

CHAPTER 5

Expenditure Priorities and Allocations

5.1 One of the key objectives of the MTBF initiative is to establish better alignment between the government's strategic objectives, policy priorities and public spending allocations. Allocations for the period of FY11-13 were guided by the government's key priorities for sustainable economic development with a view to achieving the Millennium Development Goals and the aims as spelled out in "Vision 2021". The Government is determined to speed up the supply of energy and power, develop the infrastructure in the communication sector to mitigate regional inequality as well as to establish good governance and human resources development for achieving higher economic growth.

5.2 In FY09 government expenditure was relatively low because of rapid decline in fertilizer and commodity prices in the international markets. However, as the world is slowly moving out of the worst financial crisis of recent years and prices of some basic imported commodities are rising, it can be presumed that government spending level will increase in the coming years. In order to achieve the higher economic growth that was outlined in the roadmap of economic development, the government has planned to increase its overall expenditure level.

5.3 This chapter provides a detailed account of the recent trends in sectoral programme spending¹, government prioritized areas of different sectors and allocation of resources against these prioritized sectors. It will also consider the forecasts on a possible pattern of programme expenditure that is likely to appear during the medium-term period between FY11 to FY13².

Recent Trends in Sectoral Programme Spending

Table 5.1
Distribution of Expenditure by Sector (Function) FY05-FY09
(as % of GDP)

Sector	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual
Total Programme Expenditure	12.3	11.3	11.4	11.5	11.4
Public Services	1.3	1.3	1.1	1.5	1.1
Local Government and Rural Development	1.5	1.3	1.4	1.1	1.1
Defense Services	1.2	1.1	1.3	1.2	1.0
Public Order and Safety	0.8	0.7	0.9	0.9	0.9

¹ Total Programme Spending = Total Spending - Interest Charges - Other Non-Assigned Expenditure.

² Please note that projection in chapter 1, 2, 3 and 4 are made for the period between FY11-15. However in this chapter for individuals sectors projection is made for the period between FY11-13.

Sector	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual
Education and Technology	1.9	2.1	2.1	2.0	2.0
Health	0.5	0.7	0.9	0.8	0.8
Social Security and Welfare	0.7	0.5	0.5	0.6	1.3
Housing	0.2	0.1	0.1	0.1	0.2
Recreation, Culture and Religious Affairs	0.2	0.2	0.1	0.1	0.1
Power and Energy	1.1	0.9	0.6	0.5	0.4
Agriculture	1.1	1.0	1.0	1.6	1.6
Industrial and Economic Services	0.2	0.1	0.1	0.1	0.1
Transport and Communication	1.8	1.2	1.1	0.9	0.7

Source: Finance Division

5.4 During FY05-FY09 total programme spending increased from Taka 454.63 billion to Taka 702.74 billion. Over this period, total programme spending did not increase as a share of GDP, reflecting the facts that, first, limited progress was made towards increasing revenue collection as a share of GDP and secondly, the levels of foreign assistance received from the development partners was rather on the decline as a share of GDP.

5.5 During FY05 to FY09, in the majority of sectors, spending as a share of GDP remained relatively stable; but certain significant trends can be identified:

- Education remained the highest spending sector. And spending in education sector increased from 1.9 percent of GDP to 2.0 percent of GDP between FY05 and FY09. This reflects the continued priority given to human capital development. Reducing gender inequality in primary and lower secondary education has already been achieved. Ratio of male and female student enrolment in Primary education has increased to 50:50.
- In the major infrastructure sectors (local government and rural development, energy and power, and transport and communications) total spending fell from 4.3 percent of GDP to 2.2 percent of GDP between FY05 and FY09. This is because, implementation of major investment projects in energy and power and transport and communication sectors didn't take place during these periods. Expenditure in Local Government and Rural Development sector is decreasing. But to achieve regional equality this sector requires urgent attention for expanding and upgrading infrastructure in the fast growing urban hubs. The Government is making the best effort to fulfill the election commitment, especially escalating employment generation and developing infrastructure facilities in energy and power and other sectors and for thus continuing its effort to increase the rate of ADP implementation.

- The share of GDP spent in the agriculture sector grew from 1.1 percent of GDP in FY05 to 1.6 percent of GDP in FY09. The overall increase in spending was because of the additional increase in fuel, electricity and fertilizer subsidies to minimize the impact of high international prices. Besides, in order to increase productivity different measures have been taken by the government, like giving subsidies to agricultural inputs, making other inputs available to the farmers, expanding the agriculture credit net etc. The Government is dedicated to provide necessary help to the farmers and for this a further allocation of TK. 600 crore as subsidies on fertilizer and other agricultural items was reallocated in the revised budget of FY10.
- The share of GDP spent in the Social Security and Welfare sector grew from 0.7 percent of GDP in FY05 to 1.3 percent GDP in FY09. This is consistent with the increase in the number of beneficiaries as well as the amount of allowances under Social Safety net programmes.

