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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX I**

to the Commission Implementing Decision on the financing of the annual action plan in favour of Bangladesh for 2023

**Action Document for Human Capital Development Programme for Bangladesh 2021 (HCDP21)**

**ANNUAL PLAN**

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

**1 SYNOPSIS**

**1.1 Action Summary Table**

<b>1. Title</b> <b>CRIS/OPSYS reference</b> <b>business</b> <b>Basic Act</b>	Human Capital Development Programme for Bangladesh 2021 (HCDP 21) ACA/2017/39656 and ACA/2018/40643 financed under Development Cooperation Instrument OPSYS: ACT-61724 financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes – TVET budget support contributes to the Team Europe Initiative on Decent Work, Bangladesh
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Bangladesh (nationwide)
<b>4. Programming document</b>	EU Multi-Annual Indicative Programme (MIP) for Bangladesh 2014-2020, Multi-annual Indicative Programme (MIP) for Bangladesh 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	MIP 2014-2020: Education and Skills Development MIP 2021-2027: Human Capital Development Specific objective 1: Improve access to a full cycle of quality education, learning opportunities and training-to-work support for young people in Bangladesh Specific objective 2: Better employment opportunities for Bangladeshi youth, capitalising on the opportunities of the 4th industrial revolution and reducing the mismatch between labour supply and demand Expected results: 1.1. Coordination mechanisms for a smoother transition from primary education to other levels of education and the labour market are strengthened for all young people 1.2. Quality vocational pathways suited to the labour market demand are developed with strong involvement of the private sector.

**PRIORITY AREAS AND SECTOR INFORMATION**

<b>6. Priority Area(s), sectors</b>	110: Education 112: Basic Education 113: Secondary Education			
<b>7. Sustainable Development Goals (SDGs)</b>	<p><b>Main SDG:</b> SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Target 4.5. eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations  Target 4.7. ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development</p> <p><b>Other significant SDGs and where appropriate, targets:</b> SDG 1: End poverty in all its forms everywhere  SDG 5: Achieve gender equality and empower all women and girls  SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.  SDG 10: Reduce inequality within and among countries  SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>			
<b>8 a) DAC code(s)</b>	11110 Education policy and administrative management 7% 11220 Primary education 53% 11330 Vocational training 40%			
<b>8 b) Main Delivery Channel</b>	Central Government – 12001			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	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"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	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"/>
<b>11. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 14.020131 (NDICI South and East Asia) Total estimated cost: EUR 30 000 000 Total amount of EU budget contribution EUR 30 000 000 <sup>1</sup> of which EUR 28 000 000 <sup>2</sup> for budget support and EUR 2 000 000 <sup>3</sup> for complementary support.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Direct management</b> through: Budget Support: Sector Reform Performance Contract Procurement			

## 1.2 Summary of the Action

Despite notable progress in human development and poverty reduction in the last decade, underpinned by high economic growth, Bangladesh still faces some critical challenges to achieve inclusive and equitable socio-economic development. Creating sufficient employment for the youthful workforce of the country is one of the most critical concerns to be addressed, particularly in the context of the changing nature of jobs and employment driven by new technologies. A special focus on the education system and enhancing relevant skills and competencies of people have become an imperative. By one estimate, among 28 countries of the Asia-Pacific region, Bangladesh has the second largest educated unemployment rate (ILO, 2018).

Almost 28% of the country's population is currently youth. According to numbers from ILO, the unemployment level amongst youth is an estimated 14.7%, which is more than three times the estimated 4.4% for the overall unemployment rate. A high unemployment rate paired with high poverty levels puts the youth in vulnerable situations and can carry long-term socio-economic inequalities. Moreover, even among the ones employed, the majority of this group of young population is engaged in low waged and vulnerable employment with low or no education background or proper training.

With an aim to utilise this huge number of young population, there is no alternative to quality education and training, as well as greater gender equality. Furthermore, it is crucial to eradicate poverty and build an inclusive society. At the same time the education and training also need to respond to the labour market needs at national and global level. Burdened by already low quality, the education system of Bangladesh was further impacted by the Covid-19 pandemic, in particular due to the long closure of the primary schools and Technical Vocational Education and Training (TVET) centres. Thus, it is critical that this young population is well equipped to avail the opportunities and access to quality jobs created by the 4th Industrial Revolution and address the challenges posed by LDC graduation. This will also be fundamental for addressing inequalities.

The proposed action of the EU will continue and build up on the ongoing developments of sector budget support both in primary education and TVET through additional financing/ top up (EUR 28 million) along with complementary measure (Technical Assistance EUR 2 million) and extension of the implementation period by one year. Education and skills development sector has been reaffirmed as the key priority also for the MIP 2021-2027 (specific objectives 1 to 3). This action will support the GoB to address the gaps in education sector created due to the impact of the pandemic and progress towards the policy commitments.

While the ongoing support to primary education and TVET supports the SDG 4, it will also be closely linked to the SDG 10, on social inclusion and reduction of inequalities. Overall, the proposed action aims to support the Government of Bangladesh (GoB) in the implementation of its development policies aiming at a better-educated,

<sup>1</sup> proposed top up on the existing total EUR 223,970,000

<sup>2</sup> top up to budget support of EUR 217 million

<sup>3</sup> Top up to the existing complementary support of EUR 5 million (direct management)

trained, and qualified human capital. The action aligns with the GoB's priorities and supports the country's vision to eradicate poverty and prepare for the Least Developed Country (LDC) graduation in 2026.

The Action is aligned with the EU Action Plan on Human Rights and Democracy 2020-2024, the EU Gender Action Plan 2021-2025 (GAP III) and its thematic area "Promoting economic and social rights and empowering girls and women", the National Social Security Strategy 2015-2026, and the Bangladeshi Disable Persons' Rights and Protection Action Plan 2018.

## 2 RATIONALE

### 2.1 Context

In the last three decades, Bangladesh has made significant progress in human development and poverty reduction backed up by robust economic growth qualifying it to graduate from LDC status by 2026. Yet, there are numerous hurdles to be overcome not only to attain nationally set development objectives and fulfilling the commitments for sustainable development (SDG 2030) but also realizing the full growth potential of the economy and utilizing the productive potential of the country's youthful workforce, without leaving no one behind. Inequality remains a challenge, with a Gini Coefficient Index is of 32.4% (2016).

Education and skills development are key drivers for growth in productivity, income and employment opportunities. Although the context and complexity of how education and training lead to skill formation and skills turn into productive and decent work opportunities is well recognized globally and nationally, the core reform requirements across the education system and its various sub-system continue to pose the hardest challenges. Thus, building an inclusive system of education with quality and equity across the sub-sectors of primary education and TVET will be fundamental focus of the action. Supporting successful transitions and pathways from primary education and TVET to decent employment opportunities has a strong potential to contribute to poverty alleviation and reduction of inequalities.

