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ANNEX I

of the Commission Implementing Decision on the financing of the annual action plan
in favour of Bangladesh for 2021

Action Document for Support to the National Social Security Strategy reforms in Bangladesh

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Support to the National Social Security Strategy reforms in Bangladesh CRIS numbers: NDICI-ASIA/2021/43345 financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe) ACA/2018/40701 financed under the Development Cooperation Instrument (DCI)
2. Team Europe Initiative	<i>Yes. Part of Team Europe Initiative Decent Work</i>
3. Zone benefiting from the action	The action shall be carried out in Bangladesh (nationwide)
4. Programming document	Multiannual Indicative Programme between the European Union and the People's Republic of Bangladesh for the period 2021-2027 (under finalisation) ¹ .
5. Link with relevant MIP(s) objectives/expected results	MIP 2021-2027 specific objective 3: Decent work and social protection for all is within reach through enhanced commitment to decent work and the national social security reform agenda in Bangladesh, covering the life-cycle, and enactment of labour legislation, in line with international labour standards MIP 2021-2027 result(s): 3.2: Nationally appropriate social protection systems and measures are implemented for all 3.3: Enhanced effectiveness of social protection systems and provision through adoption of digital technologies.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	MIP 2021-2027 Priority area : Human Capital Development of Bangladeshi Youth Sector: Labour rights & social protection.
7. Sustainable Development Goals (SDGs)	Main SDG: 1 (No Poverty), target 1.3: nationally appropriate social protection systems and measures for all, including floors; and substantial coverage of the poor and the vulnerable.

¹ Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budgetary years subject to the availability of the commitment appropriations.

	Other significant SDGs (up to 9) and where appropriate, targets: 2 (Zero hunger), 5 (Gender Equality), 8 (Decent Work), 10 (Reduced Inequalities) and 13 (climate change)			
8 a) DAC code(s)²	DAC code 16010 – Social protection (100%)			
8 b) Main Delivery Channel @	Central Government – 12001 Multilateral organisation – 40000 Others – 90000			
9. Targets³	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education ⁴ <input checked="" type="checkbox"/> Human Rights, Democracy and Governance ⁵			
10. Markers ⁶ (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Policy objectives	Not targeted	Significant objective	Principal

² DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dac-anders-codelists.htm>

³ Actual contribution to targets will be confirmed ex-post based on a standardised methodology.

⁴ This target is specific to INTPA. If the action is marked as contributing to the Education target, please make sure the target on "Social inclusion and Human Development" is also marked.

⁵ Thematic target for geographic programmes (at least 15%) in delegated act.

⁶ For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> (go to "Data collection and resources for reporters", select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive). If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

11. Internal markers⁷ and Tags⁸:				objective
	Digitalisation @ <i>Tags: digital connectivity</i> <i>digital governance</i> <i>digital entrepreneurship</i> <i>job creation</i> <i>digital skills/literacy</i> <i>digital services</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ <i>Tags: transport</i> <i>people2people</i> <i>energy</i> <i>digital connectivity</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2021-14.020131-C1-INTPA - EUR 100 000 000 Total estimated cost: EUR 100 000 000 ⁹ Total amount of EU budget contribution EUR 100 000 000 ¹⁰ of which EUR 97 000 000 for budget support, EUR 3 000 000 for complementary support.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing¹¹	Direct management through: - Budget Support: Sector Reform Performance Contract - Procurement Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.2.			

⁷ The internal markers have been created to report on the implementation of the Commission's own policy priorities in areas where no DAC reporting tool is available. For the sake of consistency and comparability, the methodology is equivalent to the DAC markers, with three possible positions (main target, significant target, not targeted)

⁸ Methodology for additional tagging providing granularity on internal markers is under development.

⁹ An action under the title 'Support to National Social Security Strategy reforms in Bangladesh' (2018/40701) is already ongoing on the basis of Commission implementing decision C(2018)5793 as amended by Commission implementing decision C(2020)7146 and financed with the appropriations entered in the following budget lines:

B2018-21.020200-C1-DEVCO - EUR 132 000 000 (EUR 130 000 000 for Budget Support, EUR 1 500 000 for Complementary Support (Procurement) and EUR 500 000 for evaluation, audit and communication & visibility),

B2020-21.020200-R0-DEVCO - EUR 19 900 000 (contribution for Budget Support from Transfer Agreement),

B2020-21.010401.00-R0-DEVCO - EUR 100 000 (Administrative costs from Transfer Agreement).

¹⁰ Idem.

¹¹ Art. 27 NDICI

1.2. Summary of the action

Despite significant progress in human development, a large share of the population in Bangladesh continues to face livelihood, food and nutrition insecurity. The majority of this group is engaged in vulnerable employment with low wages and limited protection against shocks/risks. The COVID-19 pandemic further impacted poverty and vulnerability levels. The SDGs, the 8th Five-Year Plan, the National Social Security Strategy (NSSS), the National Nutrition Policy and the National Plan of Action for Nutrition represent the commitment of the Government of Bangladesh (GoB) to address the interconnected challenges of reducing poverty, undernutrition and vulnerability.

International experience confirms that social protection plays a key role to improve poverty outcomes and promote socio-economic rights. The NSSS includes significant areas of systematisation and improvement of the social protection framework: rationalisation of programmes based on core life-cycle categories; improved targeting, coverage and delivery; and robust systems of information, monitoring and evaluation.

The action contributes to increase investment in human development in Bangladesh by supporting key areas of social security reforms with a focus on systemic changes to strengthen the national system at different levels, while also reinforcing impact on maternal and young child nutrition. The action particularly addresses (i) the effectiveness of social assistance on mothers and children under the national Child Benefit Programme; (ii) the direct impact of COVID-19 on the labour force, with the establishment of cash transfer mechanisms for workers in the export sector who lost their jobs and the longer-term objective to establish appropriate and permanent social security for this category of workers. The main partners are the Cabinet Division, the Finance Division of the Ministry of Finance, the Ministry of Labour and Employment and the Ministry of Women and Children Affairs.

With its focus on promoting social protection for all, the action is in line with priority 1 of the EU's Multi-Annual Indicative Programme for Bangladesh 2021-2027 (Human Capital Development) and is also relevant in the context of the Decent Work Agenda. It contributes primarily to the achievement of SDG 1 (no poverty) and also promotes progress towards SDGs 2 (zero hunger), 5 (gender equality), 8 (Decent work for all), 10 (equality) and indirectly 13 (climate change).

The action is implemented via a Sector Reform Performance Contract to lever the potential of reforms and position the EU at a higher level of policy engagement and dialogue. To complement the budget support, technical assistance is strengthening the capacities of selected institutions responsible for delivering NSSS reforms.

This action continues to be implemented in the context of COVID-19 and adapted as necessary to ensure its success.

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this annual action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

2. RATIONALE

2.1. Context

Bangladesh has made significant progress in human development, poverty reduction and sustained economic growth, qualifying it to graduate from Least Developed Country status by 2026. The country however continues to face development challenges notably due to its vulnerability to shocks and stresses. This includes climate induced and other natural hazards, as well as economic and political risks.

The country remains one of the poorest in South Asia: in 2016 poverty stood at 24.3%.¹² This implies that one in four people live in poverty¹³ (est. 40 million). In addition, a significant proportion of the population (est. 30 million) may be considered vulnerable to poverty as their levels of consumption are close to the poverty line. The majority of these groups is engaged in vulnerable employment with low wages and limited protection against personal and covariate shocks, which can push households into poverty or prevent them from investing in their human or productive capital. Poverty is multi-faceted with deprivations in terms of income, food and nutrition, skills and access to basic services. Demographic changes, urbanisation and shocks can jeopardize recent gains or prevent further improvements. Despite

¹² Latest official figures, 2016 Household Income and Expenditure Survey (HIES), Bangladesh Bureau of Statistics. Estimates for 2019 stand at 20.5% (poverty) and 10.5% (extreme poverty).

