



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

Public Financial Management (PFM)

Action Plan 2018-2023
to implement
The PFM Reform Strategy 2016-2021



SEPTEMBER 2018



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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Program
AMMS	Audit Management and Monitoring System
APA	Annual Performance Agreement
APR	Annual Performance Report
BACS	Budget and Accounting Classification System
BB	Bangladesh Bank
BETF	Bank Executed Trust Fund
BIN	Business Identification Number
BMC	Budget Management Committees
BREB	Bangladesh Rural Electrification Board
BRIC	Brazil, Russia, India and China
BWDB	Bangladesh Water Development Board
BWG	Budget Working Groups
CAG	Comptroller and Auditor General
CD	Cabinet Division
CFA	Core Function Analysis
CGA	Controller General of Accounts
CIA	Certified Internal Auditor
CIPFA	Chartered Institute of Public Finance & Accountancy
CPC	Central Pay Commission
CPTU	Central Procurement Technical Unit
CRU	Coordination and Reforms Unit
DDO	Drawing and Disbursing Officer
DMFAS	Debt Management and Financial Analysis System
DSL	Debt Service Liability
e-GP	e-Government Procurement
e-TIN	e-Taxpayer Identification Number
EBF	Extra-Budgetary Funds
ECNEC	Executive Committee of the National Economic Council
EFT	Electronic Funds Transfer
ERD	Economic Relations Division
FBE	Forward Baseline Estimate
FD	Finance Division
FIMA	Financial Management Academy
FY	Fiscal Year
FYP	Five Year Plan
GED	General Economics Division
GoB	Government of Bangladesh
GDP	Gross Domestic Product
GPf	General Provident Fund
GPMS	Government Performance Management System
GPS	Global Positioning System
IA-CM	Internal Audit Capability Model
iBAS	Integrated Budget and Accounting System
ICT	Information and Communications Technology
IMED	Implementation Monitoring and Evaluation Division
IPF	Institute of Public Finance

IPSAS	International Public Sector Accounting Standards
IT	Information Technology
KPI	Key Performance Indicator
LA	Learning Activities
LGED	Local Government Engineering Department
LGRD	Local Government and Rural Development
LM	Line Ministries
MAF	Ministry Assessment Format
MCIPS	Member Chartered Institute of Procurement and Supply
M&E	Monitoring and Evaluation
MEW	Macro Economic Wing
MDA	Ministries, Divisions and Agencies
MIS	Management Information System
MoF	Ministry of Finance
MoP	Ministry of Planning
MOU	Memorandum of Understanding
MTBF	Medium Term Budgetary Framework
MTDS	Medium Term Debt Strategy
MTMF	Medium Term Macroeconomic Framework
MTMPS	Medium Term Macroeconomic Policy Statement
MTRS	Medium Term Revenue Strategy
MTSBP	Medium Term Strategy Business Paper
MYPIP	Multi Year Public Investment Program
NBR	National Board of Revenue
O&M	Operations and Maintenance
PAC	Public Accounts Committee
PAO	Principal Accounting Officers
PC	Planning Commission
PECT	Program Execution and Coordination Team
PE	Political Economy
PEC	Public Expenditures Committee
PUC	Public Undertakings Committee
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Public Investment Management
PMBM	Public Moneys and Budget Management
PMIS	Project Management Information System
PMP	Project Management Professional
PMU	Project Management Unit
RBA	Result-Based Audit
RHD	Roads and Highways Department
RRI	Rapid Results Initiatives
SAE	Self-Accounting Entities
SAF	Sector Appraisal Format
SC	Steering Committee
SLA	Subsidiary Loan Agreements
SOE	State Owned Enterprise
SPEMP	Strengthening Public Expenditure Management Program
SPSO	Selected Public Sector Organization
SSP	Sector Strategy Papers
TDM	Treasury & Debt Management
ToR	Terms of Reference
TSA	Treasury Single Account
VAT	Value Added Tax

INTRODUCTION

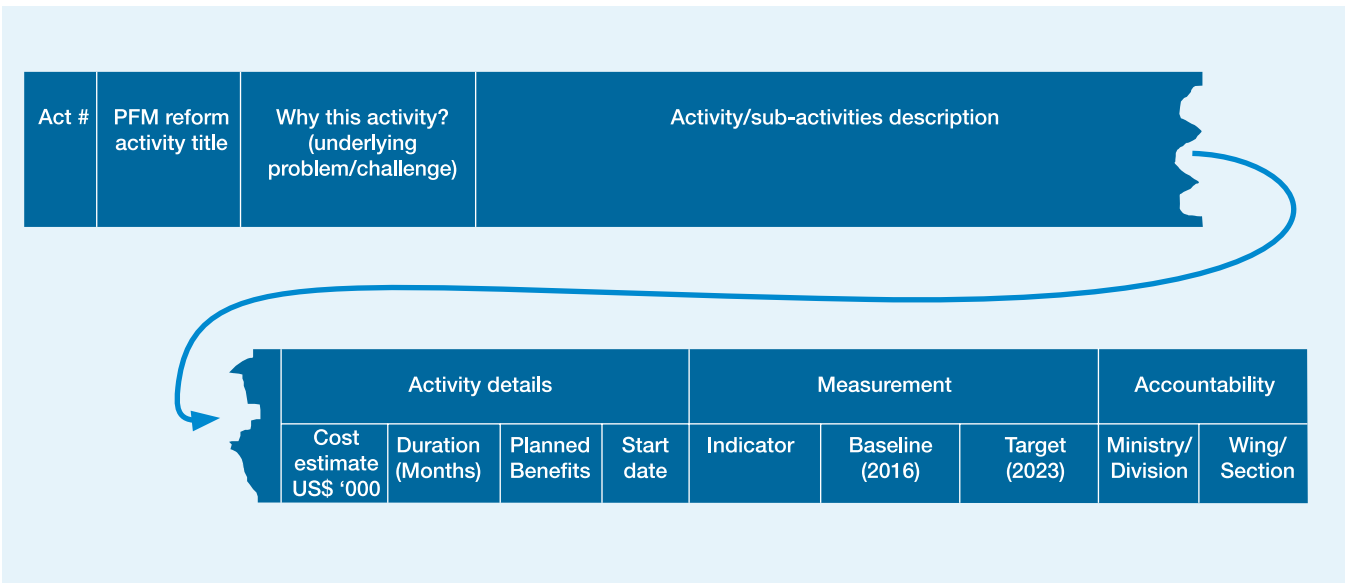
1. Public Financial Management (PFM) reforms are a key component for improving the governance and accountability in Bangladesh. Thanks to past efforts by successive governments, Bangladesh is now well-placed to further modernize its PFM system, increase government efficiency, and encourage investment in transformative social and infrastructure projects.
2. While successive PFM projects have initiated many important reforms, several systemic issues remain to be addressed. The earlier PFM reform experience in Bangladesh points to the need for a greater focus on fewer priorities to effectively advance the reform strategy. In addition, there is a need for an effective change management approach to ensure that reforms are solving functional PFM problems and that improved PFM systems and processes lead to better service delivery, public resource management, and economic development.
3. Bangladesh is entering this new phase of PFM reforms with three key strengths:
 - a. The senior leadership recognizes the PFM challenges and how they impact the public service delivery and economic development. The comprehensive PFM Reform Strategy is a testimony of this recognition. The Strategy not only identifies the key goals and objectives of reforms but also lays down the key principles and approach towards carrying out these reforms;
 - b. Bangladesh has made huge investments in building civil service capacity in the past. These investments are not limited to post-graduate degrees, professional certifications, and foreign trainings. Country-own institutions such as the Institute of Public Finance (IPF) and Financial Management Academy (FIMA) have been developed to provide high-quality trainings that are most suitable for the local context. These institutions will play a central role in PFM reforms going forward; and
 - c. Finally, through the rich PFM reform experience of the past, there is an evolving understanding on what works and what doesn't; how to keep the implementation teams motivated and manage resistance to change; and how to reach out to thousands of budget-holders in the country to adopt new and efficient PFM practices.
4. Given the context above, this PFM Action Plan (2018-23) is approved by the Finance Minister in September 2018, to support effective implementation of the PFM Reform Strategy (2016-21). The PFM Reform Strategy clearly sets out the key goals and objectives of the PFM reforms and identifies the priority reform actions. This PFM Action Plan provides the implementation roadmap for those priority actions with clear institutional responsibilities, cost-benefit analysis of sub-activities, and results indicators to monitor the successful implementation. The PFM Action Plan also elaborates on the governance structure for reforms and the change management approach introduced earlier in the Strategy. The PFM Action Plan fulfills the need for an operational document, as such it should be read with the Strategy to get a complete understanding of the PFM reforms in Bangladesh.

The Strategy was developed by a cross-institutional team from the Ministry of Finance (MoF), the Comptroller and Auditor General (C&AG), the Planning Commission, and the National Board of Revenue, among others and identified the following five goals for PFM reforms:

- **Goal 1:** Maintain aggregate fiscal discipline compatible with macro-economic stability and pro-poor growth;
 - **Goal 2:** Allocate resources consistent with Government priorities as reflected in National Plan;
 - **Goal 3:** Promote the efficient use of public resources and delivery of services through better budget execution;
 - **Goal 4:** Promote accountability through external scrutiny and transparency of the budget; and
 - **Goal 5:** Enhance the enabling environment for improved PFM outcomes.
5. Besides this short introduction, the PFM Action Plan contains two key parts: (a) the PFM activity matrix and (b) governance structure and change management approach. A few PFM technical briefs are separately available, which were heavily relied upon during the development of the PFM Action Plan. Each of these parts is briefly described in the next few sections.

The PFM Action Matrix

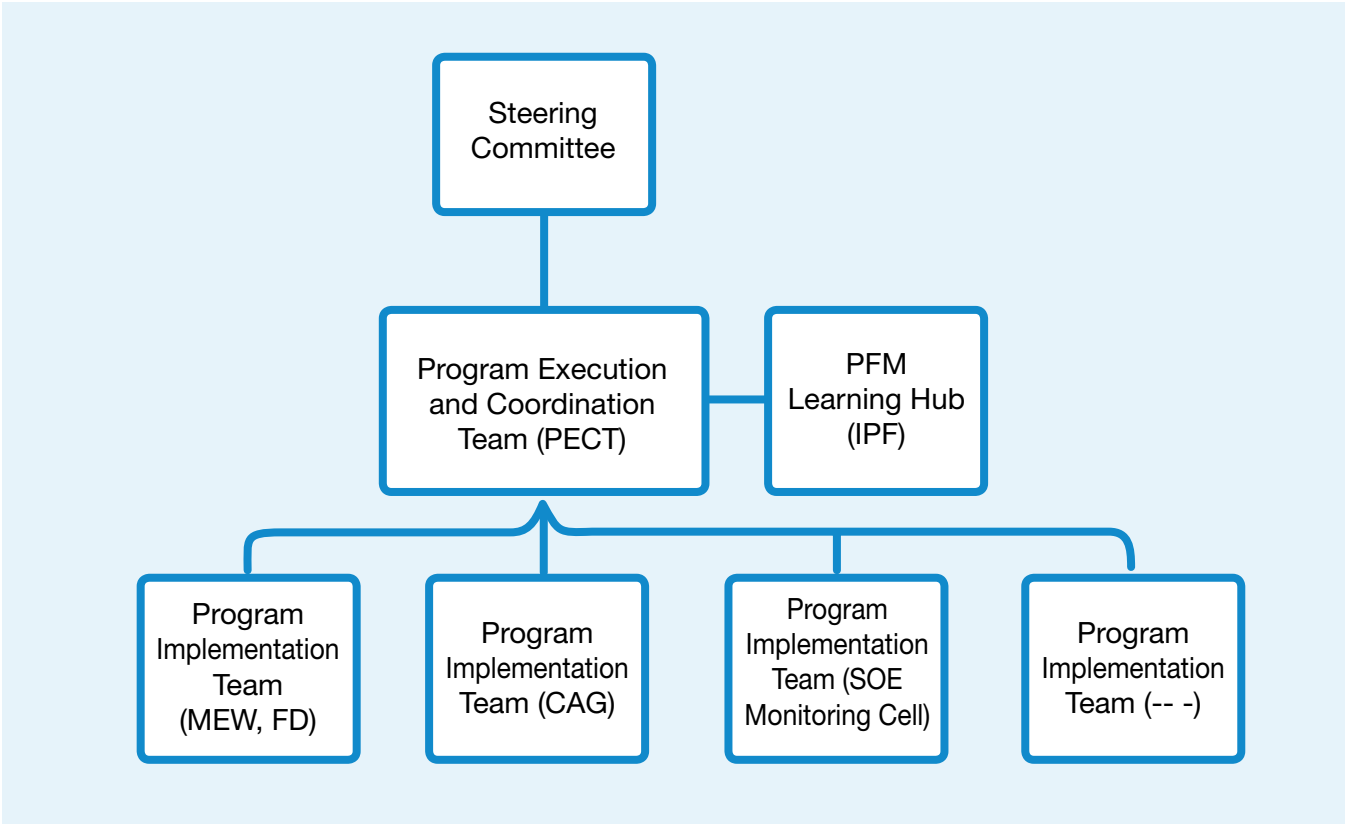
6. The PFM Action Matrix is the core of the PFM Action Plan that describes the reform activity in an intuitive manner. The Matrix describes the reform activity and why it is needed, identifies sub-activities eluding to the understanding of a methodology to implement the reform activity, provides the rough cost estimate and the intended benefits, defines the results indicators with baselines and end-of-plan targets, and finally fixes institutional responsibility at the Wing level within the specific Divisions/Ministries. This way, the Matrix provides a clear implementation roadmap that has been developed in an extremely consultative manner over months of engagement led by the Finance Division (FD) with the respective authorities responsible for each area.
7. Under the five strategic goals, fifty priority PFM reform activities are primarily derived from the PFM Reform Strategy. The consultative process provided an opportunity to rephrase and reprioritize them among 14 reform components, each under the direct implementation responsibility of a relevant government authority. The consultative process was also helpful in organizing reforms as either an activity or a sub-activity supporting an activity thus, creating a hierarchy depending on the significance. Finally, the consultative process also ensured to capture the progress under several ongoing reform initiatives – especially after the approval of the Strategy in 2016.