Bangladesh ranks 141st in the economic participation index of the Global Gender Gap Report 2020. Data reviewed shows that 44.0% of adult women have reached at least a secondary level of education compared to 48.2% of their male counterparts. 56 Achievements at the macro level are in contrast with the reality at the micro level.<sup>4</sup>

The EU has been providing budget support in primary education since 2012 and in TVET since 2019. With a view to move towards a more comprehensive approach for education, the ongoing HCDP-21 programme focuses on two specific sub-sectors of education: primary education (PE), including pre-primary education (through the Fourth Primary Education Development programme - PEDP4) and TVET. Ensuring an inclusive system with the provision of quality education and training while improving the system efficiency and effectiveness are the core of our support. Not only through the implementation of the national commitments and reforms but also the interrelated areas of SDGs including environment, global citizenship are key areas of our policy dialogue with the country. Improving policy framework and coordination across the sector also remain high on our agenda for the sectoral and national dialogue. The new MIP 2021-2027 also confirmed the need to continue supporting education sector, and what is more, consolidate and strengthen linkages between education and skills development and labour market and support the establishment of employment services.

This addendum/ top up to the ongoing education budget support will add value by extending current budget support in PE and TVET with an overall allocation of EUR 28 million, complemented by technical assistance of EUR 2 million.

### 2.2 Problem Analysis

The proposed action aims to address key challenges across primary education and TVET areas.

The quality of primary education in Bangladesh remains low due to overcrowded classrooms, limited infrastructure, and insufficient number of trained teachers. Despite some major achievements in ensuring access, the primary

<sup>4</sup> [Gender Country Profile \(GCP\) Bangladesh 2021](#)

education system has made limited progress in the quality aspects of education. With the primary schools and TVET institutes being closed for around 550 academic days, the pandemic has further worsened the already poor state of learning of the children. Weak capacity of the teachers in absence of quality in-service training and continuous professional development along with provision of proper teaching learning environment is identified as the key factors behind the situation. Moreover, the highly centralised education system in Bangladesh lacking transparency and accountability, also weakens community involvement and ownership of the system. Finally, the education sector also suffers from resource constraints and ineffective resource allocation.

As for the TVET policy implementation, improvement is required through a functioning relationship with the private sector and the labour market. Weak market responsiveness (mismatch between the supply and demand for labour) quality and relevance of the training, inadequate number and quality of teachers, disparity in skills development and opportunities are some of the key areas of focus under this action with specific attention on improving learning outcomes through quality teachers training in both subsectors. TVET governance is also constrained by lack of information and data systems for effective management, fragmented implementation, lack of coordination between stakeholders, and limited capacity to establish links with the local labour market. The overall limited coordination among different ministries in the areas of education and skills poses a challenge in terms of efficient policy implementation.

Inequality in education opportunities remains a major issue in Bangladesh with 3-5 million children still out of school. Disadvantages are due to factors such as wealth, gender, location, disability, and ethnicity. Child labour and poverty also contribute to education disparities. Girls face challenges in accessing higher grades of secondary school and boys have limited access to TVET in rural areas. The government needs to define a clear implementation strategy to address these inequalities and ensure sustainable initiatives. In Bangladesh, approximately 3.2 million youths have disabilities. These young people need help to access demand-driven education and training, thereby opening up pathways to decent employment.<sup>5</sup>

In recent years, Bangladesh has positively experienced an increased participation of women in education and employment, which has in turn led to increased mobility in the public sphere and, as a result, increased risks of being exposed to multiple forms of discrimination, including violence and harassment.<sup>6</sup>

At the same time, even though official statistics provide a figure of 4.4% total unemployment rate, the prevalence of informality and poor working conditions is high. More than 85% of Bangladeshis aged between 15 or older are employed in the informal sector and suffer from poor working conditions. Moreover, although the economic growth remained robust for a decade, the distribution of wealth and income became more unequal. Income inequality, measure as a Gini coefficient, increased to 0.438 in 2016 at national level from 0.458 in 2010 and 0.467 in 2005, as found by the Household Income and Expenditure Survey (HIES) 2016, carried out by the Bangladesh Bureau of Statistics (BBS).

In addition to the overall support for reform initiatives of the primary education and TVET areas, the programme will encourage the Government of Bangladesh to continue strengthening governance, reflected through the efforts towards ensuring a functioning local education group (also a requirement by national aid coordination structure and broader indirect investments in Education) and PFM systems at sector level (including budget planning and execution, public procurement, internal and external audit, corruption and fraud), in complementarity with other EU-funded programmes in PFM in the country. This will build on years of close dialogue with the Government on these issues, made possible in particular in the framework of budget support.

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

The main stakeholders of the programme are Ministry of Primary and Mass Education (MoPME) (responsible for pre-primary, primary and non-formal education), Ministry of Education (MoE) (responsible for secondary, vocational and tertiary education), National Skills Development Authority (NSDA) (responsible for revising the NSDP and coordinating the skills development sector) and Ministry of Labour and Employment (MoLE) (traditionally responsible for labour (bargaining and regulation of conditions in the workplace) and currently setting-up a Department for Employment Generation, which will become responsible for coordination of employment generation, including the matching of demand and supply for labour and support for employment creation measures). However,

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<sup>5</sup> ILO (2017) [Disability inclusion in the Bangladesh skills system](#)

<sup>6</sup> [Multiannual Indicative Programme 2021-2027 \(MIP\) for Bangladesh](#)

their respective capacity in delivering quality education, skills sector wide policy direction and coordination and employment services remains limited.

Under MoPME, the Directorate for Primary Education (DPE) is responsible for managing pre-primary and primary education. Other important bodies are: the National Curriculum and Textbook Board (NCTB); the National Academy for Primary Education (NAPE); the Primary Teacher Training Institutes (PTIs), responsible for in-service training and the Bureau of Non-Formal Education (BNFE) in charge of managing different non formal education courses for learners beyond the primary school age. Under the budget support programme, they are in charge for managing the primary school age children who are out of the primary school.

Among the 23 ministries involved in the administration of TVET the Technical and Madrasah Education Division (TMED)-Ministry of Education (MoE) is in the leading role to manage and monitor the provision of TVET. Among the ministries providing TVET and skills development, the most important are the Ministry of Expatriates' Welfare and Overseas Employment (MEWOE), the Ministry of Youth and Sports (MYOS) and the Ministry of Industries (MI). Under TMED-MoE, the Department of Technical Education (DTE) is one of the key institutions for public provision of TVET and the Bangladesh Technical Education Board (BTEB) is the apex body responsible for quality assurance through accreditation of training providers, curriculum development, examinations, and certification. Other relevant bodies include two teacher training institutes and the National Curriculum and Textbook Board (NCTB). There are two teacher training institutions: the Vocational Teachers Training Institute (VTTI) and the Technical Teachers Training College (TTTC). Although all teachers and instructors in public institutions are supposed to receive training, most do not owing to the low capacity of the system.

National Skills Development Authority (NSDA) is responsible for determining the country's key skill requirements, the regulation of the skills system, as well as the development of standards and certification. The coordination of the revision for the National Skills Development Policy is an ongoing task for this apex institution directly under the Prime Minister's Office.

Considering the persisting fragmentation of operations and policy making in the TVET subsector, TMED-MoE (with DTE and BTEB) remains identified as the main institutional counterpart of the Action for the component related to TVET. TMED-MoE is the main player in the field, administers a large part of the TVET system and has significantly increased the budget for the subsector. Budget support will focus on TMED-MoE's competences in TVET (which includes key aspects covering the whole TVET sector such as curriculum development, qualification framework, quality assurance and certification and teacher training). Through the complementary action, HCDP21 programme will also focus on supporting NSDA with the implementation of the NSDP 2020 and establishing a framework for sector coordination around the revised NSDP. Supporting NSDA is crucial not least as to the fact that they are directly under the Prime Minister's Office and therefore have the right mandate to assume coordination roles across line ministries.