¹³ Using the international poverty line of less than 1.90 USD per day.

significant economic growth in the last decade, gains were also not evenly distributed. Gini coefficient of income rose from 0.458 in 2010 to 0.482 in 2016.

Notwithstanding signs of gradual economic recovery backed by a rebound in exports and strong remittance inflows, the COVID-19 pandemic has reversed the country's steady trend of poverty reduction, at least temporarily. Poverty is estimated to have risen to 30% in 2020 as a result of lower employment and earnings¹⁴. This is indicative that a substantial part of the labour force is highly vulnerable to shocks, thereby making a strong case for a wider coverage of social security to protect basic income for all and at all times. The Government of Bangladesh (GoB) responded proactively to the COVID-19 crisis with a BDT 1.21 trillion (EUR 11.8 billion) support package including cash transfer and food assistance for poor and vulnerable households and a stimulus package (with loans) to sustain employment in key sectors.¹⁵

Overall visions, objectives and policy directions for the development of Bangladesh are outlined in the Perspective Plan of Bangladesh 2021-2041¹⁶ which aims at eradicating extreme poverty and obtaining upper middle income country status by 2031. It also aims to reduce the prevalence of malnutrition among young children and puts a strong emphasis on harnessing the country's demographic dividend by strengthening social security for workers, amongst other. Sector strategies are prescribed in the 8th Five Year Plan 2020-2025 (8FYP)¹⁷. Social protection features as Sector 14, also covering food security and nutrition, social inclusion and gender equality. Reference is made to a "stronger and more efficient social protection system" as a major structural improvement in the country's poverty reduction strategy. This builds on the vision and phased implementation of "comprehensive social protection to all poor and vulnerable citizens based on a modern life cycle based approach" set out in the 7th Five Year Plan 2014-2020. For this, GoB commits to (i) a fast-tracked implementation of the National Social Security Strategy (NSSS) focusing on the consolidation of schemes based on life-cycle (including the Child Benefit Programme and social security for the working population); transition from in-kind to cash-based transfers; scaling up of digital payments; single registry and grievance; and (ii) increased spending on social protection from 1.2% of GDP in 2019 to 2% by 2025 (excluding Government pension).

The ten-year NSSS (2015-2025) is the key framework to develop the social protection system¹⁸. It proposes essential reforms towards a rationalisation of programmes based on core life-cycle categories, improved targeting, coverage and delivery and robust systems of information, monitoring and evaluation. In the area of food security and nutrition, interventions follow the 2006 National Food Policy, the 2015 National Nutrition Policy, the National Plan of Action for Nutrition 2016-2025 (NPAN2) and the second Country Investment Plan 2017-2021¹⁹.

The NSSS fits the dynamic and multidimensional approach to fight poverty of the New European Consensus on Development²⁰. It directly addresses two "P"s for sustainable development: People and Prosperity for which access to adequate and sustainable social protection is fundamental to eradicate poverty, tackle discriminations and inequalities, address all forms of malnutrition and enhance resilience. The NSSS is consistent with the EC's Communication on Social Protection in EU Development Cooperation²¹ and also addresses efficiency, effectiveness and fairness of social protection financing under the "Collect More, Spend Better" approach. The NSSS is in line with the EU Gender Action Plan 2021-2025²² and the EU's Joint Communication on Resilience²³.

In June 2021, GoB has finalised the National Action Plan on the Labour Sector in Bangladesh, committing to uphold labour rights and workplace safety in Bangladesh.

¹⁴ I.e. 7% points above a non-COVID scenario. Source: Bangladesh Development Update, "Moving Forward: Connectivity and Logistics to Strengthen Competitiveness", World Bank, April 2021

¹⁵ Stimulus package for sustainable and inclusive recovery from COVID-19 fallout, Ministry of Finance of Bangladesh, 8 Dec 2020

¹⁶ Perspective Plan of Bangladesh 2021-2041: Making Vision 2041 a Reality, GED, Planning Commission, March 2020

¹⁷ 8FYP (2020-25): Promoting prosperity and fostering inclusiveness, GED, Planning Commission, December 2020.

¹⁸ In Bangladesh the term social security is used synonymously with that of social protection. The latter includes social assistance (non-contributory schemes for poor/vulnerable populations (cash/in-kind) and social insurance (contributory schemes for health protection, pensions and work-related benefits). The current framework almost exclusively builds on non-contributory schemes.

¹⁹ Bangladesh Second Country Investment Plan 2017-21: Nutrition-sensitive food systems.

²⁰ Joint statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission on the New European Consensus on Development - "Our World, Our Dignity, Our Future", 7 June 2017.

²¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee of the Regions on Social Protection in European Union Development Cooperation, 20 August 2012 [COM (2012) 446].

²² Council Conclusion of 2020.

²³ Joint Communication to the European Parliament and the Council on A strategic approach to resilience in the EU's external action, 7 June 2017 [JOIN (2017) 21].

The action aligns with the EU's Multi-Annual Indicative Programme for Bangladesh 2021-2027 (under development), the EU's global policy framework for addressing undernutrition²⁴ and is relevant in the context the Bangladesh Sustainability Compact and the Decent Work Agenda.

2.2. Problem Analysis

Short problem analysis:

Bangladesh experienced a steady decline in poverty rates over the past two decades, with pro-poor policies and public spending on social protection, health and education acting as factors for positive outcomes. But more progress could be made. Moreover the substantial gains in household incomes have been put at risk by the COVID-19 pandemic.

An estimated 70 million Bangladeshis still live in poverty and/or in vulnerable situations and a large share of the population faces food and nutrition insecurity. There are particularly high rates of poverty and malnutrition among women and girls of disadvantaged and marginalized communities. Female-headed households are also most at risk of living in poverty. This figure is likely to be higher post-COVID with an estimated 30% of the population reaching the national upper poverty line. Exogenous shocks have a disproportionate impact on people in poverty as they have limited coping mechanisms. They revert to depletive coping strategies (selling assets, migrating, pulling children from school, foregoing health care, early marriage etc.) which puts in peril their human and productive capital, with long term impacts. To prevent irreversible losses for those affected, the social protection system needs to develop its ability to adjust dynamically and respond in a timely and inclusive manner.

More than one in three children under five are stunted (36% or 5.5 million); the national prevalence of wasting is among the highest rates in the world at 14.3%; 3.1% of children under five are severely/acutely malnourished; and around three quarters of children between 6–23 months do not receive a minimally adequate diet. Early indicators suggest there is a risk these rates were affected by the pandemic. While tackling undernutrition requires a complex multi-sectoral approach, low income remains a key cause for a majority of poor households. Evidence suggests that the provision of a child benefit can significantly improve nutritional outcomes in young children in particular if coupled with Social Behavioural Change Communication (SBCC) to influence food choices/consumption.

Bangladesh labour market is dominated by informality. An estimated 81% of workers are in the informal sector and in daily paid work²⁵ with low wages. The Ready-Made Garment (RMG) sector accounts for 15% of jobs with a majority of female workers. Despite recent increases, real wages in the sector remain low compared to living costs²⁶. Labour market participation for women stands at 39% against 84%. In the absence of appropriate protection measures against risks, a large share of workers remains vulnerable to income losses. The deployment of shock-responsive social security mechanisms which can be rapidly implemented to protect workers in need (in the short-term) and the development of contributory social insurance²⁷ available to all workers are growing priorities – as acknowledged by the NSSS and 8FYP.

Bangladesh is disaster-prone, exposed to a variety of natural hazards (cyclones, floods, earthquakes) as well as being highly vulnerable to the effects of climate change. It is therefore important to support the evolution of the national social security system so that is adapted to rapidly respond to shocks. Bangladesh is also experiencing rapid urbanisation: by 2020 the urban population ranged between 60–80 million, including an increasing share of people living in poverty (the “new poor”). It is therefore crucial to incorporate the urban agenda.