8. The list of sub-activities is likely to change during the implementation period as stakeholders' understanding of the underlying challenges evolve overtime. Setting the results indicators at the activity level (and not by sub-activities) allows the flexibility to the implementation teams to course-correct. So, the implementation teams would be able to carry-out new sub-activities designed as and when needed and abandon the ones currently mentioned in the Matrix, as far as they ensure successful achievement of results targets for the overall activity.
9. The PFM Action Matrix is provided in Appendix A.

Governance Structure and Change Management Approach

10. The PFM Reform process has a two-tier governance structure comprising of a Steering Committee (SC) and a Program Execution and Coordination Team (PECT). The Steering Committee (SC) headed by the Finance Secretary will comprise senior representatives from major spending ministries, Cabinet Division, Comptroller and Auditor General, National Board of Revenue, Economic Relations Division, and Planning Commission. SC will oversee implementation progress and create the right enabling environment for change to happen. The Finance Division, the PECT, would lead the coordination of the reforms with an active support from the line ministries as well as the development partners. PECT will consist of at least six members from the Finance Division and at least two members from other lead PFM institutions. PECT can invite observers to their meetings and PECT is expected to invite selected development partners for inputs and advice. The PECT will also be responsible for establishing a forum for institutional collaboration (PFM Reform Learning Hub at the Institute of Public Finance) for areas requiring collective action and mutual learning and accountability and for more systematic capturing, sharing and replication of reform lessons.



11. Change management interventions are both mainstreamed as well as separately pursued through a set of systematic learning, leadership, and motivational activities. The PFM Action Matrix promotes incentives for change at two levels: (a) at each activity level where the risks and challenges in achieving the change have been thoroughly discussed, and sub-activities are designed to manage those risks and challenges. For example, advocacy and coalition building sub-activities are built in where the government's current ownership is not at the highest level, or capacity building sub-activities are designed to cater for capacity challenges etc. and (b) separate set of activities under component 14 to promote leadership and learning in program implementation and enable mutual accountability. Together, these change management interventions will enable the implementation teams to effectively deal with both technical and non-technical challenges that come up during implementation. With that in mind, 4 closely connected pillars underpin the change management approach for PFM in Bangladesh:

- a. *Systematic Learning and Sharing of Good Reform Practice:* Increasingly institutions recognize that a culture of knowledge sharing, and learning may exist but is neglected as staff focus on more immediate issues. Also, capacity gaps have dramatic impacts on the effective achievement of organizational mandates, sustainability of day-to-day operations, and replicability of success. Three lines of activity will be introduced: i) Knowledge Events and institutionalizing mechanisms for Knowledge Sharing of Good Reform Practice; ii) Supporting a Learning Hub function on PFM reform in IPF; iii) Capacity Building and Training for selected change agents.
- b. *Communications and Stakeholder Alignment:* Stakeholders will be involved and informed throughout the implementation of the Action Plan through the PECT meetings. In addition, several activities will be designed to foster institutional collaboration, alignment, and learning, such as bi-annual retreats for the program implementation teams and multi-institutional field visits to observe PFM practices on the ground. Throughout implementation there will be space for all stakeholders to provide ideas and suggestions.
- c. *Rewarding Performance:* It is critical to keep the program implementation teams and other stakeholders motivated for them to adopt the change in behaviors and practices due to these PFM reforms. Performance-based incentives play a central role in changing behaviors of the program implementation teams and PFM practices at ground level. The Government already has considerable experience of using these incentives (though mostly non-financial) to keep the motivation high.
- d. *Adaptive leadership skills through Implementation Coaching:* Adaptive leadership coaching emphasizes co-ordination, collaboration, empowerment, and learning. It brings to government leaders the tools and practices required to facilitate implementation of the reform activities and surface and address challenges during implementation, including culture change. Activities and areas of coaching will include four main areas: i) the introduction of Rapid Results Initiatives or other short cycle coaching models; ii) understanding of stakeholder interests and force fields; iii) implementation workshops to discuss technical and adaptive challenges and solutions; iv) coaching on culture change.

12. Details on the Governance Structure and Change Management Approach are provided in Appendix B.

PFM Technical Briefs

- 13.** Though not included in the PFM Action Plan, several technical briefs were prepared to contextualize the PFM challenges in Bangladesh and prioritize reform recommendations for the short and medium term in a facilitated dialogue with respective PFM institutions. These technical briefs will be separately available and will help refocus the reforms to key issues during implementation and help as a quick reference for newcomers on the implementation teams. The list of technical briefs is given below:
- a. Budgeting
 - b. Domestic resource mobilization
 - c. iBAS++
 - d. State-owned enterprises
 - e. Performance management
 - f. PFM legal framework
 - g. Fiscal forecasting and debt management
 - h. Public investment management
 - i. Procurement
 - j. Financial reporting
 - k. Auditing
 - l. Pensions

Financing for the PFM Action Plan

- 14.** The benefits of the reform, e.g., improved public service delivery, increased collection of revenue and better control over public money would certainly exceed the expenses of the implementation by far. A global comparison between countries' PEFA ratings and per capita income show a clear positive correlation between the two, which assures significant returns against the cost of PFM reforms.
- 15.** The financing for the incremental costs of PFM reforms will come from the government budget as well as from the development partners. Some of these projects are already ongoing, for instance, the multi-donor support through the Strengthening Public Expenditure Management Program and World Bank's projects on VAT Online and e-Government Procurement System (e-GP). The Finance Division is also preparing a new Bank-financed program to implement eight out of fourteen components of this PFM Action Plan through a results-based mechanism where Disbursement Linked Indicators (DLI) are used to incentivize results. The PECT will maintain a mapping of all PFM reform activities with the respective funding source and periodically share with the stakeholders.

APPENDIX A:

BANGLADESH

PFM

ACTION

MATRIX

BANGLADESH PFM ACTION MATRIX

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability	
			Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section	
GOAL 1) Maintain aggregate fiscal discipline compatible with macroeconomic stability and pro-poor growth												
GOAL 2) Allocate resources consistent with Government priorities as reflected in national plans												
C-C-1 REVENUE AND EXPENDITURE FORECASTING (MACRO-ECONOMIC WING, FINANCE DIVISION)												
1	Replace current macroeconomic models with a dynamic macro-economic model which enables more robust revenue and expenditure forecasting	Static revenue and expenditure estimates restrict effective policy making. In addition, inaccurate data renders macro-modeling less reliable which leads to shortfalls in expenditure and revenue compared to the budget.	2,550	60	Improved quality of submission/ review of budget requests and improved resource allocation through greater accuracy in forecasting	Jul'18	Macro modeling is used effectively for revenue/ expenditure forecasting	No	Yes (FY2020-21) budget will be informed by data from upgraded macro-economic fiscal forecasting system	Finance Division MoF	Macro-Economic Wing (MEW)	
		- Procure identified software ✓ prepare specification ✓ complete other mandatory requirements and application configuration									Coord: Budget Wing, NBR, CGA, ERD, Planning Ministry, Treasury and Debt Management (TDM)	
		Transfer data from the existing model set up			A contribution to revenue increase and expenditure control through better fiscal database and analysis		The next PEFA score regarding aggregate expenditure and revenue variances is improved (PI 1 & PI 3)	2016 PEFA P11 – Rating B	Next PEFA P11 – Rating A			
		- Identify possible stakeholders and make data sharing arrangement ✓ coordinate closely with the data sources agency (BBS, NBR, TDM wing of FD, CGA, Bangladesh Bank, ERD) - Make a work improvement team comprising officials from the MEW, Budget and TDM and capacitate the team to produce fiscal risk matrix										
		Develop and implement capacity building/ change management plan for the MEW officials										
		- Implement dynamic model and consult with key stakeholders including academics and private sector on the outcome of the model ✓ run the model ✓ test on various scenarios ✓ compare model outcome with prior years' actual to assess credibility of data, estimates, forecast and the model - Use data from an upgraded macroeconomic model for budget preparation										
		- for MTMF (Medium Term Macroeconomic Framework) ✓ Coordination Council meeting budget analysis										
		MTMPS (Medium Term Macroeconomic Policy Statement).										

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability		
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
2	Develop scenarios for optimistic and risky fiscal outlooks to drive mid-term budgetary revisions	- Alternative scenarios have not been employed to sharpen projections and reflect risks due to the limited nature of the model itself. The output from the current model needs to be more closely linked with the ADP where risks are higher. Integration of all fiscal forecasting tools is needed.	- Build capacity to carry out the quantification of risks to revenues and expenditures and other fiscal indicators - Assess annual aggregate revenues and expenditure variances - Ensure coordination among central agencies (such as Bangladesh Bank, Bureau of Statistics, NBR, Export Promotion, Ministries of Agriculture, Industries, and Environment etc.) to set clear roles and responsibilities for fiscal risk analysis - Coordinate with the SOE wing and incorporate the fiscal risks and contingent liabilities coming from the SOE sector (including extra-budgetary funds) in the fiscal forecasting model - Update climate fiscal framework to enable climate resilience and environmental management - Strengthen ties with private sector or academic fiscal research and statistics units	2,100	36	Enable better quantification of fiscal risks and their impact on the economy to inform fiscal policy decisions	Jan'20	Robust risk analysis used for fiscal outlook scenarios	No (scenarios are produced, but without a robust fiscal risk analysis)	Yes	Finance Division MoF	Macro-Economic Wing
												Coord: SOE Monitoring Cell, Budget Wing, ERD, TDM Wing, NBR, CGA, Planning Ministry, Bangladesh Bank
C-2 DOMESTIC RESOURCE MOBILIZATION (NATIONAL BOARD OF REVENUE)												
3	Develop and implement a Medium-Term Revenue Strategy	- The current tax-to-GDP ratio is lowest in the region and leads to insufficient public revenues to support the national development agenda. In addition, the Government's overall tax-policy needs to be improved considering its over-reliance on indirect taxes, narrow tax base, poor coverage on income taxes, and low collection rates for other tax sources.	- Prepare and implement a Medium-Term Revenue Strategy (MTRS), building on the Tax Modernization Plan and TADAT diagnostics - Convene a Tax Policy Forum to discuss a comprehensive framework for the nation's short and long-term domestic resource mobilization policies and strategies. Engage the private sector in the MTRS discussions. - Publish the preliminary conclusions and recommendations and share with key stakeholders and by 2019, submit tax policy recommendations to the PM, Cabinet and Parliament; - Strengthen NBR capacity to estimate tax expenditure and identify and calculate the current impact and trends of tax expenditures and conduct a tax base analysis and forecast various MTRS scenarios (macro-modeling) - Broaden tax base by introducing taxes for proxies for pollution by tax region; Remove barriers to green technology adoption by offering tax reductions or tax rebates, capital allowances/ accelerated depreciation etc. by tax region - Strengthen the capacity of intelligence, research/statistics - Review and progressively refine the tax laws	7,200	24	Enhanced revenues, with more diversified tax base that reduces dependence on regressive taxes, greater fiscal space for GoB to finance national goals including service delivery, and reduced fiscal pressure	Jan'19	Progressive increase in the tax-to-GDP ratio	Tax-to-GDP ratio: 9%	Tax-to-GDP ratio exceeds 14%	NBR	NBR
												Coord: Finance Division, Planning Commission, Bureau of Statistics Bangladesh Bank

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability	
			Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section	
4	Increase tax collection through improved tax administration	Various studies show lack of efficiency in revenue administration leading to higher tax expenditures and cost of compliance. Automating and simplifying the tax administration has the potential to reduce compliance costs, improve taxpayers' behavior, thereby increasing the total revenue.	37,750	36	Improved tax administration to not only reduce the cost of compliance by the taxpayers, but also to improve the business climate and increase the tax collections	Jul'20	Reduction in time to pay taxes as demonstrated by Doing Business Paying Taxes Indicator	435 hrs/yr. (South Asia average) Baseline to be established in 2018	277 hrs/yr. (South Asia average)	NBR	NBR VAT Wing Income Tax Wing	
							Taxpayers satisfaction survey	Baseline to be established by 2019	20% improvement by 2023			
							Percentage of appeals addressed by NBR in 6 months	Simplified record keeping, and reporting methods are available for small and salaried taxpayers.	20% improvement by 2023			
							Scope of initiatives to reduce taxpayer compliance costs.	Plan developed and implemented				
C-3 DEBT MANAGEMENT (ECONOMIC RELATIONS DIVISION & DEBT MANAGEMENT WING, FINANCE DIVISION)												
5	Improve the quality of Medium-term Debt Strategy (MTDS)	The MTDS is not maintained as a reliable reference. The Public Expenditure Review identifies the expensive borrowing as a key issue. An annual report and update of MTDS would bring about the required discipline and lower the cost of debt through an improved mix of different borrowings.	850	36	Reduced cost of debt through better planning and improved composition of borrowings	Jul'20	MTDS used for annual debt reports to FD and Cabinet	MTDS does not reflect accurate information about cumulative debt	Increased quality and acceptance of data by FD, Cabinet, and other users (measured by survey)	Finance Division MoF	MEW TDM Coord: Bangladesh Bank	