By working closely with NSDA, the EU will continue to promote close engagement with the private sector and civil society organisations through HCDP 21.

## 2.3 Additional Areas of Assessment [For Budget Support Actions only]

### 2.3.1 Pre-condition on Fundamental Values [For a Sustainable Development Goals Contract only]

N/A

### 2.3.2 Public Policy

Key development policies include the Perspective Plan of Bangladesh 2010-2021 (Vision 21) and the 8th Five Year Plan 2021-2026 (8FYP). While the Vision 21 insufficiently addresses the strategic linkage between sustainable development and improving youth employment outcomes, the 8th Five Year Plan is expected to emphasize more on the TVET and Skills Development sector and the need to upgrade TVET curriculum to include skills mapping as a usual practice, strengthening industry-TVET institute collaborations through mutual agreements and promote research and innovation culture by technical and financial assistance from industries.

The review of the policy environment for education in Bangladesh indicates that certain priorities have been stated largely in aspirational terms. It can be seen that the policy recommendations are in the form of normative goals or preferences expressed in general terms. With a decade's hindsight, it can be said that major elements of the policy

remain to be implemented. Arguably, a concerted and systematic effort based on an operational plan and phasing of priorities was required to be mounted. However, Bangladesh, in its leading role in the SDG4 High Level Steering Committee has also expressed some key commitments with regards to the transformation of education in the global forums recently (National Statement of Commitment in Transforming Education Summit).

Zooming into sub sector specific policies, one finds a mixed and non-coordinated picture. Although there is no separate policy for primary education, the Compulsory Primary Education Act (1990) and the National Education Policy (NEP) of 2010 govern the primary education system. NEP serves as the primary policy document providing strategic guidance for development and strengthening of education in Bangladesh, and promotes an inclusive education agenda aiming at removing all disparities including gender in education. The 2006 Non-Formal Education Policy (NFE) encourages the provision of non-formal education through NGO. The NEP placed the goals and strategies under 18 components. Without an overall implementation effort, progress has been made in implementing parts of some components. It would be appropriate to look at the components, assess where progress has been made and where it lagged, and judge their relevance as the sector plan for the next phase of educational development is considered.

In the area of TVET, Bangladesh aims to establish a more market-oriented, competency-based technical and vocational education and training (TVET) system coordinated through the National Development Skills Authority (NSDA). The EUD is engaged in discussions related to this skills policy. This provides an enabling environment for the EUD to mainstream gender equality and intersectional inclusion in policy dialogues on TVET, labour supply and demand, including the youth and girls from intersectionally discriminated social groups.<sup>7</sup>

For TVET, the National Skills Development Policy (NSDP) of 2011 placed emphasis on the development of a National Qualifications Framework, the promotion of private sector involvement, and the development of a TVET financing mechanism. The newly developed policy framework, NSDP 2022 aims at addressing the skills needs of the country and ensuring that the workforce has the skills necessary to meet the demands of the rapidly changing global economy. Also, put emphasis on quality training, the development of a robust system of certification, and the creation of partnerships between the public and private sectors to support skills development. A draft National Job Strategy (NJS) focuses on employment generation. One of its three-pronged approaches tackles youth employment through the promotion of entrepreneurship and self-employment, matching of workers with jobs, wage employment programmes and training with attention to market demand. This strategy will provide a road map for the Ministry of Labour and Employment, including the setting-up of the Department of Employment Generation that would overtake the mandate of offering employment services.

In general, the current state of the TVET and skills development sector in Bangladesh is mixed. On one hand, there have been significant efforts to improve the quality and efficiency of the TVET system, including the establishment of private sector training institutes and the development of a National Qualifications Framework. On the other hand, the sector still faces major challenges, including a shortage of skilled workers, a mismatch between the skills taught in TVET institutes and the needs of the labour market, limited access to TVET for marginalized communities. What is more, there is overall limited coordination among different ministries (we can count till 23 involved in TVET) in the areas of education and skills poses a challenge in terms of efficient policy implementation

Recently, National Skills Development Authority through the NSDA Act 2018, was appointed as an autonomous apex body which is ideally and strategically positioned under the Prime Minister's Office (PMO) to lead the sectoral coordination and facilitate policy reforms, however the leadership of the NSDA has been weak. In parallel to NSDP formulation, the NSDA also prepared the Action Plan for Skills Development in Bangladesh 2020-21 to 2024-25. This Action Plan, in alignment with the NSDP 2022, is intended to be results-focused, inclusive, performance-based, and forward-looking.

In terms of employment generation, the situation in Bangladesh is also mixed. The country has seen significant economic growth in recent years, but this has not always translated into job creation. The informal sector remains the largest source of employment in Bangladesh, and the rate of unemployment remains relatively high, particularly among women and youth.

In terms of sectoral budget, out of the total budget of BDT 6780.64 billion for FY2022-23, the allocation for the education sector is BDT 814.49 billion (EUR 8.32 billion) or 12% percent of the total, compared to 11.9% in FY2021-22. In terms of GDP ratio, it is 1.83%, lower than the previous fiscal year's allocation. While the allocation is less

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<sup>7</sup> [Gender Country Profile \(GCP\) Bangladesh 2021](#)

than the international recommended level (4% of GDP or 15% of education budget), the low utilisation of the budget due to capacity constraint also poses questions on the efficiency of the budget utilisation.

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.

### 2.3.3 Macroeconomic Policy

Bangladesh's robust economic recovery from the pandemic has been interrupted by Russia's war in Ukraine. In FY22 consumer price inflation increased 6.1% while this was 5.6% in FY21, and the forecast for FY23 is 8.9%. This is all the more worrying because inflation has been impacting particularly severely already vulnerable groups, despite government subsidies for food and energy. Higher import prices lead to a sharp widening of Bangladesh's current account deficit, depreciation of the Taka and subsequent decline in foreign exchange reserves. Following this, Bangladesh requested in the second half of 2022 a loan from the IMF, which the IMF Board approved end of January 2023. The loan amounts to SDR 3.5 billion (i.e. approximately USD 4.7 billion) and consists of seven disbursements over 3.5 years. The IMF disbursed a first tranche promptly after the approval.

While there is not a full-blown crisis, rising inflation, slowing economic activity, and strict austerity measures (such as closing diesel-fueled power plants, load shedding, reducing in-office hours and shortening of the school week to curtail energy demand) to deal with the shock are compressing demand, hurting the poor most. Even as Bangladesh tackles these immediate challenges, addressing long-standing structural issues remains critical with climate change as an added concern. The IMF assumes in its recent report that Bangladesh remains on track to graduate from the LDC status by 2026, but substantial gaps remain in social and development spending, tax revenue mobilisation, the scale and diversification of exports, foreign direct investment inflows and vibrancy of the investment climate.

