues

Budget execution remains largely input-driven, with limited linkage between allocations, deliverables, and results. Weak monitoring and absence of structured implementation frameworks lead to spending delays, under-execution, and poor predictability of resource flows.

Reform Actions

Action	Category
• Mandate the preparation of a **Budget Implementation Plan (BIP)** for all MDAs, detailing quarterly financial and physical targets.	Policy
• Integrate BIP preparation and monitoring into **iBAS++** with automated tracking of outputs and fund-release triggers.	Technical
• Conduct targeted **training** for budget officers on BIP formulation and performance reporting.	Institutional
• Establish a **Finance Division compliance and support mechanism** to oversee implementation and ensure data quality.	Institutional
• Link funding renewals to program outcomes and publish annual performance reports tied to budget execution and GPMS	Policy
• Include BIP preparation instructions in BC-2 and include it under Budget preparation module in iBAS++	Technical

Rationale

Institutionalising the BIP strengthens accountability and discipline in budget execution by linking resources to measurable results. Digital integration and oversight enhance predictability, reduce deviations, and promote timely service delivery.

6.3.8 Reform Area 8: Program Classification (SO6)

Key Issues

The current budget classification is largely administrative and input-based, reflecting departmental structures rather than policy objectives or results. The **output indicators** included in MBFs do not adequately capture the full functions or mandates of MDAs. These outputs are not systematically grouped into **Programs**, making it difficult to assess how resources contribute to sector or national priorities.

Several specific issues arise:

- **Absence of program classification**: MDAs' traditional departmental operations have not yet been consolidated into programs, which hinders the establishment of a clear link between spending and results.

- **Weak policy anchor**: Many sector policies (e.g., Health, Education) are outdated, dating from 2010–2015, and may no longer reflect current national priorities or emerging needs. This undermines the relevance of budget allocations.

- **Fragmentation of outputs**: Current output indicators are scattered across MBFs, but they are not mapped to sector outcomes or broader goals, limiting their usefulness for performance monitoring.

- **Accountability gaps**: Without a program structure, it is difficult to hold MDAs accountable for results, as resource allocation is tracked only by administrative unit rather than policy objectives.

- **Weak foundation for PBB**: Program-Based Budgeting (PBB) requires a strong program classification framework. Without it, efforts to link budgets to outcomes remain superficial and credibility is weakened.

Reform Actions

Action	Category
• **Develop a standardized program classification framework** across all MDAs, consolidating departmental functions into clear programs that align with sector outcomes and national development strategies.	**Policy**
• **Update sector policies** (e.g., Health, Education, Agriculture) to provide a modern policy basis for defining programs and outcomes.	**Policy**
• **Map existing outputs in MBFs to programs** and link them with measurable Key Performance Indicators (KPIs) at the program and sector levels.	**Technical**
• **Introduce program budgeting templates** that integrate programs, outputs, and KPIs into the budget submission process.	**Policy**
• **Pilot program classification** in selected MDAs (2-3 MDAs) before rolling out across government, allowing lessons learned to inform system-wide application.	**Institutional**
• **Integrate program classification into budget systems (e.g., IFMIS/iBAS++)**, ensuring that allocations, reporting, and monitoring are aligned with the new program structure.	**Technical**

Rationale

Program classification is the cornerstone of PBB and a key step in moving from input-driven to results-oriented public financial management. It:

- **Links resources to results** by grouping activities and outputs under coherent programs that reflect sector objectives and national priorities.

- **Improves efficiency and prioritization**, as decision-makers can see how much is being spent on each program and assess its contribution to outcomes.

- **Strengthens accountability**, enabling Cabinet, Parliament, and citizens to hold MDAs responsible for delivering results against measurable KPIs.

- **Facilitates performance monitoring**, since programs are directly tied to sector outcomes and can be tracked over time.

- **Enhances transparency**, making it easier to explain government spending priorities in terms of programs and outcomes rather than fragmented line items.

- **Lays the foundation for medium-term reforms**, including performance-based budgeting, results reporting, and improved sector coordination.

In short, a robust program classification system is not just a technical change but a strategic reform that aligns resources with policies, improves service delivery, and strengthens fiscal credibility.

6.3.9 Reform Area 9: Establish a central KPI repository owned and managed by Finance Division (SO6)

Key Issues

- **Fragmentation of performance indicators:** MDAs currently develop and use their own indicators in an uncoordinated manner. These indicators are scattered across multiple documents (MTBFs, project reports, sector strategies) with no central registry to ensure coherence.

- **Lack of consistency and validation:** KPI definitions vary widely across sectors, with different ministries using different baselines, targets, and measurement methodologies for similar outcomes. This undermines comparability and makes cross-sector performance assessment unreliable.

- **Weak evidence base for budgeting:** Because KPIs are not systematically linked to budget allocations, Cabinet and Parliament often make resource allocation decisions without robust evidence of program effectiveness or efficiency.

- **Difficulty in monitoring outcomes:** Without a central repository, it is challenging for the Ministry of Finance, Cabinet, or Parliament to track whether sectoral outputs are contributing to national outcomes, or to identify duplication, overlaps, and gaps in service delivery.

- **Missed opportunities for automation:** Existing systems (e.g., iBAS++ and planning databases) cannot yet integrate performance indicators in a structured way, limiting the ability to automate monitoring and reporting.

Reform Actions

Action	Category
• Establish a **Central KPI Repository** housed within and managed by the Finance Division (FD), serving as the authoritative registry for all government performance indicators.	**Policy**
• Develop KPI guidelines and standards to harmonise definitions, methodologies, baselines, and targets, ensuring comparability across ministries and sectors. The framework and guidelines for KPI standardisation can be implemented along with the 2-3 pilot MDAs where Program Classification is proposed to be piloted.	**Policy**
• Validate and consolidate existing indicators from MBFs, sector strategies, and project documents, phasing out redundant or low-quality indicators while strengthening alignment with national priorities and sector outcomes.	**Institutional**
• Link KPIs to budget systems and reporting frameworks so that resource allocations can be directly tracked against performance results.	**Technical**
• Integrate with iBAS++ and planning systems to allow real-time monitoring of outputs and outcomes, including dashboards for Cabinet and Parliament.	**Technical**
• Build capacity across MDAs for defining, reporting, and using KPIs effectively, with training for budget officers, planning units, and program managers.	**Institutional**
• Introduce a phased rollout starting with pilot ministries (e.g., Health, Education, Infrastructure Finance) before expanding to all MDAs.	**Institutional**

Rationale

A unified KPI framework strengthens **evidence-based budgeting** by linking allocations to validated performance indicators. It improves **transparency and accountability** through a single source of truth for performance data accessible to Cabinet, Parliament, and the public. Standardisation also enhances **comparability across sectors**, supports **digital integration** with iBAS++ and planning systems, and reinforces **medium-term fiscal discipline** by anchoring resource allocation to measurable results.

6.3.10 Reform Area 10: Strengthening Local Government PFM and Accountability (SO7)

Key Issues

- Fiscal transfers to local government institutions (LGIs) are ad hoc and fragmented, limiting predictability and undermining local planning.

- Current grants are largely input-based, offering little incentive for efficiency, accountability, or improved service delivery.

- LG financial management practices remain inconsistent, with weak reporting standards and limited digital integration with central systems.

- Lack of a dedicated institutional mechanism (e.g., Finance Commission) to oversee and guide intergovernmental fiscal relations.

Reform Actions

Action	Category
• Establish a **Local Government Finance Commission (LGFC)** to provide policy direction on fiscal transfers, grant design, and monitoring.	**Policy**
• Introduce **performance-based grants** to incentivise good governance, transparency, and service delivery at the LG level.	**Policy**
• Roll out **BACS/iBAS++** modules to LGIs to strengthen budget execution, accounting, and reporting.	**Institutional**
• Develop a **common financial reporting framework consistent with broader accounting and reporting** for LGIs to ensure comparability, consolidation, and oversight.	**Policy**
• Integrate LG reporting into national budget and fiscal reports	**Institutional**
• Prepare and disseminate practical, context-specific governance handbooks and PFM operational e-manuals	**Policy/ Institutional**
• Institutionalize mandatory service need assessments and cost-benefit analyses before approving capital investments	**Policy**
• Develop tools to support needs assessments and corresponding budget allocation.	**Technical**
• Develop and enforce asset management guidelines for planning, utilization, and maintenance of infrastructure and equipment.	**Policy**
• Strengthen internal control systems through clear segregation of duties, improved record-keeping, and mandatory financial training	**Policy**

Rationale

- Strengthened LG PFM promotes **predictability of resources** and enhances local-level accountability.

- Performance-based financing creates strong incentives for LGIs to improve planning, execution, and service outcomes.

- Digital integration (BACS/iBAS++) reduces leakages, supports real-time monitoring, and improves the credibility of local fiscal data.

- A common reporting framework ensures transparency, harmonisation with national PFM, and facilitates oversight by MoF, Parliament, and citizens.

6.4 Strategy Pillar 4: Public Investment Management

6.4.1 Overview

Efficient and resilient public investment is central to Bangladesh's growth and development ambitions. However, weaknesses in project appraisal, selection, and monitoring have often limited the effectiveness of capital spending. The 3rd PFM Reform Strategy (2025–2030) prioritises strengthening the Public Investment Management (PIM) framework to ensure that scarce fiscal resources are directed toward high-return, climate-resilient, and well-prepared projects.

This pillar focuses on improving discipline throughout the investment cycle - from project identification and appraisal to budgeting, implementation, and ex-post evaluation. Reforms will strengthen the quality of the project pipeline, ensure that capital projects are aligned with national priorities, and improve coordination between the Planning Commission, Finance Division, and sector ministries. A key emphasis will be on linking capital investments to their recurrent cost implications to ensure sustainable service delivery.

The Strategy also calls for integrating social inclusion and climate and disaster risk assessments into project design, establishing a Medium-Term Public Investment Program (MYPIP) within the budget framework, and digitising project monitoring through platforms such as iBAS++. These measures will enhance the transparency, efficiency, and accountability of public investment, transforming it into a driver of inclusive and sustainable growth.

6.4.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO8: Improve Public Investment Management (PIM) to prioritize economic and socially beneficial investments which are climate-resilient.	Reform Area 11: Public Investment Management
SO9: Enhance sectoral coordination and monitoring through PFM sector reforms.	Reform Area 12: PFM Sector Alignment

6.4.3 Reform Area 11: Public Investment Management (SO8)

Key Issues

The current Public Investment Management (PIM) framework faces several weaknesses that undermine the efficiency and effectiveness of capital spending:

- **Limitation in project selection processes**: Many projects enter the budget without rigorous feasibility studies, cost-benefit analysis, or socio-economic impact assessment and without stakeholder consultation. As a result, projects are often selected based on political considerations or DP driven agendas rather than evidence of economic and social returns.

- **Frequent cost overruns and delays**: Poor project preparation and weak oversight contribute to systematic underestimation of costs and timelines, leading to wastage of scarce fiscal resources.

- **Limited pipeline discipline**: The absence of clear criteria for project screening allows too many low-quality or under-prepared projects into the pipeline, diluting resources and crowding out high-priority investments.

- **Insufficient consideration of climate and disaster risks**: Infrastructure and investment projects rarely incorporate climate resilience or disaster risk management into design and appraisal, leaving public assets vulnerable to shocks and creating hidden fiscal liabilities.

- **Fragmented institutional responsibilities**: Overlaps between planning, finance, and sector ministries weaken accountability, with no central mechanism to enforce standards across the investment cycle.

- **Weak link with recurrent budgets**: Life-cycle costs, particularly for operations and maintenance (O&M), are often ignored, leading to unfunded mandates when projects are completed and handed over.

Reform Actions

To address these challenges, a stronger, more disciplined PIM framework should be introduced, comprising:

Policy Decisions

- **Strengthening pipeline discipline**: Establish clear screening and ranking criteria so that only technically sound, high-priority, and well-prepared projects enter the budget pipeline.

- **Integrating climate and disaster risk assessment**: Ensure that all projects demonstrate resilience to climate and disaster risks as part of appraisal and approval processes. Upgrade standard appraisal guidelines – make MAF and SAF climate sensitive.

Institutional Changes

- **Institutionalising a central PIM function** within the Bangladesh Planning Commission to oversee project appraisal standards, maintain a project database, and ensure cross-sector coordination.

- **Lifecycle costing and recurrent budget integration**: Revise project design templates (DPPs) and project completion reports to explicitly include recurrent cost implications and trigger O&M financing in subsequent budgets.

Technical Upgradations

- Strengthen role of Planning Commission - shifting from a culture of approving too many projects with weak preparation to fewer, higher-quality projects that can be implemented effectively.

- **Capacity building in MDAs** through training and technical support for project preparation, appraisal, and management.

- **Linking PIM to budget systems** (e.g., iBAS++ or similar platforms) to monitor project financing, execution, and reporting in real time.

- **Rigorous project appraisal guidelines**: Require all major capital projects to undergo economic, financial, social, and environmental analysis prior to approval, with minimum quality standards applied consistently.

- Integrate MYPIP in the MTBF process

Rationale

Strong PIM ensures that scarce fiscal resources are directed towards projects with the highest returns and resilience. A stronger PIM framework is essential to ensure that scarce fiscal resources are allocated effectively and sustainably. It will:

- **Maximise returns on investment** by directing funds to projects that are economically viable, socially beneficial, and aligned with national priorities.

- **Improve budget credibility** by reducing the number of under-prepared projects and minimising the risk of cost overruns and delays.

- **Strengthen fiscal sustainability** by requiring lifecycle costing and ensuring that recurrent implications are properly financed.

- **Enhance resilience** by embedding climate and disaster risk considerations into project appraisal and design, protecting infrastructure and communities from shocks.

- **Increase accountability and transparency** by creating clear, rules-based processes for project selection and appraisal.

- **Boost investor and Development Partner's confidence** by demonstrating that public investments are governed by rigorous, transparent, and consistent standards.

Ultimately, a credible PIM system transforms capital investment from a source of fiscal risk into a driver of sustainable growth, service delivery, and resilience.

6.4.4 Reform Area 12: PFM Sector Alignment (SO9)

Key Issues

- Public spending across key sectors - such as education, health, and social protection - remains fragmented, with overlapping beneficiary groups and uncoordinated program delivery. The absence of a unified social registry and interoperable information systems makes it difficult to identify duplication, track beneficiaries, or align programs with sector priorities.

- Weak coordination between sector ministries, the Finance Division, and development partners results in parallel planning and monitoring processes, reducing efficiency and fiscal coherence. There is limited visibility over sector outcomes.

- The lack of sector-wide approaches (SWAp) further contributes to siloed implementation and inconsistent performance reporting. Strengthening PFM systems at the sector level - through integrated data systems, harmonised indicators, and coordinated financing -will ensure that public resources are channelled more efficiently and equitably toward intended beneficiaries.

Reform Actions:

Policy Decisions

- **Consolidate overlapping programs:** Rationalise and merge programs with similar objectives or target groups to reduce duplication, administrative costs, and inefficiencies in social spending.

- **Consolidate budget formulation:** Unify formulation of operating and development budget to increase efficiency of resource allocation.

Institutional Changes

- **Pilot sector-wide approaches (SWAP):** Implement coordinated, results-based planning and budgeting across ministries, defining a sector lead ministry, and development partners within a sector to align financing, policies, and performance frameworks.

Technical Upgradations

- **Expand G2P payment systems:** Broaden the coverage and functionality of digital Government-to-Person payment systems to ensure timely, transparent, and traceable delivery of benefits to citizens.

- **Develop Dynamic Social Registry:** Establish an integrated, continuously updated database of service deliverers, households and individuals to enable accurate beneficiary identification, targeting, and coordination across social programs.

- **Integrate MIS across programs:** Link and harmonise management information systems (MIS) of various social protection and service delivery programs to ensure data consistency, interoperability, and unified monitoring.

Rationale

- **Improves efficiency and targeting of public spending:** A **Dynamic Social Registry** enables real-time identification and verification of beneficiaries, reducing inclusion and exclusion errors and ensuring that scarce fiscal resources reach those most in need.

- **Enhances coordination and budget credibility: Integration of MIS across programs** ensures consistent data flows, reduces duplication of effort, and enables unified monitoring

of social expenditures—strengthening alignment between program budgets, outputs, and outcomes and payments.

- **Promotes financial inclusion and transparency:** Expansion of **Government-to-Person (G2P)** payment systems strengthens payment integrity, accelerates disbursements, reduces leakages, and promotes trust between citizens and government.

- **Optimises resource use through consolidation: Consolidating overlapping programs** eliminates fragmentation, allows pooling of administrative and financial resources, and supports a more coherent approach to poverty reduction and social service delivery.

- **Strengthens sectoral coordination and accountability: Piloting Sector-Wide Approaches (SWAPs)** fosters collaboration across ministries, development partners, and implementing agencies around shared sector goals, ensuring unified planning, monitoring, and evaluation frameworks.

6.5 Strategy Pillar 5: Treasury and Debt Management

6.5.1   Overview

Effective treasury and debt management is central to maintaining fiscal discipline, ensuring liquidity, and minimising borrowing costs. In Bangladesh, rudimentary level of cash forecasting, limited visibility over government bank accounts, and the absence of a unified debt management framework have led to liquidity mismatches, risky short-term borrowing, and reduced fiscal transparency.

This pillar focuses on integrating cash, commitment, and debt management functions under a unified framework to optimise borrowing decisions, strengthen liquidity forecasting, and enhance fiscal risk monitoring. Reforms will introduce standardised cash-forecasting models with automated data feeds from iBAS++, TSA, RMD, and Bangladesh Bank, alongside the establishment of a unified Debt Management Office (DMO).

Complementary reforms will address the management of government financial assets, which remain weakly monitored and poorly coordinated. The introduction of a Financial Asset Management (FAM) policy, supported by an integrated IT system including links to BACS++, will improve oversight of loans, on-lending, and equity holdings, while strengthening recovery processes and reducing fiscal exposure.

Together, these initiatives will enable more efficient liquidity management, lower financing costs, and greater transparency in the government's balance sheet—supporting long-term fiscal sustainability and resilience.

6.5.2   Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO10: Establish a unified cash forecasting, cash management, and debt management framework to reduce fiscal risks and borrowing costs.	Reform Area 13: Cash and Debt Management
SO11: Strengthen the governance, monitoring, and oversight of government financial assets through a comprehensive policy framework, automated systems, and improved recovery mechanisms to safeguard fiscal sustainability.	Reform Area 14: Enhancing Financial Asset Management

6.5.3 Reform Area 13: Cash and Debt Management (SO10)

Key Issues

Absence of Cash forecasting and debt management are fragmented, with no standardised cashflow models and no single debt office. This results in liquidity mismatches and payment bunching, risky short-term borrowing and arrears, higher refinancing and fiscal-risk exposure, and weakened budget transparency and credibility.

Debt Management Challenges

Despite solid progress under various reform initiatives that have reduced leakages, improved transparency, public debt management is hindered by multiple challenges. At the policy level, contingent liabilities are not properly identified. Comprehensive reports on debt service, stock, and operations are infrequently produced. Most SOEs and subnational governments fail to submit or publish annual reports, leading to insufficient and outdated data that hinders effective monitoring and informed decision-making. Additionally, government's macro-fiscal forecasts lack a qualitative assessment of the impact of alternative macroeconomic situations which leads to inaccurate risk assessment and forecasts. Furthermore, Irregular DSAs reduce the ability to respond to macroeconomic risks.

There are multiple challenges at the institutional level resulting from overlapping responsibilities, fragmentation of data, and staffing constraints - resulting in fragmented data management which convolutes the debt management across these offices and leads to inefficiency. Coordination and key functions among key agencies like Bangladesh Bank, Economic Relations Division, and State-Owned Enterprises, is another bottleneck. External debt is recorded by ERD through DMFAS, while domestic debt is tracked separately by BB and the National Savings Department, resulting in a lack of a unified database and delayed data access for middle offices. Additionally, the limited number and expertise of debt management personnel strain the system, undermining operational effectiveness and increasing the risk of financial mismanagement.

The main lessons from past debt management reforms in Bangladesh highlight the need for better integration, transparency, and institutionalization of processes. Aligning borrowing with the MTDS and its annual update are critical for strategic coherence. Although efforts to automate debt management have progressed, gaps in data integration and timeliness hinder efficient operations. Limited legislative reporting, data reliability and system integration are other areas of weakness in debt management.

Cash Management

Bangladesh's recent cash management experience shows meaningful progress in digitalization and payment efficiency but also highlights critical gaps in TSA coverage

and treasury integration. Reforms such as IBAS++, partial TSA rollout, EFT-based GetPH payments, and nationwide cheque truncation have expanded transparency and accelerated government disbursements, benefiting millions of employees, pensioners, and social protection recipients. At the same time, incomplete TSA implementation, particularly for special purposes and accounts of the development partners, remains a core weakness, limiting full cash consolidation. Complementary innovations like the FMI and EDS Money have strengthened securities management and liquidity operations.

Bangladesh's treasury and cash management system faces persistent institutional, legal, technical, and operational constraints that undermine efficient public financial management. The incomplete implementation of the Treasury Single Account (TSA) has left significant government funds dispersed across autonomous bodies, SOEs, and extra-budgetary accounts, resulting in idle balances, fragmented fiscal oversight, and limited visibility for the Finance Division. This challenge is compounded by the absence of a clear legal framework to enforce TSA compliance, as well as resistance from agencies reluctant to adopt centralized cash management. Outdated infrastructure and weak forecasting capacity further impede real-time cash planning, driving reliance on overdrafts and costly short-term borrowing. Manual processes dominate key treasury functions, with limited integration across budget, revenue, debt, and procurement systems, while partial digitalization—such as incomplete IBAS++ coverage, manual Upazila-level payments, and gaps in automated revenue collection—continues to slow operations. These weaknesses are intensified by insufficient cybersecurity safeguards and a lack of specialized technical skills needed to modernize treasury operations. Collectively, these issues restrict interoperability, delay fund releases, and prevent the adoption of modern, transparent, and efficient cash management practices.

Reform Actions:

Policy Decisions

- Framing Cash management and TSA Rules to institutionalize cash liquidity buffer and sweeping
- Conduct a comprehensive review of cash management rules and align them with the constitution and TSA goals.
- Enforce prohibition on opening commercial bank accounts without Finance Division approval; adopt zero-balance or notional basis.
- Mandate inclusion of foreign mission and funds from the development partners, autonomous bodies, and project accounts into TSA under a clear regulatory framework.
- Development of Bond Market
- Develop separate TSA operational guidelines for various entity types; Clarify which public entities will be included or excluded
- Introduce a comprehensive debt management framework and set criteria for SOE debt monitoring standards and institutionalize independent audits
- Introduce a cash buffer strategy to minimize idle balances and reduce reliance on borrowing.
- Link cash forecasting to debt issuance planning to optimize interest costs and rollover risks.
- Establish unified Debt and Cash Forecasting Office
- Establish a dedicated, well-resourced TSA implementation team/ working group with public visibility to fully implement TSA.

Institutional Changes

- Institutionalize data feeds into the cashflow model from iBAS++, TSA(BB), Debt/ERD, eGP

- Implement comprehensive capacity building programs to train debt managers in modern instruments and develop a specialized cohort of technical staff es dedicated to MTDS and DSA, with advanced scenario-assessment capacities
- Institutionalize annual TSA performance review with stakeholder input. Introduce compliance audits and KPIs for agencies managing funds outside TSA

Technical Upgradations

- Design and adopt a standard cash-forecasting model (daily/weekly/monthly buckets; deterministic + statistical modules; automated feeds from iBAS++, RMD, BB/TSA, e-GP; KPI back-testing)
- Development of Integrated Debt Database
- Implement rule-based, automated fund release linked to commitment registration and cash availability.
- Adopt rolling cash forecasts based on real-time data inputs, including procurement and payroll cycles, and integrate with TSA
- Provide technological flexibility for selected entities via notional or zero-balance commercial accounts.

Rationale

Efficient cash and debt management reduces borrowing costs, prevents arrears, and ensures liquidity for budget execution. Systematic monitoring of contingent liabilities provides early warnings to mitigate fiscal shocks.

6.5.4 Reform Area 14: Enhancing Financial and Non-Financial Asset Management (SO11)

Key Issues

Bangladesh lacks a comprehensive framework for monitoring and managing government financial and non-financial assets such as loans, on-lending, equity participation, buildings, vehicles etc. Current practices are fragmented, with no consolidated database or automated system. Weak monitoring and recovery processes increase the fiscal burden and expose the government to potential losses. Without a robust asset management system, financial risks remain hidden, recovery rates are low, and fiscal sustainability is undermined.

Reform Actions:

Policy

- Develop and adopt a **Financial Asset Management (FAM) and standard depreciation policy and strategy.**
- Strengthen recovery mechanisms for loans and on-lending (early-warning systems, debt recovery processes, legal enforcement).
- Populate the non-financial asset register in iBAS++ with data.

Institutional

- Conduct awareness and capacity-building programs for stakeholders (ministries, SOEs, regulators).

Technical

- Conduct stocktaking of all government lending, on-lending, and equity participation to create a comprehensive and regularly updated financial asset central database.

- Automate financial asset management monitoring system through integrated IT systems (with iBAS++).