Social protection plays a key role in GoB's pro-poor developmental objectives and overall resilience. The following areas are critical to bring about systemic changes for improved poverty outcomes, lower inequality, societal and economic resilience and greater social capital:

- Governance and management of the system (at institutions and programme levels);
- Budget planning, execution and monitoring (at sector and programme levels);
- M&E to inform evidence-based decision-making and planning;
- Management Information System(s) (MIS) to underpin the management, delivery and monitoring of benefits;
- Levels of benefits (which remain inadequate) and coverage (which remain low/uneven);
- Targeting that ensures inclusiveness and curb selective/discretionary approaches;
- Social accountability and effective grievance redress mechanisms;

²⁴ Communication from the Commission to the European Parliament and the Council: Enhancing Maternal and Child Nutrition in External Assistance – An EU Policy Framework (COM 2013), which promotes a multi-sector approach at country level.

²⁵ Source: Social Protection Public Expenditure Review, World Bank, May 2021.

²⁶ Gross minimum wage is BDT 8,000-18,000 (EUR 80-180). Living costs of garment workers almost doubled in 2013-2018.

²⁷ Bangladesh only has pensions in this category, linked to employment and earnings.

- Shock-responsiveness of the system and capacities to scale-up.

Against this background, the action will, among others, address the following areas:

- Institutional and accountability frameworks of the social security system (governance, inter-ministerial coordination, programme consolidation, budgeting and financial management (budget execution));
- Capacities to manage the social security system to ensure evidence-based policy formulation, planning and implementation (systems for information management, delivery (including digitisation) and M&E) and improve the monitoring of the nutritional status of pregnant women and children including those living in the most vulnerable situations;
- Implementation of the child benefit programme ensuring inclusiveness, optimum coverage (rural/urban), adequacy and predictability of benefits. A programme-based MIS and M&E framework will be introduced.
- Adequate social security mechanisms for workers in the export-oriented sector(s). This builds on the COVID-19 response programme established by GoB to deliver cash assistance to workers in RMG/leather/footwear who lost their jobs to introduce other types of benefits covering risks such as maternity, injury/illness and pension - linking to the Decent Work agenda.

The implementation of a national child benefit programme is an important NSSS milestone. This responds to a gap to address undernutrition²⁸. The child benefit programme will build on the existing maternal allowance programmes managed by MoWCA bringing in best practices from other programmes implemented by GoB and/or development partners. Following diagnostic studies of the Maternity Allowance (MA) and Lactating Mothers Allowance (LMA) programs, MoWCA piloted an improved and combined version through the Improved Maternity and Lactating Mothers Allowance (IMLMA) which incorporated programme and institutional reform elements (consolidation of the MA and LMA as one program; establishment of a MIS integrated with the G2P payment platform; online application system at the Union Digital Centre and Municipal Digital Centre and garment factories; using proxy indicators to identify poor households and engaging government officials at the field level to promote and disseminate behavioural communication messages on nutrition and care). In 2019, MoWCA branded the IMLMA as the Mother and Child Benefit Programme (MCBP). To date, MoWCA has rolled out the MCBP across 66 sub-districts, 41 municipalities, and one City Corporation, including six garment factories, with plans for further scale up to another 100 sub-districts, covering up to 1.6 million beneficiaries in Financial Year (FY) 2021/22. Based on the roadmap prepared for the NSSS Action Plan 2, the MCBP is expected to cover up to 50% of children from 0-4 years of age nationwide by FY25/26. Coverage and benefits should gradually expand. SBCC and links to other interventions for improved nutritional outcomes should be an integral part (e.g. access to health, improved water and sanitation).

Support to the working age population represents another gap in the current social security framework. The establishment in October 2020 with EU and German support of the first GoB-funded social protection programme for workers who lost their jobs in the RMG/leather/footwear sectors is an encouraging impetus. The programme is underpinned by a solid MIS covering end-to-end processes that is fully operational. Beyond the immediate COVID-19 response which resulted in lower numbers of workers losing their jobs as initially anticipate as a result (amongst other) of a relatively quick recovery in the sector, the programme represents a concrete first step towards the longer-term NSSS objective to establish adequate and sustainable social security for workers against different risks (unemployment, injury/illness, maternity benefits, pension). Complementary initiatives include the trial of an Employment Injury Insurance scheme (EIIS) led by ILO and GIZ and initial work on a contributory universal pension scheme.

The COVID-19 pandemic has highlighted the relevance of social protection “to save lives and livelihoods” and reconfirmed the importance of systems that are shock-responsive and scalable. The opportunity should be used to build on the response mechanisms as the foundation to expand existing schemes and progressively build a nationally appropriate social protection for all (Social Protection Floor).

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The *main target group* and right-holders of this action are the people living in poverty and/or vulnerable situations, with a focus on *the working population* and the most nutrition-sensitive (pregnant/breastfeeding mothers and young children). Right-holders will benefit from strengthened social protection systems. The action will also reinforce the implementation of the right to social protection of people living in vulnerable situations.

²⁸ The age limit of the Child Benefit programme is currently set at 4 years old (NSSS section 4.3.1). GoB is expected to propose revisions to the age of eligibility and level of transfer.

Overall responsibility for NSSS lies with the Central Management Committee (CMC) which is led by Cabinet Division and comprises 30 concerned Ministries - the duty-bearers (public institutions).

The Cabinet Division operates under the supervision of the Prime Minister. It coordinates and monitors the NSSS implementation. It is one of the main counterparts of the action. A Social Protection Budget Monitoring Unit (SPBMU) is established in the Finance Division at the Ministry of Finance (MoF/FD) focusing on sector financial management and digital transfers (Government-to-Person or “G2P”).

Line ministries have been allocated responsibility for specific NSSS clusters: the Ministry of Social Welfare (MoSW) is responsible for social allowances. The Ministry of Women and Children Affairs (MoWCA) manages social assistance programmes targeted at women and children. It also plays a key role in the development and implementation of gender and child protection policies and programmes. The objective of Ministry of Labour and Employment (MoLE) is to alleviate poverty through the creation of employment opportunities for the poor, unemployed and unskilled labour force of the country. Its Department of Labour (DoL) support of regulating the labour market and labour relations therein. MoLE is also assigned to draft National Social Insurance Scheme (NSIS) in coordination with Financial Institutions Division (FID) of MoF.

The General Economic Division (GED) and the Implementation Monitoring and Evaluation Division (IMED) of the Planning Commission are responsible for process monitoring of the reforms, and for the development of a Monitoring & Evaluation (M&E) system of the NSSS. The Ministry of Local Government plays a key role in the management and delivery of social safety nets at the local level. Its involvement will be mainstreamed. The action will also build on the dynamics of local women organisations and other organisations representing minorities or/and people living in vulnerable situations to promote access to social and economic services by involving them in the development of programmes and monitoring of activities. The multi-sectoral Bangladesh National Nutrition Council was revived with the approval of NPAN2 by the Prime Minister in 2017.

2.3. Additional Areas of Assessment

2.3.1. Public Policy

The NSSS was developed based on an analysis of the existing social security framework which comprises around 120 programmes financed through the national budget managed by over 20 line Ministries/Divisions. Despite the multiplicity of programmes and relatively high Government spending (c.16% of total expenditure in FY20/21), coverage and impact on poverty gap remain limited: targeting is inappropriate with high exclusion errors (around one third of poor households do not have access to social assistance programme) and levels of benefits are inadequately low. The majority of programmes also targets rural areas. Eight Ministries oversee the largest part of the budget, with pension for Government officials representing around one third²⁹. While Cabinet Division is ensuring NSSS coordination, there is so far no Ministry responsible for overall sector policy development and coordination (the Ministry of Social Welfare should take over this responsibility in 2026). Despite improvements, inadequacies in planning and budgeting continue to be observed.