The IMF-loan comes with conditions related to public finance management reforms and alterations in fiscal, monetary and exchange rate policies (click [IMF Report, 2 February 2023](#)). The five main areas are i) to preserve macro-economic stability, ii) to create fiscal space for growth enhancing spending needs, iii) to strengthen the financial sector to mobilise productive investment, iv) to strengthen and modernize the policy framework and institutions to enhance macro-economic stability and v) to green the financial system to meet climate needs and promote the green and circular economy. Main fiscal reforms will be geared toward creating fiscal space to increase social spending and investment sustainability. Bangladesh's tax-to-GDP ratio is one of the lowest in the world, constraining critical spending. Key areas for fiscal policy reform include rationalizing tax expenditures, simplifying the tax rate structure and broadening the tax base, as part of an overarching strategy of shifting the tax burden from trade-related taxes toward income and value-added taxes. Key areas for tax administration reforms are increasing tax compliance, broadening the tax base and strengthening information sharing between the income tax, VAT and customs wings of the tax office. The EU is helpful here, since it already works with the tax office on the digitalisation of e>Returns for direct taxation, and has just developed a three year ICT-strategy regarding ICT. This should positively impact compliance and contribute to the reduction of fraud and corruption. According to the IMF-report, the Government will also gradually decrease subsidies on energy prices. Monetary and exchange rate policies should focus on containing inflation and stemming reserve losses. The monetary policy stance will be guided by the inflation outlook and will be anchored by an inflation target on the level of reserve money under the program. There will be greater exchange rate flexibility, away from the regular interventions that took place in 2022 to support the Taka.

According to the Debt Sustainability Assessment (Feb 2023), Bangladesh remains at a low risk of debt distress, despite the growing amount of external loans. The projections for the total debt-to-GDP ratio is 42% for the coming years and the external public and publicly guaranteed debt to GDP remain sustainable at around 16%.

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

### 2.3.4 Public Financial Management

The Public Financial Management Reform Action Plan (2018-2023) adopted and endorsed by GoB in September 2018 provides the implementation roadmap for some priority actions with clear institutional responsibilities among

14 thematic reform components, and results indicators to monitor the successful implementation of PFM reforms. The fourteen 14 priority areas considered in the PFM Action Plan are: Revenue and Expenditure forecasting, Domestic Resource Mobilization, Debt Management, Planning and Budget Preparation, Public Investment Management, Public Sector Performance Management, iBAS++/BACs implementation, Pension Management, SoE Governance, Financial Reporting, Strengthening Internal Security and Oversight, Strengthening Parliamentary Oversight & Security of Public Expenditures, Procurement, PFM Reform Leadership and Coordination & Monitoring.

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 including EU supported PFM TA, World Bank supported PfR programme, donor trust fund supported programme, IMF managed SARTTAC, etc. to improve the PFM system. Ministry of finance prepares the PFM Action Plan progress report on a semi-annual basis based on the regular inputs received from the Program Implementation Teams (PITs) of relevant line ministries/agencies and development partners.

Under the leadership of Ministry of Finance (MoF), Finance division (FD) and related GoB agencies have made significant efforts to reconcile the pfm goals and prioritising the implementation activities to overcome the delays due to the challenges with the COVID-19 pandemic as well as for global economy crisis.

The ongoing PEFA Assessment is the fourth assessment performed in Bangladesh. In the draft report, an analysis of PFM performance by pillar shows that the pillar "IV. Policy-based fiscal strategy and budgeting" has a good performance, the pillars "VI. Accounting and reporting" and "VII. External scrutiny" and audit have a performance above average and the pillars "I. Budget reliability", "II. Transparency of public finances" and "III. Management of assets and liabilities" show a basic performance. The analysis of the PEFA scores shows that 10 indicators have a score equal to D or D+, 14 indicators have a score equal to C or C+ while 7 indicators have a score equal to B or B+. Analysis by dimension shows a more favourable picture. 39 dimensions have a score equal to A or B and 52 dimensions have a score equal or lower than C.

Primary education sector has made good progress in improving public financial management. Together with DPs, MoPME and DPE has taken significant steps in strengthening their respective PFM systems. The Primary Education sector programme adopted a number of fiduciary strengthening measures through a set of agreed disbursement linked indicators (DLIs)/performance indicators of the sector programme, which are in line with the national pfm reform plan. These targets are linked with the roll out and implementation of iBAS++ at the Drawing and Disbursement Offices (DDOs) of DPE (target is 90%), implementation of e-GP for procurement (target is 80%), establish a mechanism for audit resolution (at least 3 tripartite audit meetings), establish internal audit cell and establish reporting mechanism, efficient budget execution(target is 85% of cumulative budget), etc.

A fiduciary review for education sector including TVET sector is ongoing under the EU supported technical assistance. 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.

### 2.3.5 Transparency and Oversight of the Budget

GoB has a relatively good record of accomplishment of publishing budget documents and annual financial statements. The FY 22/23 Budget was published on July 2022 on the MoF website (<https://mof.gov.bd/>). Although the score of Bangladesh in the Open Budget Index (2021) is 30 out of 100 (it 58 was (much better) on 2012). This deterioration in the ranking of OBI is mainly by failing to publish the Year End Report online in a timely manner due to challenges (like lockdown, restricted movements, etc.) during Pandemic and also the use of manual process in consolidation of data made things difficult to deliver on time during the challenging period of Covid-19.

However, the ongoing Public Expenditure and Financial Accountability (PEFA) assessment has acknowledged some improvements and strength in the area of transparency and oversight of the budget. In terms of budget preparation, projects are selected based on criteria and an economic analysis. A budget strategy is developed and forwarded to the legislature. The budget schedule includes clear ceilings subsequently approved by the cabinet and allows sufficient time for MDAs to prepare budgets. In terms of monitoring of budget execution, cash flows are prepared annually and updated monthly. MDAs can plan expenditures at least one quarter in advance. Budget adjustments are made in a clear and transparent manner. In terms of transparency, the budget documentation submitted to parliament for review is comprehensive.

According to Corruption Perceptions Index 2022, Bangladesh scored 25 out of 100 (ranked 147 out of 180 countries), slightly worse than in 2021 (score 26). However, 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.

As agreed with IMF, GoB carried out an audit of Covid-19 related expenditures. The Office of Comptroller and Auditor general (OCAG) conducted 34 special issue based audits related to expenditure for Covid-19 pandemic under their own mandate. The finance accounts for the last three years have been prepared by the Controller General of Accounts (CGA) in the new format in compliance with IPSAS financial reporting. The Office of Comptroller and Auditor General (OCAG) has developed an Audit Management and Monitoring System (AMMS 2.0) to make sure that the ongoing audit activities are effectively monitored and managed by the audit directorates and audit managers. EU PFM TA is supporting the financial oversight committees of the Parliament to ensure better compliance by legislatures.

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 the HCDP-21 programme is to support the government of Bangladesh in the implementation of its development policies aiming at a better educated, trained and qualified human capital as laid down in its national strategic development plans.

The specific objectives (outcomes) focused on primary education and TVET are to contribute towards:

1. Improved quality, relevance and efficiency of the primary education and TVET subsectors;
2. Improved and equitable access to primary education and TVET services, and;
3. Improved management and governance of the subsectors.

The Induced Outputs (IO) of the action contributing to the corresponding specific objectives for the budget support are:

- IO 1.1: quality and relevance of teaching and learning in Primary Education and TVET is improved.
- IO 2.1: equitable access in Primary Education and TVET is improved, with a focus on children and young people with disabilities.
- IO 3.1: sector coordination and oversight mechanism for PE and TVET is improved.

The Direct Outputs (DO) are<sup>8</sup>:

- DO 1.1.1: curriculum supported by appropriate teaching learning materials (including textbooks) in Primary Education is improved.
- DO 1.1.2: teacher education and professional development in PE and TVET is improved.
- DO 1.1.3: learning environment in Primary Education and TVET is improved.