Rationale

Efficient management of government financial assets improves fiscal space, reduces risks of default, and enhances sustainability of public finances. A clear policy framework, backed by automation and robust monitoring, will ensure transparency, improve recovery rates, and reduce the accumulation of non-performing assets. This reform is essential for protecting public resources, improving fiscal discipline, and aligning with global good practices in asset-liability management.

6.6 Strategy Pillar 6: State-Owned Enterprise (SOE) Management

6.6.1 Overview

State-Owned Enterprises (SOEs) remain central to Bangladesh's economic development, particularly in energy, transport, and industry, but inefficient governance and financial oversight have led to mounting fiscal risks. Many SOEs rely heavily on government transfers or guarantees, while fragmented reporting systems limit visibility over their financial position and contingent liabilities.

This pillar focuses on strengthening the **governance, transparency, and fiscal oversight** of SOEs to safeguard public resources and reduce fiscal drains. Reforms will expand the monitoring of contingent liabilities to include all SOEs, PPPs, and special-purpose vehicles, integrate data from **SABRE+** with **debt management database** for real-time fiscal-risk analysis, and establish a **Central Oversight Entity** within the Finance Division to standardise performance reporting.

Complementary actions will promote stronger corporate governance frameworks—through internal audit units, independent boards, and performance-based evaluations—while advancing financial sustainability by reducing reliance on budgetary support. Collectively, these reforms will transform SOEs from a source of fiscal pressure into strategic contributors to growth, service delivery, and long-term economic resilience.

6.6.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO12: Strengthen monitoring and disclosure of contingent liabilities to capture SOEs, PPPs, and other off-balance-sheet risks.	Reform Area 15: Enhance SOE Monitoring of Contingent Liabilities and Oversight
SO13: Improve governance and financial oversight of SOEs to reduce reliance on government transfers and prevent fiscal drains.	Reform Area 15: Enhance SOE Monitoring of Contingent Liabilities and Oversight

6.6.3 Reform Area 15: Enhance SOE Monitoring of CL and Oversight (SO12, SO13)

Key Issues

SOEs play a critical role in energy, transport, and industry, but inefficient governance and uneven financial performance have created a chronic fiscal drain. Despite the aggregate profitability of the SOE sector, a subset of SOEs continues to incur significant losses, posing contingent fiscal risks. The absence of a comprehensive baseline database hampers accurate identification of these fiscal vulnerabilities and limits the government's ability to conduct effective risk assessment and evaluation. Current evaluation mechanisms, including debt and

contingent liability stocktaking, are insufficient to provide a complete picture of fiscal exposure.

Losses in regulated utilities are often driven by **administered prices/PSO mandates**, while deficits in commercial/industrial SOEs reflect **operational inefficiencies** (cost control, collections, procurement, project execution). The information architecture is also fragmented: although **SABRE+** is being used to collect debt and contingent-liability (DCL) data, it is **not integrated with debt management database**. Submissions are annual and partial; identifiers and classifications are inconsistent; and coverage across SOEs/ABs/SPVs is incomplete. As a result, the Finance Division/SOE Wing lacks a near-real-time view of SOE borrowing, guarantees, and arrears; fiscal-risk statements rely on manual reconciliations and lagging data, weakening cash/debt planning and budget transparency.

Disorganized financial oversight and institutional inefficiencies undermine SOE performance and transparency. Gaps in financial oversight persist due to outdated audit mandates, inconsistent financial reporting, and limited validation of financial data. Institutional weaknesses—such as poor financial management, inadequate governance structures, political interference, limited functional authority of the Finance Division, and capacity constraints—continue to affect SOE efficiency and fiscal discipline. The lack of a centralized digital database further impedes transparency and oversight.

Policy and regulatory gaps, along with inadequate disclosure practices, hinder accountability and reform. The absence of a coherent legal and regulatory framework for SOEs, coupled with infirm enforcement, undermines institutional accountability. Disclosure practices remain non-standardized, with delays and inconsistencies in financial reporting. There is a pressing need to enhance the quality and timeliness of financial disclosures to support better fiscal monitoring and enable evidence-based policymaking.

Reform Actions:

Policy

- Enact a comprehensive SoE law to standardize governance, clarify ownership, and mandate regular audits, public disclosure and accountability across SoEs.
- Publish an annual fiscal risk statement incorporating contingent liabilities.
- Update the PPE Manual and establish an asset management framework
- Establish a Central Oversight Entity (COE) in the Finance Division to set performance standards, coordinate reporting, and review results for SoEs and PPPs.
- Promote fiscal sustainability through equity financing and reduced reliance on government transfers.
- Strengthen corporate governance by following national and international standard and best practices, include independent directors and financial experts with professional qualifications, mandating internal audit units, independent audit committees, GFSM aligned classification, and transparent costing of public service obligations.

Institutional

- Build capacity and embed knowledge management through CPD programs, technical training, and institutional knowledge-sharing mechanisms.
- Extend Independent Performance Evaluation (IPE) coverage to all SoEs, linking results to incentives or corrective actions.
- Roll out PPE manuals, DCL reporting procedures, and standard operating procedures (SOPs) universally across SoEs.

- Implementing a centralized database for real-time financial monitoring.
- Strengthening internal audits

Technical

Integrate SABRE+ with iBAS++, Debt Management Database and other PFM systems to enable fiscal risk monitoring in consistent with BACS/GFSM and debt statistics.

Rationale

SOEs can either be a source of growth or a drain on fiscal sustainability. Greater transparency and accountability reduce fiscal risks and incentivise efficiency.

6.7 Strategy Pillar 7: Public Procurement

6.7.1 Overview

An efficient, transparent, and accountable public procurement system is essential for ensuring value for money and maintaining public trust in the use of public resources. In Bangladesh, procurement has been significantly modernised through the rollout of the **Public Procurement Act (2006) and latest amendment dated May 4, 2025**, **Public Procurement Rules (2025)**, and the **e-GP** Guidelines. However, challenges persist in achieving full adoption of e-GP, ensuring consistent compliance, lack of accountability for delays in bid evaluation and contract approval, and strengthening institutional capacity for oversight and contract management.

Key gaps include absence of a dedicated pool with expertise on procurement, incomplete adoption of the e-GP system. Institutional inefficiencies are evident in staffing inadequacy and autonomy at BPPA, poor contract management, weak internal controls, and fragmented coordination with other government systems. Technical limitations, such as an outdated e-GP platform and poor integration with technologies like AI and Blockchain, further hinder the system. Weak accountability, marked by insufficient stakeholder engagement and limited monitoring, allows inefficiencies and corruption to persist.

This pillar aims to advance the **next generation of procurement reforms** by enhancing transparency, promoting competition, accountability and implementing modern legal and institutional framework. Key actions will focus on implementing **100% e-GP adoption**, implanting the new provisions of **Public Procurement Act and Rules** to reflect international best practices, and establishing open contracting standards for greater citizen engagement and public accountability.

At the institutional level, reforms will strengthen the **Bangladesh Public Procurement Authority (BPPA)**, professionalise the procurement workforce through certification and continuous development, improve contract management through implementation of e-CMS and interoperability with IBAS++, automated contractor performance database and dashboards. Together, these initiatives will deliver a procurement system that is more transparent, competitive, accountable, efficient, and aligned with good international practices, thereby improving service delivery and public confidence in government spending.

6.7.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO14: Improve Procurement System to ensure fit-for-purpose procurement processes that enables achieve VfM outcomes and successful development objectives	Reform Area 16: Ensure Transparency and Accountability in Procurement Reform Area 17: Implementation of mandatory use of e-GP system Reform Area 18: Implementation of updated Procurement Act and Rules Reform Area 19: Enhance BPPA Institutional Capacity Reform Area 20: Build a Skilled and Professional Procurement Workforce Reform Area 21: Promote Competition and Efficiency and Sustainable Public Procurement (SPP) Reform Area 22: Strengthen Contract Management

6.7.3 Reform Area 16: Ensure Transparency and Accountability in Procurement (SO14)

Key Issues

- Procurement data (plans, tenders, awards, contracts) not always published systematically.
- Breach of Confidentiality by disclosing of official cost estimate to bidder(s).
- Procurement Compliant Review mechanisms weak and often delayed.
- Limited institutional oversight and inadequate citizen oversight and engagement with procurement outcomes.
- Perception of corruption undermines trust in public procurement.

Reform Actions

- Publish procurement plans, tender notices, contract awards, and implementation updates on e-GP portals.
- Implement Procurement Compliant Review system as per PPR 2025 to redress complaints with independent review, timelines, and disclosing outcomes.
- Engage different stakeholders such as, bidders and citizen forums in procurement reform process.
- Adopt Open Contracting Data Standards (OCDS) in future e-GP.
- BPPA to publish Annual Procurement Performance Report (APPR) detailing evaluation, contract approval timeline, aggregate supplier/contractor data etc.,

Rationale

Transparent procurement promotes public trust, reduces opportunities for corruption, and ensures accountability in the use of public resources.

6.7.4 Reform Area 17: Implementation of mandatory use of e-GP System (SO14)

Key Issues

- e-GP covers ~70% of procurement, but many projects still processed manually.
- Some entities (SOEs, LGIs) lag in adoption.
- Inconsistent use of e-GP modules (contract management, framework agreements) in particular e-CMS

Reform Actions

- Now e-GP is mandatory as per PPR 2025. Hence Implement 100% adoption of e-GP across all procuring entities including MDBs, LGIs, SOEs.

- Extend e-GP functionality to cover all procurement methods including contract management (e-CMS) and framework agreements.

- Pursue interoperability of e-GP and IBASS++, VAT validation and vendor bank account validation.

- Mandate reporting on e-GP coverage and compliance as part of APPR.

Rationale

Full adoption of e-GP ensures transparency, reduces manual errors, complete procurement records will be available in electronic form for review to ensure accountability, and makes procurement faster, more efficient and competitive.

6.7.5   Reform Area 18: Implementation of updated Procurement Act and Rules (SO14)

Key Issues

- Lack of implementation of amended PPA 2006 and PPR 2025 with key provisions for sustainability, social inclusion and other best practices.

- Inadequate implementation and reporting of complaint review mechanisms.

- Sanctioning non-performing tenderers and tenderers involved in integrity issues is not fully aligned with international good practices.

Reform Actions

- Implement the new provisions of PPR 2025 to align with international good practices and integrate sustainability, climate resilience, and social inclusion.

- Modernize and strengthen compliant review system through e-GP   and publish the outcomes.

- Reform current sanctioning system including Review Panel to align with international best practices, including sanctioning and review procedures

  Implement procurement post review by BPPA by strengthening BPPA with budget.

Rationale

Implementation of modern act and rules provide a stronger foundation for transparent, efficient, and sustainable procurement aligned with national priorities and SDGs.

6.7.6   Reform Area 19: Enhance BPPA Institutional Capacity (SO14)

Key Issues

- BPPA lacks adequate organizational structure compatible with its mandates, staffing and technical infrastructure.

- Monitoring is weak due to limited data analytics.

- No dedicated office and limited physical infrastructure.

Reform Actions

- Strengthen BPPA's institutional setup with staffing, organogram approval, and training.

- Provide financial and administrative autonomy as per BPPA Act.

- Build BPPA office, DR Data Centre, and dashboards for monitoring.

- Develop and publish APPR with procurement performance indicators & dashboards.

Rationale

A stronger BPPA can oversee procurement processes more effectively, ensuring accountability, compliance and trust in the system.

6.7.7 Reform Area 20: Build a Skilled and Professional Procurement Workforce (SO14)

Key Issues

- Lack of certified procurement professionals in Bangladesh.
- Training is ad hoc, without implementation of competency-based frameworks.
- Limited certification and CPD opportunities.

Reform Actions

- Implement competency framework for procurement workforce developed in DIMAPPP.
- Establish certification and CPD programs.
- Certify 400+ procurement professionals.
- Establish dedicated team for procurement reform management.

Rationale

Professionalising procurement staff ensures consistent, high-quality processes and reduces non-compliance risks.

6.7.8 Reform Area 21: Promote Competition, Efficiency and Sustainable Public Procurement (SPP) (SO14)

Key Issues

- High reliance on single-source procurement.
- Limited vendor participation in tenders.
- Barriers to entry for SMEs, Women Owned Business (WOB) and local firms.
- Lack of implementation of SPP Policy and Guidelines

Reform Actions

- Improve/Limit single-source procurement approval process.
- Removing price cap in OTM will increase competition, measure competition and take corrective action.
- Develop SPP Sector Guidance Notes and pilot in large spending ministries
- Build capacity of SME and WOB for vendor registration and participation by following the updated procurement rules (SME and WOB reservation introduced in PPR 2025).
- Publish statistics on competition & participation of SME and WOB.

Rationale

Greater competition improves value-for-money, encourages innovation, SPP Practices and reduces procurement costs.

6.7.9 Reform Area 22: Strengthen Contract Management (SO14)

Key Issues

- Weak contract management and monitoring leads to delays and cost overruns.
- Lack of implementation of e-CMS system.

- Lack of contract management skills allowing contracts to drag for years.

- Limited publication of contract implementation data.

Reform Actions

- Implement/ mandatory use of e-GP contract management modules (e-CMS).

- Develop contract management course and implement certification program

- Automate contract and contractor performance tracking (cost, time, quality).

- Publish contract status for citizen oversight.

Rationale

Strong contract management ensures timely delivery, reduces leakages, and improves service outcomes.

6.8 Strategy Pillar 8: Internal Controls and Internal Audit

6.8.1 Overview

A strong internal control and audit framework is essential for maintaining expenditure integrity, preventing misuse of public funds, and promoting accountability within government entities. In Bangladesh, internal audit functions remain underdeveloped and inconsistently applied across ministries. Existing internal control systems are largely procedural, with limited focus on risk management or performance assurance.

This pillar seeks to institutionalize risk-based internal audit across all ministries, divisions, and agencies (MDAs) to strengthen preventive controls and early detection of irregularities. Reforms will focus on establishing internal audit units within MDAs, approving standard organograms and charters, and professionalising officials specializing in internal audit through structured training and certification.

In parallel, integration of internal audit outputs with iBAS++ and other PFM reporting systems will enhance visibility, ensure timely corrective actions, and promote evidence-based management decisions. Collectively, these reforms will embed accountability at the source, reduce financial risks, and foster a culture of transparency and good governance across the public sector.

6.8.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO15: Institutionalize Internal Audit within MDAs to establish risk-based, preventive controls and strengthen accountability at source.	Reform Area 23: Internal Audit

6.8.3 Reform Area 23: Internal Audit (SO15)

Key Issues

Over the past few years there has been a significant shift from compliance-focused internal audit to more risk-based and performance auditing. Despite this progress, the Internal Audit function in Bangladesh still faces structural and operational challenges.

The PFM Reform Strategy 2016-21 identified several weaknesses, including limited independence of audit units, a lack of adherence to international standards, and minimal use of audit findings for governance improvement. With substantial delay, the SPFMS program

launched reforms on internal audits, focusing on modernizing internal audit functions in 2021, which also includes training and awareness-building efforts.

A major achievements were prepared, approved, published and distributed of Model IA Charter and RBIA Manual which are aligned with IIA standards and also adapted to local needs, the establishment of IAUs in DPE of MoPME, RHD of RTHD, LGED of LGD, PWD of MoHPW and DGHS of HSD including in FD, arrange capacity building training/ workshop, prepare Risk-Registers (RR) & Annual Internal Audit Plans (AIAP), series of IA executions, the formation & onboard of Internal Audit Committees (IAC) with a focus on strengthening internal controls through using proactive risk management approach. Other achievements include formation of The Internal Audit Wing (IAW in FD) and the Central Internal Audit Committee (CIAC) in FD, preparation on statement-reports on SOP and SIP for centralized oversight, capacity building programs. A key development is the pilot of IA execution which are at various stages of implementation.

Internal Audit units in MDAs are however underdeveloped and lack independence. They are piloting risk-based approaches in a few departments; however, they have insufficient capacity. Internal control systems in MDAs are not well defined, exacerbating the challenges faced by implementing IA practices. There is a shortage of qualified auditors and reporting, lack of integration of internal audit function with iBAS++ and limited follow-up till today at these piloting stage. Lessons underscore the importance of adopting risk-based auditing, investing in formal training for auditors, and integrating audit processes into broader governance frameworks and financial management systems. A centralized database for audit findings and a stronger accountability culture is essential.

Reform Actions:

Policy Decisions

- Approval of further legal issues, standard organogram and recruitment-based rules based on Charter, Manual, piloting experience and PMBM Act, 2009.
- Establish legal frameworks that clearly defines institutional arrangements, stakeholder roles, implementation charters and protect the independence of internal audit units to maintain risk assurance of the organisations.
- Create strategic plan for Internal Audit Functions in MDAs, incorporating specific milestones and KPIs for monitoring progress
- Develop structured monitoring and follow-up mechanisms to ensure timely implementation of audit findings/observations/recommendations as well as resolve plan/ mitigation plan
- Implement policy-level support and awareness initiatives to align internal audits with broader PFM reforms, encouraging ownership of audit processes at all government levels.
- Establish Internal Audit units in all other MDAs commencing with sustainability plan and decisions as well as PFM Action Plan from 2026.

Institutional Changes

- Recruitment/appointment of IA staff.
- Train and professionalise Internal Audit staff on modern tools and risk management.
- Full Rollout of ISSAI-Compliant Audits Across all ministries and departments
- Build mechanisms to ensure implementation of internal audit recommendations to be overseen by IAC to resolve and mitigate.

- Formulate formal mechanisms for sharing internal audit with OCAG to streamline efforts and avoid redundancy.

Technical Upgradations

- Develop risk-based internal audit methodologies maintaining standard of IA global.
- Integrate Internal Audit into PFM reporting systems.
- Interface Internal Audit Systems with iBAS++ to improve audit coverage and quality, enable automated report generation for quality service and fiscal discipline.

Rationale

Effective internal audit provides preventive controls, reduces irregularities, and strengthens accountability at the source.

6.9 Strategy Pillar 9: Accounting and Financial Reporting

6.9.1 Overview

High-quality accounting and financial reporting are essential for fiscal transparency, budget credibility, and evidence-based decision-making. In Bangladesh, while the implementation of **iBAS++** has significantly improved transaction recording and consolidation, several challenges persist - most notably limited IPSAS cash basis adoption, inconsistent reporting practices across entities, delayed reconciliations, and incomplete coverage of SOEs, autonomous bodies, and local governments.

This pillar aims to **strengthen the accuracy, timeliness, and comprehensiveness of fiscal reporting** by advancing toward **modified accrual accounting once cash based IPSAS full covers general government**, improving commitment and expenditure controls, and reviewing the need for suspense and advance accounts, and where required, the timely clearance of those accounts. Reforms will also focus on implementing a **General Ledger (GL)-based structure** within iBAS++, expanding coverage to all general government entities, and institutionalising standard operating procedures for reconciliation and reporting.

In parallel, the Government will promote **fiscal transparency and public accessibility** by institutionalising proactive disclosure of fiscal information, standardising templates for public communication, and developing user-friendly open data portals and dashboards. Collectively, these measures will provide a **complete, accurate, and transparent view of public finances**, strengthen fiscal discipline, and enhance trust among citizens, oversight institutions, and development partners.

6.9.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO16: Strengthen accounting and financial reporting to improve coverage, timeliness, and reliability of fiscal data.	Reform Area 24: Improve the quality of Government-wide fiscal reporting Reform Area 25: Review of the need for and timely clearance of Suspense/Advance Accounts
SO17: Enhance budget execution credibility by standardizing reporting practices across government entities.	Reform Area 24: Improve the quality of Government-wide fiscal reporting Reform Area 25: Timely clearance of Suspense/Advance Accounts Reform Area 26: Expenditure Controls and Reporting
SO18: Promote transparency through ensuring public accessibility to financial information.	Reform Area 27: Promoting Fiscal Transparency and Public Accessibility

6.9.3 Reform Area 24: Improve the quality of Government-wide fiscal reporting (SO16-SO17)

Key Issues

- **Limited IPSAS adaptation:** Currently limited to IPSAS–Cash with incomplete coverage across general government no systematic adaptation of accrual-based practices, which reduces comparability and credibility of fiscal reports.

- **Weak coverage:** Consolidated reports exclude SoEs, autonomous bodies, and most LGIs, leaving a partial view of public finances.

- **Inconsistent practices:** Coding errors and misclassifications remain common across MDAs, reducing reliability of fiscal analysis.

- **Capacity constraints:** Heavy reliance on IT specialists and insufficient accounting/finance expertise in line ministries weakens sustainability of reforms.

- **Analytical depth:** Reporting remains largely cash-flow based, with limited disclosure of balance sheet items, contingent liabilities, or arrears.

Reform Actions

- Update BACS, chart of accounts and reporting guidelines.
- Introduce **General Ledger (GL)-based transaction recording** within iBAS++.
- Ensure full coverage of general government for cash basis IPSAS
- Prepare and roll out **IPSAS-modified accrual guidelines** and a **General Financial Statements (GFS) manual**.
- Issue a **roadmap for phased transition** to modified accrual accounting.
- Prepare and publish **consolidated general financial statements** covering BCG, SoEs, and LGIs initially in accordance with cash basis IPSAS
- Automate PAR deposits through subsidiary and control ledgers.
- Strengthen **staff capacity** through targeted IPSAS/accrual/FM training programs. Train accountants, auditors, and finance officials on IPSAS, accrual,
- Develop and implement a **Comprehensive Accounting and Operating Procedures Manual (COPM)** to standardise practices.
- Introduce **Online Analytical Processing (OLAP)** to support dashboards and open fiscal datasets for policymakers and citizens.

- Establish a structured mechanism for CGA–BB reconciliation, including foreign mission accounts, project funds, and SAE cash positions
- Improve SAE financial management for timely, accurate submissions to CGA
- Standardize AFS processes and set performance benchmarks for timely Finance and Appropriation Account submission

Rationale

- Ensures **timely, transparent, and comparable** fiscal reports, strengthening budget credibility.
- Expands coverage to provide a **whole-of-government fiscal picture**, essential for fiscal risk management.
- Standardised procedures through COPM reduce inconsistencies and audit objections.
- OLAP and dashboards improve **analytical capacity, decision-making, and citizen engagement**.
- Brings GoB practices closer to **IPSAS and international standards** by 2030.

6.9.4 Reform Area 25: Review of and Timely clearance of Suspense/Advance Accounts (SO16-S017)

Key Issues

- **Large backlog:** Significant suspense and advance balances remain uncleared for years, distorting fiscal data.
- **Weak reconciliation:** Ministries, field offices, and Accounts Offices reconcile slowly and inconsistently.
- **No SOPs:** Absence of standard procedures leads to ad hoc and fragmented clearance practices.
- **Limited automation:** iBAS++ does not fully automate the tracking or flagging of uncleared advances.
- **Weak accountability:** No systematic follow-up mechanisms or clear ownership of balances.

Reform Actions

- Review current requirements regarding suspense and advances and consider reengineering processes to reduce or eliminate the use of these accounts
- Develop and implement **Standard Accounting and Operating Procedures (SOPs)** for suspense and advance clearance.
- Automate reconciliation and clearance processes within iBAS++.
- Conduct **regular reconciliation exercises** (at least monthly) and issue follow-up directives. Compliance with this should also be the subject of management and IA review.
- Build capacity of accounting staff through training in reconciliation techniques and suspense management.
- Integrate suspense clearance into **internal control and risk management frameworks**
- Conduct regular (at least **half-yearly) audits** of suspense and advance accounts by OCAG/internal audit units. The results of the audits should be shared centrally for government wide analysis and review.

Rationale

- Eliminates distortions in government accounts and ensures more **accurate financial reporting**.
- Strengthens **fiscal discipline** by reducing misuse or misstatement of funds.
- Enhances **credibility of Finance Accounts** and builds trust with Parliament, citizens, and development partners.
- Aligns with good transparency and internal control practice, to better support compliance with **IPSAS** by ensuring completeness and reliability of accounts.

6.9.5   Reform Area 26: Expenditure Controls and Reporting (SO17)

Key Issues

- **Commitment control gaps:** Many MDAs bypass the commitment step in iBAS++, undermining expenditure discipline.
- **Weak e-GP integration:** Procurement data is not automatically transferred to iBAS++, creating manual entry risks.
- **Misclassification:** BACS codes are often misapplied at the ministry level, reducing comparability.
- **Limited GL structure:** iBAS++ modules are not fully GL-based, weakening reconciliation and reporting.
- **Payroll–pension disconnect:** Pension payments are automated but not seamlessly linked to payroll, leading to delays and inefficiencies.
- **Delayed in-year reporting:** Reports are generated but often adjusted late, undermining mid-year corrections.