The NSSS seeks to strengthen and rationalise the system to achieve better results from the use of budget on poverty and nutritional outcomes. It focuses on improving overall effectiveness, broadening scope and coverage and ensuring adequate monitoring and evaluation. The approach taken to reform is through the transformation of existing schemes into a reduced number of lifecycle programmes (childhood, working age, elderly). The strategy focuses also on social security of people with disabilities, socially excluded groups and people living in vulnerable situations in urban areas, as well as considers the progressive introduction of a social insurance system³⁰. The system is reliant on the National Household Database (NHD) established at the Bangladesh Bureau of Statistics to improve targeting and registration. The Ministries of Disaster Management and Social Welfare will test the use of the NHD for their programmes from June 2021 with the objective to roll-out its use to major programmes by FY22/23. The success of the modality will depend on enhancement of civil registration and other MIS.

The NSSS incorporates a strong gender equality focus with a variety of measures to enhance women's economic empowerment, access to healthcare and childcare services as well as employment security. It also pursues the

²⁹ Ministry of Food (5%), Ministry of Disaster Management and Relief (19%), Finance Division (28%), Ministry of Women and Children Affairs (4%), Ministry of Local Government (12%), Ministry of Social welfare (12%) Ministry of Primary and Mass Education (5%), Ministry of health and Family Welfare (6%). Source: NSSS, June 2015.

³⁰ Contributory National Social Insurance Scheme (NSIS) and Private Voluntary Pension Scheme.

objective of building adaptive capacities against climate change and strengthening resilience towards shocks by ensuring availability of adequate and scalable mechanisms to provide rapid responses.

The NSSS presents a medium-term scenario to frame policy costing and financing in the period FY15-20. The mid-term budget framework for FY21-25 is under development as part of the NSSS Action Plan 2 (2021-2026). A first draft of the Action Plan was reviewed by the CMC in June and sent back to line Ministries for inputs. The final draft is expected in August. Over the last five years, budgetary allocation for social protection increased incrementally from 2.08% of GDP and 12.72% of expenditure in FY14/15 to a targeted 3.11% and 17.83% respectively in FY21/22³¹ (EUR 10.7 billion). Despite a steady increase in volume and share of the social safety net budget, its categorisation continues to include programmes that do not transfer purchasing power to people living in or close to poverty, with the challenge to prioritise those most in need. This is under discussion as part of recent the Public Expenditure Review on Social protection carried-out by the Word Bank in close collaboration with like-minded development partners.

GoB responded proactively to the social and economic shock from the COVID-19 pandemic with a EUR 11.8 billion support package, which included cash transfer and food assistance for poor and vulnerable households and a stimulus package (with loans) to sustain employment in key sectors. The Social Safety Net (SSN) budget for FY20/21 is 17% higher than in the revised budget FY19/20 at EUR 9.45 billion. This represents 3.01% of GDP and 16.83% of expenditure. The proposed budget FY21/22 allocates EUR 10.7 billion, i.e. a 12% increase. This is progressive although allocative efficiency points to a considerable part of the budget allocated to Government pension (25%). In FY20/21 core social assistance programmes expanded to include an additional 1.1 million beneficiaries. Universal coverage is applied in 112 poorest Upazilas with the objective to reach 150 Upazilas in FY21/22. New programmes were also introduced to protect vulnerable populations (the “missing middle”): “urban poor”/informal workers (3.5 million households) and workers in the Ready-Made Garment (RMG)/leather/footwear sector at risk of losing their jobs. The latter represents the first GoB-funded social security programme for workers in the formal sector. It was established in a record-time at DoL and is operational. The system in place presents a solid basis to establish permanent and adequate social security mechanisms for workers. MoWCA is taking initial steps to consolidate two ongoing programmes for mothers and lactating mothers into one national child benefit programme with improved modalities and expanded coverage. Progress is also observed on transfer digitisation (G2P) to increase the efficiency of the payment system. A five-year NSSS Action Plan 2 is under development for the period 2021-2026.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.3.2. Macroeconomic Policy

The overall macroeconomic performance of Bangladesh has remained strong over the last years (*GDP growth rate over 7%*), supported by strong export demand, high remittances, and stable inflation rate. After reaching 8.2% in FY18/19 (the highest in the region), GDP growth was projected to be around 7.4% in FY19/20, supported by both domestic and external demand. The impact of the COVID-19 pandemic severely affected the country, particularly with regard to the external sources of earnings (RMG exports and remittance inflows), which only recently have picked up. According to IMF, real GDP is estimated to have grown by 3.8% in FY19/20 and projection for FY20/21 is 5%. Overall inflation will remain moderate within the 5-6% range despite the pandemic-induced disruption to the global and domestic supply chains, and international reserves will be maintained at an adequate level (around 4.8 months of prospective imports) by allowing a gradual increase in the exchange rate flexibility. Prudent macroeconomic policies before the COVID-19 outbreak, in particular a relatively low level of public debt (below 40% of GDP), supported by the government's strong commitment to keep the fiscal deficit under control, provided the necessary room of manoeuvre for the immediate response and plan for a smooth economic recovery. The Bangladesh Bank took appropriate steps to ease liquidity conditions to allow the financial sector to support the economy. The budget deficit in FY20 was 5.5% of GDP, meeting the revised budget target but slightly exceeding the set ceiling of 5.0%. An increase of fiscal deficit to over 6% of GDP is projected in FY22. In the medium-term, the country's target to become a middle-income country by 2026 will bring additional challenges related to the loss of international support measures (ISMs). The current EU EBA market access regime will cease to exist by 2029 (three years after graduation from LDC status). The COVID-19 outbreak further underscored the urgency of strengthening domestic resources mobilisation and reforming the financial sector. The importance of well-selected public investment to facilitate growth and private sector's participation and the need to support tax administration reform to provide for additional fiscal space is also regularly highlighted.

³¹ Source: Social Safety Net budget, Finance Division, Ministry of Finance ([online](#))

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.3. Public Financial Management

The latest PEFA assessment for Bangladesh (2015) was endorsed by the Government in June 2016. It noted the strides made in PFM performance over the past five years resulting in improvement in 7 out of 28 key elements (6 of the 7 progressed to scores B+ or A). The diagnostic work also highlighted a number of weaknesses, notably in budget execution, internal control framework, financial reporting and internal audit. Based on the findings of the PEFA, the Government put forward a PFM Reform Strategy (PFMRS) 2016-2021 which incorporates the PFM policy guidelines and related objectives from the 7FYP. A PFM Action Plan (2018-23) to implement the PFM Reform Strategy (2016-21) was developed through a consultative process with other Government stakeholders and approved by the Finance Minister in September 2018. The guiding principles of the reforms remain country ownership, gradualism, with a stronger focus on getting the basics in place and a change management or institutional reform.

Overall, the country's continuous and positive engagement in PFM reform has been instrumental in addressing identified weaknesses. Nonetheless, various remedial actions and priorities for reform in PFM continue to lag behind. GoB has embarked on a sequenced programme of reforms to improve the PFM system. There are several PFM reform projects, including USD 170 million PFM reform program "Strengthening PFM to enable Service Delivery" (SPFMS) supported by USD 100 million credit from the World Bank and USD 70 million commitment of contribution from GoB. In addition, the EU approved a EUR 10 million grant and started implementation from September 2020 to support the National Board of Revenue (NBR), Parliament Secretariat and the Auditor and Comptroller General to strengthen the area of domestic revenue mobilisation and accountability. With the remaining fund of USD30 million (out of total USD 98 million) "Strengthening Public Expenditure Management Programme" (SPEMP) World Bank-executed technical assistance (funded by UK, Canada and EU) supports various components of the PFM Action Plan. JICA approved the second phase of USD 5 million to support Public Investment Management. The IMF through SARTTAC continues to provide capacity building support on various PFM areas. In the area of procurement, the World Bank-funded Public Procurement Reform Project II is working on consolidating two areas: e-Government Procurement and contract management. In 2020, the National Board of Revenue (NBR) has planned five strategies to boost its revenue collection offsetting the negative impacts of the Covid-19 pandemic. The strategies are: Using electronic fiscal devices (EFDs) in all business entities, expansion of income tax net, implementation of the Value Added Tax (VAT) law, automation of bonded warehouses and improving non-tax revenue collection. Revenue reforms are also intensifying with the World Bank's VAT Improvement programme. Other relating capacity development efforts in tax administration such as development of Medium Term Revenue Strategy, automation of business processes and change management remain in force - although their effectiveness and impact in higher collections and improved tax compliance are not yet visible.