<sup>8</sup> The direct output are the agreed/existing Performance indicators (PI)/target of the ongoing BS programme. All the indicators under the direct output are linked with targets of the PIs.

- DO 2.1.1: number of out-of-school children in Primary Education is reduced.
- DO 2.1.2: number of students including female and persons with disability in PE and TVET is increased
- DO 3.1.1: Policy framework in TVET and skills sector is improved.
- DO 3.1.2: performance measurement and M&E framework in Primary Education and TVET in enhanced
- DO 3.1.3: fiduciary management in Primary Education and TVET is enhanced.

### 3.2 Indicative Activities

For the Education budget support, activities relating to IO1.1- IO1.3 are:

- Specific activities in the reform implementation will include but not limited to improvement of curriculum and books to adapt to global standards and labour market needs; promoting and ensuring equitable access for disabled and marginalised populations, including girls, to basic education and TVET; providing quality training to teachers and instructors; strengthening and integrating different education data management information systems
- Sustained and results-based policy dialogue with the Government to advance the quality, effectiveness, accountability and financial sustainability of the primary education and TVET sub sectors;
- 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-holders groups) to ensure effective and complementary cooperation in the implementation of the education sector reforms.

The main budget support action is up to a maximum of EUR 245 000 000 (with proposed additional EUR 28 million) to the State Budget of Bangladesh from FY18/19 to FY 24/25.

Regarding the complementary support, a total of EUR 6.47 million is currently allocated under the HCDP-21 programme. This new Action will top up with the proposed EUR 2 million the ongoing technical assistance (EUR 5 million) to institutions responsible for delivering the primary education and TVET sector reforms at central and local levels.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's 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.

### 3.3 Mainstreaming

The action will place special attention on promoting inclusiveness and employment of marginalised youth in vulnerable situations, including migrants, young women and persons with disabilities. The Government of Bangladesh ownership and progress towards the exit strategy is expected to be reinforced by capacity building and policy dialogue. For the time being, policy dialogue in the area of TVET and skills development suffers from fragmentation in the sector and a lack of knowledge and interest of Government partners so the proposed action can reinforce synergies to consolidate also an ongoing EU support programme. It will avail of EU's existing presence in the National Jobs Strategy Reference Group and other existing multilateral skills development consultative groups such as Migration, Youth, ICT and skills Development Working Group to follow up on crosscutting issues with relevant stakeholders. The proposed intervention is expected to pave the ground for joint action in the skills development and decent employment generation sector among Development Partners.

The action will promote curricula addressing green and circular economy skills development, including compliance with environmental standards, in order to prepare the work force for the green transition, e.g., in key value chains like textiles, leather, agriculture, and the bricks and construction sector.

Where appropriate our action will take on board issues surrounding environmental sustainability and building resilience by tackling climate change vulnerability and environmental degradation, linked to the EU Green Deal initiatives. Any curricula or standard developed will take on board the greening education aspects, as well as greening of existing jobs and new green occupations in decent work context. This will help ensure that youth are committed to economic and environmental sustainability.

**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 C (no need for further assessment).

**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 the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the action will place special attention on promoting gender equality and gender mainstreaming in the sub sectors.

Despite improvements in accessing the primary education for girls and the creation of economic opportunities for women and their political participation, gender indices remain low specially in the skill development and employment sector.

Through both the budget support and complementary supports under the action, activities undertaken will aim to contribute to the objectives of the EU Gender Action Plan 2021-2025 (GAP III) and its thematic area “Promoting economic and social rights and empowering girls and women”. Equal access for girls in the primary and TVET institutions and skills development opportunities free from discrimination; Access to decent work for women of all ages. Specific gender sensitive indicators will be included in the Programme's logical framework matrix. Moreover, data of all final rights-holders of the programme will be disaggregated by sex, age, ethnic group, current household location (municipality) and disability (if existent / type).

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**Human Rights**

Access to education is a basic right, a major tool to tackle poverty and social exclusion, reduces inequalities, including gender inequalities, promote human development, increase productivity and employability and contribute to economic growth. Under constitutional provisions, the state is responsible for providing basic education to its citizens.

By supporting access to the whole cycle of primary education , the Action will contribute in pursuing and promoting the fundamental human rights. In particular, by expanding the scope of the programme to all the children and youth living in the rural and remote areas, the proposed action will provide support to citizens who might have been affected by insufficient or inadequate delivery of public series.

**Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action will place special attention on promoting inclusiveness at all level and ensure enrolment of children with

disabilities in primary education and TVET along with employment of marginalized youth in vulnerable situations, young women and persons with disabilities.

Bangladesh ratified in 2008 the UN Convention on the Rights of Persons with Disabilities. The Action will be in line with the National Social Security Strategy 2015-2026, the Disable Persons' Rights and Protection Action Plan 2018. The Action will ensure that rights of persons with disabilities will be respected, and the planned activities are disability responsive and inclusive. The Action will invite to attend to organisations representing people with disabilities when possible.

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### **Reduction of inequalities**

As per the Inequality Marker, the proposed action could be labelled as I-2

Despite economic growth, income inequality remains high in Bangladesh with a Gini coefficient of 32.4% in 2016. Inequality is also visible in terms of access to education, healthcare, and basic services. The poorest 40% of the population is still lagging behind in terms of access to these services. Inequality has increased in recent years due to the unequal distribution of growth benefits. The wealthiest 20% of the population has seen their share of national income increase, while the poorest 40% has seen their share decline.

Some of the key drivers and determinants of inequality in Bangladesh include limited access to quality education, lack of job opportunities, limited access to credit, and limited access to basic services such as healthcare. Cultural norms and social attitudes also play a role, as certain groups, such as women and ethnic minorities, face discrimination and marginalization.

The socio-economically disadvantaged individuals, households, and groups are the most affected by inequality in Bangladesh. They face limited access to quality education and job opportunities, which can trap them in poverty and limit their ability to improve their lives. Inadequate access to basic services, such as healthcare, also exacerbates the situation, leaving them vulnerable to health problems and disease.

To address these inequalities, the government and other stakeholders need to take a multi-faceted approach that addresses the root causes of inequality, including limited access to quality education, job opportunities, and basic services. Efforts to reduce discrimination and promote social inclusion, especially for women and ethnic minorities, should also be prioritized.

### **Democracy**

Bangladesh is now at a time when human rights and fundamental freedoms are increasingly under threat, space of civil society decreasing and trust in public institutions is declining. The role of this programme with the power of education and the opportunity to work with children and youth is critical to transform societies is more necessary than ever. The programme will contribute in promoting democracy through its support to ensure that the curriculum, textbooks and the teachers are equipped with knowledge, values, skills and attitudes to understand their rights and empower them to promote just societies.

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### **Conflict sensitivity, peace and resilience**

The programme will contribute to promote conditions for peace through its support to ensure that the curriculum, textbooks and the teachers are equipped with knowledge, values, skills and attitudes to prevent conflict occurring and create conditions for peace.

### **Disaster Risk Reduction**

The action also includes promotion of climate resilience and disaster risk reduction at the primary school level.