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability		
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
6	Enhance the FD management structure and systems to ensure debt data quality, timeliness, and reliability	Basic information about debt and deficits is not available and/or its value not understood. Policies and stricter regulations regarding reporting are also needed.	- Operationalize Debt Database (DMFAS) ✓ assess capacity of implementing unit ✓ provide training as required ✓ customize DMFAS to include on-lending database - Assess the capacity and performance of the FD's Treasury and Debt Management Wing to serve as the Government's centralized professional unit/ reform anchor to collect and confirm the quality of data. Develop its capacity through training with the goal of having it serve as the center of excellence and a technical resource for all other Debt Management Units in Government - Conduct a comprehensive inventory of all outstanding debt, including contingent liabilities and assumed guarantees (for government banks, e.g.). - Create a database for national savings - Introduce publication of quarterly debt bulletin and annual debt portfolio report - Put in place and expand TSA which includes Special Accounts and EBFs - Annually publish updated national debt status through media and GoB website - FD's Treasury and Debt Management Wing to convene monthly meetings of heads of other Debt Management Units to review data quality and reliability and suggest corrective action - Integrate IBAS++ and DMFAS outputs (an interface may be considered later) - A stock taking and audit of all contingent liabilities and digital archiving of SLAs - Enhance compliance with legal framework that governs the incurrence of debt and build debt management reform awareness among Parliamentarians ✓ Cash Management and Cash Forecasting ✓ Augment the capacity of the Debt Management Branch to undertake cash forecasting and cash management more actively and systematically. ✓ Cash Management and Forecasting Module interface with IBAS++	2,950	24	MTDS and borrowing decisions are based on credible information	Jul'20	% of estimated outstanding debt covered by DMFAS	The Government does not use the DMFAS to maintain current debt levels	80% of debt in database by FY 2021 - 2022	Finance Division MoF	TDM Coord: ERD
								Debt data is used for cash inflow and outflow forecasting	No	Yes		SOE Monitoring Cell
												Ministry of Industries

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability	
			Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section	
7	Enhance Non- Tax Revenue (NTR) performance	■ Increase the NTR ratio to total revenue ■ Develop a web based NTR database ■ Policy dialogues, workshops and seminars for awareness building among NTR generating units ■ Revenue innovation incentives ■ Capacity building	600	24	A comprehensive view of NTR and revenue innovation incentives would contribute to an increase in total NTR	Jan' 19	NTR as a percentage of revenue	NTR is 11.50% of total revenue	Increase in NTR to total revenue from 11.50% to 18%	Finance Division MoF	TDM Coord: ERD NBR	
C-4 PLANNING AND BUDGET PREPARATION (BUDGET WING, FINANCE DIVISION)												
8	Improve the effectiveness of BMC and BWG	■ Newly formed entities in line Ministries (Budget Management Committees/BMCs and Budget Working Groups/BWGs) need additional capacity and may lack empowerment. ■ To make the BMCs and BWGs work more efficiently, rationalize the number of budget planning tools by undertaking a planning/budgeting burden/capacity study to assess the impact of multiple planning and budgeting systems such as MYPIP, MTSBP, Sector Strategies, FBE, MTBF, APA etc. ■ Strengthen the bottom-up budget preparation process through BMC and BWG undertaking inter-ministry peer review exercises to learn and support each other ■ Finance Division to deploy a resource pool to support BMCs in various line ministries in a demand-driven approach ■ Harmonize budget timetables for Annual Development Program (ADP) and non-development budget by having a combined budget circular ■ Develop capacity of IPF to impart appropriate and relevant training for the civil servants working in line ministry/divisions and attached departments and agencies ■ Strengthen gender, climate change and citizens' participation through the budget preparation process. Where applicable, budget programs should set out or reflect policy goals in full compliance with the strategic goals of achieving gender equality, climate change and citizens' participation set out in the FYP, cross-cutting and sectoral strategies, clearly identifying the respective performance indicators ■ Publish a Citizen's budget immediately after budget speech	14,750	60	An effective planning/ budgeting process based on delegated powers for LMs would make budget estimates more accurate and implementable with ease and ownership	Apr'19	LMs with fully functioning BMCs and BWGs (according to performance scorecard to be developed)	BMCs and BWGs are newly formed entities that require additional capacity and empowerment. BMCs and BWGs are very uneven in terms of staff capacity, effective role played, and performance	25 LMs with high performing BMCs and BWGs (according to the performance scorecard)	Finance Division MoF	Budget Wing Coord: Selected LMs PC	
							Percentage of line ministries with high-performing BMCs and BWGs	No peer review exercises conducted	60% of line ministries with high-performing BMCs and BWGs			

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement				Accountability	
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
9	Ensure that performance data is routinely included in the main budget documents	Lack of clear connection between expenditures and the promised performance as a result of those expenditures (preferably disaggregated by ministry, programs, and division/districts)	- Align data structures for collecting performance management information (on Annual Performance Agreements) with those of the new Budget and Accounting Classification (in broad categories) to ensure comparability between the cost of the plans/programs and the outputs/outcomes broadly attributable to those. - Use performance targets/indicators in main budget documents to inform budget decisions (including comparisons between previous estimated targets and targets achieved) - Train civil servants and parliamentarians on how to weigh the expenditures by ministries, program, and by division/districts where possible and the expected results against those expenditures, and use this information for their budget allocation and prioritization decisions	1,600	60	Budget making becomes a publicly accountable process, with performance targets supported by adequate budgets	Apr'19	Better alignment between performance and financial data streams	Little alignment	Common classification between plans/ programs; APA and budget	Finance Division MoF	Budget Wing Coord: CD MDA LMs
10	Efficient budget release	Due to delays in budget releases, development projects implementation is delayed	- Delink the budget releases and distribution to DDOs/project directors from the submission of the utilization reports for first 2/3 quarters - Review the current fund release procedures and delegation of financial power in line with the development of Cash Management Policy and Procedure to support timely cash availability for budget execution - Perform necessary addition/ development in iBAS++ budget execution modules to enable monitoring of timeliness of releases to DDOs/project directors and establishing a monitoring mechanism. - Effective monitoring of budget execution and timely review and management of outliers.	2,000	24	Improving the efficiency of fund release will improve budget utilization rate through more efficient project implementation	Jan 18	% increase in budget utilization rate	To be determined	50% improvement over the baseline score	Finance Division MoF	Expenditure Management Wing BMCS iBAS++ unit Budget wing
C-5 PUBLIC INVESTMENT MANAGEMENT (PLANNING MINISTRY)												
11	Improve public investment formulation, appraisal, and approval processes	Due to capacity constraints, identification, design, and preparation of development projects by LMs are weak and needs to be strengthened to fully adopt new templates	- Fully introduce MAF/SAF in two pilot sectors (PE & LGRD) - Introduce MAF/SAF in the other sectors - Conduct baseline and end-line studies to measure the usage level of MAF/SAF - Develop approaches to integrate PIM tools and methods – e.g. using SSP's and indicative expenditure profiles in the project formulation and approval process and consider introducing "Project Concept Note" for screening prior to the project formulation and approval process and build awareness among parliamentarians. - Develop a procedure to capture future recurrent cost implications in the revenue budget at the project appraisal stage - Develop procedures to promote environmental conservation and sustainable management of natural resources as part of the project appraisals - Review and strengthen the criteria used for gender inclusion at project appraisal - Train line ministry staffs on preparation of the project proposals on the new templates	5,300	48	Improving the quality of project formulation, appraisal and approval will improve the return on investment and increase the development impact	Aug'18	% progress in the usage of MAF/ SAF (based on baseline and end-line studies)	Baseline study to be carried out	30% improvement over the baseline scores	Ministry of Planning (MoP)	Program- ming Division Coord: Sector Divisions GED C&AG FD

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability	
			Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section	
12	Strengthen strategic linkages between the ADP, FYP and MTBF	Linkages between the FYP and project formulation and appraisal are weak, and there is limited consideration of the future costs of the ADP portfolio	8,400	48	SSP acts as a 'bridge' between national level and MDA level planning. More reliable ceilings available for medium-term planning and budgeting through the FBE process Clearly identified resource envelope available for investment in new projects.	Aug'18	Formal adoption and use of SSP and MYPIP	SSP and MYPIP approved for use in two pilot sectors (PE & LGRD)	SSP and MYPIP approved and used in all sectors	Planning Commission	Program-ning Division	
		✓ Undertake a detailed stakeholder analysis to understand key stakeholders' attitudes towards a comprehensive portfolio-wide review of the ADP						Consolidates leadership on PIM reform and allows clear implementation and consistent monitoring of PIM reform activities	0	Yes	Coord: Sector Divisions GED ECNEC MDAs	
		✓ Provide training and hands-on support for MDAs to submit FBE information and on a sector by sector basis support these sector Divisions to process this FBE information for the development budget.							No			
		✓ Review current PIM-related training programs of GoB training institutions, identify gaps, and propose strategies to strengthen the PIM capacity development system										
		✓ Develop a PIM capacity development plan										
		✓ Develop and update PIM training curriculum and materials										
		✓ Conduct Training of Trainers to create a resource pool of trainers										
		✓ Deliver PIM training programs for officers of MDA Planning Wings and Planning Commission (on project appraisals, cost benefit analysis, logical framework analysis, formulation of SSPs and MYPIPs, etc.)										
		✓ Promote Project Management Professional (PMP) certification among the senior civil servants who often act as the project directors										
		✓ Design and deliver SSP & MYPIP Training of Trainers							Yes			
		✓ Deliver training on SSP & MYPIP development to other sectors							No			
		✓ Support development of new SSPs in two pilot sectors, so they are consistent with the 8 FYP, as well as in new sectors										
		✓ Develop and update the MYPIP and use it as part of the budget process, including aligning timeframes with the MTBF										
		✓ Update the SSP Guidelines & MYPIP Guidelines										
		■ Strengthen GoB structures and coordination arrangements critical to SSP & MYPIP formulation										
		✓ Strengthen PIM Unit as the anchor organization for PIM reform										
		✓ Support PIM Unit to develop, implement and monitor an Operational Plan										
		✓ Provide on-the-job mentoring to PIM Unit staff to lead on all functional areas, including key PIM reform activities						No. of staff trained in the use of new planning instruments	300			
		✓ Support the PIM Unit to create political momentum and engage with key stakeholders for change, including support on specific technical areas (e.g. developing a draft combined budget calendar, designing an O&M cost template, advising on the organizational change implications of harmonized sector classification, etc.).						Number of civil servants completing the PMP certification	20			
		✓ Support the PIM Unit to effectively coordinate across related IT initiatives, conduct IT-related studies, and integrate MYPIP requirements to the ADP MIS										
		✓ Provide on-the-job mentoring to PIM Unit staff to understand change management, including providing the space to discuss and debate the value of, and how to operationalize, change management										
		✓ Support the PIM Unit to analyze and report on PIM performance, including developing a methodology/tools for assessing compliance with procedures and guidelines for each stage of the project cycle										

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13	Monitor and improve investment portfolio quality	■ The current investment portfolio includes several projects which are delayed, underperforming, incomplete or unable to be used for their intended purpose. There are gaps in PIM that have affected the portfolio performance and need to be addressed. ■ ■ ■	6,400	36	Improved portfolio quality to: (i) improve return on public investment and (ii) eliminate dead stock Develop a better understanding of and propose solutions to current gaps in public investment	Sep 18	Comprehensive assessment conducted, and under-performing projects are assisted to accelerate, or they are classified as discontinued	IMED is highly regarded for its work in monitoring (PEFA P:11.4 = B), but cannot enforce its findings	The next PEFA rating for P:11.4 is A	MoP	IMED Coord: Program- ming Division LMs/CRU Parlia- ment	
							-Average time overrun of completed projects -% completed projects with cost overrun -Average cost overrun of completed projects -% increase in Q4 expenditure	15% reduction 15% reduction 15% reduction				
C-6 PUBLIC SECTOR PERFORMANCE MANAGEMENT (CABINET DIVISION)												
14	Institutionalize high quality system for producing APAs with meaningful indicators and targets that are aligned to national priorities	■ While APAs have been signed with all line ministries, the quality of indicators and a careful calibration of the targets for the suitability of challenge, is needed. ■ ■ ■ ■ ■ ■	5,900	60	Improved performance of MDAs through improved APA system and better planning based upon budgetary allocation would lead to effective and efficient use of fiscal resources for service delivery	Jul'18	Quality of APA as evaluated by a third party Peer review of a ministry/ division's APA by a team of representatives from two other line ministries/ divisions	APAs primarily have output indicators with soft targets None	Increased % outcome indicators and suitably challenging targets 50 peer reviews completed with the review reports and agreements	Cabinet Division Finance Division	CRU Coord: Budget Wing (as overall PFM Reforms coordinator) All MDAs Parl. Cmte on Public Enterprise	