At sector level, the World Bank released in May 2021 a Public Expenditure Review (PER) on social protection. It includes a solid analysis and recommendations to sustain the reform efforts, notably on allocative efficiency, targeting and institutional strengthening. No fiduciary risk assessment has taken place yet. The SPBMU at MoF/FD established a MIS to improve capacity to manage, track and evaluate sector expenditure, increase value for money and bring efficiency into the delivery of transfers (G2P system). While progress is strong, only a dozen programmes are concerned for now and additional efforts will be needed to migrate all other cash transfer programmes into the system – which needs to be robust when the volume of transactions scales up. This will require further technical assistance, which may be considered under this action. The action will also provide support to selected areas that contribute to mitigate the potential financial and fiduciary risks in the sector, ensuring that PFM capabilities are developed and that control duties and responsibilities are segregated within core line Ministries and executing agencies.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.3.4. Transparency and Oversight of the Budget

The level of disclosure of budget information has improved in recent years and budgets and budget execution reports are publicly available. Bangladesh has made significant improvements in the area of fiscal transparency. Notably, in the social security system, there were improvements with respect to the publishing of the approved budget of the sector in detail by programmes/schemes over the past five years. Likewise, GoB makes available the budget and execution (i.e. "utilisation") of the budget for every sector and the respective Ministries/Divisions, including a segregation of both development and non-development expenditures, though these present a delay in reporting of two years. MoF/FD publishes annual budgetary information on social security under the heading of the "Social Safety

Net Programmes" disaggregated by programmes and schemes (available online). The latest PEFA (2016) reveals that six of the nine benchmarks on budget transparency were met. The latest score of Bangladesh in the Open Budget Index (2019) is 36 out of 100. According to Corruption Perceptions Index 2020, Bangladesh scored 26 out of 100, the same as in 2019. The country is making continuous efforts to improve its practices in preventing and combating corruption, including digitisation of cash assistance systems (G2P), procurement (eGP), introduction and strengthening of Grievance Redress System and capacity building for all government agencies. There was a clear commitment from GoB at the time of the request to IMF for emergency financing that with the support from IMF, GoB will carry out an audit of COVID-19 related expenditures. This was discussed with MoF/FD and agreed to be carried out after the end of FY20-21. Currently, the Office of Comptroller and Auditor general (OCAG) is conducting 34 special issue based audits related to expenditure for COVID-19 pandemic under their own mandate.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to increase investment in human development in Bangladesh.

The Specific(s) Objective(s) (Outcomes) of this action are:

- SO1. Effective, comprehensive and shock-responsive social security system and measures covering the life-cycle are available, ensuring decent work and social protection for all.
- SO2. The diets of mothers and children are improved.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

(Induced outputs)

- IO1. contributing to Outcome 1 (or Specific Objective 1) the institutional and accountability set-up of the social security system are strengthened
- IO2. contributing to Outcome 1 (or Specific Objective 1) the capacities to manage the social security system are enhanced, ensuring evidenced-based policy formulation, planning and implementation
- IO3. contributing to Outcome 1 (or Specific Objective 1) and Outcome 2 (or Specific Objective 2) the effectiveness of social assistance to mothers and children is increased³²
- IO4. contributing to Outcome 1 (or Specific Objective 1) appropriate and permanent social security mechanisms for workers in the RMG/export-oriented sector are established

(Direct outputs)

- DO1. Additional fiscal space created by the transfer of funds and increased predictability of funds
- DO2. Government stakeholders are better capacitated to deliver and monitor NSSS reforms
- DO3. Sector policy dialogue and technical assistance are better coordinated and aligned to the NSSS and its Action Plan(s)

The output of Team Europe Initiative on Decent Work this Action is contributing to is:

Strengthened and appropriate social protection mechanisms for workers in line with international standards, including setting up sustainable insurance schemes for unemployment and workplace injury (building on the Employment Injury Insurance Scheme pilot).

3.2. Indicative Activities

Activities related to Outputs IO1-IO4 and DO1-DO3:

a) Budget support

- Transfer of up to a maximum of EUR 247 000 000³³ to the State Budget of Bangladesh in FY19/20 to FY24/25;

³² Pregnant/breastfeeding women and children under 5 years old.

³³ EUR 97 000 000 under NDICI and balance under DCI.

- Sustained and results-based policy dialogue with the Government to advance the effectiveness, accountability and financial sustainability of the social security sector;
- Regular follow-up of EU budget support eligibility criteria;
- Donor coordination with Member States, like-minded development partners and civil society organisations (representing rights of different rights-holder groups) to ensure effective and complementary cooperation in the implementation of the NSSS.

b) Complementary support

Complementary support for the action is provided through (i) service contract(s) for technical assistance managed by the EU Delegation and (ii) indirect management with an international organisation.

A total of EUR 4 500 000 is allocated under this action³⁴ to provide technical assistance to institutions responsible for delivering NSSS reforms at central and local levels. The detailed scope and content of activities will be assessed during programme implementation in close coordination with GoB and development partners, taking into account context development, gaps and needs. Areas of support include inter alia:

- Advice and expertise in the social security sector on (i) development policy; (ii) institutional reform, organisational development and change management; (iii) budget planning, programme costing and expenditure, including gender-responsive budgeting; (iv) targeting, management and delivery of assistance (including adaptive social protection models); (v) M&E and MIS; (vi) gender equality, women's empowerment and human rights based approach.
- Support to programme management and monitoring of progress against performance indicators, policy advisory and inputs for sector policy dialogue, communication and visibility.

The main stakeholders include Cabinet Division, MoF/FD, MoLE/DoL, MoWCA, MoSW and GED. Continuity and complementarity with activities supported by other development partners is systematically considered.

3.3. Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project).

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

The NSSS incorporates a strong gender equality focus with a variety of measures to enhance women's economic empowerment, access to healthcare and childcare services as well as employment security³⁵. Despite improvements in education for girls and the creation of economic opportunities for women and their political participation, gender indices however remain low. The absence of social protection for mothers can be a major impediment. The necessity to reconcile unpaid care work with the imperative to generate income often pushes women into the most vulnerable forms of informal work. The absence of income security during the final stages of pregnancy and after childbirth forces many women, especially those in the informal economy, to keep working into the very late stages of pregnancy and/or to return to work prematurely. A comprehensive package of maternity protection should include income

³⁴ An additional EUR 5 million is available for technical assistance under 2016/38955&2017/40363. It was contracted in 2019.

³⁵ A draft gender policy was developed under the NSSS ([online](#))

security, access to health care and protection of women's rights at work during maternity and beyond. The action links to the country's gender policies (e.g. the 2011 Women Development Policy) as it relates to promoting access to adequate social protection for mothers and children (child benefit programme and maternity leave).

The action will contribute to pursuing these objectives by supporting GoB's efforts to build nationally appropriate social security system and measures for all Bangladeshis, in line with the NSSS.

Human Rights

Social Protection is a human right, a major tool to tackle poverty and social exclusion, reduce inequalities (including gender inequalities), promote human development, increase productivity and employability and contribute to economic growth. Efficient social protection systems to prevent people from falling into (extreme) poverty and to better manage risks across the life-cycle. The action will contribute to pursuing these objectives by supporting GoB's efforts to build nationally appropriate social security system and measures for all Bangladeshis, in line with the NSSS.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1.

With its focus on ensuring social protection for all, the action will contribute to enhancing access of persons with disabilities in relevant programmes as well as to designing appropriate disability-specific schemes, in line with the NSSS.

Democracy

There is a strong overlap between social protection and EU priorities to promote democracy. It is a key tool to build political stability, social cohesion and to help communities to cope with structural challenges. The action will contribute to pursuing these objectives by supporting GoB's efforts to build nationally appropriate social security system and measures for all Bangladeshis, in line with the NSSS.