Reform Actions

- **Strengthen commitment controls** in iBAS++ Budget Execution Module; enforce integration with e-GP. e-GP should verify budget availability before contracts proceed and once a contract is signed e-GP should pass control data forward to establish a commitment in iBAS++. This should also include mapping between the goods and services being purchased and the BACS classification
- **Improve expenditure controls** in Budget Execution Module of iBAS++ [based on IC and regulatory requirements]
- **Enhance payment and reporting controls** by passing control data forward from the procurement and commitment stages. MDAs should have limited ability (extenuating circumstances perhaps with central approval) to amend control data at later stages
- Redesign payroll–pension processes for **seamless lifecycle integration**
- Improve **in-year reporting** by upgrading monthly/quarterly reporting templates and ensuring faster reconciliations and completion of day, week and month end processes
- Gradual handover of Payment, accounting and reporting module to CGA
- Designate focal persons or units within line ministries to oversee and enforce commitment controls
- Regular commitment reports and include commitment recording as a focus area in internal and external audits to enforce accountability

Rationale

- Reinforces **fiscal discipline** by preventing illegal commitments and arrears.
- Provides **greater transparency and accountability** through GL-based reporting and automated controls.

- Reduces delays and inefficiencies, improving **service delivery** for civil servants and retirees.
- Strengthens the government's ability to make **informed policy adjustments** mid-year.
- Moves Bangladesh closer to **international good practice** in expenditure control and reporting.

6.9.6 Reform Area 27: Promoting Fiscal Transparency and Public Accessibility (SO18)

Key Issues

- Fiscal and procurement data are scattered across multiple platforms and often published with delays.
- Disclosure practices are inconsistent across ministries, divisions, and agencies, with limited citizen-friendly reporting.
- Absence of clear legal obligations for proactive disclosure, weakens compliance and undermines credibility.
- Citizens, civil society, and markets lack timely access to fiscal information, reducing trust and limiting external accountability.

Reform Actions

- Institutionalise **routine publication** of fiscal, procurement, and performance information through online portals, citizen budgets, and open data formats, ideally sourcing data directly from central systems (e-GP, IBAS++).
- Establish **legal and regulatory requirements** for timely disclosure by all ministries, divisions, and local government institutions.
- Develop **user-friendly communication tools** (infographics, dashboards, simplified reports) to make financial data accessible to non-technical audiences. Standardise templates for fiscal and procurement reporting across MDAs and LGIs.
- Develop digital open-data platforms with APIs for real-time fiscal information.
- Strengthen **feedback mechanisms** by engaging civil society and the media in budget and expenditure monitoring.

Rationale

- Transparency is a cornerstone of fiscal accountability: when citizens and oversight bodies can access timely and reliable information, misuse of resources is harder to hide.
- Public disclosure builds **trust in government**, improves policy credibility, and supports reforms in accounting, reporting, and procurement.
- Citizen-friendly reporting enhances inclusivity by empowering a wider group of stakeholders to monitor and influence fiscal decisions.
- Over time, institutionalised transparency will reduce fiscal risks, increase compliance, and improve budget credibility.

6.10 Strategy Pillar 10: Accountability, Oversight, and Citizen Engagement

6.10.1 Overview

Accountability, oversight, and citizen engagement are essential to ensuring that public funds are used efficiently, lawfully, and in line with policy priorities. PEFA emphasises comprehensive, evidence-based legislative scrutiny as a cornerstone of strong PFM systems, helping identify strengths, weaknesses, and sector-specific issues while enabling forward-looking reforms. In Bangladesh, this scrutiny is exercised primarily through Parliament and its Financial Oversight Committees (FOCs) - the Public Accounts Committee (PAC), the Public Undertakings Committee (PUC), and the Estimates Committee (EC). Together, these bodies

review audit findings, evaluate the performance of State-Owned Enterprises (SOEs), and provide guidance on budget preparation under the Rules of Procedure of Parliament (Rules 235 and 237).

These FOCs play a central role in ensuring parliamentary control over PFM by linking legislative scrutiny to policy decisions, strengthening transparency, and driving efficiency in the use of public resources. Alongside them, the Office of the Comptroller and Auditor General (OCAG) provide independent, external audits of government finances using modern methodologies and IT tools, while internal audit functions within ministries and agencies (MDAs) establish preventive, risk-based controls at source, albeit this element of management control is still being developed in Bangladesh.

Together, these levers form a closed-loop system of accountability: internal audit advice management on systemic issues which mitigates the risk irregularities will occur, OCAG detects inefficiencies and misuse through external audits, and Parliament enforces corrective actions by demanding accountability from the executive. Strengthening these mechanisms will ensure that scrutiny is timely, hearings are comprehensive, budget preparation is transparent, and recommendations are systematically followed up. This, in turn, will reinforce fiscal discipline, improve trust in government, and ensure that PFM reforms are sustained through stronger accountability to Parliament and citizens.

6.10.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO19: Strengthen Parliamentary Oversight by improving timeliness, coverage, capacity, and follow-up mechanisms of PAC, PUC, and EC, and ensuring transparency in legislative scrutiny.	Reform Area 28: Improve the Timing of Audit Report Scrutiny Reform Area 29: Strengthen the Quality and Depth of Audit Report Scrutiny Reform Area 30: Enhance Capacity and Functional Efficiency of Oversight Committees Reform Area 31: Introduce Digital Tracking & Workflow Systems
SO20: Modernize the Office of the Comptroller and Auditor General (OCAG) by embedding ISSAI-aligned methodologies, digital tools, and specialized audit capacity, and timely audit reports.	Reform Area 32: Strengthen OCAG Institutional Capacity Reform Area 33: Modernize Audit Practices and Tools (SO22) Reform Area 34: Establish Specialized and Performance Audit Capacity Reform Area 35: Improve Timeliness of Annual Financial Statement (FS) Audits Reform Area 36: Improve Quality of Audit Reports Reform Area 37: Establish Robust Follow-up of Audit Recommendations Reform Area 38: Strengthen Organizational & Professional Staff Capacity Reform Area 39: Enhance Stakeholder Engagement Reform Area 40: Strengthen Coordination with Accountability Institutions

6.10.3 Reform Area 28: Improve the Timing of Audit Report Scrutiny (SO19)

Key Issues

Audit scrutiny by PAC and PUC is often delayed due to delayed receipt of reports, lack of prioritisation, and insufficient functional efficiency. Without systematic processes and modern digital tools, backlogs occur and critical reports are not acted on promptly, undermining accountability and reducing the effectiveness of this oversight function.

Reform Actions

- Ensure timely placement of accounts and audit reports in Parliament.
- Establish a prioritisation framework to triage audit reports by according to risk (urgency and materiality).
- Strengthen functional efficiency and capacity of FOCs.
- Introduce digital tracking and workflow systems to improve timeliness, transparency, and accountability.

Rationale

Strengthening the timeliness and effectiveness of audit scrutiny is vital for ensuring that legislative oversight is impactful and fostering accountability in the use of public resources. This will reduce backlogs, improve parliamentary performance, and build citizen trust.

6.10.4 Reform Area 29: Strengthen the Quality and Depth of Audit Report Scrutiny (SO19)

Key Issues

Parliamentary scrutiny often remains compliance-focused, with weak prioritisation and limited analytical support. This undermines Parliament's ability to address systemic risks.

Reform Actions

- Establish transparent criteria for prioritisation of reports.
- Provide research and technical support to PAC/PUC. Establish research and technical support units.
- Train members in performance and risk-based scrutiny.
- Expand scope of oversight beyond compliance.

Rationale

Enhancing the depth and quality of scrutiny ensures that Parliament addresses systemic inefficiencies, not just compliance issues.

6.10.5 Reform Area 30: Enhance Capacity and Functional Efficiency of Oversight Committees (SO19)

Key Issues

Oversight committees face structural and functional inefficiencies, limited staffing, and insufficient coordination with other institutions. Weak follow-up on audit findings further undermines their impact.

Reform Actions

- Strengthen staffing and capacity of PAC/PUC/EC
- Establish coordination protocols between oversight bodies
- Institutionalise follow-up mechanisms for audit findings

Rationale

Well-functioning oversight committees are essential for timely, effective scrutiny that translates into real accountability and corrective actions.

6.10.6 Reform Area 31: Introduce Digital Tracking & Workflow Systems (SO19)

Key Issues

Audit scrutiny lacks automation, with manual processes delaying PAC/PUC work. There is no standardised system to track progress, deadlines, or implementation of recommendations.

Reform Actions

- Automate audit report tracking and scrutiny stages. Introduce dashboards for status monitoring.

- Digitise workflows (report preparation, meeting scheduling, follow-up). Automate scheduling and workflow for PAC/PUC meetings.

- Use digital alerts and notifications to prevent bottlenecks. Introduce digital alerts/notifications for deadlines.

- Link digital systems with OCAG and iBAS++.

Rationale

Digital workflow systems are a game-changer for improving timeliness, transparency, and efficiency of parliamentary oversight.

6.10.7 Reform Area 32: Strengthen OCAG's Institutional Capacity (SO20)

Key Issues

OCAG's potential remains constrained by gaps in the legal framework. Also, current laws do not mandate auditee compliance or timely responses to audit recommendations. Additionally, the absence of a dedicated Legal Wing restricts OCAG's ability to interpret laws, draft audit-related legislation, and resolve disputes, undermining its credibility.

Reform Actions

- Establish a dedicated Legal Wing in OCAG to support audit-related legal matters.

- Mandate auditee responses to audit observations within statutory timelines.

- Strengthen collaboration platforms with revenue agencies to improve revenue audits.

- Update the Audit Code and standards to align with international good practices (ISSAI and GASB).

Rationale

Strengthening institutional capacity is the foundation of a credible audit institution. By ensuring a robust legal framework and dedicated capacity, OCAG will enhance compliance, enforce accountability, and build public trust in external scrutiny.

6.10.8 Reform Area 33: Modernize Audit Practices and Tools (SO20)

Key Issues

Audit practices remain traditional, with weak IT infrastructure, limited integration with systems such as iBAS++, ASYCUDA, IVAS, and e-GP, and insufficient use of risk-based and digital methodologies. This constrains timeliness, quality, and impact of audits, and limits OCAG's ability to respond to emerging governance challenges.

Reform Actions

- Develop and operationalize AMMS 2.0 with seamless integration to PAC and auditee systems.

- Embed risk-based, real-time, and technology-enabled audit methodologies.

- Establish an Information Systems Audit Business Unit to expand IT and cybersecurity audit coverage.

- Develop APIs for interoperability with government platforms (iBAS++, ASYCUDA, e-GP).

- Strengthen the R&D Wing for exploring and innovating audit methodology and emerging audit areas.

Rationale

Digitalization and modern tools will enable OCAG to conduct timely, high-quality audits and align with ISSAI standards. Enhanced IT capacity will increase audit scope, efficiency, and the ability to detect irregularities, improving governance outcomes.

6.10.9 Reform Area 34: Establish Specialized and Performance Audit Capacity (SO20)

Key Issues

Audit coverage remains heavily compliance-focused, with limited specialized audit capabilities (e.g., IT, environment/climate, PPP, forensic, performance audits). This reduces OCAG's ability to assess efficiency, effectiveness, and emerging risks.

Reform Actions

- Establish specialized audit directorates for performance, IT, environment/climate, PPP, and forensic audits.
- Develop sector-specific methodologies and manuals.
- Build partnerships with international SAIs for technical knowledge transfer.
- Pilot performance and climate audits in key ministries.
- Develop subject matter specific guidelines, toolkits, and implementation methodologies.

Rationale

Specialized audits broaden the scope of oversight, address systemic inefficiencies, and align Bangladesh with global good practice in public accountability.

6.10.10 Reform Area 35: Improve Timeliness of Annual Financial Statement (FS) Audits (SO20)

Key Issues

Delays in preparation and submission of FS to audits reduce their relevance and credibility. Weak enforcement of statutory timelines exacerbates backlogs and undermines oversight.

Reform Actions

- Ensure statutory deadlines for FS audits are enforced.
- Streamline workflows and resource allocation for priority audits.
- Strengthen coordination with MoF and C&AG offices for timely submission.
- Secure statutory deadlines for submission of financial statements to audit.

Rationale

Timely FS audits are critical for effective oversight by Parliament and for compliance with international standards.

6.10.11 Reform Area 36: Improve Quality of Audit Reports (SO20)

Key Issues

Audit reports often lack depth, consistency, and do not focus on systemic issues. There is limited adoption of ISSAI-aligned standards and weak peer review mechanisms.

Reform Actions

- Adopt ISSAI-aligned standards across all audit streams.
- Institutionalize an Audit Quality Management System (SoAQM).
- Establish peer review mechanisms with regional/global SAIs.
- Introduce dashboards for monitoring report quality.

Rationale

High-quality audit reports improve credibility, ensure findings are actionable, and strengthen Parliament's ability to demand accountability.

6.10.12 Reform Area 37: Establish Robust Follow-up of Audit Recommendations (SO20)

Key Issues

Weak follow-up mechanisms result in low implementation rates of audit recommendations. Current systems lack dashboards, enforcement tools, and coordination between OCAG and Parliament.

Reform Actions

- Institutionalize a digital follow-up dashboard linked to PAC/PUC. Develop dashboards to track implementation of recommendations.
- Mandate reporting from auditees on implementation status.
- Establish a joint monitoring mechanism between OCAG and Parliament (PAC/PUC).

Rationale

Effective follow-up ensures that audit findings lead to corrective actions, reducing recurrence of irregularities and improving fiscal governance.

6.10.13 Reform Area 38: Strengthen Organizational & Professional Staff Capacity (SO20)

Key Issues

Insufficient training, and weak professional development pathways limit OCAG's ability to sustain reforms and build a skilled set of auditors.

Reform Actions

- Strengthen FIMA as the central training hub.
- Develop LMS-based continuous professional development.
- Provide professional trainings.
- Create career tracks and incentives for specialized auditors.

Rationale

A professionalized, well-trained pool of officials ensures sustainability of reforms, strengthens credibility of audits, and builds institutional resilience.

6.10.14 Reform Area 39: Enhance Stakeholder Engagement (SO20)

Key Issues

Limited engagement with stakeholders (media, CSOs, citizens) reduces the visibility and impact of audit findings. Current reports are not citizen friendly.

Reform Actions

- Institutionalize citizen-friendly reporting formats. Develop citizen-friendly summaries of audit reports.

- Expand outreach through media and digital platforms.

- Establish feedback loops with CSOs and citizens.

- Develop annual stakeholder engagement plans. Publish annual stakeholder engagement reports.

Rationale

Engaging stakeholders builds trust, promotes transparency, and ensures audit findings lead to public debate and accountability.

6.10.15 Reform Area 40: Strengthen Coordination with Accountability Institutions (SO20)

Key Issues

Coordination between OCAG, Anti-Corruption Commission (ACC), PAC/PUC, and other accountability institutions is weak, reducing the impact of audit findings.

Reform Actions

- Develop MoUs with ACC, PAC, and PUC for sharing information and joint investigations.

- Establish structured coordination mechanisms between OCAG and ACC/PAC/PUC.

- Regularize joint review meetings to track systemic risks. Hold quarterly joint meetings with accountability institutions.

Rationale

Stronger coordination ensures audit findings translate into enforcement, systemic reforms, and reduced corruption risks.

6.11 Strategy Pillar 11: Digital Systems Transformation

6.11.1 Overview

Digital transformation is a central enabler of modern PFM, ensuring that planning, budgeting, execution, reporting, and procurement are integrated into a seamless, real-time system. In Bangladesh, significant progress has been made through the deployment of **iBAS++ (FMIS)** and **electronic Government Procurement (e-GP)**, alongside the adoption of the **Budget and Accounting Classification System (BACS)**. These reforms have strengthened fiscal reporting, automated core processes, and introduced digital tools for payment processing, revenue collection and payroll management.

Despite these gains, both systems remain **incomplete, fragmented, and underutilized**:

- **iBAS++** still lacks full coverage of all ministries, departments, and agencies (MDAs), and has not been comprehensively rolled out to Local Government Institutions (LGIs), SOEs, and autonomous bodies. Integration with planning, debt management, and performance monitoring platforms remains limited. Key modules such as fixed assets, contract management, and organogram-linked HR/payroll are not fully operational.

- **e-GP** has expanded rapidly, becoming the primary platform for government procurement, but adoption is not yet universal. Compliance gaps and weak enforcement mechanisms reduce its potential to ensure procurement transparency, value for money, and integration with fiscal reporting.

Looking forward, the government's vision is to establish a **fully digitized and interoperable PFM system by 2030**, delivering **real-time, reliable, and citizen-friendly fiscal data** to support evidence-based policymaking, sustainable resource allocation, and inclusive growth.

Strengthening these digital levers will improve **transparency, efficiency, accountability, and timeliness** across the PFM cycle. Reforms will be sequenced in two layers:

- **Fundamental reforms** will focus on completing rollouts, achieving universal coverage, and standardizing practices across all tiers of government.

- **Second-generation reforms** will embed interoperability, advanced analytics, and citizen-facing transparency tools to unlock the full potential of digital PFM.

The main levers are:

- **iBAS++ FMIS** – the backbone of budget formulation, execution, reporting, and monitoring, which will evolve toward a modular, microservice-based platform integrated with budget planning, debt management, and, ultimately, performance monitoring systems.

- **e-GP** – the digital procurement system driving efficiency, transparency, and accountability, with expanded coverage, full compliance, and interoperability with fiscal reporting and contract management.

- **BACS and data interoperability frameworks** – ensuring standardized coding, classification, and data exchange across platforms for consolidated macro-fiscal, financial, statistical, budget reporting, budget and management reporting at aggregate and disaggregated levels, and cross cutting reporting including for gender and climate.

- **Citizen-facing tools** – dashboards, mobile applications, and a planned PFM **SuperApp** to promote transparency, accessibility, and public trust in government finances.

6.11.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO21: Institutionalize and operationalize iBAS++ as the core government-wide financial management system by strengthening governance, ensuring sustainable financing and staffing, expanding nationwide roll-out, and enhancing operational reliability, integration, and reporting.	Reform Area 41: Institutional Mainstreaming of iBAS++ Reform Area 42: Operational Mainstreaming of iBAS++

Strategic Objective	Associated Reform Area(s)
SO22: Strengthen iBAS++ as the core FMIS by expanding coverage and ensuring real-time reporting.	Reform Area 43: iBAS++ Rollout & Expansion for Value-for-Money and Service Delivery Reform Area 44: Real-Time Reporting and Reliable Budget Operations through iBAS++
SO23: Integrate planning, budgeting, debt, e-procurement, and monitoring functions into iBAS++ for seamless PFM.	Reform Area 44: Real-Time Reporting and Reliable Budget Operations through iBAS++
SO24: Expand and strengthen e-GP to improve procurement transparency, efficiency, and integration with fiscal systems.	Reform Area 45: e-GP Expansion Reform Area 46: e-GP Integration
SO25: Promote democratic accountability and citizen engagement by introducing portals, simplified budgets, grievance redress mechanisms, and participatory budgeting processes.	Reform Area 47: Citizen Engagement and Democratic Accountability in PFM
SO26: Strengthen the security and resilience of PFM systems by embedding ISO/IEC standards, establishing SOC/NOC, transitioning to microservice/cloud-based architecture, and enhancing data governance and protection.	Reform Area 48: Security, Resilience, and Data Governance of PFM Systems

6.11.3 Reform Area 41: Institutional Mainstreaming iBAS++ (SO21)

Transition from Project to Permanent Government Entity

Purpose & Scope

This section provides a government-ready roadmap to transition iBAS++ from a time-bound project into a permanent entity within the Ministry of Finance (MoF). It defines institutional design, legal instruments, funding, staffing, asset ownership (data and source code), and a phased transition plan to ensure end-to-end digital PFM at scale.

Current State & Pin Points

- iBAS++ is currently organized as a project with dependencies on funds from the development partners and national budget, non-permanent staffing, and project-style vendor management.
- Capacity is diluted by high volumes of ad-hoc reporting requests, slowing core platform work such as integrations and module upgrades.
- Ambiguity persists over intellectual property and data ownership; support SLAs and governance are not institutionalized.
- Business continuity (DR/BCP), cyber controls, and service operations are not yet at enterprise standards across government.

Institutional Design Options

1   Option A – Directorate/Department within MoF (Recommended): Establish a suitable office of Digital Public Finance (iBAS++) as a permanent unit under Finance Division. FD remains the custodian as well as business owner, holds source code IP and data ownership.
2   Option B – Semi-Autonomous Digital PFM Agency: Greater HR flexibility and procurement agility, but heavier legal setup and governance overhead.

3   *Recommended: Option A – a unit under FD to align authority, accountability, and sustainability while retaining public ownership of data and source code. The structure of the unit and the transition roadmap may be decided through intensive discussions with the stakeholders.*

Legal, Policy & IP Instruments

1   **Government Order establishing the Directorate** (mandate, functions, reporting lines, budget head).
2   **Data & Source Code Ownership**: FD as owner.
3   **System-of-Record Circulars**: mandate iBAS++ use for core processes; define deprecation of parallel legacy systems.
4   **Integration & Data-Sharing Policy**: API standards, security, audit logging, and service contracts with e-GP, RMD, Bangladesh Bank, HRMIS, IMED, OCAG.
5   **HR Rules**: creation of sanctioned posts, grade mapping, lateral transfers/absorption of project staff; professional certification requirements.
6   **Procurement & Vendor Governance**: master service agreements, performance-based payments, knowledge-transfer clauses.

6.11.4 Reform Area 42: Operational Mainstreaming of iBAS++ (SO21)

Key Issues

- Ad-hoc reporting and break-fix work are crowding out high-value activities (integrations, module upgrades, nationwide roll-out, and consolidation).
- No unified intake/triage; weak prioritization; no capacity guardrails → constant context switching.
- Insufficient L1–L3 support and SLAs → incidents escalate to devs.
- Lack of BI/self-service & standard templates → bespoke reports multiply.
- Limited release management (WIP limits, change control, calendars).
- Technical debt in a monolithic core slows enhancements.
- Uneven roll-out and usage (incl. LGIs & SOEs) fragments data and inflates support load.

Reform Action

- Establish a **product operating model** that separates streams (Core Platform & Integrations vs. a "Report Factory"), with **intake/triage, SLAs, capacity guardrails**, and a **release calendar**.
- Stand up a **BI/self-service layer** to absorb ad-hoc reporting demand.
- **Refactor** from monolith → **domain-based "microlith"** architecture for safer, faster, parallel releases.
- Maintain a **live roll-out matrix** and wave plan to complete national coverage.

Rationale

- Protects scarce capacity for the work that multiplies value while still meeting reporting needs via self-service; reduces firefighting and boosts predictability and trust.

Reform Tasks (with Causal Link & Reform Category)

- BI/self-service layer & template library (Short) → diverts ad-hoc demand (**Fundamental**).

- Request Portal & triage policy; SLAs (Short) → stops unplanned work entering core backlog (**Management**).

- Separate "Report Factory" stream, capacity guardrails (Short) → protects dev/integration time (**Management**).

- L1–L3 helpdesk with knowledge base (Short) → reduces dev interruptions (**Fundamental**).

- Release calendar, WIP limits, CAB (Short) → predictable, safer releases (**Management**).

- Roll-out status matrix & waves (Short–Medium) → keep focus on coverage (**Fundamental**).

- Priority integrations (Bank/TSA, NBR, e-GP) (Medium) → unlocks commitment control, reconciliation, timely revenue (**Fundamental**).

- Microlith refactor starting with Budget Planning (Medium–Long) → faster enhancements (**Structural**).

- Automate reconciliations; embed commitment controls (Medium) → cut manual work, reduce arrears (**Fundamental**).

- Data dictionary & metric catalogue; deprecate duplicates (Medium) → coherent KPIs (**Management**).

- Role-based training & certification; champions network (Short–Medium) → adoption, lower support load (**Fundamental**).

6.11.5 Reform Area 43: iBAS++ Rollout & Expansion for Value-for-Money and Service Delivery (SO22)

Key Issues

- Fragmented systems and incomplete rollout of iBAS++.

- Delays in fund release, weak commitment control, and partial payroll-to-pension coverage.

- Limited automation in asset management and weak system interoperability.

Reform Actions

- Expand iBAS++ rollout to MDAs, SOEs, LGIs.

- Automate commitment control & cash forecasting.

- Introduce payroll and pension automation.

- Establish system interoperability (API with e-GP, RMD, ERD, DMD, banks).

Rationale

Automation and integration will strengthen expenditure management, improve efficiency, and ensure value-for-money in service delivery.

6.11.6 Reform Area 44: Real-Time Reporting and Reliable Budget Operations through iBAS++ (SO22, SO23)

Key Issues

- Delays in generating annual reports and weak in-year reporting.

- Fragmented audit links and low public access to fiscal data.

- Limited automation of reporting workflows.

Reform Actions

- Automate in-year and year-end report generation in iBAS++.

- Integrate iBAS++ with audit and procurement workflows.

- Roll out real-time dashboards at MDA and project levels.

- Publish citizen-facing budget summaries and performance reports.

Rationale

Real-time and reliable reporting improves data integrity, enhances accountability, and strengthens budget credibility.

6.11.7 Reform Area 45: Citizen Engagement and Democratic Accountability in PFM (SO24)

Key Issues

- Weak citizen engagement in budget planning and execution.
- Limited access to fiscal information and absence of grievance redress systems.

Reform Actions

- Launch citizen portal linked to iBAS++ for execution and service tracking.
- Publish simplified budget summaries and performance dashboards.
- Institutionalize grievance redress mechanisms linked to service delivery.
- Introduce participatory budgeting through citizen budget reports and hearings.