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15	Adopt a comprehensive monitoring system and evaluation framework	Self-reported performance lacks credibility and doesn't enable the transparent use of performance-based incentives.	Strengthen the monitoring and evaluation procedure to (i) monitor progress of MDAs towards targeted outputs, outcomes and impacts; (ii) suggest and adopt course correction when needed; (iii) evaluate accuracy of the performance data provided by the MDAs; (iv) enable CRU to effectively coordinate this high potential activity; and (v) enable CD and FD to use performance data to inform resource allocation decisions		6,000	60	Shift to results instead of inputs, with greater achievement of planned outputs/outcomes	Jul'18	Ministries/divisions with well-functioning M&E units	Partial coverage	50% of MDAs with certified M&E units	Cabinet Division	CRU
			Establish clear roles and responsibilities for performance monitoring and evaluation; establish mechanism for validating performance outputs/outcomes as reported by MDAs; and train CRU for effective monitoring and evaluation of MDA performance				Enable resource allocation based on credible performance information		Clearly defined process for independent verification of the Annual Performance Reports	No independent verification of APRs	All MDAs are subjected to at least one independent verification of their APR	Coord: MoF/FD MoP/PD All LMs	
			Provide resources to CRU to commission independent evaluations of APRs				Submission of annual consolidated performance report to the Cabinet by the CRU				Yes	Parl. Cmte on Public Enterprise	
			Make APA software operational at all three levels (Ministry/Division Level, Department Level, Field Level) to allow remote M&E by the CD and enhance its features										
			Use Government Performance Management System (GPMS) dashboard to monitor progress, ensure that the dashboard is user friendly										
16	Incentivize MDAs based on performance	In absence of any incentives/sanctions linked with performance, APAs will become merely a compliance exercise and quickly lose its importance.	Design and implement pilot scheme for encouraging initiative and rewarding excellence in performance management		27,000	60	Performance enhancement, better staff satisfaction and retention of trained and skilled staff. Improved focus of MDAs on service delivery	Jul'18	Mechanism for financial and non-financial incentivization based on performance	No incentives are currently provided, and MDAs are reluctant to set ambitious targets for themselves that would result in negative assessment by the Cabinet.	Incentive program developed and rolled out for at least 50 percent of the MDAs	Cabinet Division	CRU
			Provide financial incentives at institutional and personal levels for outstanding performance									Coord: MoF/FD MoP/PD MoPA All LMs	
			Ensure higher budgetary allocation with additional targets for better performing ministries									Parl. Cmte on Public Enterprise	
			Build capacity of CRU to identify performance gaps and communicate with CD, PC and FD to affect plans and budgets										
17	Ensure greater openness and transparency of the APA process	Public feedback to enhance APA quality is absent. Public representatives do not have access to credible information to claim credit of the public-sector performance for program led by them or service delivery in their constituencies.	Make the key outcomes and evaluation reports of the APA publicly available		1,800	60	Enhanced APA quality through citizen feedback.	Jul'18	APA outcomes and evaluation reports made public	No	APA outcomes and results are published and posted to engage stakeholders and citizen	CD	CRU
			Develop and implement a communication strategy targeted at key stakeholders to make the citizens aware of the objective of APA and how it can translate into impacts in their lives				Increased trust between the state and citizens.		Stakeholders are engaged in providing inputs for setting indicators and targets	A strategy to engage stakeholders and citizen not yet established from the public on APAs	At least 200 suggestions received from the public on APAs	Coord: OPM	
			Adopt a process by which stakeholders, including non-governmental stakeholders, help to identify services needed and research the key mandate and focus of non-governmental stakeholders						PEFA ratings	PEFA PI-9 rating is D	The next PEFA PI-9 rating is B	Parl. Cmte on Public Enterprise	

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GOAL 3: Promote the efficient use of public resources and delivery of services through better budget execution													
C-7 IBAS++ /BACS IMPLEMENTATION (FINANCE DIVISION, IBAS++ PROJECT UNIT)													
18	Implement new BACS and enhance the use of IBAS++ information for decision-making	The old chart of accounts does not provide sufficient details of transactions which limits financial reporting and analysis. New BACS will improve budget processes, enable better controls, and improve accountability. Financial reports can be geared to multiple users depending on management requirements	Prepare the budget for FY18/19 on BACS ✓ Training of 250 master trainers, 2,500 focal points and all DDOs across the country ✓ Create a small central technical assistance team to provide on-site support as needed ✓ Prepare online tutorials and presentations ✓ Establish helpline to support the budget preparation process ✓ Capacity development of FSMU staff to provide quality support to LMs ✓ Conduct quarterly consultations on the status of IBAS++ and BACS implementation ✓ Prepare IBAS++ improvement plans to improve system functionality and processes ✓ Confer with senior executives of LMs to identify their requirements for the data and information they need for additional analysis and management ✓ Convene a workshop at the IPF for PFM professionals to analyze scope for improved PFM analysis and management. This is to be followed up with LMs ✓ Add new/improved budget and financial reports to IBAS++ ✓ Strengthen and train the IBAS++ team to provide TA to LMs/SAEs on IBAS++ functions ✓ Create additional functionalities within the existing IBAS++ module to facilitate DDOs to prepare relevant management reports ✓ Procure required hardware and software ✓ Commission a full third-party assessment of IBAS++ to obtain system security certification	3,900	60	Extensive new capacity provided to classify accounts and improve financial reporting. Enhanced IBAS++ functionality will enable use of information for policy making and decision making	Jul'18	Budget prepared and executed on new BACS. Number of IBAS++ reports generated by the Line Ministries for financial decision-making	All budgets are currently prepared using the old Chart of Accounts	Budget for FY18/19 prepared and executed on BACS	Finance Division MoF	Budget Wing	Coord: CGA All LMs
19	Document operating procedures and improve/ automate processes to support IBAS++ operations	Despite roll-out of IBAS++, several manual processes still exist in the accounts offices and there are manual registers and records	Finalize an IBAS++ operating procedures manual consistent with BACS Map manual processes in accounts offices and manual records kept outside IBAS++ Prepare process flow charts and develop a time-bound process improvement plan Automate funds release and re-appropriation procedures. Check consistency between government's rules/regulation/circulars and IBAS++ operating procedures Prepare a Risk Management Guideline including all procedures and process flows to mitigate fiduciary risk of the system. Two separate User Authentication and Activity Monitoring Units to be set up, one in FSMU-FD and another one in CGA. Resolve server hosting and connectivity issues for IBAS++ operations Establish secure data transfer with appropriate encryption protocol by obtaining SSL certificates from the Controller of Certifying Authority Update Business Continuity Management (BCM) plan annually and undertake periodic disaster recovery tests	1,850	60	Improved processes will help integrate PFM reforms into all aspects of LM management	Sep'18	Process improvements identified, and a five-year improvement plan prepared	Processes have not been documented	100% completion of process identification and improvement plan implemented	Finance Division MoF	Budget Wing CGA	

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20	Develop and implement system interfaces with other PFM systems	■ IBAS++ needs to be strengthened through interfaces such as: - BB/SB: For EFT roll-out - NBR: For reconciliation of receipts and tax deductions - PC: Improved interface for ADP data transfer - CPTU: For linking with e-GP system to make payments against contracts with suppliers/ contractors	Identify interfaces and prioritize development and hold consultations with key stakeholders Develop a time-bound interface implementation plan and submit quarterly progress reports [100k] Develop interfaces: ✓ Develop detailed flow charts for each IBAS++ module including the integration processes among these ✓ Interface IBAS++ with NBR to provide a comprehensive picture of revenue receipts of the government ✓ Develop flow charts for each external system to be interfaced with IBAS++ identifying the modifications needed to assure successful interfaces have been achieved. Ensure live interfacing the IBAS++ with BB's system to capture TSA data. ✓ Consult with ERD about possible interface with DMFAS and develop work plan and schedule ✓ Consult with IMED about possible interface and develop work plan and schedule ✓ Update and strengthen IBAS++ to have appropriate linkage and interoperability with e-GP system and develop comprehensive training and capacity building program for IBAS++ and e-GP interface ✓ IBAS++ project code allocated to approved projects by FD, is to be allocated to projects in the identification phase by PC for ADP, so ADP and MTBF reflect the same project codes	7,350	36	Creating interfaces with other PFM related systems will integrate overall financial operations	Jan'19	# of identified interfaces documented	Most interfaces have been identified but no procedure has been initiated to link with iBAS++	100% of documented interfaces completed and operational by 2020	Finance Division MoF	Budget Wing		
						MOUs signed for priority interfaces with host agency			MOU signed for priority interfaces with each host agencies and FD		Coord: NBR	Bangladesh Bank Sonal Bank ERD PC		
						Number of interfaces successfully used			None	At least three				
						None			None					
21	Introduce commitment controls for cash management and strengthen the Treasury Single Account	■ Implementing the commitment control is a key step towards managing cash. ■ IBAS++ should facilitate the tracking of commitments and thus control overspending or misuse of funds. ■ Introduce commitment control features in IBAS++ ■ Develop and rollout special modules for self-accounting entities (SAEs¹) in IBAS++ ■ Expand TSA to include special accounts and EBFs ■ Develop and enforce policies to incorporate aided funds in the TSA ■ Introduce online reconciliation of receipt by the end of each transaction day among bank, accounting office and service providing agencies ■ Develop and conduct training at IPF for accounting officers and DDOs to implement commitment controls ■ Develop online video presentation/training program related to commitment controls	Hold consultations with all holders of special accounts, extra budgetary funds and aided funds Develop policies and procedures regarding approving, accounting for, and reporting of commitments (e.g., requisition, purchase orders, work orders, contracts, goods received note, invoicing, payment) Identify monthly, quarterly, and annual account closing rules and procedures to control commitments and develop policies and procedures that connect commitments to cash management and cash control Introduce commitment control features in IBAS++ Develop and rollout special modules for self-accounting entities (SAEs ¹) in IBAS++ Expand TSA to include special accounts and EBFs Develop and enforce policies to incorporate aided funds in the TSA Introduce online reconciliation of receipt by the end of each transaction day among bank, accounting office and service providing agencies Develop and conduct training at IPF for accounting officers and DDOs to implement commitment controls Develop online video presentation/training program related to commitment controls	2,350	24	Commitment controls will improve cash management and expenditure planning, especially for procurements and contracts	Jul'19	Commitment control policy developed and approved	IBAS++ has capacity to record some commitments but needs to be updated to cover all types of commitments as future expenditure obligation	Policy for commitment controls adopted IBAS++ updated to include a subsidiary ledger in the budget execution module to identify and control commitments +/- 100% coverage under TSA (some exceptions may be authorized by policy) Number of new outside TSA special accounts opened annually reduce by 50% TSA expanded to reduce 50% amount in EBFs At least 70% government payments to beneficiaries are made through EFT	Finance Division MoF	Budget Wing		

¹ Self-Accounting Entities (SAEs) which are not using iBAS and only reporting aggregate annual results for consolidation: Public Works Department (PWD), Roads and Highways Department (R&HD), Ministry of Foreign Affairs (MoFA), Department of Public Health Engineering (PHE), Department of Forests, Telephone and Telegraph (T&T), Postal Office and Direct Project Aid (DPA), Controller General Defence Finance (CGDF) and Railways.

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22	Extend and implement Electronic Funds Transfer	Building on lessons learned from the pilot for officers' salaries, EFT could be extended to all payment transactions linked to iBAS++. EFT simplifies the payment function through timely funds transfer to recipient bank accounts and eliminating unnecessary logistics and human contact.	- Conduct an assessment to identify all transactions (vendor payments, employee direct deposits, pensions, etc.) that could be done via EFT and prepare a sequenced strategy for each and conduct a force field analysis of the involved entities, as to know who will support FTE reform within the organization - Ensure all government payments (including social safety net transfer) to beneficiaries designated bank account (G2P) - Develop computer audit procedures to reduce the risk of fraud	1,500	24	Faster, more reliable transactions will be possible using EFT	Sep '18	% of transactions paid via EFT	EFT is being used for officers' salaries	By 2023, +/- 90% of all transactions are made via EFT	Finance Division MoF	Budget Wing				
													CGA			
													Coord:			
													Bangladesh Bank			
23	Develop and implement a DDO module	DDOs must physically take the payment bills for the execution of their budget to the respective accounts offices and to receive the budget execution and availability reports	- Based on the experience of several other countries, develop a web-enabled DDO module for online bill submission - Develop a mobile app option for easy access by DDOs and enabling easy scanning of the supporting documents with the online bill submission - Prepare and implement a progressive roll-out plan for the DDO module - Develop an online orientation training for DDOs to use these DDO module application - Establish a helpline to remotely support the DDOs	2,500	24	Reduce the coordination cost and labor for physical bill submission. Limit the human contact between DDOs and accounts offices.	Sep '19	Percentage of DDOs using the DDO module	-	50%	Finance Division MoF	Budget Wing				
												Percentage of bills submitted online	-	60%		
												Number of account views by DDOs	-	50,000		
24	Develop and roll out new iBAS++ modules for specialized public entities (for SAEs and SOEs)	Progressively adding modules to iBAS++ will expand coverage, improve financial oversight, and enable more complete financial reporting	- Develop a plan for developing, testing, and incorporating additional modules in iBAS++ with concerned units - To promote iBAS++ as a whole-of-government solution, conduct workshops at IPF on the new PFM enabling environment and the improved management options derived from iBAS++/iBACS - Develop a strategy and timeline for rollout (this may include training needs assessments, temporary parallel procedures) - Complete and issue a TOR and any other required tender documents needed to develop the modules - Develop and implement new modules - Develop and conduct courses on iBAS++ at IPF/FIMA for new users - Conduct annual workshops for all LMs, SAE, SOE personnel responsible for IT maintenance to update details - iBAS++ offered to SOEs to use as accounting package, with configuration for their entity, due regard will be given to SOEs autonomy	3,500	60	Progressive coverage of iBAS++ would enable rapid consolidation of accounts for audit	Sep '19	Modules for at least one of the following developed: SAE, SOEs, PMU	iBAS++ being piloted for railways	At least one module developed	Finance Division MoF	Budget Wing				
												At least 5 SAEs using iBAS++	Coord: SOE Monitoring Cell CGA SAEs			

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25	Develop a module to inventory, value and register fixed assets	This data is essential for accurate financial statements and reports, estimating maintenance and replacement expenditures, and progressively moving to accrual basis of accounting.	Develop a classification system to rate the condition and operational utility of all fixed assets Based on existing centralized records, classify all fixed assets brought into service since 1998 Prepare the TOR for a private firm to review the records and selectively visit high value sites to determine the remaining useful life and replacement cost, and identify all fixed assets which are in poor condition due to lack of O&M, reward participative LMs in the form of additional O&M etc. Commission a Value Retention report to recommend new investments to stabilize all fixed assets and a cost: benefit analysis for selected fixed assets Recommend policies to safeguard the value of GOB investments	5,900	36	This overlooked control, if implemented, will add considerable insight to the location and condition of assets (integrate GPS) and improve PIM	Jan'19	% of fixed assets identified and assessed.	Comprehensive fixed asset valuations not available	95% of all assets (by count) will be registered by 2022	Finance Division MoF	Budget Wing CGA	
C-8 PENSION MANAGEMENT (CONTROLLER GENERAL OF ACCOUNTS)													
26	Create a well-functioning CPC and resolve backlog of pension cases	A central pension cell located in CGA but empowered to be the sole central unit will improve efficiency and enable improved internal controls	Enable a Central Pension Office to be solely responsible for pension benefit award, payment processing across all government pensioners and GPF Establish procedures and guidelines, and apply the necessary resources to address the considerable backlog of pension payments Develop a centralized, common shared web-based personnel and pension data base consisting of key dates that will trigger actions under IBAS++ Review pending cases with the concerned line ministries through the divisional and district officials and prepare monthly progress reports (to be submitted to FD) to help ministries proactively clear their backlog of cases Develop a comprehensive communication and change management strategy and implement required program to this effect Conduct seminars and use all available communication means to raise pensioner awareness of their obligations and rights	5,700	60	By improving the quality of data through centralizing the pension database, payment process will be timely	Jul'19	Average number of days after the retirement to prepare Pension Payment Order and process the gratuity payment	Baseline to be established	Less than a month	CGA Finance Division MoF	CPC Budgeting Coord: C&AG	
27	Configure a centralized pension roll at CGA with EFT/ Mobile banking and ID authentication for all pensioners	Pension liabilities should be integrated with IBAS++ to improve/ streamline processing and to address grievances effectively	Further review the payroll and pension system and recommend actions to improve the business processes to further enable the CPC Integrate the pensioner database (created in 2015) with IBAS++, ensure the validity of employees transitioning from the payroll to the pension data base and develop training/support systems Identify any additional interfaces required for linking payroll and pension systems After testing, implement a central pension processing, accounting and payment system linked to IBAS ++ Load all pension data and integrate with EFT by FY 2021-2022 Develop online training modules Develop a comprehensive communication and change management strategy and implement required program to this effect	2,600	36	Payment of pensions is a major expenditure for Government which would be done more accurately and efficiently through a dedicated, centralized unit	Jul'19	Percentage of pensioners (disaggregated by gender) paid through the EFT no later than the following pension payment cycle after retirement	Only for gazetted officers	100% of pensioners paid by EFT by FY 2021 (some exceptions are possible where rural banking is not available; B-Kash may be an alternative)	Finance Division MoF CGA	CPC	
									</				

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28	Maintain accurate records of GPF contributions, balances and outstanding loans and advances	The General Provident Fund is an accumulated retirement/separation benefit and is a very important social benefit. Manual recording of GP Fund transactions is often incomplete especially for staff frequently posted from one institution/district to other. This causes delays in the final settlement and disbursement of GP Fund at the time of retirements.	■ Determine the IBAS++ system requirements to set up a subsidiary ledger for GPF payments, linked to the Budget Execution modules, and enable a centralized processing of GP Funds transactions and recording of balances ■ Produce an annual report on the status of the GPF, indicating summaries of transactions (advances, loans, terminals payments, deposits). ■ Identify and implement the policies and procedures for individuals to retain their balances after leaving public service on a temporary basis. ■ Host workshops and seminars at LMs to build awareness and understanding of fixed asset management	1,500	24	Proper management of the Provident Fund (an accumulated retirement/separation benefit) will enable accurate on-line summary of the current GPF status for all civil servants. This will enable a quicker processing of loans and final payments.	Sep '19	Database of GPF records created and updated annually	Baseline to be established and combined with Pension and Payroll data base FY 2020-21	100% of GPF loans confirmed and	Finance Division MoF	Budget Wing Coord: C&AG CGA CGDF FA&CAO
C-9 STATE OWNED ENTERPRISES' GOVERNANCE (SOE WING & MONITORING CELL)												
29	Strengthen accountability and transparency of SOEs through improved reporting and public disclosure	Reliable and timely financial reporting by SOEs is central to effective oversight of SOEs. Information on SOE performance is not available to the public except in the aggregate.	■ Consult with LM on planned SOE activities ■ Review and update the current financial statement/reporting template and develop a harmonized SOE reporting framework which specifies the key financial and non-financial information required, the formats, and ensure regular and timely submission ■ Ensure data collection and quality control of financial and non-financial information produced by SOEs ■ Ensure regular publication of audited financial statements of all SOEs ■ Launch a one-stop shop portal for all SOE information where each SOE's financial and non-financial information are published, in addition to the aggregate picture ■ Establish an incentive system that rewards SOEs for improving their transparency and quality of public disclosure	1,500	36	Improved quality and up-to-date financial and non-financial information on SOEs as a credible basis for SOE policy Increased trust among the state, SOEs and citizens, with better informed citizens and with more SOEs held accountable.	Oct '18	Common framework for SOE reporting	Common framework non-existent.	Common framework for SOE reporting developed, approved, and rolled out for FY 2019-2020	Finance Division MoF Ministry of Industries	SOE Monitoring Cell, SOE Wing Coord: Relevant LMs with SOEs
								Publication of SOE information	Disclosed information is not comprehensive	Launching of the one-stop shop SOE portal		

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability		
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
30	Inform policy makers on fiscal risks and contingent liabilities	There is no standard policy governing fiscal risk and contingent liability of 300+ financial and non-financial SOEs. There is a need for closer supervision of the high-risk SOEs by FD.	■ Adopt policies and procedures to identify and assess the potential fiscal risk and contingent liabilities arising primarily from guarantees issued to various public-sector entities, their debts/liabilities, and other assumed obligations especially if these SOEs are identified as non-performing and/or high fiscal-risk ■ Review oversight arrangements on SOEs for ensuring appropriate incentives and empowering stakeholders (e.g., SOE Boards) to manage fiscal risks ■ Pilot the preparation of annual SOE fiscal risk and contingent liability statement for submission to the Cabinet Committee on Economic Affairs with 50 SOEs ■ Roll out the preparation of annual SOE fiscal risks and contingent liabilities statement for all SOEs and submission to the Cabinet Committee on Economic Affairs	3,400	60	Policy makers are informed about aggregate and individual SOE fiscal risks and contingent liabilities. Hence, SOE fiscal risks, contingent liabilities and contingent assets are better managed	Sep '19	SOE fiscal risks and contingent liabilities management framework approved.	Non-existent	Policy developed, approved, and promulgated	Finance Division MoF	SOE Monitoring Cell, SOE Wing
31	Strengthening oversight and performance monitoring of SOEs	■ The role of the SOE Monitoring Cell is very limited. There is some monitoring of SOEs but with no guidelines or rules to provide guidance to the process, the monitoring is not conducted in a systematic manner	■ Revamp the role of the SOE Monitoring Cell to focus on SOE performance monitoring and management rather than approval of SOE budgets ■ Develop a comprehensive database on all SOEs including their legal framework, rules and regulations, financial and non-financial information and other key corporate governance information ■ Conduct an assessment of existing SOE laws, rules and regulations to identify how to improve the current SOE legal framework ■ Develop a SOE performance evaluation guideline/ manual consisting of procedures, financial and non-financial indicators, and targets. This would be updated annually ■ Build capacity in the SOE Monitoring Cell to oversee the performance of SOEs and using APRs as a specific reference for linking SOE performance and trends with financial results ■ Commission independent SOE performance evaluations each year to validate performance information provided by SOEs ■ Incentivize better performing or most improving SOEs	7,200	36	SOE Monitoring Cell would be empowered to conduct effective performance monitoring of SOEs, ensure better use of grants, and be the central agent for consolidating SOE information.	Oct'18	Percentage of SOEs undergone an independent performance evaluation via the new guidelines	There is some performance monitoring of SOEs, but not systematic and independent	At least 50 SOEs subjected to an independent performance evaluation	SOE Monitoring Cell, SOE Wing	Coord: Relevant LMs with SOEs

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability		
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
32	Develop and implement a policy framework that enables an effective review of grants to SOEs by FD	Grants to SOEs are not divided into different categories such as service delivery grants, special projects, or bailouts. Also, there are no clear guidelines on how to evaluate each grant request and prioritize these.	- Develop and adopt a policy and procedures manual that enables an effective review of grants to SOEs - Strengthen the analytical capacity of FD to assess requests for grants to SOEs by each type of grant - Process grants to SOEs through new policy framework by the SOE monitoring cell	1,300	24	Clear policy framework for processing grants to SOEs will ensure the prudent use of public resources and help manage the political pressure around these grants.	Dec '18	Policy framework for grants to SOEs	No	Yes	Finance Division & Ministry of Industries	SOE Monitoring Cell, Finance Division & SOE Wing, Ministry of Industry Coord: Planning Ministry
33	Assess non-performing SOEs and propose preferred options to the Cabinet	SOE Monitoring Cell lacks capacity to support line ministries in doing a meticulous analysis and develop scenarios with viable recommendations for dealing with the issue of non-performing SOEs	- Develop criteria to help classify risks - Build capacity in FD to monitor fiscal risks and develop scenarios to mitigate and resolve the causes of documented risk - Train staff at the SOE cell to use the APR as a specific reference for linking SOE performance and trends with financial results - Turn around/exit strategies for at least 10 non-performing SOEs every year	3,000	36	Non-performing SOEs are analyzed and solutions are found for their problems	Dec '18	High risk SOEs identified and strategies proposed	FD currently reviews the SOE funding requests but does not engage to permanently solve the problem of non-performing SOEs	Scenario analysis conducted for at least 15 non-performing SOEs	Finance Division & Ministry of Industries	SOE Monitoring Cell, Finance Division & SOE Wing, Ministry of Industry
GOAL 4) Promote accountability through external scrutiny and transparency of the budget												
C-10 FINANCIAL REPORTING (CONTROLLER GENERAL OF ACCOUNTS & EXPENDITURE CONTROL WING, FD)												
34	Improve the quality and timeliness of Government-wide <i>in-year</i> fiscal reporting	- IBAS++ will provide the foundation for better reporting but central consolidation with SAEs and extrabudgetary funds is required - Timely clearance of advance/suspense accounts - Improve the User's Manual incorporating all modules and reports generated from IBAS++ and build capacity of the CGA staff in the use of IBAS++ - Enhance coordination between the CGA and the users of the in-year reports and help them obtain the data they need - Publish fiscal datasets (revenue and expenditure) in accessible formats through an Open Public Finance Platform - Establish an incentive system that rewards SAEs that improve their transparency and quality of public reporting	- Assess the utility of monthly reporting, improve the templates and fiscal reporting processes and hold consultations with LMs and SAEs accordingly - Develop procedures to collect data from the central bank and other entities including SAEs and EBFs - Record Direct Project Aid (DPA) information based on specified format by CGA and produce required periodic reports directly from IBAS++ - Improve bank reconciliation	4,500	24	Identifying fiscal conditions on a regular basis will improve policy and operational actions. Dynamic forecasting models may be adjusted in response to the new data	Sep '18	Timeliness of fiscal reports generated by IBAS++	Monthly fiscal reports are often delayed and incomplete	Quarterly fiscal reports by aggregate and by the various BACS dimensions prepared and published within 30 days of quarter-end	CGA	CGA Coord: OCAG Budget Wing, Expenditure Management Wing, IBAS++ team, MEW

² Increasing quality of reports (in aggregate) assessed by a user survey .