Conflict sensitivity, peace and resilience

Social protection is a powerful socio-economic stabilizer: it strengthens socio-economic systems and people's resilience in times of crisis/ shocks. The action will pursue these objectives by supporting GoB's efforts to build nationally appropriate social security system and measures for all Bangladeshis, in line with the NSSS.

The COVID-19 pandemic particularly emphasized the need to work on two complementary levels: build household resilience before shocks occur; and increase the capacity and capability of systems to respond to shocks after they occur to support immediate needs in a timely manner. The NSSS pursues the objective of building adaptive capacities against climate change and strengthening resilience towards shocks by ensuring availability of adequate and scalable mechanisms to provide rapid responses. The action builds on GoB's COVID-19 response to provide assistance to workers who lost their jobs to develop and establish appropriate and permanent social security mechanisms for workers (in the RMG/export-oriented sector).

Disaster Risk Reduction

The consequences of climate change-induced and other natural disasters affecting people in vulnerable situations will be addressed by building the adaptive capacities of the social protection system. For this, core programme should adjust and or specific shock-response programme should scale-up dynamically in times of crisis. A financing strategy should be in place. The action will pursue these objectives by supporting GoB's efforts to build nationally appropriate social security system and measures for all Bangladeshis, in line with the NSSS.

3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures

External elements	People in poverty are disproportionately vulnerable to external shocks (climate, pandemic)	M	M	Support evolution of the NSSS so that it responds to shocks and meets needs for crisis responses. Targeting criteria for beneficiaries and areas should be inclusive, transparent and fair.
Planning, processes and systems	NSSS reform agenda is delayed	M	M	Results-based five-year NSSS Action Plans available. Policy dialogue and engagement sustained at all levels. Joint approaches with like-minded development partner.
Planning, processes and systems	Coordination and collective action between Ministries/ Division is limited	M	M	Technical assistance in key area of NSSS Action Plan(s). Capacity of Cabinet Division strengthened for coordination and monitoring. Sustained policy engagement with MoLE and MoWCA
Planning, processes and systems	Effectiveness and sustainability of social security depends on fiscal system	M	M	Risks on expenditure and allocative efficiency (pro-poor and gender-responsive budgeting) are core element of policy dialogue. The EU programme to strengthen DRM and budget oversight contributes to PFM improvement.
Planning, processes and systems	Budget for GoB pensions and Freedom Fighters increases disproportionately	M	M	Risk monitoring feeds into policy dialogue. Targeting criteria for beneficiaries and areas should be inclusive, transparent and fair.
Planning, processes and systems	Roll-out of PFMRS 2016-2021 Action Plan 2018-23 is slow. Oversight is weak.	L	M	PFMRS Action Plan available with EU and DP support to roll-out. EU programme on DRM and budget oversight started. Coordination of complementary technical assistance under this action with PFM programme and SPBMU.
Planning, processes and systems	Corruption and weak budget controls affect implementation	M	M	Risk monitoring feeds into policy dialogue. EU programme on DRM and budget oversight contributes to overall PFM improvement. G2P expansion and introduction of M&E tools contribute to address fiduciary risks (SPBMU function)
People and the organisation	Capacity and resources to lead on, implement and monitor reforms show gaps	H	H	Key staff of relevant Ministries/Divisions engaged in the reforms at programmatic (MCBP, social security for workers) and coordination/monitoring (NSSS) levels. Capacity building with technical assistance support. Targeting criteria for beneficiaries and areas should be inclusive, transparent and fair. CSOs participate in monitoring of the reforms.

Lessons Learnt:

Development partners' support to social protection in Bangladesh has remained significant over the years. It has become a renewed priority with COVID-19. While this has led to positive contributions, the overall scope and impact remained limited mainly due to a focus on social assistance, proliferation of actors with stand-alone programmes and uneven sector coordination. The NSSS provides a solid Government-led, consolidated policy framework to engage at strategic level and promote a system-oriented approach, as called for in the Communication on Social Protection in EU Development Cooperation. Partnering with key counterparts at overarching level, such as Finance and Cabinet Divisions is important to build mutual responsibility and accountability.

The pace of reforms witnessed to date has been slow, notably on the programmatic front (as picked up by the 2019 NSSS mid-term review and the 8FYP). The NSSS Action Plan 2 (2021-2026) provides be a renewed opportunity to address management, coordination and monitoring gaps. The 2021 Public Expenditure Review on social protection also brings forward recommendations on targeting, budgeting and allocative efficiency and effectiveness.

The role of Cabinet Division remains critical to coordinate, manage and report on overall NSSS reforms on the one hand, and oversees and manages the various components of the support targeted at the different stakeholders in the sector to avoid compartmentalisation of activities and ensure overall coherence on the other. Linked to this, an efficient, results-based coordination and policy dialogue platform is required between the Government and development partners engaged in supporting the social protection agenda, and amongst development partners themselves to ensure coherence and complementarity in interventions, reduce transaction costs in monitoring and reporting and maximize impact.

Capacity and resources to lead on, implement, monitor and report on programmatic reforms (child benefit programme and social security for workers in the frame of this action) need to be strengthened at all levels at line Ministries in charge to address gaps and ensure institutional and business continuity.

3.5. The Intervention Logic

The underlying intervention logic for this action is that Bangladesh's social security needs improvement. Priority areas and directions for reform are identified in the 8FYP and the NSSS (and its Action Plan(s)). The COVID-19 pandemic stressed the need to accelerate efforts in particular on targeting, coverage and delivery (including digitisation) as well as overall sector consolidation. The action is designed to support these processes by acting as a change agent through knowledge sharing and capacity development, in collaboration with like-minded development partners.

The budget support programme will provide fiscal space with associated policy dialogue and technical assistance (inputs), contributing to the following outputs (induced and direct):

- Strengthened institutional and accountability set-ups of the social security system. This consist in (i) enhancing institutional, administrative and accountability frameworks at central and local levels based on NSSS recommendations and Action Plan(s) (ii) improving policy costing and budgeting in line with the life-cycle approach; (iii) strengthening financial management (including digitisation and oversight); and (iv) strengthening capacities to design, plan, deliver and monitor social assistance to specific groups, ensuring adequate targeting criteria (i.e. mothers and children; workers in the formal sector); (iv) expanding digitisation of applications, delivery of benefits and inter-operability of programme MISs (Single Registry).
- Enhanced capacities to monitor and report on the social security system, ensuring evidence-based policy formulation, planning and implementation. This consists in (i) designing an overall gender/nutrition-sensitive and results-based M&E system for social security with an adequate regulatory framework for effective and regular monitoring and analysis of NSSS implementation; and (ii) developing a programme-based M&E system for social assistance to a specific target group (mothers and children from rural and urban backgrounds) which may serve as an example to develop similar programme-based M&E systems for other social assistance programmes.
- Improved effectiveness of social assistance to mothers and children. This consist in supporting (i) the development; consolidation and roll-out of a national nutrition-sensitive child benefit programme that ensures adequate targeting (inclusiveness), levels of benefits and coverage (rural/urban) and grievance redress mechanisms and; (ii) design and roll-out of a programme-MIS for the child benefit programme, ensuring inter alia accurate enrolment, registration, data/case management, reporting and monitoring (including of expenditure) as well as integration/interoperability with a other platforms (e.g. civil registry, NHD, health registry)).
- Improved social security for workers in the formal sector, in particular in the RMG/export-oriented industries. This consists in developing adequate policies, generating fiscal space and building capacity to establish and maintain systems and testing and establishing permanent mechanisms in line with the NSSS, Social Protection Floor and the Decent Work agenda. The focus is on (i) strengthening and stabilising MoLE/DoL's programme for unemployed workers, including capacities to manage and maintain the programme MIS (end-to-end processes); (ii) expanding delivery/coverage and categories of risks (e.g. unemployment, maternity leave, injury/illness) through DoL's programme and/or complementary schemes such as the EIIS; (iii) expanding digitisation of applications, delivery of benefits and inter-operability of programme MISs (feeding into the development of a workers' registry) and strengthening MoLE/DoL's capacity on data collection and management; (iv) sustaining social dialogue on social security for workers (starting with export-oriented industries); (v) progressing in the negotiation of a National Social Insurance Scheme (NSIS) as envisaged in the NSSS, underpinned by a plan for implementation.