Rationale

Citizen-facing tools and participatory mechanisms improve inclusiveness, transparency, and accountability in fiscal governance.

6.11.8 Reform Area 46: Security, Resilience, and Data Governance of PFM Systems (SO24)

Key Issues

- Increasing risks of cyberattacks and weak data protection.
- Monolithic IT architecture with limited scalability and resilience.
- Lack of business continuity/disaster recovery and dedicated data protection roles.

Reform Actions
Conduct ISO/IEC-compliant gap assessments & ISMS roadmap.

- Establish SOC/NOC with 24/7 monitoring and response.
- Transition iBAS++ from monolithic to microservice/cloud-based architecture.
- Develop a business continuity/disaster recovery plan for all systems including IBAS++
- Appoint data protection officers and conduct CIA/security training.

Rationale

Robust data governance and security frameworks ensure continuity, protect integrity, and align with international standards.

6.11.9 Reform Area 47: e-GP Expansion (SO25)

Key Issues

While e-GP has improved procurement processes, coverage remains partial, and compliance challenges persist. This limits its effectiveness in improving procurement transparency and efficiency.

Reform Actions

- Expand coverage of e-GP to all MDAs and local governments.

- Strengthen compliance monitoring for e-GP including public issuance of non-compliance reports.

- Conduct training on e-GP use for staff.

Rationale

Wider use of e-GP ensures transparency, improves competition, and strengthens value for money in public procurement.

6.11.10 Reform Area 48: e-GP Integration (SO26)

Key Issues

Procurement data generated through e-GP is not fully integrated with fiscal reporting and iBAS++. This reduces opportunities to use procurement data for monitoring and decision-making.

Reform Actions

- Update and adapt BACS for e-GP and iBAS++. This task is a precursor to integrating eGP with Budget Execution module of iBAS++ for Commitment Control and sharing other control data established in eGP with IBAS++

- Integrate e-GP with iBAS++ and fiscal reporting systems to strengthen transparency and efficiency.

- Establish a procurement transparency portal.

- Use advanced analytics tools on procurement data.

Rationale

Integration ensures procurement data contributes to comprehensive fiscal oversight and decision-making and controls at the procurement stage pass forward to IBAS++ eliminating many of the gatekeep controls currently in place

6.12 Strategy Pillar 12: PFM Regulatory, Institutionalisation, and Capacity Building

6.12.1 Overview

Institutionalisation of reforms is critical to ensure that progress achieved through the PFM Reform Strategy is not temporary or driven by the development partners but embedded within the core structures of government. In Bangladesh, reform efforts have often faced challenges in sustaining momentum due to reliance on project-based initiatives, absence of formal institutional mechanisms, and limited ownership by line ministries. Without strong institutionalisation, reforms risk reversal or stagnation once external support ends or reform champions leave office.

Key challenges include the absence of permanent PFM structures in ministries, lack of clear mandates for reform implementation, and inadequate legal frameworks to anchor reforms. The absence of PFM Wings in ministries leads to fragmented planning, budgeting, and procurement processes. Similarly, weak legal provisions limit enforcement of new standards, while limited monitoring and evaluation capacity reduces accountability for reform results.

Fundamental reforms will focus on establishing institutional structures such as PFM Wings in ministries, and legal frameworks that mandate reform implementation. Second-generation reforms will strengthen these structures through greater autonomy, advanced monitoring and evaluation systems, and stronger change management capacities. Over time, institutionalisation will embed PFM reforms within the government's DNA, ensuring continuity, sustainability, and resilience.

Institutionalisation of reforms is critical to ensure that PFM progress is embedded in the government's core structures, not dependent on temporary projects or external support. In Bangladesh, reforms often lose momentum once projects supported by the development partners close or reform champions depart, reflecting weak institutional ownership and inadequate legal frameworks. The **main levers for institutionalization of reforms are:**

- **PFM Structures in MDAs** – permanent units to anchor reforms.

- **Legal Frameworks** – binding laws and regulations to enforce reforms.

- **Reform Governance** – coordination and monitoring mechanisms to track progress.

- **Institutional Capacity** – change management and M&E systems to sustain implementation including ongoing central leadership and coordination role in MoF and other central agencies

6.12.2 Strategic Objectives and Reform Areas

The table below shows the mapping of Strategic Objectives and associated Reform Areas:

Strategic Objective	Associated Reform Area(s)
SO27: Establish permanent PFM structures in ministries to strengthen ownership and sustainability of reforms.	Reform Area 49: PFM Structures in MDAs
SO28: Strengthen legal and regulatory frameworks to provide a binding basis for PFM reforms.	Reform Area 50: Legal Frameworks
SO29: Develop institutionalized governance mechanisms for reform coordination, monitoring, and accountability.	Reform Area 51: Reform Governance
SO30: Develop structured, demand-driven training programs aligned with PFM reform needs.	Reform Area 52: Training Systems
SO31: Strengthen core training institutions to deliver high-quality PFM training at scale.	Reform Area 53: Training Institutions
SO32: Establish professional career paths for PFM practitioners.	Reform Area 54: Human Resources
SO33: Promote professionalization and advanced skills development through certifications and continuous learning.	Reform Area 55: Professionalisation

6.12.3 Reform Area 49: PFM Structures in MDAs (SO27)

Key Issues

Most line ministries and agencies lack dedicated PFM structures to oversee planning, budgeting, procurement, and financial reporting functions. This absence of institutional focal points results in fragmented processes, weak coordination with the Ministry of Finance, and limited ownership of reforms at the ministry (MDA) level. Strengthening PFM structures

within MDAs is essential to ensure effective implementation of reforms, promote accountability, and embed fiscal discipline in service delivery.

Reform Actions

- Appoint a time-bound committee or commission (not exceeding one year) to review and update the PFM legal and regulatory framework, and to propose necessary new laws, rules, regulations, circulars, notifications, and orders
- Establish dedicated PFM Wings within MDAs to integrate planning, budgeting, accounting, and procurement under a unified framework. Consider integrating HR and payroll functions within the same directorate.
- Develop clear Terms of Reference (TORs) for PFM Wings, delineating roles, reporting lines, and coordination mechanisms with MoF.
- Provide structured capacity-building programs for PFM Wings on planning, budgeting, cash forecasting, procurement management, and financial reporting.
- Strengthen horizontal coordination through a PFM Community of Practice, led by MoF, across MDAs to promote peer learning and consistency in reform implementation.

Rationale

Dedicated PFM structures institutionalise reform ownership at the ministry level and ensure continuity beyond individual projects or reform cycles. Establishing PFM Wings strengthens accountability, enhances coordination with MoF, and supports the integration of planning, budgeting, and execution processes. This structural reform enables MDAs to make better-informed financial decisions, improve resource utilisation, and contribute more effectively to national fiscal sustainability objectives.

6.12.4 Reform Area 50: Legal Frameworks (SO28)

Key Issues

The current legal architecture governing PFM comprises multiple acts, rules, regulations, and administrative instruments developed over different periods. While these provide the foundation for fiscal operations, they are not always coherent or fully aligned with modern reform needs. Certain PFM functions continue to rely on policy directives or circulars rather than formal legal provisions, resulting in inconsistencies in interpretation and implementation. The absence of a coordinated approach to legal reform limits the enforceability, transparency, and sustainability of PFM practices.

Reform Actions

- Undertake a systematic review of existing PFM-related legislation, regulations, and circulars to identify inconsistencies, overlaps, and areas requiring amendment or clarification.
- Re-enactment or Amendment or Repeal of the archaic legislations such as Pension Act, 1871, Account Code, the Provident Funds Act, 1925, General Provident Fund Rules, 1979, Contributory Provident Fund Rules, 1979 etc. and streamlining the Special Executive Legislations such as General Financial Rules (GFR), Treasury Rule (TR), Subsidiary Rules, Supplementary Rule
- Develop or revise subsidiary regulations and procedural rules to operationalise reforms in budgeting, accounting, reporting, and fiscal transparency.
- Establish an inter-agency legal coordination mechanism within the Ministry of Finance to oversee consistency and sequencing of PFM-related legal amendments.

- Enhance legal awareness and compliance capacity among finance officials through targeted orientation, workshops, and legal briefings.
- Create an integrated legal, policy and operational e-framework, which is continually updated, and which is intuitive, supporting financial actors in effectively delivering on their roles and responsibilities.

Rationale

An updated and harmonised PFM legal framework provides clarity, predictability, and accountability in managing public resources. Incremental legal strengthening - through amendments, harmonisation, and improved coordination - will reinforce reform implementation, reduce discretion, and promote consistent application across institutions.

6.12.5 Reform Area 51: Reform Governance (SO29)

Key Issues

Previous PFM Reform Strategies were largely perceived as MoF-driven initiatives, resulting in limited buy-in and ownership by other ministries and agencies. Fragmented and project-based reform efforts across government have reduced coherence and long-term impact. In addition, weak institutional capacity - including limited change-management skills, inadequate monitoring and evaluation (M&E) and accountability mechanisms, and low operational autonomy of PFM structures - has constrained reform sustainability. Strengthening governance, coordination, and institutional capabilities is therefore essential for embedding reforms as an integral part of the government's core management systems.

Reform Actions

- Position the 3rd PFM Reform Strategy as a **pan-government program** anchored at high level, ensuring strategic oversight and policy coherence.

- Secure high-level endorsement and mandate for inter-ministerial coordination through the Finance Division.

- Align PFM Reform Action Plan milestones with the targets laid out in national development plans to reinforce national ownership and development alignment.

- Develop and implement a unified communication strategy framing PFM reforms as a pillar of governance transformation rather than a technical or initiative driven by the development partners.

- Embed a government-wide monitoring and reporting framework with shared KPIs, digital dashboards, and regular performance reviews across ministries.

- Build institutional capacity for reform implementation by developing change-management and leadership skills within reform teams.

- Establish advanced M&E systems and feedback loops to track progress, capture lessons, and ensure adaptive management of reform implementation.

Rationale

A whole-of-government governance model ensures that reforms are owned, led, and monitored collectively. At the same time, building institutional capacity strengthens the government's ability to manage change, monitor performance, and sustain reforms beyond planning cycles - embedding PFM excellence as a core element of good governance.

6.12.6 Reform Area 52: Training Systems (SO30)

Key Issues

While several structured training programs on PFM are conducted - such as those offered by the Institute of Public Finance (IPF) on Advanced Budget Management (ABM), Budget Management Specialist (BMS), Fiscal Economics and Economic Management (FEEM), and Introduction to Budget Management (IBM) - these are not always systematically aligned with evolving reform priorities or institutional capacity needs. Training coverage and depth vary across agencies, and there is limited follow-up to assess the application of learning in the workplace. Consequently, capacity development efforts often remain fragmented, with uneven skill levels and limited linkage between training outcomes and broader reform implementation.

Reform Actions

- Undertake a comprehensive training needs assessment across PFM institutions to align capacity development with reform priorities and functional requirements.

- Develop a competency-based, modular training framework that complements existing IPF programs (e.g., ABM, BMS, FEEM, IBM) and fills identified gaps in reform-related skills. Move to formal certification of competence for key PFM positions in government.

- Institutionalise a national PFM capacity development plan with clear linkages between training, career progression, and performance evaluation.

- Introduce mechanisms for post-training follow-up and on-the-job application tracking to strengthen the impact and sustainability of learning outcomes.

- Foster collaboration among IPF, NAPD, NADA FIMA, BPATC and other training institutes to promote standardisation, knowledge sharing, and coordination of PFM training efforts.

Rationale

Structured training ensures that staff at all levels have the skills required to implement reforms effectively. Certification provides greater certainty regarding competence before key roles are undertaken by (new) officials.

6.12.7 Reform Area 53: Training Institutions (SO31)

Key Issues

Core training institutions such as the IPF, NADA, NAPD, FIMA and BPATC play a pivotal role in strengthening PFM capacity. However, these institutions face resource, infrastructure, and faculty constraints that limit their ability to deliver high-quality training at the scale and specialisation demanded by evolving PFM reforms. Training offered are often supply-driven rather than based on systematic needs assessments, and coordination across institutions remains limited, resulting in overlap and uneven coverage of PFM competencies.

Reform Actions

- Enhance budgetary and human resources for key training institutions to enable modernisation of facilities, technology, and curriculum delivery.

- Develop faculty capacity through structured Training-of-Trainers (ToT) programs, exposure visits, and partnerships with regional and international PFM academies.

- Establish a Coordination Mechanism led by the FD among IPF, NADA, NAPD, FIMA, BPATC, and other relevant institutes to align curricula, share resources, and avoid duplication.

- Introduce e-learning and blended training platforms to expand reach and ensure continuity of learning across regions.

- Institutionalise monitoring and evaluation (M&E) systems to assess training effectiveness, feedback utilisation, and impact on organisational performance.

Rationale

Strong and well-resourced training institutions form the foundation for sustained capacity development in PFM. Investing in institutional strengthening ensures consistency, quality, and relevance of training across government entities. Enhanced coordination and modern learning platforms will promote standardisation of competencies, foster knowledge sharing, and ensure that training investments translate into measurable improvements in fiscal management and service delivery.

6.12.8 Reform Area 54: Human Resources (SO32)

Key Issues

High staff turnover, limited incentives, and the absence of structured career pathways for PFM practitioners undermine institutional memory, consistency, and long-term reform implementation. Recruitment and placement are often administrative rather than competency-based, and rotation policies are not always aligned with functional needs. The lack of a specialised HR framework for PFM roles also constrains the ability to attract and retain skilled personnel in critical fiscal management positions.

Reform Actions

- Design and approve a functional staffing framework within the Ministry of Finance and key MDAs to institutionalise PFM roles.

- Develop clear career progression pathways, competency frameworks, and incentive mechanisms that recognise performance, technical expertise, and reform contributions.

- Institutionalise HR policies governing staff rotation, deployment, and retention to ensure continuity of expertise in key PFM functions.

- Strengthen coordination between MoF and the Ministry of Public Administration (MoPA) to align recruitment, training, and deployment with evolving PFM reform needs.

- Establish an HR database to monitor PFM workforce capacity, training, and career progression.

Rationale

A structured and strategically managed PFM workforce is essential for sustaining reforms and improving public financial governance. Establishing clear career paths, incentives, and rotation policies enhances institutional stability, ensures retention of expertise, and promotes a culture of performance and accountability. By embedding HR management within the broader PFM reform agenda, the government can professionalise fiscal functions and strengthen institutional resilience.

6.12.9 Reform Area 55: Professionalisation (SO33)

Key Issues

PFM professionals often have limited access to accredited certification programs, specialised technical courses, and opportunities for international exposure. This constrains the adoption of global good practices, weakens analytical capacity, and limits the ability of staff to respond to emerging fiscal challenges such as climate finance, digital transformation, and public investment management.

Reform Actions

- Introduce a national PFM certification program in collaboration with leading universities and international partners (e.g., IMF, World Bank, CEF, CIPFA).
- Establish scholarships and exchange opportunities for advanced PFM training and international certifications.
- Institutionalise continuous professional development (CPD) through modular training, mentoring, and e-learning platforms.
- Recognise professional qualifications and certifications in promotion, recruitment, and performance appraisal frameworks.
- Encourage partnerships between government, academia, and professional bodies to co-develop curricula aligned with national PFM priorities.

Rationale

Professionalisation elevates the technical competence, credibility, and motivation of PFM practitioners. By institutionalising certification pathways and continuous learning, the government fosters a skilled and adaptive workforce capable of applying international standards within the national context. This reform will not only enhance the quality of fiscal management but also embed a culture of lifelong learning and professional excellence across the PFM system.

6.13 Strategy Pillar 13: Climate-Smart PFM and Resilient Fiscal Management

6.13.1 Key Issues

Bangladesh's PFM reform initiatives have increasingly acknowledged the importance of integrating climate resilience into financial management. Lessons from the previous strategy highlighted that while steps were made toward more robust budgeting processes, climate considerations were often underrepresented. The gap analysis reveals that limited progress was made in aligning budget allocations with climate risks, delaying sustainable development initiatives. In 2024, for the third consecutive year, Bangladesh has been identified as the ninth most natural disaster risk country in the world, owing to a combination of diverse natural hazards and societal vulnerabilities. [3] **PEFA 2021 analysis also underscores weak integration of climate risks into fiscal planning, which limits the ability to manage these risks through effective budget allocation.** Addressing these risks requires climate-smart planning, institutional realignment, stronger public investment management and private sector engagement. Integrating climate budgeting into PFM systems is crucial to ensuring effective resource allocation while maintaining fiscal discipline.

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[3] The World Risk Report 2024 - Focus: Multiple Crises. The risk assessment is based on the general notion that the emergence of a disaster depends not only on how severely natural hazards strike a society but also on how vulnerable the society is to its effects. The index is calculated as the geometric mean of exposure and vulnerability.

Despite advances in Climate Fiscal Framework (CFF) 2014 and its 2020 update, iBAS++ enabled tracking mechanism, climate budget reports and Climate performance audits, major challenges persist. Institutionalization of climate goals remains weak across ministries, with less strategic alignment between budgets and national climate strategies due to weak institutional coordination, political influence, and inconsistent project screening. Integration into the MTBF is fragmented, expenditure tagging lacks influence on resource allocation, and costing mechanisms for flagship climate plans remain inconsistent. Most critically, climate finance data is not embedded in apex decision-making, limiting Bangladesh's capacity for strategic, anticipatory, climate-responsive PFM.

Weak legal-institutional anchoring limits mainstreaming of climate goals into national plans. Strategic frameworks, while climate-conscious, are disconnected from resource allocation due to the lack of cross-cutting budgeting mechanisms. Budget preparation suffers from institutional silos and underfunding of the MoEFCC, compounded by limited technical capacity to prioritize and appraise climate investments. Execution is hampered by a short-term disaster response orientation, lack of climate-sensitive procurement practices, and weak PIM systems, leading to inefficient use of climate funds.

Inadequate accounting, fragmented reporting, and poor disclosure of climate fiscal risks undermine transparency and monitoring. Although Climate Performance Audits have been introduced, audit effectiveness is constrained by poor project design, data gaps, and lack of capacity in audit and legislative oversight bodies. Regulatory frameworks remain disjointed, with weak enforcement and nascent financial sector guidance on climate risk. The absence of programmatic budgeting and sectoral climate targets further fragments financing. Institutional and human capacity deficits—particularly in data, risk assessment, and project preparation—are pervasive, reinforced by conceptual gaps that conflate climate finance with traditional welfare or disaster spending. Gender-responsive budgeting also remains largely overlooked.

6.13.2 Reform Actions

Policy Decisions

- Mainstream climate-smart PFM practices in highly climate-sensitive sectors such as agriculture, energy, and infrastructure by initiating pilot programs

- Develop detailed guidelines to integrate climate priorities into program design, along with performance indicators including specific guidelines for climate adaptation funds.

- Integrate climate objectives into sectoral strategies and sector-specific climate action plans.

- Integrate climate analysis into the BSP focussing on the strategic impact of social inclusion and climate related policy on the BSP and the fiscal framework

- Introduce programmatic budgeting frameworks linking expenditures to climate outcomes across ministries and sectors; Integrate climate objectives in Medium – Term Expenditure Framework (MTEF) aligned with fiscal planning.

- Mobilize Private Capital for Climate Action: Align PFM systems with green finance by leveraging PPPs, climate bonds, and climate-focused investment vehicles.

- Prioritize Budget Allocation Based on Vulnerability Mapping; Use geo-spatial vulnerability and hazard data to guide resource prioritization toward high-risk, underserved regions.

- Increase climate finance allocations to local governments and promote participatory planning processes to empower communities in addressing climate risks.

Institutional Changes

- Enhance Climate Data Systems and Transparency to Improve climate data availability and integrate climate-tagged expenditure tracking into iBAS++ with project-level disclosure.

- Improve annual climate budget statements and ensure these are publicly available.

- Strengthen the mandate and capacity of CAG and PAC to undertake climate performance audits and review climate-related expenditure.

- Roll out continuous capacity-building initiatives across government ministries and agencies to ensure that staff members are equipped with the necessary skills and knowledge to effectively implement climate budgeting.

- Establish structured mechanisms for stakeholder consultations and citizen participation throughout the climate budgeting cycle, including tools such as social audits and Citizen Participatory Expenditure Reviews (CPEIRs)

Technical Upgradations

- Update budget management software and accounting systems to capture climate-specific expenditures and align with international standards for climate finance reporting.

- Improve the budget preparation process by embedding climate goals into budget projections and updating budget guidelines and circulars for better integration.

- Introduce a climate budget tagging system with clear guidelines and coordination mechanisms.

- Develop a robust M&E framework with performance indicators linked to climate goals and conduct regular reviews.

- Develop targeted skills and capacity development programs for the targeted sectors to implement climate-resilient policies and practices.

- Develop a centralized Climate Change Management Information System (MIS) under MoEFCC for data management, ensuring synchronization with sectoral MIS.

6.14 Strategy Pillar 14: Institutionalizing Gender-Responsive Budgeting and Inclusive Fiscal Governance

Gender responsive public financial management (GRPFM) is a targeted budgetary instrument implemented into country fiscal plans which ensures that policy prescriptions to address gender inequality are translated into outputs by binding them to budgetary allocations. GRPFM is a key enabler for achieving gender equality outcomes and promoting shared economic growth. GoB has made significant efforts to develop a framework for gender mainstreaming, integrating gender-related concerns into national policies. The annual Gender Budget Report has become a vital tool for the government to communicate policies, goals, and successes related to women's advancement, including the description of specific activities, key performance indicators linked to female welfare, and budget allocations dedicated to women's development. The Medium-Term Budget Framework (MTBF) process allows for directly including women's advancement issues into the budgeting process, while the Gender Finance

Tracking (GFT) Model clearly indicates the allocation percentage that benefits women. Building capacity across ministries to integrate gender analysis into PFM processes.

Policy Decisions

- Ensuring gender-responsive resource allocation and developing tools for reducing gender gaps

- Integrating gender into budget circulars to guide ministries in preparing gender budget statement/report

- Developing gender performance indicators in Ministry Budget Framework (MBF)

- Strengthening gender finance tracking (GFT) model in iBAS++ for tagging all operating and development expenditures

- Incorporating gender analysis into the Budget Strategy Paper (BSP) focusing on the strategic impact of social inclusion and climate consideration

- Establishing dedicated cells/units under key ministries and divisions

- Developing a gender data action plan for identifying gender gaps and to design implementation strategies for reducing gender inequalities

- Ensuing fiscal policy decisions based on gender impact assessments on key thematic areas

- Building capacity of gender focal points and other relevant officials on gender budgeting

Institutional Changes

- Ensuring gender-responsive resource allocation and program design

- Enhancing reporting, monitoring, and evaluation of gender outcomes

- Robust accountability mechanisms such as gender audits and performance indicators are essential to track progress.

- Build capacity through ongoing training and development programs on GRB for budget officials, planners, and auditors

Technical upgradations

- Improving the collection and use of gender-disaggregated data is critical for informed decision-making.

- Introduce gender tagging in iBAS++ and all projects for tracking and aligning climate finance

- Standardized gender analysis tools and methodologies should be embedded within PFM processes.

6.15 Strategy Pillar 15: Strengthening Sectoral PFM Systems for Improved Service Delivery

6.15.1 Key Issues

Incorporating health, education, local government, and social protection into the PFM Reform Strategy is essential to address sector-specific inefficiencies that persist despite significant improvement in the overall PFM system. Despite being foundational to inclusive and sustainable development, benefits of wider reforms in budget planning and execution, internal controls and audits fail to reach these sectors. As a result, systemic inefficiencies persist—insufficient asset and inventory management in health sector, procurement discrepancies,

misalignment of budgetary allocation with needs of education institutions, rudimentary local government revenue generation system, leakages in elderly allowance and other social programs and inappropriate use of resources allocated for stipends and tuitions. Furthermore, these sectors could not optimize the use of iBAS++ at the front-line service delivery points.

6.15.2 Reform Actions:

1. Develop Comprehensive Governance Handbooks and Operational Manuals: Prepare and disseminate practical, context-specific governance handbooks and PFM operational manuals for schools, hospitals, and local offices. These should outline roles, financial processes, procurement rules, and accountability mechanisms. Particularly, the manual would aim to:

a   **Strengthen Asset Planning:** Institutionalize mandatory service need assessments and cost-benefit analyses before approving capital investments. Develop and enforce asset management guidelines for planning, utilization, and maintenance of infrastructure and equipment.

b   **Enhance Internal Controls and Financial Oversight:** Strengthen internal control systems through clear segregation of duties, improved record-keeping, and mandatory financial training for non-finance professionals managing funds. Expand the coverage and follow-up of internal audits at the facility and institutional levels.

c   I**mproving budget execution, procurement, and financial reporting within sectors**

2. Transition to Needs-Based and Output-Oriented Budgeting: Introduce performance-informed budgeting frameworks that consider actual needs (e.g., student enrolment, patient volume, teacher/doctor availability) and local service delivery outcomes. Develop tools to support needs assessments and corresponding budget allocation.

3. Decentralize Financial Authority with Accountability Mechanisms, **strengthening autonomy and accountability in sector institutions:** Empower local health and education offices with greater budgetary discretion, supported by clear accountability protocols, training, and oversight. Introduce formula-based budget allocations tied to service delivery metrics.

4. Introduce Mandatory PFM Training and Certification: Institutionalize PFM capacity-building programs for school administrators, hospital managers, and relevant officials, including mandatory certification for handling public funds.

5. Institutionalizing performance-based approaches and sector-specific PFM capacities.

7. PFM Reform Challenges and Implementation

7.1 Reform challenges in Bangladesh

PFM reform implementation is inherently complex and exposed to multiple risks. The experience of the past two decades demonstrates that translating a PFM reform strategy into practice is far from straightforward. Reform teams must navigate institutional rigidities, capacity constraints, political economy dynamics, and the challenges of sustaining momentum over time. These obstacles are not unique to Bangladesh; countries worldwide face similar difficulties when undertaking comprehensive PFM reform agendas.

The risks and challenges outlined in this section are not exhaustive but are intended to inform a more strategic and realistic approach when designing the next operation in 2026.

Bangladesh's experience with two major reform operations—the MDTF-supported PFM reform program and the SPFMS Program-for-Results, including lessons emerging from SPEMP—provides practical insights into what works, what stalls progress, and what requires stronger institutional anchoring. Addressing these recurring challenges will be essential for ensuring that the next phase of PFM reforms is sustainable, effectively institutionalized, and capable of delivering lasting improvements across the public financial management system.

7.2 Key Challenges:

Absence of Reform Champions Weakens Reform Ownership and Momentum

Lessons show that impactful PFM reforms require credible and empowered champions - individuals or coalitions with the vision, authority, and strategic foresight to consistently drive transformative change. In Bangladesh, although such reform champions had been in place, frequent turnovers and lack of continuity in leadership have reduced the effectiveness of the role of reform champions across successive leadership transitions. Without empowered reform champions, combined with a fixed tenure to drive reforms, it is challenging to mobilize coalitions of support, navigate political economy dynamics, make timely policy and decision-making and institutionalize reforms champions concept within the system.

Frequent turnover in Leadership

Reform continuity suffers from frequent changes in leadership roles within the implementation teams. Each change in leadership results in a shift of reform priorities, hampers institutional memory, and a disrupts stewardship.

Weak Inter-Institutional Coordination and Buy-in

Comprehensive and complex PFM reforms require coordinated efforts across multiple ministries and entities, including Finance, Planning, Public Administration, sectoral ministries, and oversight institutions. Although coordination mechanisms exist, it suffers from fragmented mandates, overlapping responsibilities frequent changes within the teams and ministries which makes the deliverables often delayed and not aligned with priorities.

Disconnect between Policy and Operational Realities

While several policies, procedures, processes and PFM Reform Strategies have been formulated, there has often been a mismatch between reform priorities and on-the-ground implementation capacity. As a result, even well-conceived reforms or priorities fail to gain traction at the execution level, leading to partial implementation and diluted outcomes. This disconnect reflects a broader institutional challenge in bridging high-level planning with frontline delivery systems.

Weak Monitoring, Evaluation, and Feedback Mechanisms

A results-based M&E framework has been developed for the current PFM Reform Action Plan, but its implementation suffers from a lack of structured mechanism and feedback loops to track implementation status or evaluate the impact of specific interventions. There is also no designated authority or focal point to oversee deliverables under M&E and provide periodic feedback to management.

Lack of Maximization of Trained Officials

Reform implementation is severely affected due to lack trained professionals, especially in critical areas such as iBAS++, Macro Fiscal Modelling, treasury and debt management. In addition, insufficient attention paid to skills transfer and frequent rotations of trained officials erode institutional memory, hamper reform progress and reduce the continuity for reform sustainability.

Persistent Dependency on External Consultants Constraints Institutional Capacity Development

While external technical expertise has played a pivotal role in the initial rollout and capacity building phases, this poses concerns to data sovereignty, system integrity, and cybersecurity. Persistent dependence on external consultants often exposes highly sensitive and confidential national data. This also creates a risk of operational disruption in the event of the withdrawal or unavailability of external support. The dependency also undermines the development of a home-grown pool of skilled professionals who can independently manage, adapt, and secure the system.

Furthermore, as iBAS++ processes and stores highly sensitive and confidential fiscal data - this dependency raises significant concerns regarding data sovereignty, system integrity, and cybersecurity.

Uncoordinated Financing from the Development Partners

While support from the development partners has been instrumental in supporting PFM reforms, it often results in fragmented interventions, misalignment with national priorities, and weak institutional anchoring. Funding cycles from the development partners pose another challenge in long-term planning and alignment with reform initiatives. There is no dedicated unit or institutionalized mechanism within the ministry or sectoral agencies to systematically engage with development partners and coordinate interventions. This lack of structured coordination hinders programmatic coherence and heightens the risk of overlapping activities, fragmented support, and inefficient resource use.

Political Economy Challenges

The PFM Reform Strategy 2025–2030 has taken into consideration political economy realities so that future reform program is appropriately designed, feasible and context-sensitive. These political economy challenges cut across major PFM areas such as Revenue Collection, Procurement, State-Owned Enterprises (SOEs), Debt Management, Public Investment Management, and Digitization.

7.3 Implementation: A New Phase of Reform

Bangladesh stands at a pivotal moment where conventional pattern of reforms is no longer sufficient to drive transformative change in PFM. A whole-of-government and performance-driven approach is critical to making PFM a true enabler of inclusive growth, fiscal sustainability, and public trust.

Moving forward, Bangladesh must recognize that lasting PFM reform demands political commitment, strategic leadership, and institutional innovation not just technical solutions. What is now needed is a robust reform ecosystem, one that is resilient to political transitions, fosters collaboration across sectors and tiers of government, and caters to emerging needs and challenges. By institutionalizing this new generation of reforms, Bangladesh can build a PFM system that is not only innovative, transformative and impactful but also responsive, equitable, and future-ready.

Overarching Approach

Implementation of the 3rd Public Financial Management (PFM) Reform Strategy 2025–2030 will follow a **phased, coordinated, and results-oriented approach** anchored in government ownership, institutional accountability, and adaptive learning. The Strategy recognises that sustainable reform requires more than technical improvements - it depends on effective governance, capacity development, and coherence across institutions.

The overarching approach is guided by the following principles:

- **Pillar-based Coordination and Accountability:** Each Strategic Pillar represents a functional domain of reform. For each pillar, specific strategic objectives and reform areas have been defined, with clear ownership assigned to lead entities within the Ministry of Finance and line ministries. This structure promotes accountability and ensures that reforms are pursued in a coherent and mutually reinforcing manner.

- **Phased and Prioritised Implementation:** Reforms will be sequenced over short-, medium-, and long-term horizons based on institutional readiness, resource availability, and reform interdependencies. Early emphasis will be placed on foundational reforms—such as strengthening macro-fiscal forecasting, FBEs, cashflow forecasting, debt management, digital systems (IBAS++) structural, institutional, and legal reforms.

- Resource implications for each reform area will be identified and fully costed. This may also help identify those elements which can be implemented easily verses those where budgetary allocations along with external financing maybe required.

- **Whole-of-Government Engagement:** The Strategy will be implemented as a Pan-Government initiative, engaging all central and line agencies, oversight bodies, and sub-national entities. high-level oversight, through the Finance Division and other agencies and a dedicated PFM Reform Steering Committee, will ensure strategic alignment and sustained political commitment.

- **Institutionalisation and Capacity Development**: Reforms will be embedded within existing institutions rather than implemented as standalone projects. Dedicated PFM Wings, training institutions (FIMA, IPF, BPATC), and a professionalised pool of PFM practitioners will ensure continuity and strengthen the human and institutional base for reform.

- **Digital Integration and Data-Driven Reform Management**: Digital systems such as iBAS++, e-GP, will form the backbone of implementation, enabling real-time monitoring, transparency, and interoperability across PFM functions. A central Reform Dashboard will track progress against agreed KPIs and milestones.

- **Partnerships and Knowledge Sharing:** Collaboration with development partners, academia, and regional PFM networks will be leveraged to align technical assistance, build capacity, and adopt international good practices adapted to the Bangladesh context.

- **Adaptive Learning and M&E**: Continuous monitoring and evaluation will ensure that lessons from implementation inform policy adjustments. The reform process will remain flexible, with periodic reviews guiding recalibration of priorities and resources.

Approach to the Implementation Plan

Implementation of the 3rd PFM Reform Strategy will follow a robust and results-driven Implementation Plan that translates strategic intent into concrete tasks, outputs, and performance milestones. The plan will:

- **Prioritise** reforms with the highest strategic value and implementation readiness, ensuring early milestones to build momentum and demonstrate results.

- **Apply a clear Theory of Change**, mapping every activity to measurable outputs, outcomes, and strategic objectives across the Strategy Pillars.

- **Define task-level KPIs and timelines**, with clear means of verification to enable performance monitoring and accountability.

- **Sequence** reforms logically focussing first on foundational actions such as improving fiscal transparency, accounting, and budget preparation. These will precede advanced interventions like performance-based budgeting (PBB) and integrated financial management systems.

- **Maintain flexibility**, adapting to lessons learned, stakeholder feedback, and contextual changes while keeping focus on long-term reform outcomes.
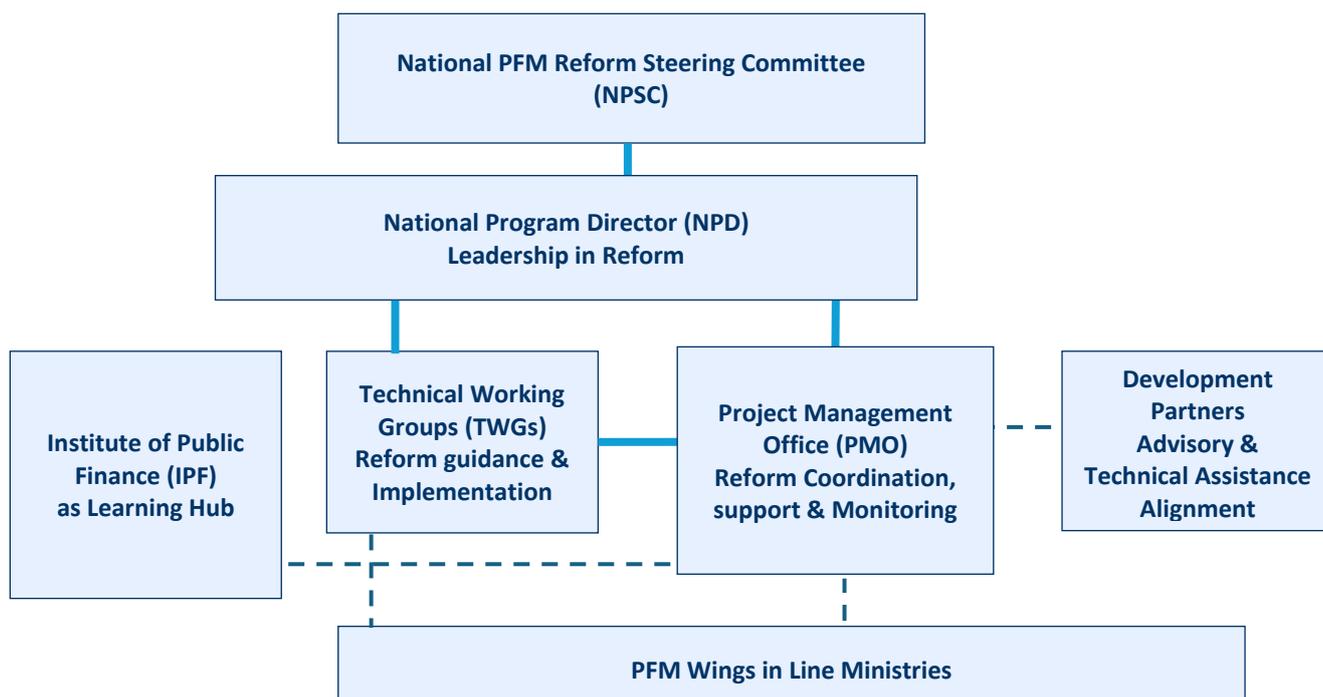
Implementation Plan will include a **PFM Reform Log frame**, **Action Plan Matrix**, and **Monitoring Dashboard**, enabling real-time tracking of reform progress and bottlenecks. Each reform area will have assigned lead and supporting agencies, resources, and quarterly performance milestones to ensure systematic delivery.

Governance and Coordination Framework

Governance framework of the Reform strategy will be through a multi-tiered coordination structure that ensures leadership, alignment, and accountability at all levels of government. Specific structure of the framework will be decided based on various sources including inputs coming from stakeholder consultations. A primary thought on the framework is given below:

- A **National PFM Reform Steering Committee**, chaired by the Finance Seceretary, will provide strategic oversight, political direction, and visibility to the reform program.

- A **National Program Director** will be the leader of reform initiative implementation and coordination team who will align reform actions across PFM institutions, ensuring coherence and joint ownership of results.

- **Technical Working Groups** on Strategic Pillars, chaired by the functional leads will guide technical implementation and would be accountable for implementation of the respective reform interventions and achieve the performance targets.

- A **Project Management Office (PMO)** lead by NPD within the Finance Division will coordinate and support day-to-day implementation, monitor and track progress against milestones, and facilitate communication among stakeholders.

Figure 7: Governance and Coordination Framework

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              ┌─────────────────────────────────┐
              │ National PFM Reform Steering     │
              │ Committee (NPSC)                 │
              └─────────────────────────────────┘
                            │
              ┌─────────────────────────────────┐
              │ National Program Director (NPD)  │
              │ Leadership in Reform             │
              └─────────────────────────────────┘

┌──────────────┐  ┌──────────────┐  ┌──────────────┐  ┌──────────────┐
│ Institute of │  │ Technical    │  │ Project      │  │ Development  │
│ Public       │  │ Working      │  │ Management   │  │ Partners     │
│ Finance (IPF)│  │ Groups (TWGs)│  │ Office (PMO) │  │ Advisory &   │
│ as Learning  │  │ Reform       │  │ Reform       │  │ Technical    │
│ Hub          │  │ guidance &   │  │ Coordination,│  │ Assistance   │
│              │  │ Implementation│ │ support &    │  │ Alignment    │
│              │  │              │  │ Monitoring   │  │              │
└──────────────┘  └──────────────┘  └──────────────┘  └──────────────┘

              ┌─────────────────────────────────┐
              │ PFM Wings in Line Ministries     │
              └─────────────────────────────────┘
```

To strengthen ownership and sustainability, reforms will be embedded within line ministries and local government institutions **through the formation of PFM Wings** in MDAs. Trained and reform focal points, will be responsible for operationalising reforms and reporting progress. **Capacity building** and **security of tenure** will ensure institutional continuity and retention of reform expertise.

PFM Reform Sustainability Drivers

Sustaining PFM reforms requires deliberate and coordinated actions that embed the reforms into the institutional fabric of government. The key drivers of sustainability include **strong political commitment, institutional ownership, continuous performance monitoring, and adaptive policy frameworks**.

a. Anchor PFM in a Clear Policy Framework

A Policy framework is recommended for reform champions and implementation leaders. This is to ensure strategic foresight and continuity to drive transformative change, mobilize coalitions of support, navigate political economy dynamics and make timely policy decisions.

- Establishment of PFM Reform Cell within FD to provide strategic direction consistently throughout the implementation of reforms. This cell needs to be composed of high-level technical experts.
- Pursue a rotation policy that considers at least three years of service in key reform areas. This is to ensure continuity of trained professionals and avoid disruptions due to frequent rotations during implementation of reform program.

b. Top-Down Leadership, Security of Tenure, and Dedicated PFM Wings

High-level engagement is critical to the success and sustainability of PFM reforms. **Top-down leadership** ensures reforms receive visibility, importance, and momentum, signalling to all

levels of government that implementation is a priority and motivating civil servants to actively participate.

Anchoring reforms within **line ministries and local government authorities** is essential to achieve full-scale implementation. Ensuring **security of tenure** for officials who have been trained in reform processes is crucial for retaining institutional knowledge and sustaining reform outcomes.

The establishment of **dedicated PFM wings** in line ministries, staffed with capable and well-equipped personnel, provides the operational capacity to implement, monitor, and adapt interventions over time. These wings act as the **engine of reform**, translating strategic directives into practical outputs and ensuring continuity in PFM modernization efforts.

c. Strategic Planning and Knowledge Transfer

Work out an effective plan to transfer skills and combat frequent rotations of trained officials in order to ensure institutional memory, continuity and reform sustainability. In addition, a roster of trained professionals for critical areas such as Budgeting, iBAS++, Macro Fiscal Modelling, treasury and debt management should be maintained centrally.

Additionally, mandatory knowledge transfers protocols, such as handover notes and internal workshops, should be introduced to preserve institutional memory and enable peer learning.

d. Institutionalize Coordination Mechanism of the Development Partners

To align external support with national priorities, the Ministry of Finance should establish a "PFM Coordination and Harmonization Group" comprising all major development partners. This platform would be responsible for joint programming, alignment with the national reform strategy, and minimizing duplication of efforts. A central reform database or MIS should be developed to track interventions supported by the development partners and inform decision-making.

e. Build a National PFM Talent Pool

A phased transition strategy should be adopted to shift from consultant-dependent to home-grown expertise. This includes setting up a National PFM Capacity Building Framework in collaboration with local training institutes and universities. Special emphasis should be placed on developing cyber-resilience, data governance, iBAS++ administration, debt analytics, and macro-fiscal modelling skills among government personnel.

f. Change Management and Strategic Communication

Effective change management addresses both the technical and human dimensions of reform. A well-structured strategy fosters **stakeholder engagement**, mitigates resistance, and promotes ownership at all levels of government.

Strategic communication complements change management by delivering timely, clear, and consistent messaging on reform goals, benefits, and progress. Multiple channels—including workshops, media campaigns, and digital platforms—build trust and awareness among policymakers, civil servants, and the public. Together, change management and strategic communication create an environment where reforms are understood, embraced, and championed.

g. Building Competency and Capacity

Sustainable PFM reforms depend on skilled and knowledgeable personnel. **Capacity building and training programs** equip public officials with competencies in modern PFM systems.

Training should cover both **technical skills and change management capabilities**, enabling staff to adapt to new emerging changes and technologies.

h. Incentives for Reform Champions

Sustaining momentum in the PFM reform agenda requires **recognizing and motivating individuals and teams who actively contribute** to reform success. Incentives play a vital role in reinforcing commitment, ownership, and innovation.

An effective incentive framework in Bangladesh should:

- Reinforce visible commitment from senior leadership.

- Acknowledge contributions through professional recognition, career development opportunities, or access to specialized training.

- Encourage active participation in reform implementation and adoption.

- When combined with **top-down leadership, dedicated PFM wings, and secure tenure for trained officials**, incentives help embed reform practices into institutional processes, ensuring the continuity and sustainability of PFM improvements across government.

8. Monitoring, Evaluation, and Learning

8.1 Overview

The MEL framework is provided as part of the Action Plan document. A brief overview of the approach to MEL has been provided in this section.

A robust **Monitoring, Evaluation, and Learning (MEL) framework** is critical for the effective implementation of the **PFM Reform Program**. While the program is designed to achieve high-level fiscal, governance, and service delivery objectives, the MEL framework focuses on **monitoring and measuring reform outputs**—the tangible deliverables of the reform strategies activities—rather than attempting to directly measure long-term outcomes. The MEL framework provides a structured mechanism to:

- Monitor progress on tasks and outputs.

- Evaluate the quality, timeliness, and completeness of outputs.

- Facilitate learning and adaptive management; and

- Provide timely updates to the **Project Steering Committee (PSC)** and other governance mechanisms.

This framework aligns integrates recognised tools such as **PEFA assessments** where relevant. By focusing on outputs, the framework ensures a **practical, measurable, and actionable approach** to tracking the strategies progress.

8.2 Monitoring Reform Outputs

Monitoring emphasizes the **implementation of tasks and delivery of outputs** within each **Solution Package** associated with the strategic outcomes. Key features include:

- **Log frame approach**: Each task is mapped to a specific reform output using a structured log frame. The log frame defines:

   o **Output description** (e.g., producing a costing methodology document, getting it approved, or creating a legal framework).

   o **Measurable KPIs** for each output.

   o **Means of verification** (e.g., approval letters, publication records, system adoption reports).

   o **Frequency of reporting** (milestone-based or periodic).

- **Milestone-based tracking**: Most outputs are discrete, time-bound, and milestone-oriented (e.g., drafting, approval, adoption, implementation).

- **Task accountability**: Teams implementing Solution Packages will report progress on assigned tasks, linking effort to tangible outputs.

- **Data sources and verification**: Progress will be verified using administrative records, official documents, system logs, meeting minutes, and other evidence-based sources.

Monitoring ensures that the **program is on track**, allows early detection of delays or bottlenecks, and provides the PSC with timely, actionable information.

8.3 Evaluation of Outputs

Evaluation focuses on **assessing whether reform outputs are delivered as planned** and whether they meet quality and timeliness standards. Key elements include:

- **Relevance**: Are outputs aligned with Strategic Outcomes and overall program objectives?

- **Effectiveness**: Are outputs being delivered according to specifications and milestones?

- **Efficiency**: Are outputs being produced using resources optimally?

- **Sustainability enablers**: For outputs with regulatory, legal, or structural implications, evaluations assess whether the necessary adoption mechanisms (e.g., approvals, legal enforcement) are in place.

By evaluating outputs rather than outcomes, the framework provides **practical performance feedback** while enabling course corrections during implementation.

8.4 Learning and Feedback

Learning is embedded within the MEL framework to **strengthen program implementation and adaptive management**:

- **Feedback loops**: Monitoring and evaluation findings are fed back to the PSC, program managers, and implementing teams.

- **Decision support**: Lessons from output-level performance inform resource allocation, task prioritization, and adjustments to Solution Packages.

- **Knowledge sharing**: Key insights, challenges, and best practices are communicated internally and externally to stakeholders, fostering accountability and transparency.

This approach ensures continuous learning while keeping the focus on **achievable, measurable outputs** linked to the program's strategic goals.

8.5 Reporting and Governance

The MEL framework supports a structured reporting system:

- **Internal reporting**: Periodic updates to the PSC, including progress against milestones, evidence of completed outputs, and emerging risks.

- **Annual consolidated report**: Summarizes all outputs delivered, highlights delay or challenges and recommends corrective actions.

- **Mid-term review**: Assesses output completion status, identifies gaps in implementation, and guides adjustments to tasks and Solution Packages.

- **Final evaluation**: Provides a comprehensive assessment of overall output delivery and lessons learned, informing the design of subsequent reform phases.

By linking tasks to outputs through a **log frame-based system**, the framework ensures **accountability, evidence-based decision-making, and structured learning**, while maintaining practical measurability across all Solution Packages and Strategic Outcomes.

9. Conclusion

Transformative and Integrated Vision for PFM Reform Framework 2025–30

The Public Financial Management (PFM) Reforms Strategy is a central element of Bangladesh's vision to achieve rapid, inclusive, and sustainable growth on the path to becoming a high-income country. Anchored in the national development agenda, this strategy will strengthen fiscal discipline, improve efficiency in public spending, and create the conditions for sustained economic competitiveness.

The PFM Reform Strategy 2025–2030 marks a decisive shift from fragmented, tool-focused initiatives toward a **coherent, integrated, and transformational reform agenda** that aligns policy, institutional, and digital modernization priorities across government. Structured around six strategic goals, and fifteen reform pillars, the framework articulates **why reform is necessary**, what must change, and how Bangladesh can build a resilient and future-ready PFM ecosystem capable of supporting sustainable development, fiscal stability, and improved service delivery.

Under **Goal 1**, the Strategy prioritizes a fully integrated macro-fiscal and performance-informed budgeting system, strengthening domestic revenue mobilization, modernizing budget processes, and enhancing institutional capacity to ensure credible, forward-looking fiscal governance. Complementary reforms introduce climate-responsive budgeting, gender-responsive PFM, and a youth-focused fiscal lens to make public finance more inclusive, equitable, and resilient.

Goal 2 advances fiscal sustainability through stronger public debt and SOE oversight, addressing long-standing fragmentation, weak data, and rising contingent liabilities. Establishing a central debt management authority, improving risk analytics, and enforcing transparency are central to safeguarding fiscal space and mitigating future shocks.

Goal 3 focuses on optimizing public expenditure through modernized treasury operations, strengthened public investment management, improved procurement governance, and robust internal control and audit systems. Expanded and interoperable **iBAS++** automation underpins data-driven decision-making and real-time financial visibility across the public sector.

Goal 4 reinforces institutional accountability by modernizing OCAG and PAC functions, digitizing audit processes, and creating structured follow-up and transparency mechanisms that ensure oversight translates into meaningful governance improvements.

Goal 5 deepens PFM integration within key service delivery sectors—health, education, local government, and social protection—through performance-based budgeting, digital platforms, decentralization, strengthened audits, and citizen engagement. These reforms aim to enhance equity, efficiency, and frontline outcomes.

Goal 6 ensures long-term sustainability of reforms through modernized legal frameworks, professionalization of the PFM workforce, leadership development, and strategic partnerships with private and non-state actors for innovation and fiscal resilience.

Collectively, this integrated framework lays the foundation for a **modern, transparent, and accountable PFM system** capable of driving Bangladesh's next generation of development outcomes—anchoring fiscal discipline, enhancing service delivery, and building institutions that can sustain reform over the long term.

10.1 Annexure 1: PFM Reform Strategy Objectives, Achievements and Outstanding Issues

a. Macro-Fiscal Framework

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements up to June 2025	Outstanding Issues
Macro-Fiscal Forecasting & Monitoring • The model was too complex and there were data limitations, generating a lack of trust in the forecasts. • Annual budgets are subject to significant in-year adjustment • Development of forward baseline estimates, ministry-level strategic plans not rolled out	**1.2: Improve the role of the macro model to determine resource parameters and maintain fiscal discipline.** • Strengthen and operationalize the macroeconomic model and database • Build capacity and produce fiscal risk matrix for presentation to Coordination Council **1.3: Improve the management of fiscal risks, debt and cash to maintain fiscal discipline**	• Adopted dynamic macro model (MFMOD & FPP) for Medium Term Macroeconomic Framework (MTMF). • Integrated the Macroeconomic Framework Foundations Tool (MFT) developed with the assistance of the IMF has been adopted. This now works as a second tool to generate forecasts in addition to the MFMOD. • Explored a few of the best practices in the use of Dynamic Macro-econometric models in comparable countries. • Acquired software for smooth operation of MFMOD. • Developing a web-based macroeconomic data hub. • Assessed the macro-fiscal risks and incorporated them into the Medium-Term Macroeconomic Policy Statement (MTMPS). • Adopted the Debt Dynamics Tools (DDTx) to assess the medium-term fiscal sustainability. • Incorporated the climate change risks (natural disaster shocks) into macro-fiscal risks assessment. • Publishing Policy Notes on 'Macroeconomic Forecasting' to validate the background equations and variables of the model and contextualizing it in Bangladesh Context.	• In the current version of the MFMOD, the monetary sector is missing. • MFMOD has not been customized for Bangladesh. • The web-based database is not dynamic. • The capacity building training received to completely internalize MFMOD is not adequate. • The DDTx tool and Climate components have not been integrated into MFMOD. • No comprehensive fiscal risks assessment systems into the existing MFMOD. • No dedicated supply-side module in MFMOD. • Limited revenue and expenditure projection capacity in MFMOD. • Inadequate policy notes/policy research have been conducted and limited collaboration with the key stakeholders. Resource allocation by the fiscal authorities is currently not linked to policy recommendations coming out of research. • The MFT still has ample room to improve.

b. Planning and Budgeting

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016 to Present

Strategic Planning
• Ministry-level strategic plans not rolled out.
Budget Planning & Preparation
• Development of forward baseline estimates not rolled out.
• Continued fragmentation of development and revenue budgets.
• Continued disconnect between strategic plans, ADP and annual budgets.
• Budget institutional arrangements in Line Ministries not fully functional
Budget Execution
• Annual budgets are subject to significant in-year adjustments impacting predictability of budget availability, spending, and outcomes.
	• **Objective 2.1: Improve the link between the budget and government policies and priorities.**
	  o Strengthen policy to budget links.
	  o Adopt forward baseline estimates and determine fiscal space for reorienting expenditures to priorities in few ministries.
	  o Harmonize budget timetables for the development and revenue budgets by having a joint Planning Commission-Finance Division budget circular.
	  o Capture recurrent cost implications of projects in project appraisal and the budget.
	• **Objective 3.1: Improve business processes, strengthen internal controls for service delivery**
	  o Roll-out commitment control for improved cash and budgetary management
		• Integration between policy and budgeting has strengthened over time.
		• The ADP formulation process increasingly respects MTBF ceilings, reducing arbitrary project inclusions and improving fiscal discipline.
		• Institutional coordination between the Finance Division (FD) and Planning Commission (PC) has been strengthened.
		• ToRs of the Budget Management Committee (BMC) and Budget Working Group (BWG) have been developed.
		• New Budget and Accounts Classification (BACS) introduced to comply with international standards in Budgeting and Financial Reporting.
		• Climate and gender-responsive budgeting were integrated into MTBF.
		• Integration of the Budget Preparation and Budget Execution Module in iBAS++ for real-time expenditure tracking.
		• Timely Budget Distribution to the Budget Holders has improved the quality of Execution.
		• Capacity Development through flagship PFM trainings.
			• **FBE and MYPIP** have not been functional.
			• **Significant In-year Adjustments and Unfunded Political Mandate** cause increased budget volatility.
			• **Budget Fragmentation** as Sectoral Strategies still lack integrated budgeting.
			• **Enhancement of Capacity of** the MDAs by formulating HR policies for PFM personnels with defined organizational structure.
			• **Two folds for Operating and Development Budget**, joint Planning Commission-Finance Division budget circular is still to be implemented. Institutional reform is essential for better FD-PC co-ordination.
			• **Commitment Control yet to be introduced** as there is no integration between procurement plans and budget releases.
			• **Institutionalization of BIP** as a tool of commitment control as well as cash planning.

c. Public Investment Management

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016 to Present
-	**Objective 2.2:** Strengthen the management of public investments • Review the stock of development projects and IMED 's list of low-performing projects and take actions • Establish PIM Unit in Programming Division • Strengthen project design, appraisal and approval processes to ensure high quality, affordable projects • Introduce multi-year PIP and roll out sector strategy papers	• Establishment of PIM Reform Wing in Programming Division • Adopted a new sector classification in ADP • Approved Sector Boundary Guideline • Introducing MAF/ SAF in all sectors • Roll out SSP/SAP in 5 Sectors • Introducing MYPIP of 8 Sectors • Preparation of Strategic ADP Guideline • Functioning a new ADP Management System (AMS) • The preparation of a comprehensive PIM Guideline & Action Plan for 2024-2028 • Preparation of PIM documents (CBA Handbook, DPP Preparation Handbook, Log frame preparation Handbook, etc.)	• **Introducing** MYPIP in Seven Economic Sectors • Roll out sector strategy papers for ten Economic Sectors

d. Deepening Sectoral PFM

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21

Objective-9:
• Strengthen the financial management capacities within the major spending ministries, especially those in the social sectors such as health and education.
• Re-designing classification system will need not only to reflect a programme budgeting approach, but will also be required to descend to lower levels of government, ideally down to the levels of DDOs at the points of actual service
	• **Objective 1.1: Enhance tax revenues to create fiscal space for key public investments and priority social expenditure.**
	  o Review and refine new direct tax and VAT law.
	• **Objective 2.3: Strengthen the Budget and Performance Management Capacity**
	  o Sector Wide Approaches (SWAPs) for fully costed strategies for
		• New Budget and Accounting Classification (BACS) introduced in FY 2018-19.
		• Enactment of Income tax Act and VAT Act.
		• Ensure all government payments (including social safety net transfer) directly to the beneficiaries (G2P) to their designated bank account or Mobile bank account, MFS.
		• DDOs will submit 40% of all bills in respect of Pay & allowances, Pensions, Social Safety Net payments through online.
			• Roll out of BACS & iBAS++ dimension in Local Government Institutions.
			• Implementation of **Dynamic Social Registry for Social Safety Net**.
			• Improving targeting methods in Social Safety net beneficiary selection.

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
delivery (for example including health clinics and primary schools). ● Monitoring and analysis by health-watch organizations, using their local field networks, to monitor and assess the services actually delivered, comparing evidence about the amounts of money actually reaching service users and the quality of comparative services provided.	primary education, health and agriculture. **Objective 2.4: Strengthen PFM Capacity of Local Government** ○ Conduct a PEFA to assess the local government PFM system and identify the areas of reforms. ○ Based on the Local Government PEFA report, produce a strategy paper on priorities and recommendations to fill the underscored gaps.	● Developing a Single Registry System to ensure all cash transfers by G2P. ● Introducing PL Accounts System in Local Government Institutions and Autonomous Bodies.	

e. Debt and Cash Management

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21 and Onwards
● **Objective-1: To formulate budgets consistent with the medium-term macroeconomic framework with central agencies providing greater predictability of resources to executing agencies through the introduction of the medium-term budgets with indicative resource ceilings.** ○ Completion of debt data cleaning. ○ Debt management unit established June 2005. ○ Inventory of govt. guarantees on SOEs debt.	● **Objective 1.3: Improve the Management of Fiscal Risks, Debt and Cash to Maintain Fiscal Discipline.** **Short Term** ● Develop an operational strategy based on the medium-term debt strategy, through an interest rate rationalization market-based ● Update MTDS annually ● Enhance debt data quality, timeliness, and reliability ● Review and update the current legal framework for debt management ● Develop the securities market for treasury securities	● The medium-term debt strategy, through an interest rate rationalization market-based is done. ● MTDS upgradation periodically ● Retail debt management partially automated ● Debt bulletin and annual debt portfolio has published quarterly	● **Debt data quality, timeliness,** and reliability enhancement ● Review and update the current **legal framework for debt management** ● Develop **the securities market** for treasury securities ● **Central Debt Management office** yet to be introduced ● **Public sector contingent liabilities management** has not been strengthened. ● **Integrated Debt Database** has not been functional ● **Automate and refine cash management** and cash forecasting ● Digitalization of **Debt Service Lability (DSL) And Subsidiary Loan Agreement (SLAs)**

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21 and Onwards
○ Development of debt database.	• Enhance and sustain the technical capacity of front, middle and back offices of the Debt Management Units • Strengthen management of contingent liabilities arising from guarantees issued to various public sector entities • Automate the retail debt management • Operationalize the Debt Database (DMFAS) • Introduce regular publication of quarterly debt bulletin and annual debt portfolio report • Automate and refine cash management and cash forecasting • Create user-friendly database for debt service liability management and digital archiving of subsidiary loan agreements (SLAs) **Medium Term** • Structural reorganization of NSD • Put in place an expanded TSA which includes Special Accounts and EBFs. • Improve preparedness for issuance of sovereign debt		• Structural **reorganization** of NSD • **Expanded TSA** which includes Special Accounts and EBFs. • Improve preparedness for issuance **of sovereign debt**

f. State Owned Enterprises

Outstanding Issues from 2007–12	2016–21 Objectives	Achievements	Outstanding Issues from 2016–21
SOE reform remains absent from the national Public Financial Management (PFM) agenda.	Implement harmonized SOE financial reporting standards and develop a comprehensive SOE legal framework	• Independent Performance Evaluation (IPE) Guidelines have been developed, with 20 PSOs evaluated in FY 2025–26. • Procedures for Debt & Contingent Liability (DCL) have been established, with 101 organizations assessed and fiscal risk reports prepared in FY 2025–26.	• Institutionalization of reforms has not yet been achieved. • PPE Manual rollout remains incomplete. • DCL & IPE data coverage has significant gaps. • Expansion of the SABRE+ database and full-fledged automation are still pending. • An overarching SOE Act has not been enacted. • No Central Oversight Entity (COE) has been established.

Outstanding Issues from 2007–12	2016–21 Objectives	Achievements	Outstanding Issues from 2016–21
		• Four performance improvement strategies have been formulated for low-performing PSOs. • Over 100 organizations are publishing Audited Financial Statements (AFS) online. • The Property, Plant, and Equipment (PPE) manual has been published. • The SABRE+ database is operational, covering budget, DCL, and IPE data.	• Only 72 SOEs have their budget-related data integrated into SABRE+, while managerial and financial reporting standards remain unimplemented. • Institutional capacity development is limited due to the absence of an inclusive knowledge-sharing mechanism.

g. Accounting and Reporting

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016 to Present
▪ Delays in finalizing Appropriation Accounts. ▪ SAEs data gathering and accounting is not smooth. ▪ Weak GoB IT Capacity.	**Objective 3.3 Improve accounting and reporting to international public sector accounting standards (IPSAS)** ▪ Improve the timeliness of in-year management reports and completion of the annual finance accounts and its presentation and contents ▪ Improve comprehensiveness of financial reporting by consolidating SAEs ▪ Timely clearance of advance/ suspense accounts ▪ Implement IPSAS cash-based accounting standards covering general government ▪ Railway and CGDF will be under iBAS++ ▪ Finalize Comprehensive operating procedures manual (COPM) - covering policies, procedures and detailed operational steps), consistent with new classification	▪ Management Reports are available timely, and Finance Accounts enriched with necessary notes prepared and submitted within 6 months of yearend. Moreover, Finance accounts is more user-friendly, IPSAS compliant and informative. ▪ SAEs transaction data are now captured through iBAS++. ▪ Finance Accounts is prepared following IPSAS Cash Based accounting. Moreover, IPSAS Accrual is being followed in case of Proforma/Commercial Accounts of Appropriation Accounts. ▪ Railway, Postal and CGDF are using iBAS++ for accounting and reporting. Appropriation accounts of them are also prepared in iBAS++. ▪ GFS Reports are prepared using iBAS++ and submitted to IMF upto FY 2023-24. ▪ A draft Chart of Accounts (COA) Manual providing explanations of economic codes incorporating definitions, examples has been prepared by CAG.	▪ Still there is a huge amount of suspense accounts that need to be cleared up for comprehensive financial reporting. ▪ Comprehensive operating procedures manual (COPM) - covering policies, procedures and detailed operational steps), consistent with new classification and iBAS++, both for CGA and SAEs yet to be commenced. ▪ Introduce Online Analytical Processing (OLAP) technology to organize data from the various sources to support business intelligence and production of Executive Dashboards through a data warehouse and publicize fiscal datasets (revenue and expenditure) in accessible formats.

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016 to Present
	and iBAS++, both for CGA and SAEs is finalized.	▪ AFS and GFS handbook are prepared and handed over to CGA office. • COFOG Mapping done but needs to validate and A manual of COFOG will be prepared shortly.	

h. Procurement

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
• Restructuring CPTU in an authority • Roll out of e-GP system to all the agencies • Capacity development of the procurement professionals • Development of a project management system	*Goal 3: Promote the Efficient Use of Public Resources and Delivery of Services through Better Budget Execution* **Objective 3.2: Adopt International Standards of Procurement Practice to Facilitate Service Delivery and Achieve Value for Money** o Complete current procurement reform o Roll out successful e-GP reforms o Roll-out capacity development model o Initiate civic engagement for possible third-party monitoring o Development of electronic project management system	• The establishment of the Central Procurement Technical Unit (CPTU) in 2002, upgraded to the Bangladesh Public Procurement Authority (BPPA) in 2023 • The integration of the Electronic Project Management Information System (e-PMIS) within e-GP to enables real-time tracking of project financial and physical progress • Enhancement of e-GP (e-CMS), e-Audit, Tenderer's Database • Preparation of Sustainable Public Procurement Policy • The e-Government Procurement (e-GP) system has processed 6,52,371 e-contracts to spend BDT 5,85,091 crore across 1474 departments since inception, reducing costs, corruption, and processing times while streamlining procurement across ministries and local governments • By 2024, the e-GP system registered over 120,428 tenderers and facilitated contracts worth USD 66.09 billion,	• Implement end-to-end e-GP system across all government entities • Implementation of professional competency framework • Creation of certified professionals • Develop SPP policy, guidelines and STDs • Institutionalization of Green procurement • Effective monitoring and management of projects • Bringing all procurement under e-GP • Lack of capacity of tenderers • Inappropriate need assessment and specification writing • Absence of automated systems for debarment and data analytics • Weak stakeholders' engagement

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
		• reducing delays, curbing corruption, and boosting competitive participation • Covering about 70% of public procurement through e-GP system.	

i. Internal Audit

Outstanding Issues from 2007–2011	2016-21 Objectives	Achievements	Outstanding Issues from 2022–Present