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description			Activity details			Measurement			Accountability	
			Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section		
35	Improve the quality and timeliness of Government-wide year-end fiscal reporting	Old templates of finance accounts and appropriation accounts are used, and these annual accounts are produced with a significant delay	2,500	60	Government annual financial statements are compliant with international standards and are produced in a timely manner	Jul'18	IPSAS compliance and timeliness of annual financial statements	Accounts are produced with a significant delay and follow the old templates of finance and annual financial appropriation statements submitted to OCAG (not IPSAS compliant)	Government AFS are compliant with Financial Reporting under the Cash Basis of Accounting (the Cash Basis PSAS) IPSAS compliant annual financial statements	Finance Division MoF	CGA Coord: OCAG, Budget Wing, Expenditure Management Wing		
36	Institute a modern internal audit function in the government	Currently, internal audit activities consist primarily of ex-post reviews focused on financial compliance	5,500	60	- Conduct detailed study on internal audit options - Implement the already developed strategy for strengthening internal audit and issue an Internal Audit Charter - Develop a comprehensive program for building capacity to use the internal audit manuals already in place - Recruit/post internal auditors - Prepare Risk-Based Audit (RBA) plans concentrating on systemic issues to meet the Committee on Sponsoring Organizations (COSO) Enterprise Risk Management objectives by ensuring: (i) conformity to the Government's strategy; (ii) effectiveness and efficiency of operations; (iii) reliability of financial reporting; and (iv) compliance with applicable laws and regulations. - Internal Audit Units established in five large spending and high risk departments and training imparted on risk-based internal audit manual - Conduct awareness/sensitization of Principal Accounting Officers (PAO) on the relevance of Internal Audit that will support PAOs in meeting their duties and responsibilities under Article 19 of the Public Money and Budget Management Act 2009 (PMBM Act 2009) - Setup a modern internal audit function in the selected large spending and high-risk departments - Establish and conduct training for Internal Audit Committees - Provide sponsorship to selected staff to study for the Certified Internal Auditor (CIA) Program of the Institute of Internal Auditors (https://na.theia.org/Pages/IIAHome.aspx) - Reward pilot ministries that have undergone risk-based internal audit and those who issue timely internal audit reports	Sep '18	Adopt Public Sector Internal Audit Capability Model (IA-CM)	Risk-based audit methods non-existent	Level 2 of Public Sector Internal Audit Capability Model (IA-CM)	Finance Division MoF	Expend Control Wing Coord: CGA, OCAG, Budget Wing Audit Directorates		

³ <https://na.theia.org/iaarf/Public%20Documents/Internal%20Audit%20Capability%20Model%20IA-CM%20for%20the%20Public%20Sector%20Overview.pdf>

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability		
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
C-11 STRENGTHEN EXTERNAL SCRUTINY AND OVERSIGHT OCAG												
37	Roll out ISSAI-compliant entity wide audit	- ISSAI compliant audits will be more thorough and, if universal, it will facilitate inter-agency comparisons. - Based on the model already developed, ISSAI-compliant entity wide audit should be undertaken. - Policy regarding ISSAI-compliant entity audits developed - Review and update of Risk Management Strategy and Guidelines and use of risk analysis and KPIs in the audit planning process completed - Quality assurance structure and mechanisms completed	- Implement the ISSAI implementation strategies developed by OCAG - Conduct SAI PMF self-assessment by OCAG staff and conduct Peer reviews by developed SAI to evaluate the status of ISSAI roll out - Prepare and implement quality control process/ policy for ISSAI compliant entity wide audit - Prepare handbooks for conducting ISSAI compliant different types of audit (CA, PA, FA) in line with the ISSAI compliant manuals already developed by previous reform initiative - Conduct a good number of quality assurance review by experts (Both local and international) - Create avenues for citizen participation to deepen OCAG's commitment towards citizen engagement	1,300	48	ISSAI compliant audits provide greater coverage and credibility	Sep '19	Policy regarding ISSAI compliant audits adopted	Baseline to be established	50% of all audits conducted by OCAG are compliant by 2022	OCAG	OCAG Audit Divisions
38	Improve timeliness and disclosure of audit reports and strengthen citizen engagement	Delays in communicating audit findings to the PAC and the very slow release of key findings has a consequence of undermining citizen oversight.	- Make all recent audit reports public on website in a user friendly, standardized, and accessible format, and upload annually, and improve timeliness of audit reports and make them publicly available - Review and improve the strategy paper for improved timely responses to recommendations from the PAC - Improve the methodology and capacity for the audit of Program Effectiveness (performance auditing) and strengthen citizens participation in accountability through performance and environmental audits	1,300	36	Corrective actions to address financial problems will be timely. It will also increase government accountability.	Apr '19	Audit reports released by PAC within 90 days	External audit reports are 2 years behind	30% of audit reports presented within 90 days after completion for FY 2019-2020	OCAG	OCAG Audit Divisions
									PEFA PI 30 D+	50% by FY 2020-21		
									PEFA PI 31 C+	90% by FY 2022-23		
										The next PEFA rating for PI 30 and PI 31 is B		

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability		
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
39	Strengthen organizational and professional capacity of OCAG	OCAG organizational restructuring plan is needed to maximize the positive effect of introducing ISSAI-compliant audits. Capacity building of staff is also crucial.	- Develop, consult and implement a OCAG organizational restructuring plan - Review the needs assessment of the reorganization - Prepare an action plan and budget for a performance improvement program - Develop a staffing plan - Establish capacity building program for OCAG staff - Conduct an institutional assessment and capacity building program, inclusive of rewards for completion of training programs - Develop and implement a change management strategy to include coaching of OCAG senior officials - Support OCAG's ongoing professional accreditation program of CIPFA and other appropriate programs - The FIMA, in conjunction with OCAG, will design and implement a training and accreditation program based on international standards - Strengthen FIMA to enable professionalization of the auditors	4,000	60	Improved functional structures provide opportunities for better management of a complex operation Credibility of audit results will be improved as the OCAG staff are strengthened and certified	Sep '18	Completion of structural reorganization % of auditors accredited GoB Year-end Financial Statements submitted to OCAG for audit within statutory deadline	Organizational change is being considered and OCAG is ready to consider other options Accreditation already in process needs to be accelerated No	Restructure is complete and functioning 100% of auditors accredited by 2021 Yes	OCAG	OCAG Audit Divisions
40	Upgrade and sustain IT infrastructure of OCAG and Audit Management and Monitoring System (AMMS)	Further develop IT capacity of the OCAG which is still in the process of developing a comprehensive AMMS. Absence of consolidated information has inhibited effective OCAG planning and management	- Restore the functioning of the AMMS, communicate its purpose and benefits to audit directorates and ensure its sustainable application in the audit process - Assess and implement the potential linkages between IBAS++ and AMMS - Develop and implement options to facilitate computer-based audits - Upgrade and sustain IT infrastructure of OCAG and audit management and monitoring system	3,600	24	Improved use of IT at OCAG will enable it to keep pace with planned IBAS++/BACS roll out	Jan '19	% of enhanced IT capacity provided (value of supplemental investment in hardware, software, and networks/ current value of similar)	IBAS++ and AMMS interface not yet developed 100% of audits selected based on IBAS++ annual data 40% of all audits conducted are computer-based	AMMS linked with IBAS++ by 2021-2022 100% of audits selected based on IBAS++ annual data 40% of all audits conducted are computer-based	OCAG	OCAG Audit Divisions
C-12 STRENGTHEN PARLIAMENTARY OVERSIGHT AND SCRUTINY OF PUBLIC EXPENDITURES (PUBLIC ACCOUNTS COMMITTEE)												
41	Support timely legislative scrutiny	The PAC has improved lately but still needs to improve the timeliness and effectiveness	- Build coalition for the issuance of the Rules of Business of the Financial Oversight Committees drafted under SPEMP C - Strengthen PAC's research and secretarial support services - Provide professional resources to enable the financial oversight committees to operate effectively - Provide content-based training to the relevant parliamentarians and committee secretariat staff to work out the agenda for the committee meetings as they do not have sufficient exposure to deal with the issues - Perform an identification survey of the constraints which prevents the Public Interest Related Information Disclosure Act, 2010 to be implemented and disseminated	3,400	60	Timely PAC responses enable prompt corrective actions	Sep '180	Less than 90 days elapsed time for PAC to approve or comment	PEFA PI- C+ 25% response rate of 90 days or less in 2018-2019 50% response rate in 90 days or less in 2020-21 90% turnaround in 2022-2023 PEFA PIB	OCAG, PAC Coord: OCAG PUC PAC PEC		
42	Strengthen the MIS and improve its use for Parliamentary purposes	Under SPEMP-C a limited capacity MIS was developed and pilot tested but its use was modified.	- Assess the current uses of the MIS and determine how it should be modified or upgraded to continue to support PFM reforms Update the website to make it interactive - Link MIS of OCAG and PAC to track the resolution of audit observations and implementation of the PAC directives - Extend the MIS to the Public Estimates and Public Undertakings Committee - Train staff in the skills necessary to maintain the above	3,000	24	An improved MIS would be able to support many Parliamentary Committees	Sep '18	Assessment completed	MIS is available but no plan on support to PAC exists	Strengthen existing MIS or prepare scope for new MIS	Parliament	PAC PUC
C-13 PROCUREMENT (CENTRAL PROCUREMENT TECHNICAL UNIT)												

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability		
					Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
43	Institutionalize e-GP and strengthen CPTU	The structure and autonomy of the CPTU to function effectively as a regulator and implement assigned responsibilities is inadequate. Also, for efficient and sustainable functioning of e-GP, CPTU requires restructuring into an authority and e-GP to better institutionalize its operation.	Restructure CPTU and furthering advance policy reform Update the existing procurement legislations/rules and procurement documents and guidelines Develop an initiative towards integrated risk management system in linking data analysis with procurement policy making and capacity building. Restructure CPTU into an Authority with more regulatory power including appropriate organogram with staffing Institutionalize e-GP operation as service provider either as corporate entity or outsourcing to third party Continue with enhanced capacity datacenter with provision of further future enhancement supporting GoB's procurement reform programs Conduct maintenance and enhancements of the system	9,000	60	CPTU will have necessary authority to efficiently manage regulations of public procurement and e-GP	Apr'19	Newly selected PSOs invite bids in National Competitive Bidding through e-GP system	2%	75%	Ministry of Planning	CPTU IMED	
44	Enhance Digitization of Public Procurement	Currently, the e-GP system is in full use up to the contract award stage by four organizations (RHD, LGED, BWDB, and BREB). The Government plans to expand e-GP in the entire country covering 1300 procuring organizations and to enhance e-GP features.	Expand the e-GP system Build awareness of e-GP Create specific procurement technical support unit within the key agencies Incorporate bidders' self-evaluation in the automated e-GP system against the evaluation criteria of the bidding document Update e-GP modules including enhanced security coding features registrations, document validation and payments Update performance management features including indicators of integrity and provide quarterly reporting to CPTU and other government agencies on performance indicators Publish information in open data formats Examine new technology in the e-GP process – mobile, geo-tagging, video, social media, interactive dashboard, discussion board Ensure compatibility of e-GP contract management module with IBAS++ and inter-operability Provide comprehensive training and capacity building program for IBAS++ and e-GP interface Provide extensive training to all procuring entities and bidders of the country on e-GP Implement contract management Upgrade the features of the existing contract management module which will include supplier's database, supplier's performance rating system, geotagging, asset tracking, online payment, critical activity/path management, upgradation of the system consistent with open contracting data standard. Develop a citizen engagement web portal including open contracting data by CPTU Develop an on-line contractors' database with certified qualifications and experience of the firms, especially for the civil construction works Frame disposal policy in order to improve sustainable procurement	28,000	36	The expansion of e-GP system will improve procurement related governance issues providing greater transparency with reduced discretionary authority for all sector operations	Oct'18	Core procurement unit operationalized in each of the selected public sector organizations e-contract management module in e-GP system updated e-GP system generated procurement performance reports of SPSOs which are then published in CPTU's website	0%	Yes	80%	Ministry of Planning	CPTU IMED

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability	
			Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section	
45	Professionalize procurement and citizen engagement	■ Sustainable capacity development is the key for overall enhancement of procurement environment. ✓ ✓ ■ ✓ ✓ ■ ✓	18,000	48	Addressing the demand-side issues will help the public- sector organizations to achieve sector objectives by establishing a system of accountability and fairness in the execution of their procurement activities.	Sep '18	Selected sub-districts engage citizen monitoring in contract implementation	4 sub-districts	45 sub-districts	Ministry of Planning	CPTU IMED	
46	Digitize project implementation monitoring of IMED	■ ✓ ✓ ■ ✓ ■ ✓	5,000	36	Comprehensive monitoring and evaluation will be possible through a technology-based tool	Sep '18	IMED's on-line project implementation monitoring module developed	No	Yes	Ministry of Planning	CPTU IMED	
Goal 5: Establish an enabling environment for improved PFM outcomes												
C-14 PFM REFORMS LEADERSHIP, COORDINATION, AND MONITORING (BUDGET WING/PROGRAM EXECUTION AND COORDINATION TEAM)												
47	Establish a clear governance/ leadership structure to lead and support PFM reforms	■ ■	2,000	60	Government stakeholders align on vision and make key decisions needed to push the reform process forward.	Jul '18	TdR is drafted and agreed with SC members and PECT	FD has been successful in managing reform programs, so can effectively support the Reform through the SC and PECT	Semi-annual PFM program progress reports submitted to the Steering Committee	Multiple government actors through SC	Budget Wing to initiate this through PECT	

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description		Activity details			Measurement			Accountability	
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section
48	Establish a comprehensive monitoring and evaluation framework for the PFM reforms	Effective monitoring system aimed at improving performance can lead to better results. The focus for this monitoring and evaluation system will be the approved PFM Reforms Program.	- PECT, in consultation with each component lead agency (identified above), to develop progress and performance indicators for each component and its imbedded activities to provide greater focus on annual and LOP monitoring and progress reporting schedule. - PECT to assess the capacity and assist each PFM implementing agency to develop an effective PFM-focused monitoring system by building on existing systems where possible - Develop quality and timeliness standards for quarterly and annual reports - PECT to prepare semi-annual Progress Reports and Annual Performance Reports based on inputs from implementing agencies - Periodic monitoring of data quality, accuracy, and reliability by PECT	1,500	60	Monitoring the implementation will be the responsibility of the PECT in coordination with individual implementing agency staff.	Jan'19	PFM implementing agencies with functioning monitoring units	APA is currently used for monitoring PFM quarterly reports on performance	7 PFM implementing agencies submit quality quarterly reports on performance	Finance Division MoF	Budget Wing
49	Lead and implement a comprehensive change management program (with both the governance bodies as well as with implementation teams/multi-tasking agencies and or clusters)	This ambitious, multi-dimensional PFM Reform Program represents a significant change from the status quo. Numerous teams, groups, and government institutions will be involved in one or more aspects of reform. Accordingly, change management guidance is needed within each component of the Action Plan and across Action Plan to leverage and synergize. While much of the change is focused on staff development and systems improvements, the institutions that will promote, manage, and sustain the operation of these systems will be deeply challenged.	- Capacities will be strengthened in four main cross-cutting areas and supported by a tailored set of activities for each implementation team and guided by the governance structure and learning activities (SC, PECT, and LA): - Systematic Learning and Sharing of Good Reform Practices - Carry out knowledge events and institutionalize mechanisms for knowledge sharing - Capacity building and Training for selected change agents (including carrying out a Training Needs Assessment (TNA) and a PFM staff capacity development approach centered in IPF (include coaching, peer learning, induction training, on-job training, among others) - Communications and Stakeholder engagement - Clear strategy and activity plan agreed by SC and implemented at different levels - Rewarding Performance - Pilots introduced to develop and reward good performance at individual and team levels - Strengthening Adaptive leadership skills and Implementation Coaching - Identify constraints and obstacles to successful implementation of defined PFM changes (force field analysis) and Implementation workshops to discuss technical and adaptive challenges and solutions - Introduce Rapid Results Initiatives or other short cycle coaching models - Develop detailed change management action plan with implementation teams/multi-tasking agency and or cluster and program with a range of tools to enable change agents to take responsibility for guiding reforms - Address the implementation issues of iBAS++ covering change management, communication and training and other measures necessary for successful implementation	11,000	60	Strong joint vision and alignment between various governments stakeholders	Jul'18	Change Mgmt. program implemented under the direct supervision of the SC and Finance Secretary.	BETF has initiated this effort through workshops and peer learning.	Change mgmt. initiatives completed according to action plan	Standing Committee, supported by PECT	Budget Wing
						Course adjustment takes place more effectively through creating space for learning, where bottlenecks and successful practices are surfaced quicker		Communication and stakeholder plan in place across implementation teams	This is a first step which can be built upon with a more comprehensive program around the 4 cross cutting areas.	PFM implementing agencies in annual surveys cite the change management resources as major drivers of reform	Coord: IPF	Planning Ministry/ Plan
						Detailed activities in teams provide synergies for scaling up across teams		Pilot run for rewarding performance	100% of planned systematic knowledge events and learning activities completed	- At least 20 PFM innovation grants awarded	Commission Programming Division	Institute of Governance Bangladesh Economic Assoc. (BEA) BIDS ICAB
								Systematic learning Activities successfully completed		- Coaching evaluation report submitted		

Act #	PFM reform activity title	Why this activity? (underlying problem/challenge)	Activity/sub-activities description	Activity details			Measurement			Accountability			
				Cost US\$ '000	Duration (Months)	Planned Benefits	Start date	Indicator	Baseline (2016)	Target (2023)	Ministry/ Division	Wing/ Section	
50	Commission studies and evaluations	■ During implementation, special studies may be needed (e.g., on Local Government PFM, staff retention, internal audit). ■ Two external evaluations will be conducted	■ Based on the Government's previous action plans and from other sources (including research items nominated by partners) prepare an annual research agenda for distribution to GoB and partners.	1,100	60	Responding to specific needs and opportunities will provide real time solutions to PFM issues	OPEN	# of research projects	This approach has been used before with positive results, including BETF	8 research projects	Finance Division MoF	Budget Wing	
			■ Carry out PEFA self-assessments every 2 years (year 2020,2022,2024)										All Partners
			■ Working closely with IPF and FIMA identify specific performance deficiencies which need to be addressed through systems analysis and interpretation. The targets and scope of additional research may flow from this activity.			Periodic evaluations (mid-term and final) will offer lessons learned		# and quality of evaluations		2 evaluations			
			■ In year 2 schedule an external "learning" evaluation to enable macro- adaptations the Action Plan based on actual implementation experience										
			■ At month 54 schedule a Final evaluation										

APPENDIX B:

GOVERNANCE STRUCTURE AND CHANGE MANAGEMENT APPROACH

GOVERNANCE STRUCTURE AND CHANGE MANAGEMENT APPROACH

A. Context and Key Lessons

1. Context and Rationale for an Effective Change Management Approach

1. PFM has been a cornerstone of Bangladesh's governance reforms. There is a clear correlation between countries' per capita income and the respective strength of their PFM systems; thus, there is a pressing argument for investing in PFM reforms. The 2016-2021 Bangladesh's PFM Reform Strategy is a milestone accomplishment for the Government of Bangladesh, consolidating on-going PFM reforms and establishing momentum for subsequent initiatives, to be detailed in agreed action plans.
2. To implement the strategy and subsequent activities successfully, focus on the right technical priorities will need to be complemented by adaptive challenges and change management that both look at the 'how to' of a reform process. While there are several theories and lessons from other countries on the 'how to' of reform, a simple recipe for (replicating) success does not exist. Many PFM reform efforts in the recent past in Bangladesh have been considered only partially successful.
3. Getting the 'change approach' right will be crucial. This note will build on existing experience and context in Bangladesh and on lessons learnt globally, to suggest a pragmatic and workable set of measures that could drive the change management process in the country and as such complement and accelerate the successful implementation of more technical financial reform areas.

2. The context of Bangladesh

Bangladesh is truly unique

4. In less than 50 years of independence since 1971, Bangladesh has demonstrated impressive economic growth and has emerged as a young democracy. This transformation has been enabled by increasing exports, chiefly of ready-made garments and labor services. A key factor has been a political settlement comprising elites, ordinary citizens and external actors to enable economic growth through openness to global markets, basic protection against ecological disasters and global economic volatilities, and basic standards for public services like health and education. As a result, Bangladesh does far better on key health, education and gender equality indicators than its income and stage of economic development would suggest (Hossain, The Aid Lab, 2017: 3-11).
5. Bangladesh is one of the 'Next Eleven' (N-11) countries; a group of countries that could potentially have a BRIC-like impact and be among the worlds' largest economies in the 21st century, mainly because they are the next set of rapidly growing large-population countries beyond the BRIC. It also aspires to become a middle-income country by 2021. Yet plenty of challenges remain.

Technical solutions are insufficient for reform challenges in Bangladesh

6. Bangladesh is a country in transition with many opportunities and challenges. Despite the benefits of the settlement discussed above, the country is one of the most over populated in the world with an estimated 165 million people. The World Governance Indicators show that though there has been improvement in most governance indicators, Bangladesh lags behind the regional averages. These are some of Bangladesh's development challenges. PFM effectiveness has also been challenging. PFM reform has

taken place since the mid-1990s but proven difficult regardless of substantial support in this area from development partners. Various projects were undertaken that only partially achieved their objectives. Nonetheless, Bangladesh remains committed to PFM Reform and has demonstrated this through its continued support of iBAS++ development and implementation as well as the production of the PFM Reform Strategy 2016.

7. In an environment like Bangladesh, technical solutions must be complemented by non-technical activities to adequately implement reforms. Technical experts can help prepare country tailored proposals based on realistic assessments and requirements which can provide the ground for greater progress. Yet, no matter how high the technical quality of the proposals, there will be many non-technical challenges such as the need for high level political support, adaptive leadership, stakeholder analysis, shared vision and communication strategy, readiness of reform teams and leaders, well defined deployment plans, milestones and incremental achievements, capacity building and appropriate institutional frameworks, system integration, managing resistance, and assessing risks. Therefore, a change management approach is essential, considering the unique context of Bangladesh as well as lessons learnt from previous projects and reform efforts.

3. Key Lessons Applied

8. **Basics First and Ownership.** It was recognized in the Reform Strategy 2016 that given existing capacity limitations, Bangladesh would best develop gradually based on clear priorities and accountability. The PFM Action Matrix 2018-2023 as a result focuses on the highest priority (activity) clusters and establishes clear accountability for implementation anchored in different government departments. The basics-first approach also emphasizes the importance of strengthening institutional capacity in support of more sophisticated and continued PFM reforms over time. Country-own institutions such as the Institute of Public Finance (IPF) and Financial Management Academy (FIMA) have been developed to provide high-quality trainings that are most suitable for the local context and will be further strengthened going forward. These institutions would play a key role in supporting the change process.
9. **Course-correction and learning during implementation.** Progress will not be linear. There will be some steps forward, some steps backward. Some reforms may be achieved rapidly when all the actors involved are in alignment. Other reforms may need a slower pace to allow absorptive capacity to catch up, accountability to increase, or public support to be rebuilt. To this end the governance bodies suggested have a clear role to play through consultative feedback, helping to bring out good ideas and screen out bad ones, with support from implementation coaches. Systematic capturing and sharing of good reform practice will be promoted and anchored in a PFM Reform Learning Hub that is foreseen for Bangladesh.

Box 1: The Essence of Change Management

“Change management is a process of helping people understand the need for change, and to motivate them to take actions which result in sustained changes in behavior.” It is agreed as critical for PFM reform in Bangladesh. Change management does not only refer to a set of basic tools or structures intended to keep the change efforts under control. More importantly, it is about adaptive leadership (or change leadership) for addressing non-technical challenges, by evaluating and managing risks, (further) empowering a group of leaders in the government of Bangladesh and mobilizing a large number of people with a shared vision to introduce sustainable changes in social and organizational culture. With change management realized, better results can be achieved faster and more sustainably.

10. A tailored approach to Political Economy. Political Economy (PE) assessment seeks to understand the specific relationships of power between relevant stakeholders, so that interests and influences can be better understood. And with better understanding, implementation challenges can be circumvented, and breakthroughs can be enabled through windows of opportunity. A tailored approach to PE assessment is thus required. PE assessments that have been done in the past, were mostly driven/written by development partners and have had somewhat limited use for the (government) implementing teams on the ground. Hence a more tailored and dynamic approach to using PE assessments is suggested. In alignment with each implementing government authority, a simple stakeholder analysis and force field analysis will be done during the implementation of the Action Plan that highlights which are opposing forces (and actors) and which are supporting forces to intended changes. This will generate clear lessons and suggestions to overcome/prevent challenges and bottlenecks in the implementation process at the activity level.

B. Governance Structure for PFM Reforms

11. A key principle of PFM Reform is that local authorities are firmly in charge of the reform process, with external advice in a supporting role. There will be a two-tier governance structure comprising of a Steering Committee (SC) and a Program Execution and Coordination Team (PECT). Full details on the mandate and composition will be outlined in a Terms of Reference that will be shared with all relevant government agencies as well with the public.
12. The SC is chaired by the Finance Secretary. Members are senior representatives from major spending ministries, Cabinet Division, Comptroller and Auditor General, National Board of Revenue, Economic Relations Division, Bangladesh Bank and Planning Commission. Through its mandate, SC will:
- Oversee implementation progress, approaches, and stakeholder communication;
 - Create a conducive enabling environment for change to happen;
 - Review the Action Plan implementation status and the progress towards results;
 - Decide on possible course-corrections based on implementation lessons and suggestions from the PECT.
13. SC will meet twice a year, with additional ad hoc meetings as and when required. The location of each meeting shall be at the discretion of the Chair, who shall give notice of the date and venue for each meeting to the Members no less than seven (7) working days prior to the date of such meeting. The SC will make decisions by consensus, to the extent possible. Where a member of the SC has a dissenting opinion, the opinion will be recorded in the meeting minutes. Where consensus is not possible, the Chair may decide based on the views of most of the members of the SC present during the meeting. The SC may make decisions in person or through virtual (email) approval on a no objection basis within five (5) working days. The SC will commit to sharing implementation progress and lessons with stakeholders outside the government openly and in ways that makes it possible to receive suggestions and additional ideas to improve implementation.
14. The Finance Division, through a PECT, will lead the coordination of the reforms with an active support from the line ministries as well as the development partners. PECT will consist of 4 members from Finance Division and 1 member from each Program Implementation Team. PECT can invite observers to their meetings and PECT is expected to invite selected development partners for inputs and advice. The PECT will also be responsible for establishing a forum for institutional collaboration (PFM Reform Learning Hub at

the Institute of Public Finance) for areas requiring collective action and mutual learning and accountability and for more systematic capturing, sharing and replication of reform lessons. PECT will be undertaking several activities, including:

- Develop progress and performance indicators for each (activity) cluster, in consultation with each Program Implementation Team as well as an annual monitoring and progress reporting schedule.
 - Support the capacity development of each Program Implementation Team to develop effective PFM-focused monitoring - building on existing systems where possible - and development of quality and timeliness standards for the semi-annual reports
 - Prepare semi-annual Progress Reports for the SC based on inputs from implementing agencies and periodically monitor data quality, accuracy, and reliability
 - Develop a detailed communication plan
 - Create a PFM Reform Learning Hub in IPF, that brings together government experts and, among others supports a series of semi-annual Learning Activities (LA) to identify, capture and share (local) implementation lessons between ministries and agencies and prepare suggestions and reports for the SC to overcome (local) implementation challenges in areas that are relevant across all Ministries
15. PECT will meet approximately four times a year (quarterly), with additional ad hoc meetings as and when required and will ensure there is continuous support for and attention to the implementation of the Action Plan. The location of each PECT meeting shall be at the discretion of the Chair, who shall give notice of the date and venue for each meeting to the Members no less than seven (7) working days prior to the date of such meeting. Reports prepared for the SC will be compiled by the PECT and can include specific suggestions (where applicable) for course-corrections or scaling of good practices, based on implementation lessons.