Contributing to the outcomes and impact (specific and overall objectives) referred to in section 3.1.

3.6. Logical Framework Matrix

At action level, the indicative logframe should have a maximum of 10 expected results (Impact/Outcome(s)/Output(s)).

It constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Caveat: the indicators used in the LFM refer to the budget support intervention logic. They help monitoring the implementation of the programme in view of its objectives and later evaluate its contribution to country policy's achievements. The list of indicators below should not be understood as the list of indicators informing the disbursement of variable tranches and spelled out in the relevant part of the financing agreement signed with the partner country, although some indicators may be used for both purposes and will be marked accordingly.

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact of the policy	To increase investment in human development in Bangladesh.	1. Rate of poverty ** EURF L1 #1 2. Rate of extreme poverty 3. Level of Child stunting** EURF L1#9 4. Level of Child wasting	1. 24.8% (2015) 2. 12.9% (2015) 3. 28% (MICS 2019) 4. 9% (MICS 2019)	1. 15.6% (2025) 2. 7.4% (2025) 3. 20% (2025) 4. 7% (2025)	1. 8FYP DRF; HIES 2. 8FYP DRF; HIES 3. 8FYP DRF; HIES 4. 8FYP DRF; HIES
Expected Outcomes of the policy	1. Effective, comprehensive and shock-responsive social security system and measures covering the life-cycle are available, ensuring decent work and social protection for all	1.1. Social security expenditure excluding pension as a % of GDP (disaggregated by categories) * MIP SIF 2.2.2 1.2. % of poor/vulnerable registered and receiving assistance (coverage) (children and households receiving child and family benefits; women giving birth receiving maternity cash benefits; persons with severe disabilities receiving disability cash benefits; persons above the statutory pensionable age receiving a pension (contributory and non-contributory), vulnerable people receiving non-contributory benefits (vulnerable people= all children and adults not covered by contributory benefits and all persons above retirement age receiving contributory pensions) ** EU RF L2 #10	1.1 1.2% (2019) [disaggregation TBI in first year of operation] 1.2 27.8% (2016) [disaggregation TBI in first year of operation]	1.1 2% (2025) [disaggregation TBI in first year of operation] 1.2 35% (2025) [disaggregation TBI in first year of operation]	1.1 8FYP DRF; MoF/FD SSN annual expenditure report; 1.2 8FYP DRF; MoF/FD SSN annual expenditure report / SPBMU
	2. The diets of mothers and children are improved.	2.1 Minimum dietary diversity for pregnant women in the child benefit programme 2.2 Minimum adequate diet in children (6-23 months) in the child benefit programme	2.1 [TBI in first year of operation] 2.2 [TBI in first year of operation]	2.1 (2025) [TBI in first year of operation] 2.2 (2025) [TBI in first year of operation]	2.1 MoWCA report(s) 2.2 Idem
Induced Outputs	IO1. The institutional and accountability set-ups of the social security system are strengthened	IO1.1 Status of the consolidated budgetary allocation and utilization (disaggregated by lifecycle categories) IO1.2 Coverage of digital payments	IO1.1 Social security budget categorisation not in line with life-cycle approach (2020) IO1.2 [TBI in first year of operation] (2021)	IO1.1 Social security budget is aligned with life-cycle approach (2025) IO1.2 Increase in coverage [tentatively 100% by 2023 - TBI in first year of operation] (2025)	IO1.1 NSSS CMC reports; MoF/FD SSN budget and consolidated expenditure reports IO1.2 SPBMU/G2P reports

	IO2. The capacities to manage the social security system are enhanced, ensuring evidenced-based policy formulation, planning and implementation	IO2.1 Status of the results-based, gender and nutrition-sensitive Monitoring & Evaluation (M&E) system for social security IO2.2 Status of the programme-based, nutrition-sensitive M&E system for social assistance to mothers and children (child benefit programme)	IO2.1 No effective M&E system (2017) IO2.2 Non-existent (2020)	IO2.1 Designed M&E system and regulatory frameworks (2022) 1.2.2 Annual targets of the programme-based monitoring plan for the child benefit programme are met (2025)	IO2.1. NSSS CMC reports; Technical Assistance reports IO2.2 MoWCA reports
	IO3. The effectiveness of social assistance to mothers and children is increased	IO3.1 Status of the nutrition-sensitive child benefit programme and annual budget (under recurrent costs) IO3.2 Status of the programme-based MIS	IO3.1 Various GoB-run programmes and pilots supported by development partners for target group (2017) IO3.2 Various MIS piloted by GoB and development partner (2020)	IO3.1 National Mother and Child Benefit Programme consolidated and scaled-up: annual x% budget increase and y% coverage [TBI in second year of operation] (2025) IO3.2 Consolidated MIS allowing efficient enrolment, data management, delivery and reporting is designed and rolled-out with corresponding Action Plan (2022)	IO3.1 NSSS CMC reports; MoWCA report; MTEF IO3.2 MoWCA reports
	IO4. Appropriate and permanent social security mechanisms for workers in the RMG/export-oriented sector are established	IO4.1 Status of the social security framework for workers (in the RMG/export-oriented industries)	IO4.1.1 Existing systems are not shock-responsive and with limited capacity (2020) IO4.1.2 Limited progress on social insurance (2020)	IO4.1.1: A cash transfer scheme with accurate and transparent targeting and delivery mechanisms is established, operationalised and used (2021). The system is sustainable and embedded in DoL (2025) IO4.1.2 Progress in the negotiation, development and implementation of social security mechanisms for RMG/export-oriented workers as per the NSSS Action Plan 2021-2026 (2025); EIIS trial started (2022); Draft NSIS and implementation plan available (2024)	IO4.1.1 NSSS CMS reports; MoLE reports IO4.1.2 MoLE reports; ILO reports
Direct Outputs	DO1. Additional fiscal space created by the transfer of funds and increased predictability of funds	DO1.1 Disbursement level of the budget support	DO1.1 0 (2018)	DO1.1 €247 million (2025)	DO1.1 GoB budget

	DO2 Government stakeholders are better capacitated to deliver and monitor NSSS reforms	DO2.1 Status of Government's capacity to monitor NSSS performance	DO2.1 Limited tools and resources for NSSS implementation, coordination and reporting (2020)	DO2.1 Increased dedicated resources for NSSS coordination and monitoring and SMART reporting mechanisms available (2024)	DO2.1 NSSS CMC reports; APA reports
	DO3.Sector policy dialogue and technical assistance are better coordinated and aligned to the NSSS and its Action Plan(s))	DO3.1 Status of the Local Coordination Group (LCG) on Poverty (and sub-group on social protection) DO3.2 Status of the NSSS common-results framework	DO3.1 LCG Poverty meets irregularly (2021) DO3.2 NSSS Action Plan 2 (2021-2026) is under finalisation (2021)	DO3.1. LCG on poverty and sub-group on social protection revived and meets regularly (at least every 6 months) (2024) DO3.2 An NSSS common-results framework is developed, with clear roles and responsibilities and sector leads (2022)	DO3.1 LCG poverty and sub-group reports DO3.2 NSSS Action Plan reports

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 247 000 000³⁶ and for complementary support is EUR 4 500 000³⁷. This amount is based on the following (indicative) distribution:

A total contribution of EUR 124 500 000 to support Bangladesh's response and recovery plan to address the socio-economic fallout of the COVID-19 pandemic with a focus on affected workers in RMG/leather/footwear (short-term) and to establish adequate and permanent social security mechanisms for this category of workers (medium-term). EUR 113 000 000 were frontloaded in Year 2 (FY20/21). This amount, which included EUR 20 000 000 from the Government of Germany under the Team Europe Package, supported the development and establishment in October 2020 of the "Social Protection Programme for Unemployed and Distressed Workers in RMG, Leathergoods and Footwear Industries". Managed by MoLE/DoL, the programme channels temporary cash transfers to workers who lost their jobs. It is designed to initially run for two years (FY20/21 and FY21/22) with a budget of BDT 1,500 crore (EUR 150 million). Building on this, an additional EUR 11 500 000 from the budget support component will be allocated in FY21/22 to FY24/25 with a focus on accelerating the establishment of appropriate and permanent social security mechanisms for workers in the formal sector covering different categories of risks (see section 3.5).

A total contribution of EUR 122 500 000 to sustain key reform envisaged in the NSSS with a focus on systemic improvements (e.g. sector coordination, budgeting, G2P, Single Registry) and the consolidation and scale-up of MoWCA's MCBP. Despite initial progress in piloting and expanding the MCBP, enhanced financial, technical and human resources at the national and sub-national levels as well as evidence-based analytical and technical support will be required to ensure it can be rolled out as a comprehensive programme across the country to support children's development, build human capital and prevent intergenerational transmission of poverty among millions of households. The NSSS forecasts it would cost BDT 45 billion annually (EUR 470 million) to provide assistance to 7.5 million children. While budget support amounts are relatively small, they seek to lever essential reforms in policy and system development, to accelerate implementation in collaboration with like-minded partners (World Bank, UNICEF and WFP).

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the National Social Security Strategy (NSSS) and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.

³⁶ Of which EUR 97 000 000 under NDICI.

³⁷ Of which EUR 3 000 000 under NDICI.

- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities:

- Improvement of the institutional set-up of the social security system;
- Introduction of a programme-based, nutrition-sensitive M&E system for social assistance to mothers and children within an overall results-based M&E framework for the social security system;
- Introduction of a nutrition-sensitive Child Benefit Programme (including establishment or upgrading of a programme-based MIS);
- Design and negotiation of improved social security for workers, focusing on the RMG/export-oriented industries.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3. Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Bangladeshi Takas will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4. Implementation Modalities for complementary support

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³⁸.

4.4.1. Direct Management (Procurement)

The procurement will contribute to achieving specific objectives (SO) 1 and 2 detailed in Section 3.1.

³⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4.2. Indirect Management with pillar assessed entity(ies)

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: global and regional expertise in the fields of social protection, labour and employment policies and technical capability to support the development or reform of national social protection systems, in particular addressing vulnerabilities related to workers and children.

The implementation by this entity entails technical assistance and expertise to support achieving specific objectives (SO) 1 and 2 (detailed in Section 3.1).

4.4.3. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

If any part of the action described in 4.4.2 cannot be carried out due to exceptional circumstances, the direct management modality will be used instead:

Direct Management – Procurement

Procurement will contribute to achieving specific objectives (SO) 1 and 2 (detailed in Section 3.1).

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support - cf. section 4.3	247 000 000 ³⁹
Procurement – total envelope ⁴⁰ , cf. section 4.4.1.	3 000 000 ⁴¹
Indirect management with and international organisation - cf. section 4.4.2.	1 500 000 ⁴²
Evaluation (including annual review) – cf. section 5.2	400 000 ⁴³
Audit – cf. section 5.3	
Communication and visibility – cf. section 6	100 000 ⁴⁴
Total	252 000 000

4.7. Organisational Set-up and Responsibilities

The overview and overall monitoring in the implementation of the Sector Reform Performance Contract (SRPC) will be entrusted to the Programme Steering Committee (PSC), chaired by the Finance Division of the Ministry of Finance. The EU will be a full member. The key role of the PSC will be to ensure continuous policy support to Government

³⁹ Of which EUR 97 000 000 under NDICI.

⁴⁰ In order to avoid details on budgets for individual contracts, it is sufficient to indicate the total envelop for procurement. If budgets for individual contracts are public, tenderers tend to orientate themselves on them and not on the terms of reference.

⁴¹ Of which EUR 1 500 000 under NDICI.

⁴² All NDICI funds.

⁴³ No NDICI funds.

⁴⁴ No NDICI funds.

stakeholders towards the implementation of the SRPC. It will be responsible for regular assessment of the progress of General Conditions and Performance Indicators, identifying the bottlenecks and challenges to overcome difficulties and find efficient solutions. It will also be a platform for policy dialogue with EU.

Thematic and technical monitoring of the progress in the implementation of the action will be entrusted to a Programme Implementation Committee (PIC) chaired by the Cabinet Division, in charge of the coordination of the NSSS. It will include members from the Ministries/Divisions in charge of NSSS implementation. The key role of the PIC will be to coordinate, support, follow-up and monitor programme implementation. It will play a key role in ensuring oversight and coordinating the implementation of inter-related targets of Performance Indicators. It will report to the PSC on a regular basis. The EU-funded technical assistance (*under complementary measures*) will support and facilitate the activities of the PIC.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Under the NSSS, a central MIS is proposed to provide information to the CMC. To date, the CMC does not receive systematic, regular monitoring information which indicates how the sector as a whole is performing. Work started to address these gaps (also picked up on in the 8FYP) and needs to accelerate.

The PIC will convene meetings at least every two months to review the progress of the action. The minutes of meetings will be duly signed and communicated to the chair of the PSC and the EU Delegation.

The PSC will convene meetings at least twice a year (ad-hoc meetings may be convened when necessary) and minutes of the meetings will be issued.

The budget support programme will be reviewed through annual, time-bound reviews to assess compliance with the General Conditions and Performance Indicators for the release of the instalments. The reviews will be timed to meet the indicative disbursement schedule. An independent review team (third party contracted by the EU Delegation) may support the process for each instalment.

The Team Europe Initiative on Decent Work includes one output related to social protection which is very much in line with what is proposed in the draft MIP 2021-2027 i.e. 'Strengthened and appropriate social protection mechanisms for workers in line with international standards, including setting up sustainable insurance schemes for unemployment and workplace injury (building on the Employment Injury Insurance pilot)'. The current TEI only did a mapping so far of ongoing interventions against the proposed results. The ongoing EU funded 'Support to National Social Security Strategy reforms in Bangladesh' is the only intervention identified. Hence there are at this point no monitoring systems with relation to EU MS actions in place.

For complementary support: reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: M&E capacities to monitor and report on sector performance will be strengthened.

5.2. Evaluation

Having regard to the nature of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the EU's engagement at strategic level in the sector with the Government and the promotion of a system-oriented approach, as called for in the 2012 Communication on Social Protection in EU Development Cooperation.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner(s) at least three months in advance of the dates foreseen for the evaluation mission. The implementing partner(s) shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination⁴⁵. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. COMMUNICATION AND VISIBILITY

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (or any successor document), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries or entrusted entities. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

Communication and visibility measures may be funded from the amounts allocated to the action. For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds.

Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. Implementing

⁴⁵ See best [practice of evaluation dissemination](#)

partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

It is envisaged that a contract for communication and visibility may be contracted under a framework contract.

APPENDIX 1 REPORTING IN OPSYS

An Intervention⁴⁶ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as

Option 1: Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action (CRIS 40701) and NDICI-ASIA/2021/43345
Option 2: Group of actions level		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
Option 3: Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Procurement of services, EUR 3 000 000
<input checked="" type="checkbox"/>	Single Contract 2	Contribution agreement with international organisation, EUR 1 500 000
<input checked="" type="checkbox"/>	Single Contract 3	Procurement of services for evaluation(s), EUR 200 000
<input checked="" type="checkbox"/>	Single Contract 4	Procurement of services for audit, EUR 200 000
<input checked="" type="checkbox"/>	Single Contract 5	Procurement of services for communication, EUR 100 000

⁴⁶ [ARES \(2021\)4204912](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including ‘action’ and ‘Intervention’ where an ‘action’ is the content (or part of the content) of a Commission Financing Decision and ‘Intervention’ is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).