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## **3.4 Risks and Lessons Learnt**

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Low levels of budgetary allocations for education, skills development and employment services	High	Medium	Increased and sustained dialogue between development partners and the GoB to substantially increase financing of education, TVET, for employment generation, and inclusion of employment targets in sectoral policy plans of the 8th 5 year plan once it is approved. The policy dialogue will draw lessons from available international frameworks, recommendations and initiatives for human rights due diligence in the private sector.
Planning process and system	Gaps in the development of education sector/subsector strategies, especially to address quality related reforms (teachers' education TVET on, curricular..etc.)	Low	Low	Increased and sustained dialogue between development partners and the GoB to develop sustainable strategies for implementation of quality related reforms in line with SDG commitments. Provision of technical assistance.
External environment	Lack of willingness of the GoB to pursue legal formalisation of BNQF	Medium	Medium	Dialogue at the highest level is needed as many stakeholders are involved in the governance and implementation of BNQF
Organizational structure	Complexes TVET institutional governance structure <sup>9</sup>	Medium	Medium	Dialogue between DP partners and the GoB

#### Lessons Learnt:

Some of the most relevant lessons learnt from previous and ongoing education budget support programme are related to the absence of a comprehensive implementation strategy of the NEP as this prevented the GoB from playing a leading role in the implementation of some key reforms. With the active involvement of the development partners in programme implementation, focus shifted away from the core policy objectives of the sector and resulted in a fragmented approach of activity implementation. Lack of high level and consistent policy dialogue on key reform agenda has led to limited progress in the areas of major concern such as quality of education (learning outcomes, teachers' qualifications etc.) and equity. Similarly, technical assistance provided by the development partners, with limited policy orientation, resulted in mere substitution of roles instead of longer-term capacity building. Implementation of programme activities became the main task of the technical assistance often provided on an ad hoc basis. Addressing the out of school children problem remains a critical area requiring support at the policy level. However, with the global commitments made recently at the Transforming Education Summit and upcoming election, there is a certain momentum for change.

<sup>9</sup> TVET is managed by more than 23 ministries and 56 government departments in Bangladesh. The newly established NSDA is established to coordinate the skills training implemented by different ministries, however, formal TVET coordination yet to establish.

The need for renewed focus on policy dialogue, policy development and policy implementation (including governance) is evident in primary education, TVET and decent work and employment services sectors. Taking into account the multiplicity of governmental institutions, donors and stakeholders involved in these subsectors, increased effort is necessary to facilitate coordination among Ministries and among development partners in order to avoid fragmented approaches and duplication of efforts and resources. Key lessons also concern the need to promote high level Government ownership and leadership. This involves strengthening the GoB's organisational capacity through the use of existing structures. Minimising duplication and fragmentation of activities and enabling a greater focus on governance and systemic issues will enhance sector efficiency.

The HCDP-21 budget support programme has proven so far that government partners in the skills development and employment sector prove difficult to engage with for policy dialogue. A SWAp like in the Primary Education sector still lies far ahead. One of the main problems was the absence of a robust policy for the sector, where budget support built upon, together with large fragmentation. To address this, support was paved to revise and develop a cost implementation plan of such policy that would pave the way towards more integrated action on skills development and employment services for the next programming phase.

Specific PFM interventions in education and TVET, supported by technical assistance in line with the country's PFM Reform Strategy 2016-2021, can also have a significant role in reinforcing financial management capacities at sector level. The focus of complementary support will be to strengthen the financial and human capacity of the relevant Government stakeholders to implement and sustain the quality-related reforms of the education and TVET development policy.

### 3.5 The Intervention Logic

The underlying intervention logic for this action is that Bangladesh's education system is under transformation in Primary Education and TVET. The need for reform has been clearly identified by the GoB. HCDP-21 is designed to facilitate and accelerate these reforms by acting as a "change agent" through knowledge sharing and capacity development. This amended budget support programme will provide additional fiscal space to the GoB, with associated policy dialogue and capacity development (inputs), contributing to the above-mentioned direct and induced outputs. The outputs are also the performance indicators for the budget support disbursement conditionalities to be fulfilled by the GoB. Assuming if the GoB remains committed to reforms in PE and TVET and demonstrates this through policy commitments, institutional restructuring and provision of adequate budgetary resources along with these outputs then will contribute to the following outcomes:

The ongoing HCDP-21 programme and a top up is expected to improve quality, relevance and efficiency of Primary Education and TVET with particular focus on teachers' qualifications and training ; improve and equitable access in Primary Education and TVET services; and improve governance and management in the Primary Education and TVET. As a result, a better educated, trained and qualified human capital leading to improved socio-economic development.

For the outcomes to translate into the aforementioned impact, assumptions include that the country's economy continues to experience expansion and the negative impact of the current Covid-19 crisis will not be persistent in Bangladesh and overseas in terms of declining demand, international conventions and agreements on decent work are honoured, the private sector is committed to providing decent work opportunities to its workforce etc.

### 3.6 Logical Framework Matrix

This indicative logframe 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.

BUDGET SUPPORT MODALITY as reflected by the national/sector public policy supported (4 levels of results / indicators / Baselines / Targets / Source of Data - no activities)<sup>10</sup>

Results	Results chain	Indicators (max. 15)	Baselines (year) <sup>11</sup>	Targets by the end of the budget support contract (2025)	Sources of data (1 per indicator)
<b>Indicative Impact of the policy</b>	<b>To support the Government of Bangladesh in the implementation of its development policies aiming at a better educated, trained and qualified human capital</b>	<ul style="list-style-type: none"> <li>i) Human development Index</li> <li>ii) Unemployment Rate</li> <li>iii) Literacy rate among 15-24 years old</li> <li>iv) Primary cycle completion rate by gender</li> <li>v) TVET completion rates by gender</li> </ul>	<ul style="list-style-type: none"> <li>i) 0.579 (2015)</li> <li>ii) 4.4% (2016)</li> <li>iii) 92% (2016)</li> <li>iv) male- 77.77%, female- 83.9%</li> <li>v) 62% (no segregated data found)</li> </ul>	<ul style="list-style-type: none"> <li>i) TBC</li> <li>ii) 3.5</li> <li>iii) 100% (2030)</li> <li>iv) M-88%, F-93%</li> <li>v) 75 %</li> </ul>	Human Development Report by UNDP; Country monitoring and evaluation report by World Bank ; BBS reports; NIPORT reports
<b>Specific objectives: OUTCOMES</b>	<b>1.Improved quality, relevance and efficiency of Primary Education and TVET</b>	<ul style="list-style-type: none"> <li>i) Primary cycle survival rate</li> <li>ii) Survival rate of TVET</li> <li>iii) repetition rate in primary education</li> <li>iv) % of grade 3 students achieving grade level competencies in Bangla and Mathematics <sup>12</sup></li> <li>v) % of grade 5 students achieving grade level competencies in Bangla and Maths</li> </ul>	<ul style="list-style-type: none"> <li>i) 82.1% (2016)</li> <li>ii) i) 68.79% (2020)</li> <li>iii) 6.1% (2016)</li> <li>iv) Grade 3 Bangla 47%, Math 34% (2015);</li> <li>v) Grade 5 Bangla 44%, Maths 32%</li> </ul>	<ul style="list-style-type: none"> <li>i) 82.1%</li> <li>ii) TBC</li> <li>iii) 5.8%</li> <li>iv) Grade 3 Bangla 47%, Math 34%</li> <li>v) Grade 5 Bangla 44%, Maths 32%</li> </ul>	Annual Sector Performance Report  Education Household Survey; BANBEIS

<sup>10</sup> This logframe builds on the originally proposed in the AD of the education BS action during 2017.

<sup>11</sup> As this action is a top up, the baseline data are presented in view of the starting year of the ongoing BS programme (2018).