• Lack of institutional framework for Internal Audit. • An Initiative under FMRP (2003-2009) was taken but not executed. • Prepared IA Manual, proposed implementation approaches but reforms under DMTBF (2009-14) not realized in this regard.	**Objectives:** • Establish modern Internal Audit functions in high-risk ministries and departments; develop risk-based audit approaches. • Scheme on Internal Audit and Audit follow-up under SPFMS program had been approved.	• Stakeholder Consultation & Seminars (2021) • Study reports of IA status in 5 MDAs • Development of SOPs and SIPs • Model IA Charter and RBIA Manual developed & distributed • IAUs established in DPE, RHD, LGED, PWD, DGHS • Capacity-building trainings conducted • Risk Registers and Annual Audit Plans prepared • IA Committees and CIAC formed at M/D level • IA execution piloted and reports submitted in 4 departments • Post Procurement Review of 8 schemes of SPFMS for consecutive 5 FYs and reports prepared. • Prepared Model APP aligning with budget and reviewed quarterly for roll-out.	• Gap in legal framework for RBIA in the public sector • Strengthening IAW as established in FD • Gap between internal and external audit • Sustainability of IAUs & IACs • Challenges of HR retention • Capacity building of HR of IAU • Preparing Risk Register of all MDAs in the public sector. • Necessity to establish independent IA regulatory body

j. Digital Transformation – iBAS++

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
iBAS++ Implementation • IBAS++ not finalized and rolled out • Significant delays in annual financial reports, and IPSAS yet to be implemented • Outstanding financial reporting issues in Self Accounting entities • Lack of ICT medium-term strategy and weak GoB ICT capabilities **Citizen Engagement** • Engagement of citizens by GoB has been limited and intermittent • Transparency significantly undermined by lack of timely audit report	**Objective 1.1: Enhance Tax Revenues to Create Fiscal Space** • Launch on-line payment system for VAT, Income Tax and Customs together an interface with iBAS++ • Integrate and expand tax base automated systems **Objective 2.1 Improve the Link between Budgets and Government Policies and priorities** • Adopt the new charts Budget and Accounting Classification System **Objective 3.1: Improve business processes, strengthen internal controls for service delivery.** • Automate fund release, distribution and re-appropriation • Strengthen the Budget Implementation Plan process on monthly basis for robust cash forecasting and cash management • Roll out commitment control for improved cash and budgetary management • Improve re-appropriation process in line with the legal provisions • Strengthen and consolidate Treasury Single Account (TSA) • Strengthen internal control system (preventative; detective; or corrective) covering financial controls, personnel controls and procurement procedures • Improve budget monitoring (recurrent, capital and performance). **Implement iBAS++ and New Budget and Accounting Classification** • Confirm the timetable and action plan for full implementation of iBAS++ including the cash and commitment control and fixed assets modules	• Online payment systems for VAT, Income Tax, and Customs launched with iBAS++ interface. • New Budget and Accounting Classification System (BACS) adopted. • Updated and finalized the Account Code (accounting policy document) based on the application of existing accounting policies under the BACS • Fund release, distribution, and re-appropriation automated. • Successful implementation of automated budget execution through the iBAS++ system, enhancing transparency, timeliness, and accountability in public expenditure management. • Pay and pension fixation database upgraded and employee Pay Bill submission in iBAS++ developed. • SAEs (including CGDF and Railway) integrated into iBAS++ and BACS. • e-GP system linked with iBAS++ and implemented on a pilot basis • Around 70% of total government revenue was collected through the A-Challan system during FY 2024–25, marking a major milestone in digitizing revenue collection. • API connectivity established with key institutions and systems for seamless data exchange and validation, including: 61 scheduled banks, NID	• iBAS++ not yet rolled out in all institutions • Full iBAS++ implementation (including training, change management, and modules like cash, commitment control, and fixed assets) is pending. • A feasibility study for iBAS++ introduction in Local Governments and other autonomous bodies is needed. • System interface and integration opportunities with various government systems need identification and implementation. • Institutional and capacity development for iBAS++ operation is crucial. • Asset Register, land acquisition, and stamp automation modules need implementation, and all required system interfaces/integrations must be completed. • Change management program for BACS implementation needs development and implementation. • Strengthen and consolidate Treasury Single Account (TSA) • Make operational a full-fledged HR/payroll module of

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
	• Implement roll out of IBAS++, (incl. training and change management, BACS, Data center) and utilization • SAEs (including CGDF and Railway) integrated into IBAS++ and BACS • Integrate the employee and pension databases with IBAS++ , ensure timely payment of beneficiaries, and update/maintain databases regularly • Feasibility study for introduction of IBAS++ for LGs, Semi-Autonomous bodies, Autonomous bodies, SOEs • Further review the payroll and pension system to identify the systemic flaws and recommend actions to improve the business processes. • Pay and pension fixation database upgraded with facilities for recording increment, transfer, posting, promotion etc developed and implemented • Provision for submission of employee Pay Bill in iBAS++ developed • Make operational a full-fledged HR/payroll module of iBAS++for all employees of the government • Pay Slips, Last Pay Certificate (Service Book) produced from iBAS++ • Position control and Manpower planning linked to budget module • Seamless transition from payroll to pension payment system **Objective 3.2: Adopt International Standards of Procurement Practice to Facilitate Service Delivery and Achieve Value For Money** • SAEs (including CGDF and Railway) integrated into IBAS++ and BACS • Link e-GP system with IBAS++ and implement on a pilot basis for one procuring agency	database (Election Commission), TIN database, Passport system, iVAS (integrated VAT system), e-return system, BRTA (Bangladesh Road Transport Authority), e-TDS (electronic Tax Deducted at Source) and so on • Historical data migrated and mapped for additional analysis and reporting. • Accounting manual developed consistent with BACS and iBAS++. • Financial report quality and format improved, with engagement with the development partners for project accounting using iBAS++ and BACS. • Review, design and development of existing and new reports; improvements in the presentation of the budget; updating and approval of the legal framework (e.g. the new formats of the annual financial statements) • Developed and implemented a change management program for BACS implementation, including awareness building, user training and communications • Ensure institutional and capacity development of CGA and line ministries together with adequate human resources for operation of iBAS++ • Server hosted for connectivity of tier-3 National ICT Centre (NICTC) at Bangladesh Computer Council	iBAS++for all employees of the government • Seamless transition from payroll to pension payment system • Use iBAS++ for all projects and programs to capture transactions and generate reports accordingly • Disaster recovery test reports submitted to management • System architecture from monolithic to microservice • Relevant ISO/IEC and international certifications for assuring both security and standard • Institutionalization of iBAS++

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
	Objective 3.3 Improve accounting and reporting to international public sector accounting standards (IPSAS) • Finalize Comprehensive operating procedures manual (COPM) -covering policies, procedures and detailed operational steps), consistent with new classification and iBAS++, both for CGA and SAEs is finalized **Objective 4.1: To raise the profile of external auditing practices to international standards in terms of quality, coverage and timeliness to provide adequate assurance that the public funds are used efficiently and effectively** • Adopt BACS **Objective 5.3: Leverage iBAS++/BACS, e-procurement and other financial management information systems as enablers to improve PFM** • Improve coordination of budgeting and planning functions • Consider delegating responsibility for processing/approving development projects to the line ministries • Strengthen PFM capacity of line ministries • Adopt an implementation plan for full implementation of iBAS ++ to all ministries/divisions, directorates, DDOs up to Upazila level and SAEs • Identify and implement system interface and integration opportunities with the Bangladesh Bank, Sonali Bank, tax, VAT and customs systems, debt management systems, e-procurement (e-GP) and other related applications in the broader public sector. • Address the implementation issues of iBAS++ covering change management, communication and training and other measures necessary for sustainable implementation.	(BCC) for Infrastructure as a Service (IaaS). • Achieved ISO/IEC 27001:2022 Certification to ensure robust information security management across iBAS++ and related digital platforms.	

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
	• Ensure institutional and capacity development of CGA and line ministries together with adequate human resources for operation of iBAS++ • Server hosting and connectivity at of tier-3 National ICT Centre (NICTC) at Bangladesh Computer Council (BCC) for Infrastructure as a Service (IaaS). • Update Business Continuity Management (BCM) Plan and undertake periodic disaster recovery tests • Secure data transfer with appropriate encryption protocol by obtaining SSL certificates from the Controller of Certifying Authority (CCA) • Ensure that all budget holders use iBAS++ to submit their budget estimates and receive budget allocation electronically, and submit bills and generate budget control reports • Ensure that all accounting offices including SAEs, CGDF, Railway use iBAS++ for all types of transaction • Interface iBAS++ with RMD to provide a comprehensive picture of revenue receipts of the government • Implement government receipt portal Conduct a feasibility study for introduction of iBAS++ in local bodies. • Rollout EFT to divisional offices in other major centres. • Further review the payroll and pension system to identify the systemic flaws and recommend actions to improve the business process • Asset Register and Inventory management module implemented • Complete all required system interface/integration • Use iBAS++ for all projects and programs to capture transactions and generate reports accordingly • Disaster recovery test reports submitted to management		

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
	Objective 5.4 Implement BACS covering the whole of general government accounts and to provide an enhanced budgetary control framework and to support financial decision-making at different levels in the government • Develop and implement a change management program for BACS implementation, including awareness building, user training and communications • Review, design and development of existing and new reports; improvements in the presentation of the budget; updating and approval of the legal framework (e.g. the new formats of the annual financial statements) • Develop the structure of budget release process, re-appropriation and virulent controls according to the new BACS • Migrate the historical data; mapping for aggregation of data for additional analysis and reporting e.g. Sustainable Development Goals (SDGs), Five Year Plans (FYP), gender and child budgeting • Introduce mechanism for controlling changes to the BACS • Update and finalize the Account Code (accounting policy document) based on the application of existing accounting policies under the BACS • Develop an accounting manual (covering procedures and detail operational steps) consistent with the BACS and iBAS++ • Build stronger awareness and understanding of the new BACS among all stakeholders • Implement the total BACS in conjunction with iBAS++ • Improve the quality and format of financial reports (e.g. prepare financial statements based on IPSAS cash accounting standards)		

Outstanding Issues from 2007-12	2016-21 Objectives	Achievements	Outstanding Issues from 2016-21
	• Engage with the development partners to transition accounting for their projects using iBAS++ and BACS • Enhance the quality of accounts, with introduction of accounting system for receivable (for non-tax revenues), etc. • Enhance the coverage of accounts to general-government and consolidation of aggregated accounts of general government for fiscal reporting		

10.2 Annexure 2: Strategy Matrix

a. Strategy Pillar 1: Fiscal Sustainability and Resilience

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objectives (SO1): Strengthen macro-fiscal forecasting to provide realistic, timely, risk-adjusted, and evidence-based projections for fiscal policy. **Strategic Objectives (SO2): Expand and upgrade macroeconomic models to include monetary, supply-side, debt and climate dimensions.**						
Reform Area 1 – Macro-Fiscal Forecasting and Modelling (SO1, SO2)	A fully institutionalised, risk-adjusted macro-fiscal forecasting framework embedded within MEW-1, producing consistent, data-driven forecasts for policy and budget formulation.	• Upgrade the Macro-Fiscal Model (MFMOD) to incorporate monetary-policy, supply-side, debt-dynamics, climate-risk modules, and scenario analysis. • Revise the input framework of the MFMOD in line with national accounts and real-time data inputs to improve forecasting accuracy. • Introduce Dynamic Revenue and Expenditure Forecasting in the MFMOD. • In line with the best international practices and robust economic forecasts, develop/ use a computable general equilibrium (CGE) for policy simulations and distributional analysis with VAR and other econometric tools as supporting techniques. • Develop sub-models for expenditure and revenue forecasting.	• Institutionalize a model governance (code repository, documentation, version control, and metadata standards) and develop a comprehensive user manual for MFMOD and associated sub-models, including calibration and usage protocols. • Operationalise the Macro-Fiscal Data Hub for automated, machine-readable data flows. • Institutionalize fiscal risk and shock analysis, including development of advanced risk assessment tools and integration of their outputs into a Fiscal Risk Dashboard for regular monitoring. • Establish annual recalibration schedule, and publication of the Fiscal Outlook Report. • Develop clear guidelines and procedures to integrate macro-fiscal analysis and forecasting into policymaking, ensuring alignment among fiscal policy,	PI-14.1: C PI-14.2: C PI-14.3: D	PI-14.1: B+ PI-14.2: B+ PI-14.3: B	• **Finance Division (Macro-Economics-1 Wing)** • BBS • Bangladesh Bank • RMD • RPD

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Develop an integrated, high-frequency macro-fiscal data hub linking iBAS++, RMD, BBS, Bangladesh Bank, etc. and key international data sources to ensure consistent, timely and globally comparable data exchange for utilizing forecasting and policy research. • Strengthen institutional capacity and retention of MEW-1 through continuous advance/ structured training on model operation/calibration, advance forecasting, scenario analysis, policy integration, career/retention incentives, access to international journals and databases, and regular knowledge-sharing events.	monetary policy and macroeconomic goals. • Maintain continuous professional development for MEW-1 to develop the Wing as the central hub of government with enhanced analytical tools, academic collaboration, and a mandate to lead macroeconomic-fiscal research to support evidence-based fiscal policymaking			

b. Strategy Pillar 2: Revenue Mobilisation

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO3): Strengthen the revenue forecasting and policy framework through a coordinated arrangement between Revenue Management Division), Revenue Policy Division and the Finance Division.						
Reform Area 2: Coordination and Policy	An integrated, evidence-based revenue forecasting and policy framework linking	**Revenue Management Division:** • Develop a central revenue data warehouse consolidating data from VAT, Customs, and	**Revenue Management Division:** • Operationalise automated, machine-	PI-19.3: D PI-20.1: D	PI-19.3: B PI-20.1: B PI-14.2: B+	• **Revenue Management Division (RMD)**

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Framework for Revenue Forecasting	RMD, RPD, and MEW-1 for consistent, high-quality fiscal analysis and planning.	Income Tax data with unique taxpayer identifiers. • Introduce common data definitions linked to BACS, data quality standards and validation protocols to improve consistency and timeliness of revenue data. • Develop data-sharing and reconciliation protocols with iBAS++ **Revenue Policy Division:** • Establish a Revenue Policy Analytics Unit to conduct fiscal and distributional impact analysis. • Generate analytical summaries on compliance, elasticity, and sectoral trends for policy use. **Joint Actions:** • Daily datasets in accordance with agreed data definitions (BACS) to be posted to IBAS++ each day • Sign MoUs between **Revenue Management Division, Revenue Policy Division** and MEW-1 for data sharing. • Launch foundational capacity-building program on revenue data analytics, elasticity estimation, and forecasting.	readable data exchange with iBAS++. • Maintain regular publication of analytical revenue performance reports. **Revenue Policy Division:** • Institutionalise the annual Revenue Policy Paper • Publish Tax Expenditure and other reports **Joint Actions:** • Institutionalise inter-agency Revenue Forecasting Committee for coordinated projections. • Integrate Revenue Policy Division's analysis into the Medium-Term Fiscal Framework (MTFF) and BSP.	PI-14.2: C		• Revenue Policy Division (RPD) • Finance Division (MEW-1 and TDM) • Line Ministries / SOEs

c. Strategy Pillar 3: Strategic Resource Allocation

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO4): Provide a disciplined framework for inter-sectoral allocative efficiency to minimise duplication, leverage synergies across sectors, and ensure that limited public resources achieve greater impact.						
Reform Area 3 – Institutionalise the Budget Strategy Paper (BSP) and Budget Policy Statement (BPS)	BSP and BPS institutionalised as the core fiscal policy instruments linking macro-fiscal outlook, expenditure priorities, and ceilings.	• Develop and issue BSP/BPS guidelines. • Pilot BSP to inform Cabinet's strategic phase and prepare BPS for Parliament. • Through classification or mapping tables, align both with MTBF and 8th Five-Year Plan. • Publish drafts on Finance Division website.	• Institutionalise annual BSP/BPS preparation cycle. • Integrate with Macro-Fiscal Framework and Budget Management Committees. • Adopt as mandatory pre-budget documents each year.	PI-16.1: C	PI-16.1: B+	• Finance Division (Budget Wing) • Planning Commission
Reform Area 3a – Integration of Gender and Climate inti into the strategic budgeting process	Gender and Climate are integrated as part of the strategic budgeting process ensuring a core focus in all policy decisions	• Integrate gender and climate analysis into the BSP focussing on the strategic impact of social inclusion and climate related policy on the BSP and the fiscal framework • Integrate gender and climate into budget circulars and guidelines to guide ministries in preparing gender-and climate sensitive budget submissions • Mandate the inclusion of gender and climate budget statements as part of budget	• Enhance Monitoring and Evaluation (M&E) frameworks with gender and climate indicators • Improve data systems to collect and analyse gender/climate-disaggregated data			• Finance Division (Budget Wing) • Planning Commission

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		documentation to ensure that gender and climate considerations are central to budgetary planning, decisions, and outcomes • Introduce gender and climate tagging in iBAS++ and all projects for tracking and aligning social inclusion and climate finance				
Reform Area 4 – Enhance Cabinet Engagement in Strategic Budgeting Phase	Structured Cabinet ownership of fiscal and policy trade-offs during strategic budgeting.	• Revise budget calendar to extend period for Cabinet review. • Activate BMRC for pre-Cabinet fiscal review. • Prepare concise macro-fiscal briefing notes. • Strengthen coordination among FD, PC and Cabinet Division.	• Institutionalise Cabinet Budget Retreats with evidence-based deliberations. • Integrate performance dashboards for Cabinet decision-making. • Publish summary of Cabinet Budget Conclusions for transparency.	PI-16.4: C	PI-16.4: B+	• Finance Division • Cabinet Division • Planning Commission
Reform Area 5 – Strengthen Forward Baseline Estimates (FBEs)	Credible FBEs institutionalised as the basis of MTBF and annual ceilings.	• Develop FBE Guidelines defining costing and projection methodologies. • Pilot FBEs in 3 MDAs including the MoF. • Train budget officers in baseline costing.	• Expand FBEs to all MDAs • Integrate FBEs into iBAS++ and annual MTBF • Publish forward estimates in Budget Documents.	PI-16.2: C	PI-16.2: B+	• Budget Wing, FD • Line MDAs

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
			• Use FBEs for ceiling setting and fiscal sustainability analysis.			
Reform Area 6 – Implement Costing Methodologies for Credible Budget Preparation	Standardised costing framework ensuring realistic and evidence-based budget proposals.	• Develop costing guidelines and tools (activity-based, unit-cost). • Train MDAs in costing methods. • Pilot framework in 3 ministries including the MoF	• Roll out costing framework government wide. • Integrate into budget submission templates. • Update manuals annually.	PI-16.3: D+	PI-16.3: B	• Finance Division (Budget Wing) • Line MDAs
Strategic Objective (SO5): Enhance intra-sectoral allocative efficiency, ensuring each Taka spent within a sector yields maximum results and improved service delivery.						
Reform Area 7 – Institutionalise the Budget Implementation Plan (BIP)	Predictable, results-linked budget execution framework integrated into iBAS++.	• Mandate BIP for all MDAs with quarterly targets. • Integrate BIP module into iBAS++. • Train budget officers on BIP formulation and tracking. • Establish a Finance Division compliance and support mechanism to oversee implementation and ensure data quality	• Operationalise BIP monitoring across all MDAs and LGIs. • Publish budget execution reports with variance and output analysis. • Use BIP performance for mid-year reviews and reallocations.	PI-21.1: C	PI-21.1: B	• Finance Division (Budget Wing) • MDAs
Strategic Objective (SO6): Develop a comprehensive M&E framework to track outputs and outcomes systematically and evaluate impact across government.						
Reform Area 8 – Program Classification	Unified program structure linking budget allocations to sector outcomes and KPIs.	• Develop and approve program classification framework. • Update sector policies to reflect program objectives. • Pilot in 3 MDAs including MoF	• Roll out program budgeting nation-wide and integrate into iBAS++. • Publish program performance annex in Budget Documents.	PI-8.1: D / PI-16.3: D+	PI-8.1: B / PI-16.3: B+	• Finance Division (Budget Wing) • Planning Commission • MDAs

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Reform Area 9 – Establish a Central KPI Repository	Central repository of standardised KPIs enabling evidence-based budgeting and performance reporting.	• Develop KPI framework and guidelines. • Consolidate existing indicators from MBFs and sector plans. • Pilot repository in 3 ministries including MoF alongside program classification.	• Fully operational KPI Repository integrated with iBAS++ and planning systems. • Publish annual Performance Report linking allocations to outcomes.	PI-8.2: D	PI-8.2: B	• Finance Division (Budget Wing) • Planning Commission • MDAs
Strategic Objective (SO7): Strengthen local-government PFM to improve fiscal transfers, accountability, and service delivery at the local level.						
Reform Area 10 – Strengthening Local Government PFM and Accountability	Predictable, performance-based fiscal transfer system with digital PFM integration for LGIs.	• Establish Local Government Finance Commission (LGFC). • Introduce performance-based grants and digital • Roll our BACS/iBAS++ modules for LGIs. • Develop common LG reporting framework.	• Operationalise LGFC oversight of transfers and PFM performance. • Integrate LG fiscal data into national budget and accounts. • Publish annual LG Performance Report.	PI-10.2: D+ / PI-24.3: C	PI-10.2: B / PI-24.3: B+	• Finance Division • LGD • CGA • LGFC

d. Strategy Pillar 4: Public Investment Management

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO8): Improve Public Investment Management (PIM) to prioritise high-return and climate-resilient projects.						
Reform Area 11 – Public Investment Management	A disciplined, climate-sensitive PIM system that screens, selects, funds, implements, and evaluates only well-prepared,	• Institutionalising a central PIM function within the Bangladesh Planning Commission to oversee project appraisal standards, maintain a project database, and ensure	• Institutionalise climate-sensitive appraisal across all ministries; publish annual screened pipeline. • Issue upgraded appraisal & selection guidelines (economic/financial/social/env. /climate), with mandatory quality standards and readiness criteria.	**PI-11 (PIM):** C • **PI-16.2:** C • **PI-24.1:** C	**PI-11:** B+ • **PI-16.2:** B+ • **PI-24.1:** B	• Planning Commission • Finance Division (Budget Wing) • IMED • MDAs • ERD (as needed)

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
	high-return projects with full life-cycle costing.	cross-sector coordination. • Establish central PIM function to enforce standards and maintain a live pipeline database. • Link project records to iBAS++ for real-time financing & execution visibility. • Launch targeted training for Bangladesh Planning Commission officials (appraisal, CBA, risk, M&E). • Define MYPIP design and integrate into MTBF conceptually.	• Fully operational project database integrated with iBAS++ for commitment including forward year commitments, cash, and progress tracking. • Introduce ranking tools and Enforce gatekeeping: only ranked, ready projects advance to budget. • Begin climate & disaster risk screening (update MAF/SAF templates). • Launch targeted capacity-building for MDAs (appraisal, CBA, risk, M&E). • Require DPPs to include O&M and recurrent implications, update PCR formats. • Roll out life-cycle costing; auto-trigger O&M in recurrent budgets post-completion. • Implement Medium-Term Public Investment Program (MYPIP) embedded in MTBF and BSP/BPS. • Strengthen IMED ex-post evaluation with public dissemination of findings and lessons.			
Strategic Objective (SO9): Enhance sectoral coordination and monitoring through PFM sector reforms.						
Reform Area 12 – PFM Sector Alignment	Coordinated, results-based sector PFM with unified registries/MIS, G2P rails, and	• **Dynamic Social Registry (DSR):** design, governance, and pilot; begin beneficiary deduplication.	• Scale DSR nationally and connect to sector MIS for real-time targeting/monitoring. • Full MIS interoperability across major social sectors; publish	PI-8: D PI-9: C PI-18.3: C	PI-8: B PI-9: B+ PI-18.3: B	• Finance Division (Budget Wing) • Cabinet Division • ICT Division • Bangladesh Bank (payments)

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
	sector-wide approaches that reduce duplication and improve targeting.	• **Integrate MIS** across programs (interoperability standards, data-sharing MoUs). • **Expand G2P** coverage & functionality (account/wallet choice, grievance, audit trails). • Consolidate overlapping programs (map duplications; approve a rationalisation plan). • Pilot SWAP in one priority sector with harmonised indicators and joint reviews.	consolidated sector performance reports. • G2P becomes default for transfers with analytics dashboards (leakage, timeliness). • Implement program consolidation plan; reallocate savings to priority outcomes. • Scale SWAP to additional sectors; institutionalise joint planning, budgeting, and M&E.			• MDAs (e.g., Health, Education, Social Welfare etc.)

e. Strategy Pillar 5: Treasury and Debt Management

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO10): Establish a unified cash-forecasting, cash management, and debt-management framework to reduce fiscal risks and borrowing costs.						
Reform Area 13 – Cash and Debt Management	A unified, automated cash-forecasting and debt-management system ensuring liquidity discipline, lower borrowing costs, and enhanced fiscal-risk visibility.	• Design and adopt a standardised cash-forecasting model with daily/weekly/monthly projections and automated data feeds from iBAS++, RMD, TSA/BB, and e-GP.	• Operationalise the unified DMO with defined front-, middle-, and back-office functions and clear coordination protocols with ERD and Bangladesh Bank.	**PI-21.1:** C **PI-13:** C	**PI-21.1:** B+ **PI-13:** B+	• Finance Division (Treasury & Debt Management Wings) • Bangladesh Bank

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Frame Cash-Management and TSA Rules to define liquidity buffers, sweeping mechanisms, and idle-cash thresholds. • Establish an Integrated Debt Database covering domestic, external, and contingent liabilities. • Begin consolidation of government accounts under the TSA at Bangladesh Bank. • Establish a unified Debt and Asset Management Office (DMO) within Finance Division.	• Automate data feeds among iBAS++, TSA, DMO, ERD, and BB for real-time cash-flow and liability monitoring. • Publish annual Fiscal Risk and Contingent Liability Report. • Create macro-fiscal-linked debt projection model for long-term sustainability • Develop domestic bond market instruments (benchmark issues, yield curve, investor base expansion). • Listing of G-Sec in international bond index • Automate Cash Management & TSA Enhancement (Cessation of Special Accounts (Imprest, DOSA, CONTASA)			• ERD • CGA • RMD (data feeds)
Strategic Objective (SO11): Strengthen the governance, monitoring, and oversight of government financial assets through a comprehensive policy and IT framework to safeguard fiscal sustainability.						
Reform Area 14 – Enhancing Financial and non-Financial Asset Management	A consolidated, automated Financial Asset Management (FAM) and non-Financial Asset Management (NFAM) framework ensuring transparent monitoring, recovery, and reporting of loans, on-lending, and equity holdings.	• Develop and approve Government FAM, NFAM Policy and Strategy. • Conduct stock-taking of all loans, on-lending, and equity holdings to establish a comprehensive baseline database.	• Operationalise integrated FAM system with automatic data validation, portfolio analytics, and recovery dashboards. • Institutionalise quarterly monitoring and publication of	PI-13.3: D PI-14.3: D	PI-13.3: B PI-14.3: B+	• Finance Division (Budget Wing, Treasury & Debt Management Wing) • ERD

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Design the Financial Asset Management Module linked to iBAS++. • Develop early-warning and recovery procedures for overdue assets. • Train focal points in ministries, SOEs, and regulators on data entry, monitoring, and reporting.	Government Financial Asset Report. • Integrate FAM data with DMO and macro-fiscal risk dashboards. • Strengthen enforcement and legal-recovery mechanisms. • Update FAM and NFAM Policy biennially based on performance reviews.			• Line Ministries • SOEs

f. Strategy Pillar 6: State Owned Enterprise (SOE) Management

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO12): Improve governance and financial oversight of SOEs to reduce reliance on government transfers and prevent fiscal drains. **Strategic Objective (SO13): Strengthen monitoring and disclosure of contingent liabilities to capture SOEs, PPPs, and other off-balance-sheet risks.**						
Reform Area 15 – Enhance SOE Monitoring of Contingent Liabilities and Oversight (SO12, SO13)	A unified, transparent SOE-oversight and fiscal-risk-monitoring framework integrated with PFM systems, ensuring SOEs contribute sustainably to growth and fiscal stability.	• Draft and enact a Comprehensive SOE Law to define ownership, governance, and accountability requirements. • Establish a Central Oversight Entity (COE) within Finance Division to set standards for SOES and PPPs, coordinate reporting, and assess performance. • Integrate SABRE+ with debt management database for real-time capture of debt,	• Operationalise the COE with automated performance-reporting dashboards and cross-sector analysis. • Full capture and control of GoB financial exposure in the form of loan, grant or guarantee to SOEs and PPP/SPVs. • Institutionalise annual Fiscal Risk Report and public disclosure of consolidated SOE financials and broader	**PI-10.3: D** **PI-12.1: C** **PI-27: C**	**PI-10.3: B+** **PI-12.1: B+** **PI-27: B+**	• Finance Division (SOE Wing, Budget Wing, TDM Wing) • Line Ministries • SOEs • Planning Commission • IMED • Cabinet Division

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		guarantee, and contingent-liability data ensuring data structures are consistent with BACS/GFSM2014 • Expand Independent Performance Evaluation (IPE) coverage and support in preparation of Performance Improvement Strategy (PIS). • Roll out PPE manuals, DCL reporting formats, and standard operating procedures to all SOEs. • Train SOE Wing, line ministries, and SOE finance staff on data quality, classification, and fiscal-risk reporting.	contingent liabilities including PPPs. • Link IPE results to incentive schemes and corrective actions. • Mandate internal-audit units, independent audit committees, and adoption of OECD corporate-governance codes. • Introduce SOE equity-financing and dividend-policy frameworks to reduce transfer dependence. • Launch continuous professional-development (CPD) and technical training programs for officials engaged in activities related to SOE management.			

g. Strategy Pillar 7: Public Procurement

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO14): Improve procurement systems for efficiency, competition, and transparency.						
Reform Area 16 – Ensure Transparency and Accountability in Procurement	Fully transparent and accountable procurement system with open-contracting standards and citizen oversight.	• Publish all procurement plans, tenders, awards, and contract updates on public portals. • Strengthen grievance-redress mechanisms with independent review,	• Institutionalise open-contracting and public-reporting dashboards. • Embed grievance and disclosure requirements in updated PPA/PPR.	**PI-24.3: C** **PI-9: C**	**PI-24.3: B+** **PI-9: B+**	• BPPA • Finance Division • Cabinet Division • IMED

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		defined timelines, and public reporting. • Develop Open Contracting Data Standards (OCDS) framework for Bangladesh.	• Introduce civic-monitoring and citizen-feedback tools on e-GP portal.			
Reform Area 17 – Mandate Full Adoption of e-GP	100% digital procurement coverage across MDAs, SOEs and LGIs using e-GP modules.	• Mandate 100% e-GP adoption for all entities. • Extend e-GP modules to cover contract variations and framework agreements. • Introduce reporting requirements on e-GP coverage and compliance.	• Achieve universal use of e-GP for planning, tendering, contracting and monitoring. • Integrate e-GP with iBAS++ for real-time payment and performance tracking. • Publish analytics on procurement efficiency and competition.	PI-24.1: C	PI-24.1: B+	• BPPA • CGA • Finance Division • MDAs
Reform Area 18 – Implementation of updated Procurement Act and Rules	Modern, inclusive procurement law aligned with international best practice and sustainability principles.	• Review and revise Public Procurement Act (2006) and Rules (2008) to incorporate gender and climate criteria. • Modernise dispute-resolution and grievance processes. • Design electronic compliance-tracking tools.	• Implement revised PPA and PPR nation-wide. • Align procurement framework with OECD/WB MAPS benchmarks. • Monitor compliance through automated law-tracking system integrated with e-GP.	PI-24.2: B	PI-24.2: A	• BPPA • Law Division • Finance Division • Cabinet Division
Reform Area 19 – Enhance BPPA Institutional Capacity	A fully resourced and digitally enabled BPPA with strong oversight and data-analytics capabilities.	• Approve BPPA organogram and recruit specialised staff. • Construct BPPA HQ and DR Data Centre ensuring adequate hardware and software.	• Operationalise BPPA HQ as national procurement knowledge and oversight hub. • Launch automated compliance and risk-scoring systems for procuring entities.	PI-24.3: C	PI-24.3: B+	• BPPA • Finance Division • IMED

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Develop procurement performance dashboards and reporting tools.	• Publish annual procurement performance report.			
Reform Area 20 – Build a Skilled and Professional Procurement Workforce	Professionalised procurement workforce supported by certification and continuous development.	• Develop competency framework for procurement officers. • Design certification and CPD programs. • Train and certify 400 procurement professionals.	• Institutionalise procurement training within BPATC and FIMA. • Introduce mandatory certification for key procurement positions. • Establish Procurement Professionals Network for peer learning and innovation.	PI-25: D+	PI-25: B	• IPF • NADA • NAPD • BPPA • BPATC • FIMA • Finance Division • MDAs
Reform Area 21 – Promote Competition and Efficiency	Competitive and value-for-money procurement environment encouraging SME participation and innovation.	• Enhance legislation to limit single-source procurement to be the exception Consider centralised approval for SSP. • Simplify vendor registration and facilitate SME access. • Regularly publish statistics on competition and participation. • Develop Framework contracts for common purchases	• Institutionalise competition indices and annual public reports on procurement efficiency. • Introduce preferential policies for women-led and local SMEs in targeted sectors.	PI-24.3: C	PI-24.3: B+	• BPPA • Finance Division • SME Foundation • MDAs
Reform Area 22 – Strengthen Contract Management	Effective and digitally monitored contract execution reducing delays and cost overruns.	• Develop and launch e-GP contract-management modules. • Automate tracking of cost, time, and quality performance.	• Integrate contract-management data with budget and performance systems (iBAS++, performance dashboards).	PI-24.3: C	PI-24.3: B+	• BPPA • CGA • Finance Division • IMED • MDAs

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Publish contract implementation status for public oversight. • Establish controls between e-GP and budget authority in IBAS++ including the registration of commitments once contracts have been approved	• Institutionalise post-contract evaluation and lessons-learned feedback into future tenders.			

h. Strategy Pillar 8: Internal Audit

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO15): Institutionalize Internal Audit within MDAs to establish risk-based, preventive controls and strengthen accountability at source.						
Reform Area 23 – Internal Audit (SO15)	A fully institutionalised, risk-based internal audit system embedded across all MDAs, integrated with PFM systems, and supported by a professional internal audit workforce.	• Approve further **legal framework**, standard organogram, recruitment rules based on the charter and manual and PMBM Act, 2009. • Establish **Internal Audit Units** in priority MDAs. • Recruit and deploy IAU staff using standard job descriptions and competency profiles. • Develop and continue **risk-based audit methodologies** and manuals.	• Roll out risk-based IA practices across all MDAs with central oversight by Finance Division. • Integrate IA reporting modules into **iBAS++** for automated monitoring and follow-up on audit findings. • Institutionalise professional certification and Continuous Professional Development (CPD) for internal auditors.	**PI-26 (Internal control): D+ PI-27 (Internal audit): D)**	**PI-26: B PI-27: B+**	• Finance Division (Internal Audit Wing) • Cabinet Division • MoPA • M/Ds • CGA • OCAG • IPF, FIMA & other relevant training institutes (e.g. IIAB)

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Conduct basic and refresher training for IA staff through relevant training institutes (e.g. IPF, NAPD, FIMA, IIAB).	• Establish a **Central Internal Audit Coordination Cell** for quality assurance, standard-setting, and peer review. • Link internal audit outcomes to managerial performance reviews and budget accountability frameworks.			

i. Strategy Pillar 9: Accounting and Financial Reporting

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO16): Strengthen accounting and financial reporting to improve coverage, timeliness, and reliability of fiscal data. **Strategic Objective (SO17): Enhance budget-execution credibility by standardising reporting practices across government entities.**						
Reform Area 24 – Improve the Quality of Government-Wide Fiscal Reporting (SO16–SO17)	Comprehensive, timely, and reliable government-wide financial reporting under a General Ledger (IPSAS-aligned) framework, covering all general-government entities.	• Update BACS/chart of accounts and reporting guidelines. • Introduce GL-based transaction recording within iBAS++. • Develop and roll out IPSAS-modified accrual guidelines and GFS manual.	• Adopt full GL-based accounting across iBAS++. • Publish whole-of-government financial statements covering BCG, SOEs, and LGIs. • Operationalise OLAP dashboards for real-time reporting and open data access. • Institutionalise IPSAS-compliant training within FIMA.	PI-29: C PI-30: C	PI-29: B+ PI-30: B+	• **Finance Division** • CGA • FIMA • MDAs • LGD • OCAG

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Declare a phased transition roadmap to modified accrual. • Train accounting staff on IPSAS and FMIS use. • Begin preparation of consolidated financial statements covering BCG and selected SOEs/LGIs, (initially) in accordance with cash basis IPSAS. • Identify and prioritize key PAR deposits and complete process mapping, ledger and refund workflow design.	• Implement Comprehensive Operating Procedures Manual (COPM) for standardised reporting. • Implement phased end-to-end automation of all PAR deposits, including system-ledgers, refund workflows, and system-generated reporting.			
Reform Area 25 – Timely Clearance of Suspense / Advance Accounts (SO16– SO17)	• All suspense and advance balances cleared within the financial year; reconciled and automated through iBAS++. •	• Review current requirements for suspense and advances and consider re-engineering process to reduce or eliminate the use of these accounts • Develop Standard Operating Procedures (SOPs) for clearance of suspense/advances. • Automate reconciliation within iBAS++. • Conduct regular reconciliation exercises (at least monthly) and issue follow-up directives. Compliance with this should also be	• Integrate automated reconciliation reports into IA/OCAG audit reviews. • Link suspense-clearance monitoring with risk management and budget execution dashboards. Institutionalise (t least) semi-annual clearance certifications by CGA. The results of the audits should be shared centrally for government wide analysis and review. Enforce ownership of balances through Finance Division oversight.	**PI-30: C**	**PI-30: B+**	• **CGA** • **Finance Division** • **MDA** • **OCAG**

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		the subject of management and IA review. • Provide targeted training on reconciliation and suspense management.				
Strategic Objectives (SO17): Enhance budget-execution credibility by standardising reporting practices across government entities.						
Reform Area 26 – Expenditure Controls and Reporting (SO17)	Integrated commitment, procurement, and payment controls ensuring real-time expenditure reporting and fiscal discipline.	• Strengthen commitment controls within iBAS++ and integrate with e-GP. • Enhance payment pre-audit functions and transaction validations. • Redesign payroll–pension linkages for seamless processing. • Improve in-year reporting templates and timeliness. • Begin gradual handover of Payment and Accounting modules to CGA.	• Achieve full integration between e-GP and iBAS++ for real-time commitment and payment tracking. • Implement GL-based budget execution reporting and monitoring dashboards. • Standardise classification and coding across MDAs using BACS codes. • Publish monthly/quarterly execution reports for Cabinet and Parliament.	**PI-21: C** **PI-22: C**	**PI-21: B** **PI-22: B+**	• **Finance Division** • CGA • BPPA • OCAG • MDAs
Strategic Objectives (SO18): Promote transparency through ensuring public accessibility to financial information.						
Reform Area 27 – Promoting Fiscal Transparency and Public Accessibility (SO18)	Institutionalised fiscal transparency framework with routine disclosure of timely, citizen-friendly budget and performance information.	• Institutionalise publication of fiscal and procurement data through open portals and citizen budgets. • Develop templates and guidelines for simplified financial communication. • Draft legal provisions mandating timely disclosure by all MDAs and LGIs.	• Launch national open-data platform with APIs for real-time fiscal data. • Operationalise feedback mechanisms through civil-society engagement. • Publish annual "Fiscal Transparency Report" covering budget execution and procurement performance.	**PI-9: C** **PI-28: C**	**PI-9: A** **PI-28: B+**	• **Finance Division** • CGA • IMED • BPPA • Cabinet Division • Press Information Dept.

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025 – 26)	Medium-Term Plan (2027 – 30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
			• Align disclosure standards with PEFA and Open Budget Index benchmarks.			• Civil Society Platforms

j. Strategy Pillar 10: Accountability, Oversight and Citizen Engagement

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objectives (SO19): Strengthen Parliamentary Oversight by improving timeliness, coverage, capacity, and follow-up mechanisms of PAC, PUC, and EC, and ensuring transparency in legislative scrutiny.						
Reform Area 28 – Improve the Timing of Audit Report Scrutiny (SO19)	Audit reports placed, reviewed, and acted upon by PAC/PUC/EC within statutory timelines, reducing backlog and improving oversight.	• Ensure timely placement of OCAG reports before Parliament. • Introduce prioritisation framework for scrutiny based on materiality. • Build capacity and strengthen functional efficiency of FOCs. • Develop digital tracking and workflow systems.	• Institutionalise digital dashboards for monitoring report placement, hearings, and follow-up. • Automate scheduling and workflow processes for PAC/PUC/EC. • Integrate digital oversight tools with OCAG and iBAS++.	PI-31.2: D+	PI-31.2: B+	• **Parliament Secretariat** • OCAG • FD • **FOC Secretariats**
Reform Area 29 – Strengthen the Quality and Depth of Audit Report Scrutiny (SO19)	Evidence-based, risk-oriented, and performance-focused legislative scrutiny.	• • Establish transparent criteria for prioritisation of audit reports. • Provide analytical and research support to PAC/PUC.	• Institutionalise dedicated research units for FOCs. • Integrate risk-based scrutiny methodology across all audit reviews.	PI-31.2: D+	PI-31.2: B+	• **Parliament Secretariat** • OCAG • FD • FIMA

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Train committee members in performance and risk-based scrutiny.	• Enhance quality assurance through peer review and external validation.			
Reform Area 30 – Enhance Capacity and Functional Efficiency of Oversight Committees (SO19)	Fully capacitated and functionally efficient FOCs with structured follow-up and coordination.	• Strengthen staffing, ToRs, and SOPs for PAC/PUC/EC. • Develop coordination protocols with OCAG and ACC. • Establish follow-up mechanisms for audit findings.	• Institutionalise performance monitoring frameworks for FOCs. • Publish annual reports on audit scrutiny and follow-up actions.	PI-31.2: D+	PI-31.2: B+	• **Parliament Secretariat** • OCAG • ACC • Finance Division
Reform Area 31 – Introduce Digital Tracking and Workflow Systems (SO19)	Fully digitised oversight process with transparent and traceable workflow for audit report handling and follow-up.	• Automate tracking of audit report scrutiny stages. • Digitise workflows for scheduling, report preparation, and follow-up. • Introduce digital alerts and notifications for deadlines.	• Integrate digital system with OCAG's AMMS and iBAS++ for real-time data sharing. • Publish PAC/PUC dashboards for public access and progress tracking.	PI-31.2: D+	PI-31.2: B+	• **Parliament Secretariat** • OCAG • Finance Division
Strategic Objectives (SO20): Modernize the Office of the Comptroller and Auditor General (OCAG) by embedding ISSAI-aligned methodologies, digital tools, and specialized audit capacities, while ensuring independence and timely audit reports.						
Reform Area 32 – Strengthen OCAG's Institutional Capacity (SO20)	An autonomous, ISSAI-compliant Supreme Audit Institution with improved capacity.	• Establish dedicated Legal Wing. • Mandate auditee response timelines. • Update Audit Code aligned with ISSAI and GASB standards.	• Regular audit of revenue agencies under strengthened collaboration framework	PI-30: C	PI-30: A	• **OCAG** • Finance Division • RMD • Parliament Secretariat

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Reform Area 33 – Modernize Audit Practices and Tools (SO20)	Digitised, real-time audit environment leveraging AMMS 2.0 and risk-based methodologies.	• Operationalise AMMS 2.0 with integration to PAC and auditee systems. • Embed risk-based, data-driven audit methodologies. • Develop APIs for system interoperability (iBAS++, e-GP, ASYCUDA).	• Establish dedicated Information Systems Audit Unit. • Expand R&D Wing for continuous audit innovation. • Mainstream IT/cyber audits in annual audit plans.	PI-30.2: C+	PI-30.2: A	• **OCAG** • BPPA • FD • IMED
Reform Area 34 – Establish Specialized and Performance Audit Capacity (SO20)	Functionally diversified OCAG capable of performance, forensic, and climate audits.	• Establish specialised audit directorates (IT, PPP, environment, forensic). • Develop sector-specific manuals and methodologies. • Partner with international SAIs for technical transfer.	• Institutionalise specialised audit streams across sectors. • Conduct annual performance audits in key ministries.	PI-30.2: C+	PI-30.2: A	• **OCAG** • FIMA • International SAI • Finance Division
Reform Area 35 – Improve Timeliness of Annual Financial Statement (FS) Audits (SO20)	All FS audits completed and tabled within statutory timelines.	• Enforce statutory deadlines for FS audits. • Streamline workflow and resource allocation for timely completion.	• Fully digitalise FS audit processing and reporting. • Publish timeliness compliance reports annually.	PI-30.3: D+	PI-30.3: B+	• **OCAG** • CGA • Finance Division
Reform Area 36 – Improve Quality of Audit Reports (SO20)	High-quality, ISSAI-compliant audit reports with actionable recommendations.	• Adopt ISSAI-aligned standards across all audit streams. • Institutionalise Audit Quality Management System (SoAQM).	• Introduce automated dashboards for report-quality monitoring. • Institutionalise periodic review of	PI-30.4: C	PI-30.4: A	• **OCAG** • INTOSAI • ASOSAI • FIMA

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Establish peer review mechanisms.	audit effectiveness and impact.			
Reform Area 37 – Establish Robust Follow-up of Audit Recommendations (SO20)	Transparent and accountable system ensuring 100% follow-up of audit recommendations.	• Develop digital dashboard for follow-up tracking. • Mandate reporting on implementation status by auditees. • Establish joint OCAG–PAC monitoring mechanism.	• Institutionalise statutory follow-up reporting requirements and annual progress publication.	PI-31.2: D+	PI-31.2: B+	• **OCAG** • PAC/PUC • Finance Division
Reform Area 38 – Strengthen Organizational & Professional Staff Capacity (SO20)	A professionalised, performance-driven audit workforce with continuous learning culture.	• Strengthen FIMA as the central audit training hub. • Introduce LMS-based CPD programs. • Offer professional certifications (CIPFA, CISA, PESA, IPSAS).	• Institutionalise structured career paths and incentives. • Launch National Audit Fellowship and exchange programs with SAIs.	PI-30.2: C	PI-30.2: A	• **OCAG** • FIMA • MOPA • Finance Division
Reform Area 39 – Enhance Stakeholder Engagement (SO20)	Active citizen and media engagement ensuring public accessibility to audit findings.	• Develop citizen-friendly summaries of audit reports. • Publish annual stakeholder engagement reports. • Conduct outreach through media and CSO partnerships.	• Institutionalise annual audit transparency week and public forums. • Integrate stakeholder feedback into audit planning.	PI-9: C	PI-9: A	• **OCAG** • FD • Parliament Secretariat • Civil Society Platforms • Press Information Dept.
Reform Area 40 – Strengthen Coordination with Accountability Institutions (SO20)	Synergised accountability ecosystem linking OCAG, ACC, and PAC/PUC for	• Sign MoUs between OCAG, ACC, and PAC/PUC for coordinated actions.	• Operationalise formal coordination platform for regular data	PI-30.5: D+	PI-30.5: B+	• **OCAG** • ACC • PAC/PUC

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
	system-wide corrective action.	• Establish joint review meetings to track systemic risks.	exchange and investigation support.			• Finance Division

k. Strategy Pillar 11: Digital Transformation

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objective (SO21): Institutionalize and operationalize iBAS++ as the core government-wide financial management system by strengthening governance, ensuring sustainable financing and staffing, expanding nationwide roll-out, and enhancing operational reliability, integration, and reporting.						
Reform Area 41 – Institutional Mainstreaming of iBAS++	iBAS++ established as a permanent unit within FD with clear mandate, budget heads, SLAs, and IP/data ownership; stable O&M and governance.	• Notify the iBAS++ unit under FD; approve organogram & budget heads. • Formalise IP/data ownership, system-of-record circulars, integration & data-sharing policy. • Stand up Steering Committee & Data Governance Council. • Begin asset/IP transfer; open MoF repos; publish release calendar & SLAs (L1–L3).	• iBAS++ unit fully staffed; O&M financed from recurrent budget. • Annual **Fiscal Data Hub** reports; routine DR/BCP drills; independent security audits. • Nationwide user councils; continuous training & certification program live.	PI-29: C	PI-29: B+	• **Finance Division (FD)(custodian)** • CGA • Cabinet Division • ICT Division
Reform Area 42 – Operational Mainstreaming of iBAS++	Predictable, service-level FMIS operations with clear intake/triage, BI self-service, release/change control, and national roll-out waves.	• Split delivery into **Core Platform & Integrations** vs **Report Factory**; launch intake portal, SLAs, WIP limits, CAB/release calendar. • Stand up BI/self-service layer & template library; L1–L3 helpdesk and knowledge base.	• **Automated reconciliations:** commitment control embedded; capacity guardrails institutionalised. • Quarterly performance dashboards (uptime ≥99.5%, ≥80% tickets within SLA).	PI-30: C	PI-30: B+	• **FD** • CGA • MDAs • LGD • SOEs

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Maintain roll-out matrix & wave plan (incl. LGIs/SOEs pilots).	• Ongoing refactor toward domain "microliths".			
Strategic Objective (SO22): Strengthen iBAS++ as the core FMIS by expanding coverage and ensuring real-time reporting.						
Reform Area 43 – iBAS++ Rollout & Expansion for Value-for-Money & Service Delivery	Universal iBAS++ coverage across MDAs, LGIs and selected SOEs; automated commitment & cash forecasting; payroll-to-pension and asset registers live.	• Expand roll-out to **all** MDAs/LGIs/SOEs cohorts. Monitor implementation of rollout • Automate **commitment control** & cash forecasting. • Implement **payroll-to-pension** automation; start **asset registers**. • Stand up priority APIs (e-GP, RMD, ERD/DMD, banks/TSA).	• Full production use across tiers; automated bank recs; routine exception handling. • Interoperability with planning (ePMIS/PC), debt (DMO), revenue (RMD), and payments (BB/TSA).	**PI-21: C** **PI-22: C**	**PI-21: B** **PI-22: B+**	• **FD** • CGA • Bangladesh Bank (TSA) • ERD/DMD • RMD • LGD • IMED
Strategic Objective (SO22): Strengthen iBAS++ as the core FMIS by expanding coverage and ensuring real-time reporting. **Strategic Objective (SO23): Integrate planning, budgeting, debt, procurement, and monitoring functions into iBAS++ for seamless PFM.**						
Reform Area 44 – Real-Time Reporting & Reliable Budget Operations (SO22, SO23)	Real-time, GL-based in-year & year-end reporting; dashboards for MDAs/projects; public summaries.	• Automate in-year and AFS generation; OLAP cubes & standard analytics. • Integrate with audit & procurement workflows; publish MDA/project dashboards. • Release citizen-friendly budget summaries.	• Whole-of-government financial statements (GL-based) and real-time execution dashboards; APIs for public data portal.	**PI-29: C** **PI-30: C**	**PI-29: B+** **PI-30: B+**	• **CGA** • FD • OCAG (interfaces) • BPPA
Strategic Objective (SO24): Expand and strengthen e-GP to improve procurement transparency, efficiency, and integration with fiscal systems.						
Reform Area 45 – e-GP Expansion	100% coverage of e-GP across MDAs, LGIs, and SOEs with trained users and compliance monitoring.	• Mandate full e-GP coverage; publish compliance scorecards. • Strengthen compliance monitoring including public issuance of non-compliance reports	• Universal use of planning–tender–award–contract modules; annual public analytics on competition & efficiency.	**PI-24.1: C**	**PI-24.1: B+**	• **BPPA** • FD • CGA • MDAs • LGD • SOEs

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		• Train staff and vendors; strengthen helpdesk.				
Reform Area 46 – e-GP Integration	Seamless e-GP ↔ iBAS++ integration using **BACS** for commitment control and fiscal reporting; open procurement transparency portals.	• Adopt **BACS** in e-GP; integrate with iBAS++ (commitment control & payments) and sharing other control data in Ee_GP woth IBAS++ • Establish a procurement transparency portal; start advanced analytics.	• Full bid-to-pay integration (commitment, payments, contract performance); API feeds to public open-data portal and dashboards.	**PI-24.3: C** **PI-21: C**	**PI-24.3: B+** **PI-21: B**	• **FD** • BPPA • CGA • IMED • Bangladesh Bank
Strategic Objective (SO25): Promote democratic accountability and citizen engagement by introducing portals, simplified budgets, grievance redress mechanisms, and participatory budgeting processes.						
Reform Area 47 – Citizen Engagement & Democratic Accountability in PFM	Citizens access timely, user-friendly fiscal data; feedback influences planning/execution.	• Launch **Citizen Portal** linked to iBAS++ (execution & service tracking). • Publish **simplified budgets** & performance dashboards. • Institutionalise grievance redress mechanisms and citizen hearings.	• Scale participatory budgeting pilots; annual **Fiscal Transparency Report**; integrate feedback loops into budget calendar.	**PI-9: C**	**PI-9: A**	• **FD** • Cabinet Division • MDAs
Strategic Objective (SO26): Strengthen the security and resilience of PFM systems by embedding ISO/IEC standards, establishing SOC/NOC, transitioning to microservice/cloud-based architecture and enhancing data governance and protection.						
Reform Area 48 – Security, Resilience & Data Governance of PFM Systems	ISO/IEC-aligned ISMS; 24/7 SOC/NOC; microservice/cloud architecture; strong data protection.	• ISO/IEC gap assessment & ISMS roadmap; implement IAM with MFA/RBAC. • Stand up **SOC/NOC** and DR/BCP playbooks; appoint Data Protection Officers. • Begin refactor toward microservice/cloud where feasible; CIA/security training. • Develop a business continuity/disaster recovery	• Annual penetration tests & DR drills; enterprise monitoring & observability. • Mature data-governance framework (catalogue, lineage, quality KPIs).	**PI-29: C** **PI-26: D+**	**PI-29: B+** **PI-26: B**	• **Finance Division** • CGA • ICT Division • Bangladesh Bank

Strategic Objectives and Directions	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
		plan for all systems including IBAS++				

l. Strategy Pillar 12: PFM Regulatory, Institutionalisation, and Capacity Building

Strategic Objective & Reform Area	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
Strategic Objectives SO27: Establish permanent PFM structures in ministries to strengthen ownership and sustainability of reforms.						
Reform Area 49 – PFM Structures in MDAs (SO27)	All ministries and major agencies have operational **PFM Wings** serving as reform focal points and ensuring fiscal discipline.	• Establish dedicated **PFM Wings** integrating planning, budgeting, accounting, and procurement. Consider integrating HR and payroll functions within the directorate (corporate services) • Approve ToRs and reporting lines between PFM Wings and MoF.	• Institutionalise **PFM Community of Practice** across MDAs for peer learning.	PI-9: C PI-31: D+	PI-9: B PI-31: B+	• **Finance Division** • MDAs
Strategic Objectives SO28: Strengthen legal and regulatory frameworks to provide a binding basis for PFM reforms.						
Reform Area 50 – Legal Frameworks (SO28)	A coherent, modernised legal framework for PFM aligned with international standards, ensuring enforceability and consistency.	• Review all existing PFM laws and circulars (e.g., PMBM Act, PPA, Debt Act, etc.) for overlap and reform alignment. • Draft amendments and consolidate legal instruments under a coordinated framework. • Create **PFM Legal Coordination Committee** under FD.	• Enact revised or new PFM legal package (e.g., updated PMBM Act, PPA rules, BACS Order). • Institutionalise ongoing legal monitoring, training, and awareness programs. • Create an integrated legal, policy and operational e-framework toolkit	PI-26: D+ PI-30: C	PI-26: B PI-30: B+	• **Finance Division** • Legislative Division • OCAG • CGA • BPPA

Strategic Objective & Reform Area	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
			which is continually updated and which is intuitive, supporting financial actors in effectively delivering on their roles and responsibilities.			
Strategic Objectives SO29: Develop institutionalized governance mechanisms for reform coordination, monitoring, and accountability.						
Reform Area 51 – Reform Governance (SO29)	Whole-of-government reform governance system with high-level oversight, integrated monitoring dashboards, and sustained coordination.	• Secure high-level endorsement of the **3rd PFM Reform Strategy 2025–2030**. • Establish **PFM Steering Committee** and BMRC oversight link. • Align reform milestones with development plans. • Develop unified communication and change-management strategy.	• Operationalise government-wide **M&E dashboards** with shared KPIs and annual review reports. • Institutionalise adaptive management practices and inter-ministerial performance reviews.	**PI-31 (Monitoring & external scrutiny): D+**	**PI-31: B+**	• **Finance Division** • IMED • CGA • Planning Commission
Strategic Objectives SO30: Develop structured, demand-driven training programs aligned with PFM reform needs.						
Reform Area 52 – Training Systems (SO30)	National PFM training system aligned with reform priorities, linking training, performance, and career development.	• Conduct comprehensive **Training Needs Assessment (TNA)** for PFM roles. • Develop competency-based modular framework integrating ABM, BMS, FEEM, IBM programs. • Launch National PFM Capacity Development Plan.	• Institutionalise post-training follow-up mechanisms and job performance tracking. • Establish coordination between **IPF**, NADA, NAPD, FIMA, and BPATC for unified curricula and standards.	**PI-27: C**	**PI-27: B+**	• **Finance Division** • IPF • NAPD • NADA • FIMA
Strategic Objectives SO31: Strengthen core training institutions to deliver high-quality PFM training at scale.						
Reform Area 53 – Training Institutions (SO31)	Modern, well-equipped PFM academies delivering blended learning, with strong	• Upgrade facilities, faculty, and ICT infrastructure at IPF and FIMA.	• Operationalise e-learning and blended training platforms nationwide.	**PI-27: C**	**PI-27: B+**	• **Finance Division** • IPF • FIMA

Strategic Objective & Reform Area	Goal for 2030	Short-Term Plan (2025–26)	Medium-Term Plan (2027–30)	PEFA Baseline (2021)	PEFA Target (2030)	Implementing Agency/ Stakeholders
	coordination and evaluation mechanisms.	• Launch ToT and regional partnerships with international PFM institutions. • Establish **National Coordination Mechanism led by FD for PFM Training**.	• Institutionalise M&E systems to track training outcomes and institutional impact.			
Strategic Objectives SO32: Establish professional career paths for PFM practitioners.						
Reform Area 54 – Human Resources (SO32)	Structured and competency-based HR framework for PFM professionals, ensuring stability, retention, and motivation.	• Design functional staffing frameworks for MoF and MDAs. • Define career progression, rotation, and retention policies for PFM professionals. • Coordinate with MoPA on alignment of HR systems to reform needs.	• Establish PFM HR database for workforce planning and training tracking. • Institutionalise performance-linked incentives and reform-based evaluations.	PI-27: C PI-26: D+	PI-27: B+ PI-26: B	• **Finance Division** • MoPA • CGA • RMD
Strategic Objectives SO33: Promote professionalization and advanced skills development through certifications and continuous learning.						
Reform Area 55 – Professionalisation (SO33)	A professionalised PFM pool of workforce with certification pathways, continuous learning, and international exposure.	• Introduce **National PFM Certification Program** with IMF/WB/CEF/CIPFA. • Establish scholarship & exchange programs for advanced certifications. • Recognise certifications in promotions and recruitment.	• Institutionalise **Continuous Professional Development (CPD)** and mentoring programs. • Develop partnerships with academia and professional bodies for curriculum co-design.	PI-27: C	PI-27: A	• **Finance Division** • IPF • FIMA • Universities • Development Partners