Total Programme Spending: FY11-FY13

5.6 Total programme spending is forecast to grow during FY11 to FY13 at an annual average rate of 14.8 percent rising from Taka 1,138.5 billion in FY11 to Taka 1,499.6 billion in FY13. The last pay commission's recommendations that have been implemented consecutively from 1st July, 2009 will require more expenditure in the next fiscal year. However, as percentage of GDP, total programme spending shows a rising trend from 14.6 percent in FY11 to 15.0 percent in the FY13.

Table 5.2
Total programme Spending: FY11-FY13 (in Billion Taka)

	FY09 Revised Budget	FY10 Revised Budget	FY11 Budget	FY12 Projection	FY13 Projection
Total Expenditure	941.4	1105.2	1321.7	1519.5	1745.2
As % of GDP	15.3	16.0	16.9	17.2	17.4
Less Interest Payment	133.1	146.5	147.1	203.2	220.7
Others Expenditure	13.1	15.8	36.1	21.7	24.9
Total Programme Spending	795.1	943.0	1138.5	1294.6	1499.6
As% of GDP	12.9	13.7	14.6	14.7	15.0

Source: Finance Division

Spending Priorities for FY11-FY13

5.7 Public spending framework during FY11 to FY13 will continue to be driven by the requirement to meet MDGs. Within this framework priority will be given to investment in the energy and power sector that is required to overcome the current

severe power shortages. Public spending on the energy and power sector has been given the highest priority. The government is also committed to strengthening the social safety net provision which is reflected in the increased spending in the social security and welfare sector. Education and health sector budgets will continue to be prioritized. In health this will be linked to measures to improve the efficiency and effectiveness of spending on government health services.

5.8 A number of major spending initiatives will have significant impacts on the budgetary resource allocations during FY11-13. The most important of these initiatives and their estimated costs during FY10-13 are listed below:

- **Fiscal Stimulus Package:** Implementation of measures to mitigate the impact of the global economic crisis on Bangladesh which includes financial assistance to affected export industries and agricultural support subsidies will be continued in the outer fiscal.
- **Pay Commission:** Continual implementation of the National Pay Commission's recommendations will require more expenditure for salaries and allowances in the next fiscal years.
- **Energy and Power Sector Programme:** A specific action plan for FY11 to FY15 has been formulated to increase the electricity generating capacity by an additional 9,426 MW. Under this plan, sufficient investment will also be ensured to build transmission and distribution networks. The government has allocated Taka 50 billion for this programme.

Box 5.1

Prioritized Sector: Power

The shortfall of power is a major constrain in the expansion of industrialization and in attracting foreign investment. Currently the coverage of electricity is only 47 percent. The approximate daily electricity demand in the country is 5500-5800 MW, whereas the production is 3800-4300 MW. The government has already undertaken short-term, mid-term and long-term measures and plans to increase electricity production. A specific program has been planned to produce additional electricity by 2010 to 2015. After full implementation of these programmes, there will be an additional production of 792, 920, 2269, 1675, 1170 and 2600, that is, a total of 9426 MW of electricity by 2010, 2011, 2012, 2013, 2014 and 2015 respectively and by 2012 the gap between demand and production of electricity will be eliminated.

The Government has declared the Power Division as a priority sector in order to solve the power crisis rapidly. Programs have been undertaken to build combined cycle/dual fuel IPP (Independent Power Producer) power plants in the private sector at Bibiyana, Meghnaghat, Bhola, Savar, Kaliyakoier and Sirajgonj. These are expected to be in operation by FY13. Planning has also been made to construct four small 105 MW private IPP power stations at Chandpur, Korotia, Konabari and Noapara and also to construct 2000-2600 MW coal based power stations which will be implemented through Public-

Private Partnership by FY15. Within the next 3 years solar panels will be installed in all government, semi-government and autonomous offices. Steps have also been taken to use 4 crore energy saving Compact Fluorescent Lamps (CFL), in all ministries and government organizations and gradually all the street lamps will be replaced with lead and solar bulbs. Plans have also been made to supply Liquefied Natural Gas (LNG) to all power stations that closed down earlier because of the gas crisis. For this, arrangements have also been made to import LNG and to construct an LNG Terminal. This will result in increased spending in this sector.

Inadequate supply of gas compared to the demand has created low a pressure situation all around the country. A “Gas transmission and development project” has been undertaken to extend the gas transmission line in order to extend the transmission of gas throughout the country. As a result 360 MMCFD gas can be distributed to the western and south-western regions of the country through the construction of 356 km of gas transmission lines.

- **Communication Infrastructure:** Construction of the Padma Bridge, an Elevated Expressway, and the Dhaka-Eastern Bypass Road will require huge investment in this sector. Construction of the Padma Bridge is expected to start in full swing in FY10.

5.9 Resource allocation priorities in each of the major ‘developmental’ sectors are discussed below:

I. Local Government and Rural Development³

5.10 To improve the standard of living of people, it is necessary to enhance the effectiveness of local government by strengthening the local government systems and institutions. A Strong local government system will certainly help to reduce the discrepancy between rural and urban areas. In order to achieve these targets, a medium term action plan has been formulated with the integration of PRSP, MDGs and National Rural Development Guidelines. The highlights of this action plan are as follows:

- Strengthening local government institutions
- Creating employment through investment in agriculture and rural sectors
- Ensuring safe and pure drinking water and sanitation
- Constructing and maintaining local roads

³ Covered by the activities of the Local Government Division, the Rural Development and Cooperatives Division and the Ministry of Chittagong Hill Tracts Affairs.

- Assisting communities with the development and exploitation of small-scale water sources
- Development of cooperative markets

5.11 Priority measures to be undertaken during FY11-FY13 include:

- Strengthening local government institutions and providing them with necessary assistance. Construction of 645 new Union Parishad complex building
- Preventing and reducing water borne diseases through the supply of safe drinking water and healthy sanitation facilities. Coverage of healthy sanitation facilities is expected to increase from 94.0 percent coverage to 100.0 percent. The percentage of municipalities with piped water supplies is expected to increased from 50.0 percent to 60.0 percent
- Developing road infrastructure in rural and urban areas. The development of village roads is expected to increase from 23,900 km to 30,000 km
- Developing and managing small water resources
- Providing health care facilities to mothers and children in urban areas
- Developing three sanitary land fills one in Dhaka, one in Chittagong and one in Khulna metropolitan areas
- Expanding the micro-credit network to improve the living standard and the environment in slums areas and creating self-employment for the poor and ultra poor in rural areas. The numbers of family having credit is expected to increase from 50,125 to 60,200
- Ensuring reasonable prices for the products as well as encourage the beneficiaries to produce more through cooperative based market management
- Creating skilled human resources and employment opportunities for the poor and ultra poor people through various income generating training programmes. The number of self-employment is expected to increase from 5.30 lac to 5.70 lac
- Implementing special priority programmes to improve the standard of living of the poor in comparatively d disadvantaged areas

5.12 Total spending in the sector is forecast to grow by 10.86 percent annually to Taka 133.61 billion in FY13.

II. Education and Technology ⁴

5.13 Achieving universal primary education is one of the most important of the Millennium Development Goals. Education has been recognized as a priority sector by the Government. In the FY10 budget, allocation for the sector was 2.1 percent of GDP and it has reached to 2.4 percent of GDP in the FY11 budget and the government is committed to ensuring the effective use of it. Net enrolment rate in primary education has reached to 88.0 percent in FY09. Access to secondary education has also been increasing. Through stipends/financial assistance every year, 27.5 lac female students will get the opportunities to obtain secondary education. As part of the provision of stipends and financial assistance for the students of poor families, pro-poor targeted programmes for boys and girls have been introduced in 424 schools under the FSAP project on a pilot basis and in 53 Upazilas under the SESDP project.

5.14 In order to achieve the targets and objectives of “Vision 2021”- Digital Bangladesh- science and ICT policies are being formulated and updated by incorporating the issues pertaining to poor people’s health, nutrition, improvement in education and overall welfare. For developing the ICT sector government has amended the National Science and Technology Policy and included ICT in the Allocation of Business of the Ministry. Besides these Bangabandhu Sheikh Mujibur Rahman Novo Theatre Act-2009, BANSDOC Act-2009, Bangladesh Science & Technology Museum Act-2009 and Bangladesh High Tech Park Authority Act-2009 are also formulated and approved. In accordance with the international convention, the web addresses of all government offices including ministries and divisions have been standardised by adding the **.gov.bd** domain. The Bangabandhu Fellowship has been reintroduced. During 2009-10, financial assistance for 185 scientific research projects and fellowships to 409 students/researchers were provided. To make ICT hardware and software available and to create employment opportunities, initiatives for setting up of an IT Village and High Tech Park are at final stage.

5.15 Priority measures to be undertaken during FY11-13 include:

- Improve the quality of education by developing the skills of the teachers through various training schemes including C-in-Ed and subject based training. Percent of C-in-Ed trained teachers is expected to increase from 90.0 to 93.0 percent
- Recruit adequate number of teachers every year to maintain the teacher student ratio at the appropriate level. Teacher student ratio is projected

⁴ Covered by the activities of Ministry of Primary and Mass Education, Ministry of Education and Ministry of Science and Information and Communication Technology

to improve from 1:44 to 1:40. Women teachers are expected to increase from 52.0 to 56.0 percent.

- Provide stipend and education allowance to the children of poor families and deprived students. The net admission rate is expected to increase from 92.0 percent to 94.0 percent.
- Provide stipend to the female students at the secondary and higher secondary level. Male-Female students ratio at the secondary and higher secondary level are expected to increase from 49:51 to 50:50 and 54:46 to 52:48. Drop-out rate at the secondary level is expected to fall from 59.3 percent to 57.2 percent.
- Expand the scope of technical and vocational education for adolescents, youths, men and women. Student enrolment in technical and vocational education is to increase from 8.45 percent to 10.17 percent.
- Establish greater balance among humanities, social faculties and general science, applied and technical and business education. Enrolment in the professional degree course is to increase from 10.75 percent to 12.15 percent.
- Construct new buildings for educational institution at different levels (school, college and madrasa), repair and renovate the existing institutions and establish new institutions in the deprived areas.
- Create awareness on the use of biotechnology and undertake research on environment friendly sustainable technology for the poor.
- Expand the peaceful use of nuclear energy. Strengthen the existing nuclear medical centres and construct new centres. In the medium term, under the Atomic Energy Commission, the number of patients to get nuclear treatment and health service is to increase from 7.5 lac to 8.0 lac.
- Promote ICT amongst the poor and disadvantaged people and create employment opportunities for the ICT trained.

5.16 Total spending in the sector is forecast to grow by 13.35 percent annually to Taka 236.12 billion in FY13.

III. Health⁵

5.17 The main objective of the government in health sector is to ensure health care for all by improving the health, nutrition and population sector and to constitute a healthy, strong and effective workforce. Impressive progress has been made in

⁵ Covered by the activities of the Ministry of Health and Family Welfare.

reducing fertility rate, crude birth rate, infant and child mortality rate as well as increased life expectancy. However, progress in reducing maternal mortality was not satisfactory. In this regard, there is considerable scope to increase spending in the sector focusing on the poor people of the rural and urban areas.

5.18 The Government is committed to control the population as well as to assure health and nutrition to the people as part of achieving the target of Millennium Development Goal and Steps Towards Change. Initiatives will be taken to ensure participation of the community in the provision of general health care services, nutrition and family planning activities at the grass-root level through community clinics. The National population policy will be modernized to reduce population growth rate to an optimum level. Maternal Health Voucher Scheme will be further extended to ensure proper nutrition through necessary health care for poor pregnant women and lactating mothers. Besides, the national drug policy will be revised to produce drugs of international standard. It will ensure essential drugs at a reasonable price and to increase the export of drugs.

5.19 Priority measures to be undertaken during FY11-FY13 include:

- Provide health, nutrition and family planning services to the rural poor through community clinics and union health and family welfare centres. The objective is to reduce the number of under-5 child malnutrition from 38 per hundred children to 33.
- Reducing population growth rate to an optimum level and improving reproductive health. TFR and population growth rate is projected to improve from 2.4 and 1.35 per hundred to 2.2 and 1.20 respectively.
- Expand infrastructure and appoint required personnel in hospitals at the District and Upazila levels.
- Expand specialised care services, modern care facilities to deal with complex and acute diseases through general and referral system.
- Reduce the Infant Mortality Rate and Maternal Mortality Rate from 42 per thousand live births to 36 and from 2.56 per thousand live births to 1.80 respectively.
- Build up trained human resources through appointment, education and training of doctors, nurses, paramedics and other relevant personnel.
- Produce quality drugs and increase their export after meeting the country's demand

5.20 Total spending in the sector is forecast to grow by 13.56 percent annually to Taka 104.83 billion in FY13.

IV. Social Security and Welfare⁶

5.21 Government spending on social security and welfare covers the provision of social services to the poor and vulnerable sections of society. These include the aged, the poor, people with disabilities, widows, orphans, street children, victims of crime and violence, juvenile offenders, and acid burns victims. It also covers ensuring food security, providing relief for natural disaster victims, undertaking activities to empower women and children and ensuring the welfare of freedom fighters and their families. In addition, funding is provided to support women focused micro-credit programmes for the poor and for the construction and maintenance of shelters for victims of natural disasters.

5.22 Priority measures of the social security and welfare sector to be undertaken during FY11-13 include:

- Increase beneficiaries of Old Age Allowance program from 85.33 percent to 100 percent in FY13.
- Enhance beneficiaries of allowance for widow, divorced and distressed women to 14 lac in FY13 from 12 lac in FY11.
- Bring 1.5 lac orphans and distressed children under safety net in FY13 from 1.2 lac in FY10.
- Increase disabled assistance coverage to 5.1 lac in FY13 from 4.42 lac in FY11.
- Increase number of disabled and distressed patients under medical treatment to 8.65 lac FY13 from 7.15 lac in FY11.
- Generate employment of about 19.49 lac people a year through rural infrastructure reform works under Food for Work programme.
- Generate employment for about 40 lac people a year through 1.75 lac rural infrastructure maintenance works under Test Relief Programme.
- Distribute, under VGF program, 5 lac metric ton food grains among 222.0 lac distressed people every year.
- Distribute, in the event of disaster, corrugated iron sheets, house-building grants, gratuitous rice, shelter etc. among 71.5 lac people a year.
- Collect 17 lac metric ton food grains (rice, wheat) a year from internal sources during the production period.

⁶ Covered by the activities of the Ministry of Social Welfare, Ministry of Children and Women's Affairs, Ministry of Liberation Affairs, Food Division and Disaster Management and Relief Division.

- Arrange to sell 6 lac metric ton food grains a year in open market.
- Import 11 lac metric ton food grains a year by using own resources.

5.23 Total spending in the sector is forecast to grow by 13.13 percent annually to Taka 123.82 billion in FY13.

V. Housing⁷

5.24 Accommodation is one of the basic demands of mankind. For fulfilling this demand, the main objective of housing sector has been set as improving living standard of people by ensuring planned housing, construction and urbanization. Some of the main functions of this sector are to build planned housing and prepare policies, laws and rules for expansion of the private sector in providing housing for all citizens. This sector also undertakes the direct action of undertaking research, building of low cost housing and distributing them to the homeless, landless vulnerable poor families.

5.25 Priority measures to be undertaken during FY11-13 include:

- Ensure optimum use of land in the urban areas through planned urbanisation
- Construct planned infrastructure for the development of environment and communication in the urban areas.
- Create planned housing facilities at divisional and district levels. Total number of flats to be constructed is expected to increase from 2600 to 9010.
- Expand the housing areas in the important towns through establishing extended residential zones.

5.26 Total spending in the sector is forecast to increase by 16.05 percent annually to Taka 17.13 billion in FY12.

VI. Recreation, Culture and Religious Affairs⁸

5.27 Recreation, Culture and Religious Affairs play an important role in improving the socio-economic condition of a country. Right to information is part and parcel of thinking, consciousness and freedom of speech. People will be aware of and become involved in the government's activities towards the improvement of their socio-economic condition and poverty eradication if right to information is ensured. In recent years Bangladesh has achieved major success in ensuring the free flow of

⁷ Covered by the activities of the Ministry of Housing and Public Works

⁸ Covered by the activities of Ministry of Information, Ministry of Cultural Affairs, Ministry of Religious Affairs and Ministry of Youth and Sports

information at all levels. During FY09, 95.0 percent of the population are brought under Television coverage and 80.0 percent of area are brought under radio broadcasting. During the last three years Bangladesh Sangbad Sangshta (BSS) has achieved significant progress: a) up-grading of the website of BSS, b) making news presentation and news circulation dynamic by using modern technology, c) bringing 8 district offices under a computer network etc.

5.28 It is important to collect, and preserve the heritage, culture, language & literature and the archaeological and anthropological artifacts of the Liberation War and contemporary period to enhance the intellectual status of the nation. In order to develop and promote the native arts and culture, arranging events at the national and international levels as well as trainings and workshops are given priority.

5.29 In order to turn youths in to efficient human resources and involve them in the mainstream development activities priority is given on education and income generating training. A “National Service Programme” is being taken up to provide temporary employment for a period of 2 years for youths aged between 18 & 35 who have completed SSC or higher level of education. At the initial stage the programme will be implemented in Barguna, Kurigram and Gopalgong and thereafter, the programme will be implemented throughout the country.

5.30 Priority measures to be undertaken during FY11-13 include:

- Establish BTV's development channel and expand Betar's FM and Community Radio programmes. Television coverage is expected to increase from 97.0 percent of the population to 98.0 percent population.
- Introduce digital technology for broadcasting. Internet broadcasting is expected to increase from 10.0 lac/day to 25.0 lac/day.
- Formulate befitting policies for free flow of information. Formulate policies on the private television channels, on the cable operators, and on private radio channels.
- Preserve the history and heritage of native culture.
- Establish new libraries and modernize the existing libraries at the district and upazila levels to expand reading habits.
- Create self-employment opportunities for the unemployed youths. Over the medium term self-employment opportunities are to increase from 7.0 lac to 9.0 lac..
- Search and develop dormant talents in the field of sports to increase participation and bring success in international sports events and increase the standard of sports.

- Expand the opportunity of pre-primary education for child development. Pre-primary education coverage rate is expected to increase from 12.0 percent to 16.0 percent
- Provide income generating and productive training to increase the social awareness of religious leaders.
- Publish religious books and create opportunities for research.

5.31 Total spending in the sector is forecast to grow by 10.92 percent annually to Taka 19.07 billion in FY13

VII. Power and Energy⁹

5.32 The Election Manifesto of the government envisages that GDP growth rate will accelerate to 8 percent in 2013 and to 10 percent by 2017, and this will be maintained till 2021. In order to attain higher GDP growth, investment in infrastructure, especially in power and energy is given the highest priority. In this perspective, government has taken plans to establish new power plants to produce additional (excluding quick rental) 1,712 MW by 2011, 5,656 MW by 2013 and 9,426 MW by 2015. By implementing all these plans, the government aims to bring everybody under power coverage by 2021.

5.33 In 2008-09, total power production capacity in Bangladesh was 5,719 MW of which 3,812 MW was in the public sector and 1,907 MW (including REB) in the private sector. In FY10, total power production capacity is 6,033 MW of which 3,932 MW was in the public sector and 2,101 MW (including REB) in the private sector. Power production of the public sector has decreased because some old power plants become less productive. Besides, gradual shortage in gas supply has also attributed to lower production of power.

5.34 According to the forecast of the power system master plan, it is expected that maximum power demand in 2011, 2013 and 2015 will be 6,298 MW; 7,709 MW and 9,812 MW respectively. To ensure power for all by 2021, the government is encouraging private sector investment. The Government has formulated power production guidelines for encouraging private investment in the power sector.

5.35 Priority measures for the power sector to be undertaken during FY11-13 include:

- Undertaking of initiatives to establish power plan with capacity of about 9,000 MW during the period 2010 to 2015
- Constructing 41 power plants with 7,718 MW production capacity during 2012-15

⁹ Covered by the activities of Energy and Mineral Resources Division and Power Division.

- Ensure 1712 MW power production (excluding quick rental) in both public and private sectors by 2011
- Considering undertaking of 16 power projects as a prioritized investment plan (Three year road map for power sector reform) to achieve power for all by 2021.
- Attracting foreign and local, public and private investment for exploration, development and extraction of gas, oil, coal, refinement and transportation of oil.
- Developing coal as an alternative energy to ensure energy security.
- Ensuring uninterrupted supply of fuel in the development of agriculture, communication and industry.

5.36 Total spending in the sector is forecast to grow by 5.66 percent annually to Taka 68.26 billion in FY13

VIII. Agriculture¹⁰

5.37 The Agriculture sector is a major sector in the economy of Bangladesh. It is also one of the major driving forces of economic growth. Although this sector accounts for around 20.0 percent of GDP, about 60.0 percent of the total population and 48.1 percent of the total labour force depend on agriculture and related farm and non-farm activities for their livelihoods. This sector has much importance in ensuring food security at national, regional and household levels through increasing local level production. Especially, since the present government is committed to ensuring food security for all by 2013 through attaining self reliance in food grains, the importance of this sector has increased tremendously.

5.38 Each year a significant share of cultivable land is lost owing to gradual increasing pressure of population growth, industrialization and rapid urbanization. In this context, it's a big challenge to meet the food demand of the population by increasing food production through planned utilization of agricultural land. In addition to this, ensuring sustainable economic growth by overcoming the negative impact of climate change, efficient utilization of water resources, decreasing per capita land etc are also big challenges in this sector.

5.39 Priority measures to be undertaken during FY11-13 include:

- Enhance agricultural research programmes to increase the production of different crops like paddy, wheat and sugarcane.

¹⁰ Covered by the activities of the Ministry of Agriculture, Ministry of Fisheries and Animal Resources, Ministry of Environment and Forest, Ministry of Land and Ministry of Water Resources

- Ensure use of quality seeds, sapling and quality seeds of wheat and paddy. This will lead to increase of wheat production from 90 to 100 lac metric tons and paddy production from 34.4 to 35 million metric ton.
- Innovate, conserve and distribute improved variety of seeds.
- Increase productivity and create employment in the fisheries sector by developing habitat, creating sanctuaries, and bringing flood plain land under community based fishing.
- Implement Fish Protection Act, undertake programmes for the protection of Jatka and create alternative employment opportunities for the fishermen who catch Jatka.
- Develop farm management for government and private poultry firms, livestock and dairy farms.
- Undertake research on the breed development of cattle and increase production.
- Modernise land management system and enhance revenue earning. Computerisation of land record for Upazilas and metropolitan cities to be increased by 6.2 percent and by 50.0 percent respectively.
- Ensure proper and planned use of land through preparation of maps on the basis of land classification and preparing land utilization laws on the basis of those map.
- Ensure economic development and poverty alleviation through allotment of khas land among the landless people.
- Excavate and re-excavate rivers and canals, construct and maintain infrastructures to provide irrigation facilities in the agricultural land.
- Undertaking appropriate measures on the basis of the reports of catastrophic situation in the water sector arising from climate change.
- Construct and maintain flood control embankments for saving crops as well as lives and properties of the people. Flood control and coastal embankment to be constructed and repaired are expected to increase from 230 km to 300 km and from 1,875 km to 3,070 km respectively.
- Control pollution by implementing an environmental protection law 2008 and undertaking required programmes for reducing adverse effects of climate change
- Preservation of existing forests and creation of new forests.

5.40 Total spending in the sector is forecast to grow by 8.62 percent annually to Taka 134.60 billion in FY13.

IX. Industrial and Economic Services ¹¹

5.41 Rapid industrialization is the precondition for a prosperous Bangladesh. In this sector, the government's main objectives are to (1) create employment opportunities through rapid industrialization and to increase the production of jute and silk as well as increase their exports; (2) create domestic opportunities, increase productivity and development of skilled labour force through technical training.

5.42 During the recent financial year, though export of manpower decreased by a considerable number, the remittance flow was more in FY09 compared to the previous years. The effect of retrenchment during financial crisis was not very much adverse to our labour market because most of our exported manpower is unskilled or semi-skilled. But there is no alternative to skilled manpower in the competitive global markets. So there is considerable scope to increase the government spending targeting the poor people, for creating a skilled labour force through appropriate training based on demands in the world labour markets.

5.43 According to the commitment of creating employment opportunity through rapid industrialization envisaged in Vision 2021, initiatives have been undertaken to include constructive and modern reforms on the existing industrial policy. As a result, industrial expansion will be in a planned way and it will be possible to achieve a continuous and sustainable growth in this sector. The National Skill Development Council will be strengthened to provide modern training programme for the creation of skilled and semiskilled manpower in the domestic and overseas labour markets. At the same time stipend will be given to the trainees. Initiatives will be undertaken to create more opportunities for overseas employment by exploring new labour markets.

5.44 Priority measures to be undertaken during FY11-13 include:

- Increase the contribution of the industry sector to GDP through establishment of feasible and demand oriented industries. Contribution of the industrial sector to GDP is expected to increase from 18 percent to 19 percent.
- Strengthen the programmes of industrial park and economic zone.
- Attain self-sufficiency in fertilizer production.
- Transform tannery, garments factory and pharmaceuticals industry to the outskirts of the city and establishing Common Effluent Treatment Plant on the industrial park

¹¹ Covered by the activities of the Ministry of Industry, the Ministry of Labour and Employment, the Ministry of Expatriates' Welfare and Overseas Employment and the Ministry of Textile and Jute.

- Expand opportunity for overseas employment. Number of labour export is expected to increase from 5.77 lac to 6.4 lac.
- Ensure welfare of the expatriates and increase the amount of remittance.

5.45 Total spending in the sector is forecast to grow by 7.31 percent annually to Taka 14.04 billion in FY13.

X. Transport and Communication¹²

5.46 Adequate and efficient transport system contributes to the sustainability of economic development. Transport and Communications is one of the priority sectors of the Government. In the FY10 budget, allocation for this sector was 1.08 percent of GDP and it has reached to 1.15 percent of GDP in the FY11 budget. In order to build an environment-friendly integrated transportation system, construction, rehabilitation, and maintenance of roads and railway lines, big bridges, flyovers, expressways and other infrastructure, formulation, implementation, monitoring and evaluation of development plans and arrangement of fund both from the internal and external sources are given importance. The physical construction of the Padma bridge will begin in the year 2010 after the financing arrangement is finalized between the development partners and the Government of Bangladesh. Implementation of the Padma Bridge will create employment opportunities for the poor and will result in GDP increase. Besides this, initiative has been taken to build Bekutia Bridge over the Kacha river on the Pirojpur-Jhalokati highway to boost production activities and expansion of trade by establishing direct road communication between Barisal and Khulna divisions. In order to reduce the traffic congestion of Dhaka city steps are being taken for the construction of about 32 km long elevated expressway.

5.47 There is a huge water transport communication network for transportation of passengers and goods in riverine Bangladesh. In order to ensure a smooth, safe and uninterrupted inland water transportation system, the construction of new river ports, launch landing sites, ferry terminals and other landing facilities and the improvements of the existing facilities, in many parts of the country, are given importance.

5.48 Development of civil aviation and tourism industries contribute to the improvement of the standard of living. In order to expand the field in area of civil aviation, initiatives have been taken to build the Bangabandhu Sheikh Mujib International Airport according to global standards near Dhaka. In order to promote tourism, through increasing the number of foreign and domestic tourists, importance has been given to the modernisation of airports in the tourism areas of the country,

¹² Covered by the activities of Roads and Railways Division, Ministry of Shipping, Ministry of Civil Aviation and Tourism , Ministry of Post and Telecommunication and Brides Division.

identification of new tourist locations; and reconstruction, repair, renovation and modernisation of the existing tourist establishments.

5.49 Improved post and telecommunication services help to enhance economic activity. For raising the postal services to international standard there is no other alternative to the automation of the existing postal services. In order to reach the telecommunication services to people's doorstep at affordable prices, priority has been given to the development and expansion of the telecommunication infrastructure and the telecommunication network.

5.50 Priority measures to be undertaken during FY11-13 include:

- Develop, expand and maintain the road infrastructure. Roads to be constructed and developed/rehabilitated/ reconstructed are expected to increase from 550 km to 618 km and from 2,079 km to 2,338 km respectively
- Construct big bridges. Acquire Land for the construction of big bridges and rehabilitate the affected people. Prepare the detailed design of big bridges.
- Improve and maintain the major seaport and important inland waterway channels.
- Enhance the rate of passenger and cargo transportation in the waterways through the development and expansion of the quality of inland water and coastal islands transportations.
- Improve the management of seaport transportation.
- Construct the infrastructure related to tourism and civil aviation under Public-Private Partnership.
- Conduct updated and need-based training as per international standard in our existing tourism training institutions
- Develop the infrastructure of the postal department. Improve the existing postal services and introduce modern and necessary services.
- Increase tele-access and tele-density through the development of infrastructure and services in the telecommunication sector. Tele-density is expected to increase from 40.0 percent to 50.0 percent.

5.51 Total spending in the sector is forecast to grow by 13.06 percent annually to Taka 113.04 billion in FY13

Table 5.3
Expenditure by Sector: FY11–FY13

Name of the sector	Expenditure and allocation (Billion Taka)				Share of programme Expenditure (%)			Annual Growth Rate (%)
	Revised 2009-10	Budget 2010-11	Projection 2011-12	Projection 2012-13	Budget 2010-11	Projection 2011-12	Projection 2012-13	
Public Services	147.56	203.69	227.25	268.97	17.89	17.55	17.94	14.91
Local Government and Rural Development	91.42	108.72	117.72	133.61	9.55	9.09	8.91	10.86
Defence Services	78.75	91.75	121.28	143.54	8.06	9.37	9.57	25.08
Public Order and Safety	67.23	68.45	103.54	122.55	6.01	8.00	8.17	33.80
Education and Technology	161.71	183.77	208.05	236.12	16.14	16.07	15.75	13.35
Health	68.33	81.29	92.36	104.83	7.14	7.13	6.99	13.56
Social Security and Welfare	80.70	96.74	104.04	123.82	8.50	8.04	8.26	13.13
Housing	12.49	12.72	15.19	17.13	1.12	1.17	1.14	16.05
Recreation, Culture and Religious Affairs	11.76	15.50	16.80	19.07	1.36	1.30	1.27	10.92
Fuel and Energy	37.86	61.14	57.80	68.26	5.37	4.46	4.55	5.66
Agriculture	107.63	114.09	118.60	134.60	10.02	9.16	8.98	8.62
Industrial and Economic Services	9.04	12.19	12.39	14.04	1.07	0.96	0.94	7.31
Transport and Communication	68.50	88.43	99.60	113.04	7.77	7.69	7.54	13.06
Total Programme Expenditure	942.98	1138.48	1294.61	1499.57	100.00	100.00	100.00	14.77

Source: Finance Division