<sup>12</sup> 'Due to the pandemic, the learning outcome is expected to worsen, so the target is to maintain the pre-CoVID status.'

Results	Results chain	Indicators (max. 15)	Baselines (year) <sup>11</sup>	Targets by the end of the budget support contract (2025)	Sources of data (1 per indicator)
	<b>2. Improved and equitable access in Primary Education and TVET services</b>	i) Net enrolment rate in primary education and TVET ii) Gender Parity Index of NER in primary education iii) Male and female ratio in TVET	i) 97.96% (2016)-PE 14% (2016)-TVET ii) 1.05 iii) TVET (grade 10): 75:25 (2017)	i) 98.4% -PE, 19 % - TVET ii)1.0 iii) 73:27 (2024)	Annual Sector Performance Report; BANBEIS, MTBF
	<b>3. Improved governance and management in Primary Education and TVET</b>	i) Bangladesh National Qualification framework (BNQF)implemented for overall education sector ii) Total public expenditure on education as percentage of GDP or of total government expenditure (Percentage) iii) The share of education in national budget	i) No costed implementation plan for BNQF ii) 2.2% iii) 14.39%	i) Costed implementation plan on BNQF developed and framework approved by the competent authority ii) TBC iii)TBC	BNQF implementation plan by NSDA. Reports by UNESCO and World bank The Government of Bangladesh annual budget, MTEF / MTBF
<b>Induced Outputs:</b>	<b>1.1 Improved quality and relevance of teaching and learning in Primary Education and TVET</b>	i) Status of Textbooks ii) Number of new Competency-Based learning material developed in TVET	i) Textbooks are outdated and lacks necessary competency required for future ii) 120 CB learning material developed in 2016 (TVET)	1) Revised Textbooks incorporating the areas of global citizenship and 4 <sup>th</sup> Industrial revolution ii) increased number of new curricula is competency-based	Reports by MoPME BANBEIS, DTE and BTEB reports and data

Results	Results chain	Indicators (max. 15)	Baselines (year) <sup>11</sup>	Targets by the end of the budget support contract (2025)	Sources of data (1 per indicator)
	<b>2.1 Improved equitable access in Primary Education and TVET</b>	% of dropout in PE and TVET	PE-19.2 % (2016), TVET-38 % (2017)	PE-10% and TVET- 25%	Annual Sector Performance Report  Education Household Survey  Annual School Census; BANBEIS report, MTBF report
	<b>3.1 Improved coordination and oversight mechanism in PE and TVET</b>	<b>i) Status of coordination mechanisms between primary education and other relevant ministries</b>  ii) Status of coordination agency to coordinate skills sector	i) Weak coordination structure between education and ministries related to health, social welfare and disaster management  ii) No coordinating institution (2017)	i) Structured mechanism set for intra ministerial coordination  ii) National Skills Development Authority (NSDA) established and fully functional	i) report from MoPME  ii) NSDA work plan and NSDA Annual Performance Agreement (APA)
<b>Direct Outputs</b>	<b>1.1.1 Improved curriculum supported by appropriate teaching learning materials including textbooks in Primary Education</b>	i) Status of national primary education curricula	Curriculum needs revision based on updated framework in line with global good practices	Curriculum is competency based and in line with global standard	MoPME reports
	<b>1.1.2 Improved teacher education and professional development in PE and TVET</b>	i) Development and implementation of teacher development plan in PE  ii) Increased number of TVET trainers trained and certified under NTVQF (TVET)	i) No framework for teachers professional development  ii) 102 (2017 figures)	i) A framework with costed action plan is developed for continuous professional training for primary school teachers	Annual School Census  Reports from DPE and MOPME  BANBEIS, DTE and BTEB reports and data

Results	Results chain	Indicators (max. 15)	Baselines (year) <sup>11</sup>	Targets by the end of the budget support contract (2025)	Sources of data (1 per indicator)
				ii) Increased number of trained teachers than the 2023.	
	<b>1.1.3 Improved learning environment in Primary Education and TVET</b>	i) Share of primary school teachers receiving training on use of ICT materials ii) Number of primary school teachers vacancy filled iii) Teacher student ratio rate in TVET	i) 25.3% ii) 45509 iii) 1:29	i) 50% ii) 37500 iii) TBC	Annual Sector Performance Report Annual School Census BANBEIS, DTE and BTEB reports and data
	<b>2.1.1 Reduced out-of-school children in Primary Education</b>	Number of out of school children enrolled through public operated system (PE)	GoB yet to implement the non-formal education for Out of School children	i) 650,000	Annual Sector Performance Report Annual School Census Reports by DPE and MoPME
	<b>2.1.2 Increased students in PE and TVET (including female and PWD)</b>	i) Percentage of overall enrolment in TVET out of the overall secondary level students in the country. ii) Percentage of female students enrolled in TVET among the total TVET enrolled students. iii) Number of PWD enrolled	i) 16% ii) 25% iii) PE-67,022 (2016) TVET-150	i) 19% ii) TVET- 28 iii) PE-107,000 TVET-350	Annual Sector Performance Report BANBEIS, DTE and BTEB reports and data

Results	Results chain	Indicators (max. 15)	Baselines (year) <sup>11</sup>	Targets by the end of the budget support contract (2025)	Sources of data (1 per indicator)
	<b>3.1.1 Improved policy framework in TVET and skills sector</b>	i) National Skills Development Policy 2011 is revised with a costed implementation plan with public consultation	i) NSDP 2011 is outdated	i) Revised new NSDP approved with a costed implementation plan with public consultation	Official paper on parliamentary endorsement of NSDP review. Endorsed BNQF
	<b>3.1.2 Enhanced performance measurement and M&amp;E framework in Primary Education and TVET</b>	i) Status of EMIS in primary education ii) Sector Performance monitoring framework (SPMF) developed in TVET	i) Several database exists for primary education without any scope of synchronisation ii) No SPMF	i) Integrated web-based MIS is fully operational with quality data ii) Annual sector performance report developed based on Sector Performance monitoring framework in TVET	Reports by DPE and MOPME BANBEIS, DTE and TMED
	<b>3.1.3. Enhanced fiduciary management in Primary Education and TVET</b>	i) Status of internal audit function of primary education ii) Status of TVET fiduciary management overview	i) No internal audit system is present ii) No strategic fiduciary assessment overview exist in TVET	i) Development and implementation of internal audit function in primary education ii) Fiduciary assessment report published and areas of future support identified	MoE and MoPME audit reports, Fiduciary report done by TA

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

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

### 4.2 Indicative Implementation Period

The indicative operational implementation period of the ongoing financing agreement, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is extended by 12 months.

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 [For Budget Support only]

#### 4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the additional budget support component is EUR 28 million and EUR 2 million for complementary support. This amount is based on assessments of the needs in the sector and technical assistance for capacity building necessary for a successful implementation of the programme. The amount for the technical assistance were taken into account the presence of the already existing technical assistance funds of HCDP-21 programme.