C. Change Management Pillars for Bangladesh

16. Change management interventions in the PFM Action Matrix are mainstreamed as well as separately pursued through a separate set of systematic learning, leadership, and motivational activities. The PFM Action Matrix promotes incentives for change at two levels: (a) at each activity level where the risks and challenges in achieving the change have been discussed, and sub-activities are designed to manage those risks and challenges. For example, advocacy and coalition building sub-activities are built in where the government's current ownership is not at the highest level, or capacity building sub-activities are designed to cater for capacity challenges etc. and (b) separate set of activities under component 14 to promote leadership and learning in program implementation and enable mutual accountability. Together, these change management interventions will enable the implementation teams to effectively deal with both technical and non-technical challenges that come up during implementation.
17. For the mainstreamed change interventions under each reform activity, a prioritization and change management framework was used (Box 2). This framework helped in clearly identifying the strengths and risks involved in implementing each activity, and thereby designing sub-activities to manage those risks. The following criteria were used to rank and evaluate each activity. The first criterion 'impact' was helpful in prioritizing among the activities, while other criteria helped in identifying the potential risks that need to be managed during implementation.

18. Successful PFM reforms require both ‘causality’ and ‘discovery’. The PFM Action Matrix provides a high-level causal logic needed for reforms to maintain the focus and direction to achieve the desired results indicators. Nevertheless, the exact pathway to drive the reform agenda in Bangladesh should build in sufficient flexibility for course-correction. Therefore, the sub-activities described in the PFM Action Plan present the current thinking of the program implementation teams on how they can achieve the desired results. These listed sub-activities will be considered as a guide and will be subject to change as such understanding evolves overtime.

19. Reforms must show that they are cost-effective relative to the improvements and progress expected, or they will be changed or dropped. Costs are significant, but the cost of missed opportunities associated with the current institutional setup is greater. There should be alignment and communication with key stakeholders and clear support and coaching to deal with challenges that arise during the implementation. While the pathway may be complex, the approach should remain simple: simple to envision, simple to communicate, simple to own. With that in mind, 4 pillars are formulated to underpin the change management in Bangladesh as outlined earlier in the Component 14 of the PFM Action Plan. These 4 pillars are listed in the figure below and are introduced in more detail one by one in ensuing paragraphs.

Box 2: Prioritization criteria

(for change interventions at activity level)

Impact

- Importance
- Cost/Benefit

Ownership

- Problem Recognition
- Commitment
- Legal Mandate

Implementation readiness

- Skill Set Available
- Understanding the Activity
- Activity Plan

Resistance to Change

- Governance
- Institutional Interest to Change

Complexity/Multiple Implementers

- Technical Sophistication
- Number of Units/Actors Involved



1. Systematic Learning and Sharing of Good Reform Practice

20. Organizations around the world recognize they are not making efficient use of their internal knowledge and staff capabilities. Lack of institutional capacity is listed as a critical factor for under-delivering on day-to-day operations and policy reforms. On the lookout for international expertise, leaders in many countries fail to recognize that solutions can also come from their own local experiences and learning can take place continuously and systematically. However, organizations can be poorly equipped to systematically identify, capture and share indigenous and personal knowledge. This also holds true for PFM reform in Bangladesh.
21. Capacity gaps in Bangladesh can have dramatic impacts on the effective achievement of organizational mandates, sustainability of day-to-day operations, and replicability of success. Teams may not adequately communicate, share what they know, or collaborate. When critical know-how goes unshared, work programs are put at risk when the experienced staff retire or leave the organization. Younger staff are often not adequately prepared for assuming new responsibilities. New programs are forced to “reinvent the wheel” if old lessons are never incorporated and the latest thinking is never shared among partners.
22. To institutionalize continuous and systematic learning and sharing of good practices, two lines of activity will be introduced. Firstly, a Learning Hub will be supported and developed at IPF, positioning the institute at the heart of the reform effort and facilitating the identification, capture and sharing of critical reform elements and implementation lessons across government departments. Training needs will be further informed by Readiness Assessments. The Hub will be supported to strengthen capacities on:
 - a) Assessment of institutional capacities on systematic knowledge sharing;
 - b) Visioning and action planning for systematic knowledge sharing and change;
 - c) Capacity building and training for selected change agents;
 - d) Providing support packages to help institutions identify and capture good practices and local solutions (with templates, video formats etc.); and
 - e) Organizing knowledge and learning events.
23. Learning events, capacity building and training in are part of an ongoing process, where lessons are distracted and shared more widely across government departments and skills are strengthened to improve and refine the ongoing implementation of activities. Activities that have already started including:
 - Knowledge Exchanges with India, South Korea and China
 - PFM Program with Harvard University
 - Organizational Knowledge Sharing Certificate Program with Bangkok University

2. Communication and Stakeholder Alignment

24. People are at the core of any successful change. Stakeholders will be involved and informed throughout the implementation of the Action Plan through the PECT and SC meetings. In addition, several activities will be designed to foster institutional collaboration, alignment, and learning, such as bi-annual retreats for the program implementation teams and multi-institutional field visits to observe PFM practices on the ground. Throughout implementation there will be space for all stakeholders to provide ideas and suggestions.

25. Communication is one of the most important elements of a successful change process and sets a tone of transparency and openness. As foreseen in the PFM Strategy, a detailed communication plan will be prepared by PECT bearing in mind the reform objectives and actions and how they will affect the stakeholders, including those within the government (line ministries) and external stakeholders such as citizens and the private sector. These actors are particularly important on the ‘demand side’ to ensure they are informed of progress (or lack thereof) and are better able to maintain interest and a measure of accountability through social scrutiny of progress on PFM reforms.
26. Activities that have taken place are already meaningfully involving a larger group of stakeholders. In Knowledge exchanges to India, China and Korea, for example, multiple departments and ministries were represented to facilitate cross-learning and alignment.

Moving forward, participatory workshops, for a, press conferences and implementation updates will be the most likely means to ensure effective communication.

Key activity areas foreseen in the communication/outreach plan and initial activities are listed in the table below.

<i>Area for communication/ outreach</i>	<i>Activities (tentative)</i>	<i>Remarks</i>
1. <i>Governance structure</i>	■ ToRs for SC and PECT are openly available for the public and shared actively with key relevant stakeholders ■ SC progress note and key decisions are shared at least annually with the relevant government agencies, the public and for interested stakeholders, with the invitation to provide ideas and suggestions ■ A mechanism is established to channel ideas and suggestions from external stakeholders on a continuous basis	SC and PECT will collectively commit to provide maximum transparency on how the reform is implemented; implementation updates and moments to receive ideas, suggestions, and feedback – both to internal (government) and external stakeholders (non-government).
2. <i>External communication and alignment</i>	■ A detailed stakeholder communication plan is prepared and detailed by PECT and approved by SC ■ Government website informs the public on PFM reform activities ■ Research agenda planned studies and evaluations will be announced and summary results will be made available to the public.	Press conferences are foreseen at the launch of the Action Plan and further on an annual basis. Both successes and challenges are shared openly. Social media will be considered as additional outreach channel
3. <i>Internal collaboration, alignment, and learning,</i>	■ PECT will launch a PFM Reform Learning Hub ■ Field visits and retreats are organized in Bangladesh ■ Field visits and results-oriented knowledge exchanges are organized outside Bangladesh in countries where specific lessons can be drawn	SC and PECT commit collectively to engage relevant line ministries and other government agencies to ensure good practices, lessons and areas for collaboration are being shared and leveraged.

3. Rewarding performance

27. The effectiveness of public servants matters. However, it is often difficult to closely monitor the performance of individual employees. When employees feel as if they are meaningfully engaged in their work, they are more likely to be creatively productive. Management can play a critical role in fostering this motivation. Motivating public servants is a challenging but important part of improving public sector productivity and outcomes. Changing management strategy is a low-cost way for institutions to maximize their agent capacity. It is easily replicable and scalable across public-sector institutions and organizations that display similarly motivated bureaucrats. Other incentives that have worked in various settings include increased contact with constituents, increased community accountability mechanisms, more autonomy/local control, nonmonetary incentives/awards for good performance, transfers, and pay for performance.
28. It is critical to keep the program implementation teams and other stakeholders motivated for them to adopt the change in behaviors and practices essential to these PFM reforms. The PECT and SC will be crucial in creating the enabling environment for that. Performance-based incentives will be considered in changing behaviors of the program implementation teams and PFM practices at ground level. The Government already has considerable experience of applying incentives (though mostly non-financial) to keep the motivation high. A testimony of this is that most reform champions had accelerated progression in their respective careers compared to other civil servants.

4. Adaptive leadership skills through Implementation Coaching

29. During implementation, technical challenges can be distinguished from adaptive challenges. Technical issues can usually be resolved by benefiting from solutions that have worked in the past. On the other hand, adaptive challenges require learning new ways to develop necessary solutions, and this necessitates changes in behavior, roles, relationships, and approaches – and is therefore more complex but also more rewarding and sustainable when managed effectively.
30. Adaptive Leadership Coaching is the process through which the program implementation teams will be supported to seek to influence behaviors of stakeholders in a positive way and to solve concrete problems or bottlenecks in implementation of the Action Plan. Adaptive leadership skills will be important inside the government and members of SC and PECT are expected to set the right example. This requires an acceptance of new ways of doing things, and part of the success depends on managing change processes skillfully, and on the existing capability to overcome the “unpredictable” challenges that all change processes face at some point during implementation. Adaptive leadership coaching emphasizes co-ordination, collaboration, empowerment, and learning. It brings to the government leaders the tools and practices required to facilitate implementation of the reform activities and to address challenges during implementation, including culture change.
31. Activities and areas of coaching will be aimed both at the overarching governance bodies (SC and PECT) as well as at the respective program implementing teams and include four main areas: i) the introduction of Rapid Results Initiatives or other short cycle coaching models; ii) understanding stakeholders’ interest and force fields; iii) implementation workshops to discuss technical and adaptive challenges and solutions; iv) coaching on culture change. For this approach we envisage at least 4 part-time coaches that each support 1-2 implementation teams. The Rapid Results Initiatives is a structured process that mobilizes teams to achieve tangible results over a rapid time frame and accelerate organizational learning. A draft Terms of Reference and requirements are listed in Box 3 below.

Box 3: Terms of Reference and Qualifications of Implementation Coaches

Objective of the Coach:

The objective of the coach will essentially be to assist managers in public institutions to design, launch and implement Rapid Results Initiatives (RRIs) or other short-cycle coaching mechanisms. Each cycle will have four objectives:

- Deliver a result that will be specified by each team and is part of the Action Plan
- Accelerate learning on the subject and with the cluster of activities (among team members and others supporting the effort)
- Strengthen management capabilities and teamwork of the team members and their team leader
- Strengthen leadership and management capacity of the strategic and political leaders/sponsors

Scope of Work:

- Helping “Implementation Teams” in participating ministries and institutions identify bottlenecks and constraints to progress within a strategic focus area/cluster
- Helping “Implementation Teams” shape these areas into specific challenges for (RRI) teams and prepare (Rapid Results) challenge notes to the team
- Preparing for launch events by orientating stakeholders and team leaders and identifying pre-launch action items
- Facilitation (RRI) Launch workshops - Helping teams develop 100-day, clear, challenging, work plans that make the larger implementation clusters progress effectively
- Helping the team leader plan effective team meetings
- Coaching the “Implementation Teams” to play their role in maintaining focus and applying good management disciplines
- Facilitating the mid-point and sustainability reviews, and helping the teams clarify follow-up actions that will ensure and sustain success
- Working with other coaches to support the successful introduction and execution of the Results Initiatives

Qualifications:

- Strong facilitation and communication skills – empathy, knowledge of group dynamics, managing conversations, conflict
- Knowledge of tools used to help people adopt new approaches in their way of working, and experience with capacity development
- Natural results orientation and drive to get things done
- Attention to detail
- At least 5-8 years of relevant work experience
- Experience with project management results chains, results-based management. Experience with Rapid Results Initiatives is desirable.
- Prior experience working with the Bangladesh government is an advantage.
- University degree in relevant discipline