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

The indicative schedule of disbursements for the EUR 28 million top-up is summarised in the table below (all figures in Million EUR):

<b>Indicative breakdowns (Million EUR)</b>	<b>Total</b>	<b>F/Y 19/20*</b>	<b>F/Y 20/21</b>	<b>F/Y 21/22</b>	<b>F/Y 22/23</b>	<b>F/Y 23/24</b>	<b>F/Y 24/25</b>
<b>Primary education component</b>							
<b>Disbursement</b>		Q2 2020	Q2 2021	Q2 2022	Q2 2023	Q2 2024	<b>Q2 2025</b>
Fixed tranche	69+5	15	30	NIL	14	10	<b>5</b>
Variable tranche	81+11	20	NIL	NIL	26	35	<b>11</b>
<b>TVET component</b>							
<b>Disbursement</b>		Q2 2020	Q2 2021	Q2 2022	Q2 2023	Q2 2024	<b>Q2 2025</b>
Fixed tranche	37+4	8	12	NIL	6	11	<b>4</b>

Variable tranche	30+8	6	NIL	NIL	12	12	8
<b>Total</b>	217 + 28	49	42	NIL	58	68	28
<b>Complementary support</b>	6.47+2						
<b>Audit &amp; Evaluation</b>	0.3						
<b>Communication and visibility</b>	0.2						
<b>Total</b>	<b>253.97</b>						

\*Assessment of performance made in the previous fiscal year

The annual assessment of the general conditions (four eligibility criteria) and performance indicators will start at the beginning of each fiscal year. It will review performance made in the previous fiscal year. Each year, one single, joint request for disbursement covering both subsectors (primary education and TVET) will be submitted by the Government following the annual assessment of each sub-sector through the agreed process with respective Ministries - MoF, MoPME and TMED-MoE. This joint request for disbursement for both sub sectors will be in line with the objective to process only one payment per fiscal year. However, compliance will be assessed separately for the two sub sectors to avoid penalising a well-advancing subsector if progress is lagging behind in the other one.

#### 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 Education policy through PEDP 4 and TVET policy 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.
- 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: Enhancement in the teaching learning practice mainly focusing on the improvement of the teachers' education and recovery from the consistent learning gaps in the primary education sector and for TVET, increased number of TVET certified trainers along with improvement in the planning and performance monitoring with M&E practices.

##### 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 Taka (BDT) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

#### 4.4 Implementation Modalities

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 measures.

##### 4.4.1 Direct Management (Procurement)

As a direct management, the complementary support will be provided by procuring of technical assistance for supporting the specific objective (1) Improved quality, relevance and efficiency of the primary education and TVET subsectors and (2) Improved management and governance of the subsectors.

With an aim to increase the efficiency and management of the sector, the technical assistance will provide capacity development to MoPME and TMED, MoE (including DTE, BTEB and TTC). Specific support will be provided in the areas of sector policy development and implementation in primary education and TVET, specially in the areas of planning, budgeting, financial management and overall M& E practices of the sector.

The ongoing Technical Assistance will be topped up for continuing their current work with regards to key policy advisory role in policy development, as well as monitor progress in policy implementation and service delivery indicators, providing the EU Delegation with substantial inputs in preparation for its policy dialogue.

Main activities will include:

- a) Institutional capacity development in primary education and TVET to move towards a performance-based policy approach in support to the respective reform agendas, with a focus on policy analysis, development and implementation (notably defining costed and time bound implementation strategies);
- b) Regular monitoring of progress against the agreed performance plan in the framework of the budget support programme, policy advisory recommendations and substantial inputs for the EU-GoB sector policy dialogue (including sector/financial reviews and studies)

##### 4.4.2 Indirect Management with an entrusted entity<sup>13</sup>

N/A

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<sup>13</sup> This component is not part of this proposed addendum to the Decision for top up of EUR 28+2 million. However as the following table 4.6 indicates the total budget of the action, for better clarity the section 4.4.2 is maintained.

#### 4.5. Scope of geographical eligibility for procurement and grants

N/A

#### 4.6. Indicative Budget

After the top up the action will be as following:

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
Budget support - cf. section 4.3	28 000 000
Direct management (Procurement) – cf. section 4.4.1	2 000 000
<b>Total:</b>	<b>30 000 000</b>

#### 4.7 Organisational Set-up and Responsibilities

In primary education, most of the work regarding the sector performance assessment will be continued through the donor consortium and MoPME. Led by the main implementation agency, the Directorate of Primary Education (DPE), the coordination mechanism will continue to engage other responsible agencies like National Textbook and Curriculum Board (NCTB), National Academy for Primary Education (NAPE) and Local Government Engineering Division (LGED). High-level policy dialogue will take place at the MoPME level.

For the TVET component of the programme, the EU continues to be the only development partner to use budget support. With the aim to build the necessary enabling environment for TMED-MoE to implement its reform agenda, EU is supporting to strengthen the policy framework and organisational structure of the subsector. The annual performance review meetings with MoE, more specifically Technical and Madrassa Education Division (TMED), Directorate of Technical Education (DTE) and Bangladesh Technical Education Board (BTEB) will assess the performance and conditions for yearly tranche release, as well as agree on strategic priorities and plan of action for the following years.

In addition regular policy dialogue will continue to take place at various levels with operational and strategic level.

As part of its prerogative of budget implementation and to safeguard the financial interests of the European Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination

#### 4.8 Pre-conditions [Only for project modality]

N/A

## 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).

Monitoring and reporting shall assess how the action is taking into account the principle of gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity. Indicators, where applicable shall be disaggregated at least by sex.

Roles and responsibilities for data collection, analysis and monitoring:

The Government of Bangladesh is working on 8<sup>th</sup> Five Year Plan (8FYP) which would also guide lead ministries towards translating the respective targets into actionable projects/ programmes/ activities. GED of Planning Commission is determining the financing needs, with a view to mobilising internal and external resources accordingly. The Planning Commission is finalising the related monitoring and evaluation framework. The framework will reportedly have a macro-level web-based data repository system to facilitate data collection, analysis, progress tracking and monitoring.

At subsector level, for primary education MoPME is in the lead for data collection, analysis and monitoring, whereas for TVET, TMED-MoE is entrusted with overall progress tracking and monitoring of TVET data.

In addition to the line ministries for education i.e MoPME and TMED, MoE, Bangladesh Bureau of Educational Information and Statistics (BANBEIS) is also in charge for overall education sector reporting at the global level.

BANBEIS currently reports on student enrolment in education institutes, disaggregated by gender and subject matter. Furthermore, it reports on number of teachers employed as well. Data is publicly available.

The Distributional Impact Assessment tool (DIA) could be applied, as a data source whenever other sources (national, regional, local data) are not available to monitor whether expected outputs have, to a large extent, benefited the bottom poorest 40 % income or wealth, or socio-economically disadvantaged groups, households and individuals.

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: 1) selecting the areas of policy dialogue and inform decisions on general conditions and variable tranche indicators and 2) capacity building in the monitoring systems.

## 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, through a joint mission or contracted by the Commission.

For budget support, 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 at least 90 days in advance of the dates envisaged for the evaluation missions. The implementing partner 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 may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination<sup>14</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

The evaluation plan could assess the distributional impact of activities undertaken on the bottom (poorest) 40 per cent or socio-economically disadvantaged individuals, households or groups. This can be done through the Distributional Impact Assessment tool (DIA). The DIA analysis looks at the effective targeting of beneficiaries of development interventions, identifying if more than 40 per cent of beneficiaries are at the bottom two quintiles of the income or wealth distribution. It also allows to evaluate whether effective targeting has been done towards women, children and youth or other disadvantaged groups (e.g. ethnic minorities) or at territorial level.

<sup>14</sup> See best [practice of evaluation dissemination](#)

### 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 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale