

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

State of the Bangladesh Economy in FY2025-26

Multidimensional Challenges during the Transition Period

Dhaka: 4 June 2026



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The CPD IRBD 2026 Team alone remains responsible for the analyses, interpretations and conclusions presented in this report.

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1. Introduction

- ❑ Bangladesh entered the **closing phase of FY2025–26** with overlapping macroeconomic, financial, sectoral and social pressures.
- ❑ **Inflation remained elevated**, with headline inflation at 9.04 per cent and non-food inflation at 9.57 per cent in April 2026.
- ❑ **Wage growth lagged behind inflation**, weakening real purchasing power, especially for low-income households.
- ❑ **Revenue mobilisation remained weak**, while ADP implementation was sluggish and bank borrowing increased.
- ❑ **Non-performing loans (NPLs)** declined from 35.73 per cent of total loans in September 2025 to 32.26 per cent in March 2026, but this reflects rescheduling and restructuring rather than real improvement.
- ❑ **Private-sector credit growth** fell to a record low of 4.72 per cent, constraining investment and job creation.
- ❑ **Export performance weakened**, while remittances helped stabilise the external sector.
- ❑ **The Strait of Hormuz blockade** exposed Bangladesh's vulnerability to global energy shocks.
- ❑ **Haor floods and the measles outbreak** revealed weaknesses in preparedness, implementation and institutional accountability.
- ❑ The core challenge is **weak governance, enforcement and policy delivery**, alongside economic stress.

2. Public Finance: Revenue Shortfalls, Sluggish ADP Implementation, and Rising Financing Pressure



Revenue mobilisation target is beyond reach

Revenue mobilisation grew only 6.9% during the July-March period of FY26

→ The remaining quarter requires a remarkable 84.6% growth to meet the annual target, which is unlikely



ADP implementation remains slow

ADP implementation rate stands at 35.4% in the July-April period of FY26

→ Significantly lower compared to the trend during FY17-FY24 (49.8% on average)



Financing budget deficit heavily relies on bank borrowing

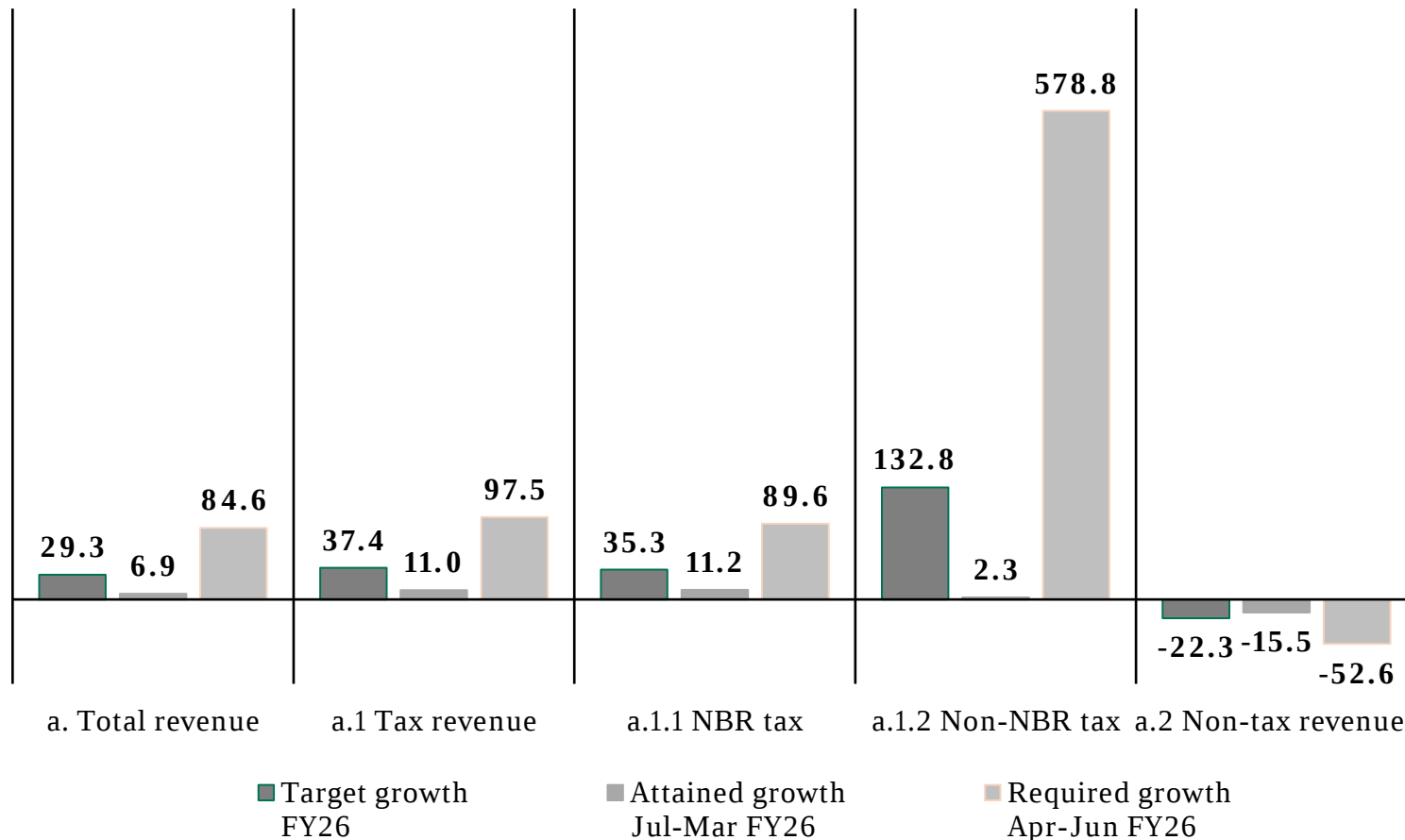
Bank borrowing reached 98.5% (BDT 102,442 Crore) of the annual target (BDT 104,000 Crore) by March FY26, raising concerns for crowding-out effect

Key recommendations

- ❑ Explore new revenue sources, improve tax efficiency and seal leakages by curbing illicit financing flow (IFF) and limiting the tax evasion
- ❑ Optimise strategies for financing the budget deficit to avoid crowding out effect
- ❑ Accelerate development spending through stronger project management and monitoring

Revenue Mobilisation Continues to Fall Short of Target (Jul-Mar of FY26)

Revenue Mobilisation Growth by Sources (%)



Source: Ministry of Finance (MoF).

Total Revenue Collection Target and Achievement (in BDT Crore)

	Target	Actual	Actual (Up to Mar)
FY25	541,002 (31.3%)	436,076 (5.9%)	310,010 (7.9%)
FY26	563,999 (29.3%)	-	331,262 (6.9%)

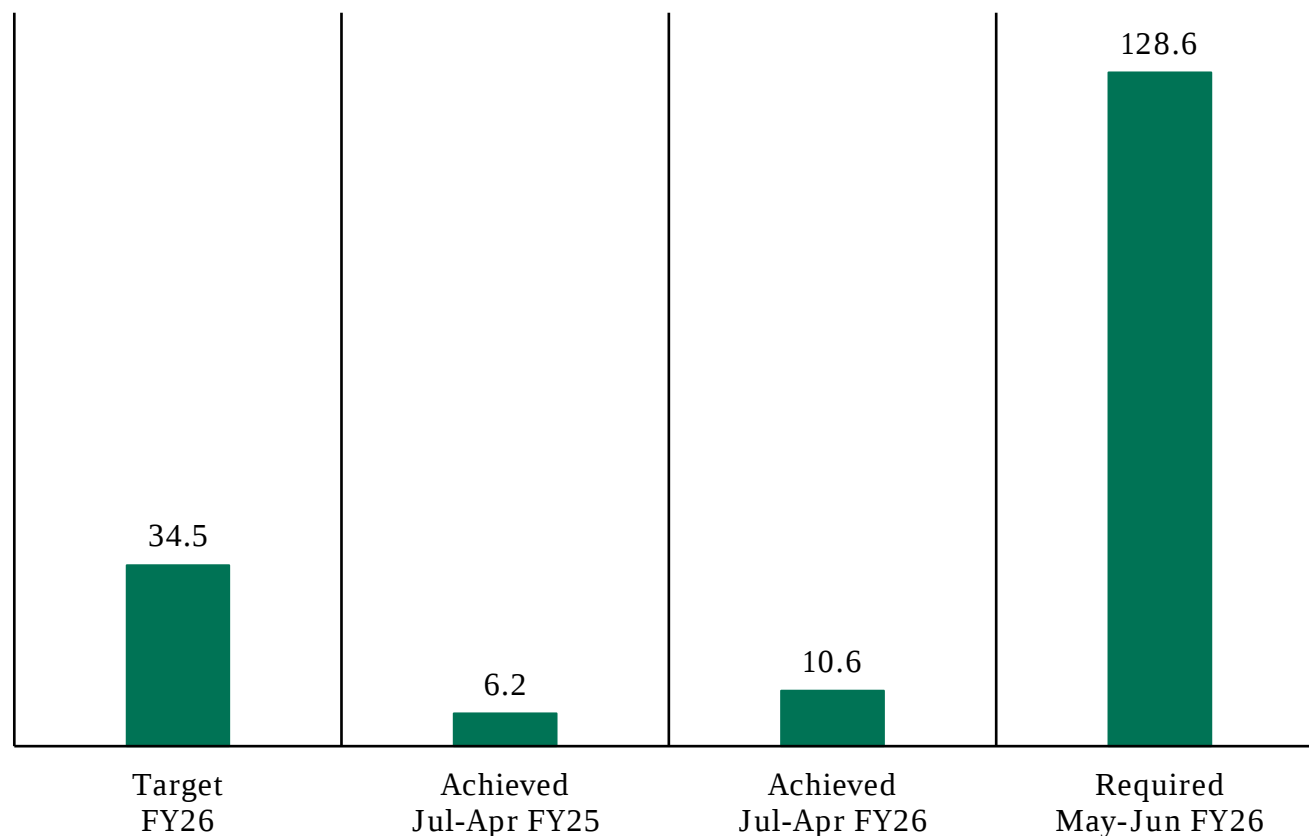
- ❑ Revenue collection grew only 6.9% during Jul-Mar of FY26
- ❑ Meeting the annual target would require 84.6% growth in the final quarter (Apr-Jul of FY26)
- ❑ Growth was driven mainly by higher NBR tax collection
- ❑ Non-NBR tax (land tax, surcharge, stamp, narcotics and liquor) would need 578.8% growth in April-June, which is highly unlikely



Key observation: The revenue mobilisation target has become operationally unrealistic

NBR Tax Collection Rate Improved but Remains Far Below the Target (Jul-Apr of FY26)

Growth of NBR Tax Collection (%)



10.6%

Achieved growth

July-April FY26

128.6%

Required growth

May-June FY26

NBR tax collection continues to fall short of the target by BDT 104,533 crore during Jul-Apr of FY26

Tax administration progress is partial

Mandatory e-filing of personal tax marks progress. **However, there lacks coordinated effort for tax policy and administration reform in line with the Tax Expenditure Management Policy Framework**

IMF revenue target (collection of additional revenue equivalent to 0.5% of GDP annually) will remain unfulfilled

Source: National Board of Revenue (NBR).

Public Expenditure and ADP Implementation

Overall Budget Utilisation
(MoF)

↑ **51.7%**

July-Mar FY26

Non-ADP Expenditure (MoF)

↑ **63.0%**

July-Mar FY26

Overall ADP Implementation
(IMED)

35.4%

July-April FY26

Domestic Financing (IMED)

34.0%

July-April FY26

Project Aid (Foreign
Financing) (IMED)

37.9%

July-April FY26

Six Underperforming Ministries/Divisions Among Top-10 Allocatees



Road Transport and Highways Division
(25.1%)



Power Division (40.0%)



Ministry of Water Transport (23.1%)



Secondary and Higher Education Division
(23.1%)



Ministry of Railways (21.0%)



Health Services Division (9.3%)

Average ADP implementation except the top 10
ministries/divisions remained below average

21.7%

July-April FY25



23.1%

July-April FY26

Why ADP Implementation Remained Slow?



Slow project
execution



Subdued
revenue growth



Shift from
high-cost projects



Strict scrutiny
and austerity



Political transition
and reshuffling of
officials



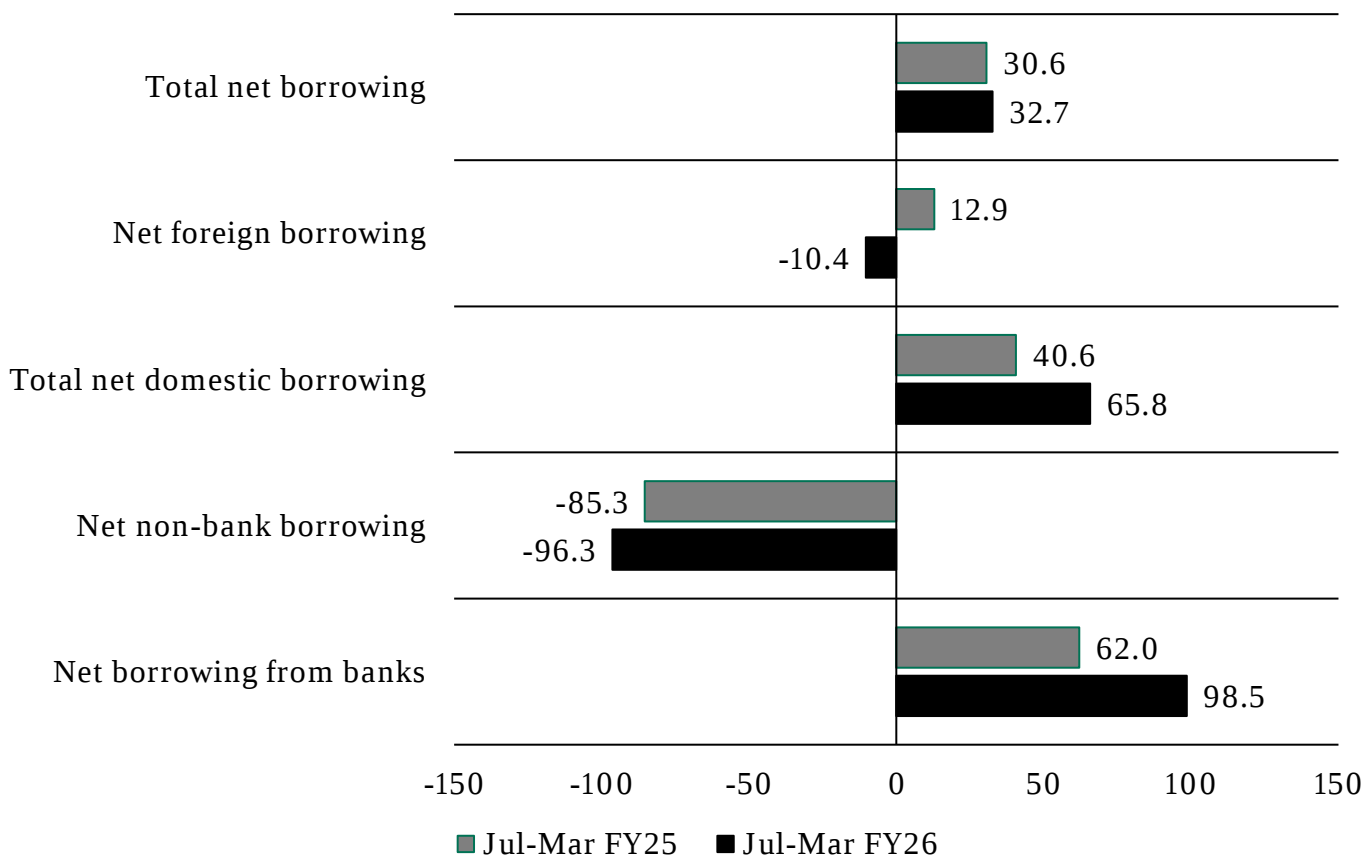
Persistent trend: Poor ADP implementation in
health and education continued in July-April FY26
— sectors critical to human capital development
Non-ADP spending increased while ADP execution
slowed



Narrowing the fiscal space for growth-
supporting development expenditure

Budget Deficit Financing Heavily Relied on Bank Borrowing (Jul-Mar of FY26)

Government Borrowing Against Budgetary Targets (%)



BDT 102,442 crore

Bank borrowing in July-March FY26

20% increase from July-March FY25

Net foreign borrowing fell by BDT 21,705 crore as foreign inflows slowed and amortisation rose



Concern: Heavy bank borrowing may limit funds for the private sector

Ninth Pay Commission implementation would require additional BDT 106,000 crore, equal to 13.4% of the FY26 budget (Planned allocation of BDT 35,000 Crore for FY27)

Source: Ministry of Finance (MoF).



Revenue

- Explore new tax avenues, including the digital economy, wealth, and property taxation
- Improve tax efficiency through in-depth review of existing tax exemptions
- Seal leakages by limiting tax evasion and tax avoidance



Financing

- Optimise strategies for financing the budget deficit to avoid crowding out effect
- Explore sale of National Saving Certificates (NSCs) as non-bank source for financing budget deficit
- Pursue budgetary support from external sources



Expenditure

- Accelerate ADP implementation through stronger management and close project monitoring
- Prioritise ADP spending in social safety net programmes, health, education, agriculture, and SME development
- Enhance value for money in all spending

3. Drivers of Inflationary Pressures

Inflation Trends (as of April 2026)

! Inflation Remains Persistently High and Volatile, Outpacing the Wage Growth Rate of 8.16% as of April 2026

GENERAL INFLATION

9.04% (April 2026) ↑

Mar: 8.71% → Apr: 9.04%. Driven by broad-based price pressures in both food and non-food categories.

RURAL OVERALL

9.05% (April 2026) ↑

Mar: 8.72% → Apr: 9.05%. Remained high throughout Apr 2023 to Apr 2026.

URBAN OVERALL

9.02% (April 2026) ↑

Mar: 8.68% → Apr: 9.02%. Clear increasing trend observed from Apr 2025 to Apr 2026.

FOOD INFLATION

8.39% (April 2026) ↑

Mar: 8.24% → 8.39%. Slight upward trend in essential commodities in the period Mar 2026 to Apr 2026.

RURAL FOOD

Volatile ↔

Mar 8.02% → Apr: 8.23%. Sharp fall in March, followed by a slight rise in April. Remained volatile during the period Jun 2025 to Apr 2026.

URBAN FOOD

Fluctuating ↔

Mar: 8.78% Apr: 8.81%. Followed a volatile pattern similar to rural regions during Jun 2025 to Apr 2026.

NON-FOOD INFLATION

9.57% (April 2026) ↑

Mar: 9.09% → Apr: 9.57%. Pressure from fuel, transport, and service costs.

RURAL NON-FOOD

9.81% (April 2026) ↑

Mar: 9.38% → Apr: 9.81%. Steady upward trajectory over the four months, Jan to Apr.

URBAN NON-FOOD

9.15% (April 2026) ↑

Mar: 8.62% → Apr: 9.15%. Steady increase from Jan to Apr.



Rice (Pijam)

Marginal increases, historically low volatility. As of 14 May 2026: **BDT 60/kg**



Moshuri Medium

Gradual rise in prices. Increased from BDT 63 to BDT 118 (between 2019 and 2026). As of 14 May 2026: **BDT 118/kg**



Egg

Most accessible staple with minimal price variance. As of 14 May 2026: **BDT 37/hali (4 pieces)**



Chicken (Broiler)

Discernible upward trajectory (BDT 150-200). As of 14 May 2026: **BDT 190/kg**



Rui Fish

Fluctuating prices, upward trajectory. As of 14 May 2026: **BDT 365/kg**

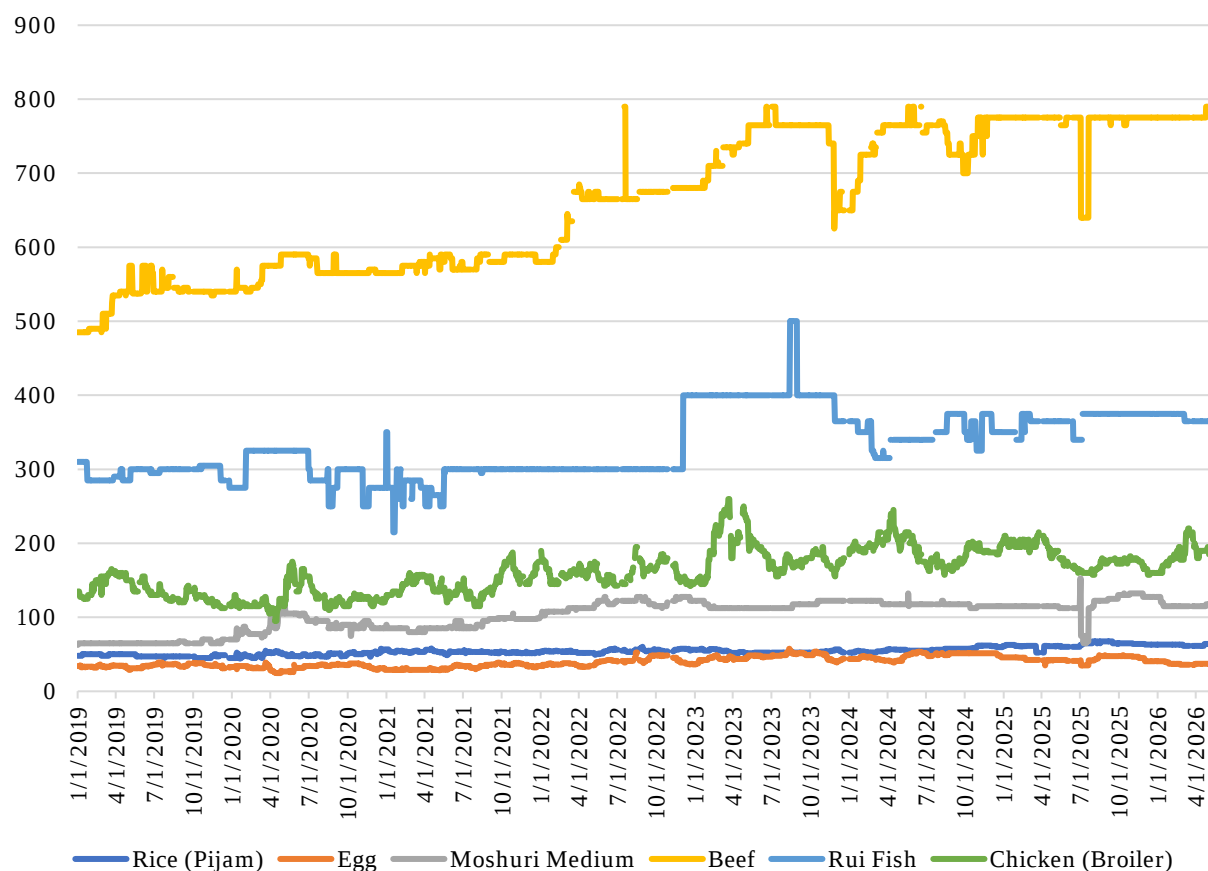


Beef

Sharpest increase since 2019. As of 14 May 2026: **BDT 790/kg**

Persistent Upward Price Displacement Across Essential Commodities

Figure: Trends in Prices of Essential Commodities



Source: Trading Corporation of Bangladesh (TCB).

Recent Energy Crisis and Inflationary Pressure

➤ According to Bangladesh Bank, Energy Inflation Increased from 14.4% in Q2FY26 to 14.9% in Q3FY26



DIESEL

15.00%

BDT 100/litre to BDT 115/litre price
increase
December 2025 – 31 May 2026



OCTANE

20.08%

BDT 120/litre to BDT 145/litre price
increase
December 2025 – 31 May 2026



PETROL

20.07%

BDT 116/litre to BDT 140/litre price
increase
December 2025 – 31 May 2026



KEROSENE

20.05%

BDT 112/litre to BDT 135/litre price
increase
December 2025 – 31 May 2026

Intracity Buses

Dhaka & Chattogram

April 2024

BDT 2.42/km



April 2026

BDT 2.53/km

+4.55%

Inter-District & Long-Distance

April 2024

BDT 2.12/km



April 2026

BDT 2.23/km

+5.19%

Minibuses

Dhaka, Chattogram & DTCA areas
(Narayanganj, Munshiganj, Narsingdi, Gazipur,
Manikganj)

April 2024

BDT 2.32/km



April 2026

BDT 2.43/km

+4.74%

In addition, the price of a 12 kg LPG cylinder rose from BDT 1,341 in March 2026 to BDT 1,885 in June 2026, representing a 40.57% increase over approximately three months.

Challenges in the Supply Chain of Essential Commodities

Key Market Observation From CPD 2025 Market Survey

A total of about 1,000 market agents (from farmers to retailers) were surveyed for 10 selected commodities, including rice (medium-paijam), pulses, onion, potato, green chilli, brinjal, egg, beef, rui fish, and chicken (broiler).

1 Dominant role of intermediary



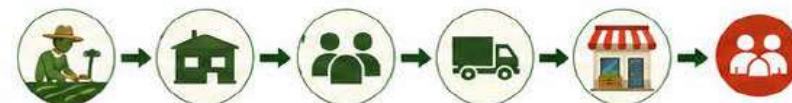
- Retailers rely heavily on **Urban Aratdars** for onions, potatoes, vegetables, eggs, and fish.
- Dependence creates market concentration and weakens retailers' bargaining power.
- Disruptions, hoarding, or collusion can cause supply shortages and price volatility.
- Action Needed:** stronger regulation for oligarchy behaviour, transparency, and producer-retailer linkages.

2 Price control and market power



- Urban Aratdars** influence procurement and retail prices of key staples.
- This reduces market competitiveness and creates structural vulnerabilities.
- Anti-competitive practices lead to excessive intermediary profits.
- Distortions can fuel **inflation**.

3 Longer chains, higher prices



- More intermediaries increase farm-to-retail prices.
- Highest markups according to CPD 2025 market survey:

Green chillies	Onions	Pulses	Brinjals
+116%	+87%	+78%	+72%

- Eggs, chicken, beef, fish show lower price increases due to shorter distribution chains and fewer intermediaries.

Key observation: More intermediaries = higher final price.

Impact of External Shocks on Prices of Selected Commodities: An Event Study Analysis

- To better understand the impact of external shocks on food prices, an event-study analysis was employed.
- This analysis focuses on three major shocks: (i) the COVID-19 outbreak, (ii) the Russia–Ukraine war, and (iii) the Middle East conflict.
- The event study method establishes an “expected” price baseline for each commodity using pre-shock historical data.
- It then measures how much actual prices deviated from that baseline after each shock hit.

External shocks exert significant and differentiated upward pressures on essential commodity prices in Bangladesh, underscoring the economy's growing exposure to international disruptions and their spillover effects on overall domestic inflation.

COVID-19 Shock

- Perishable goods, especially rui fish, experienced the most severe and persistent disruptions because they rely heavily on daily transport networks.
- Pulses saw the strongest and most clear-cut short-term price jump, deviating nearly **1.9% above normal**.

Russia-Ukraine war

- Beef and egg prices deviated by **+4% above normal within just 10 days** of the war starting — and kept climbing.

Middle-East conflict

- The Middle East conflict hit Bangladesh's food prices fastest and hardest through the poultry supply chain, with eggs bearing the sharpest immediate shock.
- Chicken prices were **+5.4% higher than expected in the 10 days** following the conflict's onset, plausibly due to elevated feed cost.
- Eggs recorded the largest short-term price shock of any commodity in this event, deviating by **+7.3% above normal within 10 days of the conflict**.

Product	Event Window	Cumulative Abnormal Returns
COVID-19 (23 January 2020)		
Beef	[-5, 20]	-0.009216655**
Chicken (Broiler)	[-5, 10]	0.018658699*
Moshuri Medium	[-5, 10]	0.019031782***
Rice (Pijam)	[-5, 10]	-0.033933264***
Rui Fish	[-5, 20]	0.189453053***
Rui Fish	[-5, 30]	0.198068041***
Russia-Ukraine War (24 February 2022)		
Beef	[-5, 10]	0.040166042***
Beef	[-5, 20]	0.040166042***
Beef	[-5, 30]	0.101253734***
Egg	[-5, 10]	0.038088818**
Middle-East Conflict (7 October 2023)		
Chicken (Broiler)	[-5, 10]	0.053849812*
Egg	[-5, 10]	0.073227959
Moshuri Medium	[-5, 20]	0.030478509**
Rice (Pijam)	[-5, 30]	0.028170877*

Source: CPD estimation.

Policy Recommendations in the Short and Medium Term

1. Maintain strategic buffer stocks of essential food items and release them during supply shocks to stabilise prices and contain inflation.
2. Monitor markets accurately to streamline supply chains by reducing excessive layers of intermediaries, especially in essential commodities, to minimise the disparity between farm-gate and retail prices and improve market efficiency.
3. Strengthen market monitoring and regulatory oversight of intermediaries, particularly aratdars and wholesalers, to curb collusive practices, and artificial price manipulation in essential commodity markets.
4. Support low-income households through social protection schemes in light of the recent hikes in LPG and transportation prices.
5. Resolve supply chain bottlenecks to prevent price spikes, especially during global shocks such as conflict, war, or the pandemic, to protect the domestic market.
6. Publish energy inflation data regularly.

4. Overcoming Structural Fragilities and Expediting Reforms in the Banking Sector

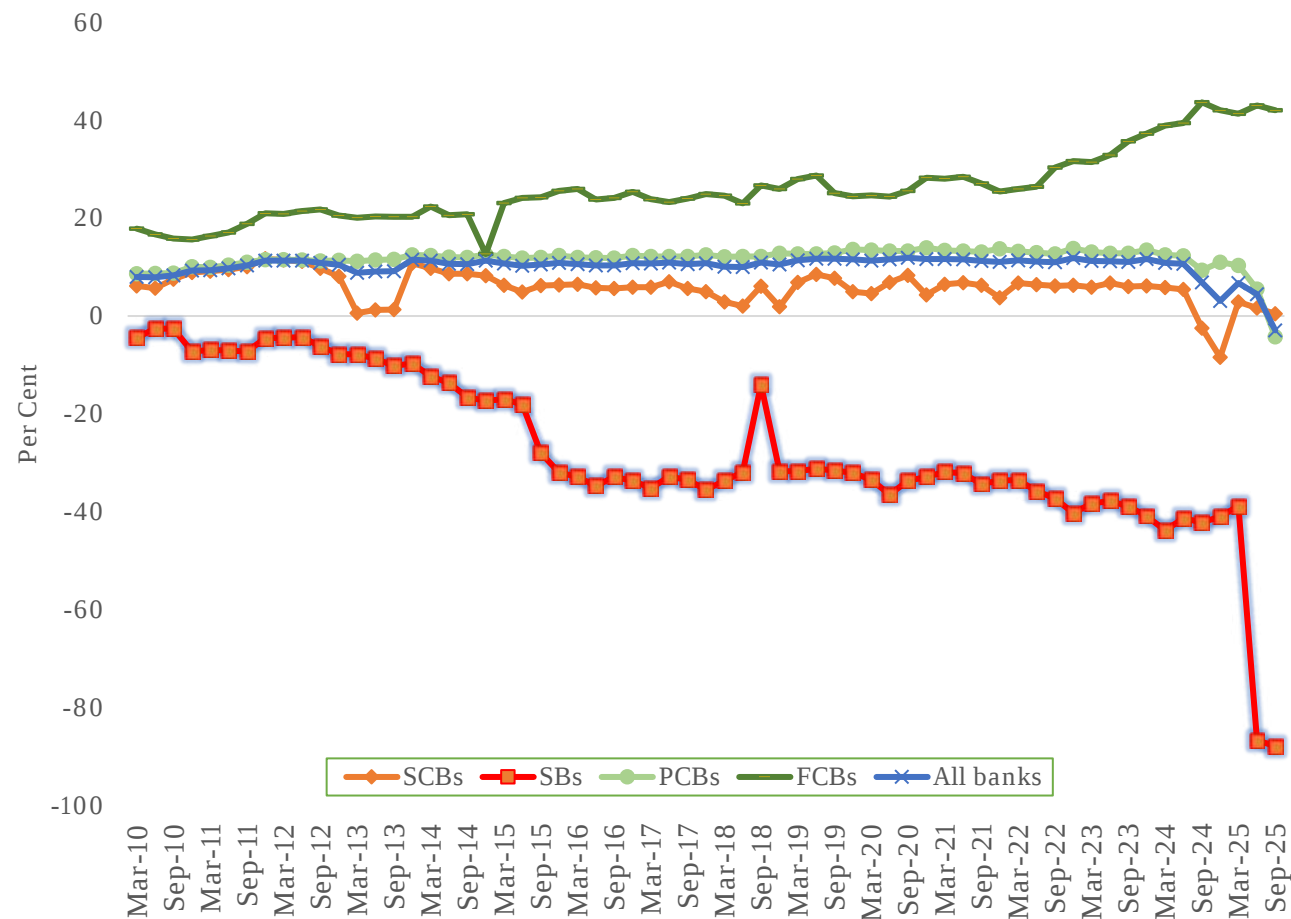
↓ Sector-Wide Capital Adequacy: Historic low at -2.93%

- Basel III Requirement: Minimum Ratio CRAR of 12.5%.
- The overall decline in capital adequacy was driven by PCBs, SBs, and SCBs, with FCBs being the only exception.
- Specialized Banks show **extreme CRAR collapse to -87.9%** (in Sept'2025)

⚠ Weak capital buffers limit credit growth, erode confidence, and increase vulnerability to shocks.

Severe Capital Erosion

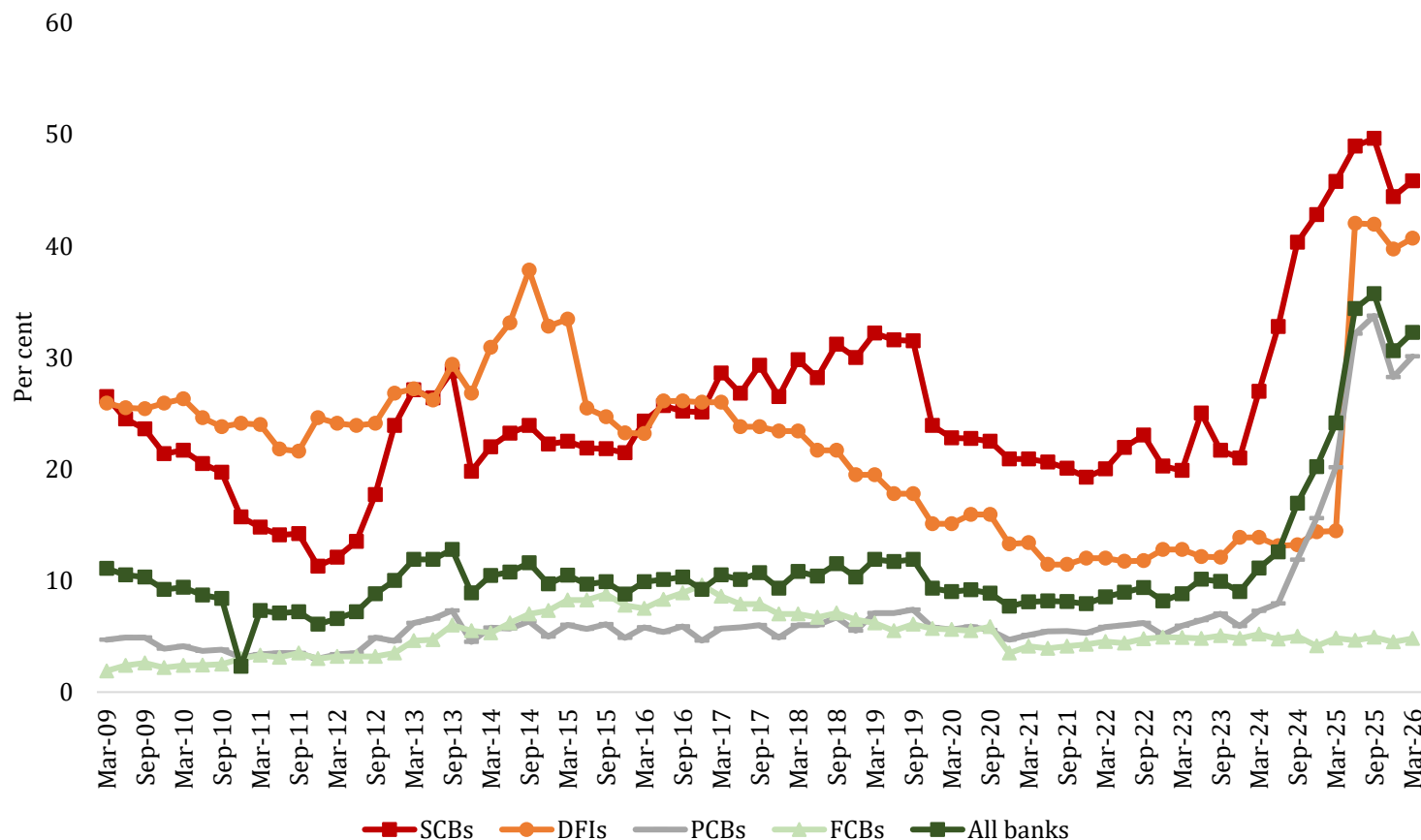
Figure: CRWA ratios by type of banks (in per cent)



Source: Bangladesh Bank.

Loan Rescheduling Masks Deterioration in Asset Quality

Figure: Gross NPL ratios by bank type (in per cent)



Source: Bangladesh Bank.

Gross NPL Ratio September 2025

35.7%

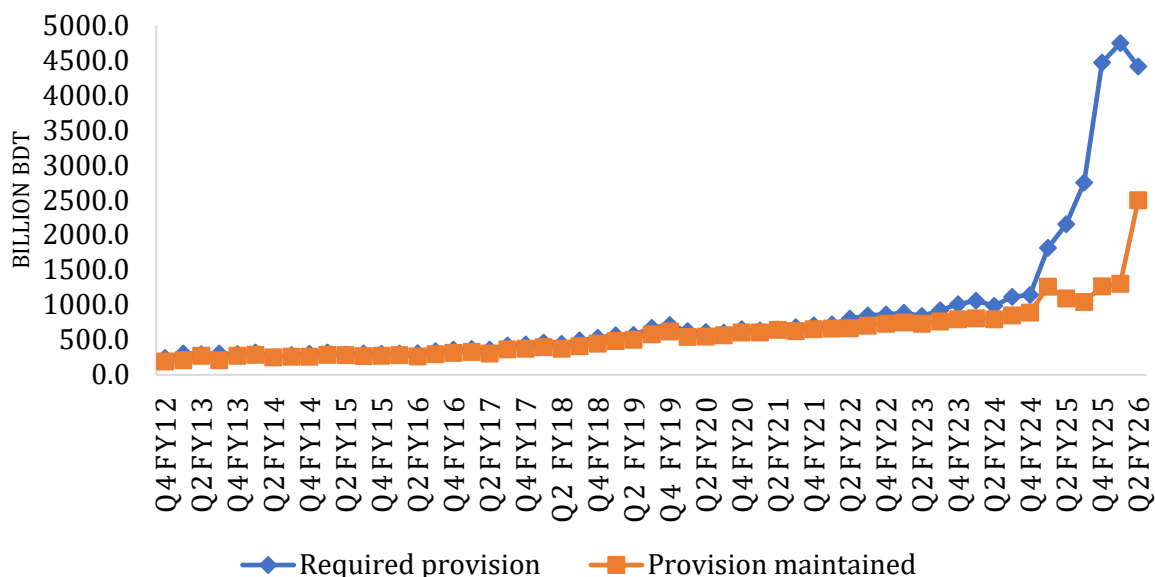
Gross NPL Ratio March 2026

32.26%

- Consistent **high NPLs** reflect **structural weaknesses** rather than **cyclical pressures**.
- **Rescheduling**, restructuring, and **write-offs** have **masked** the **true extent of banking sector stress**.
- **Actual classified loans** are **higher than reported figures**.

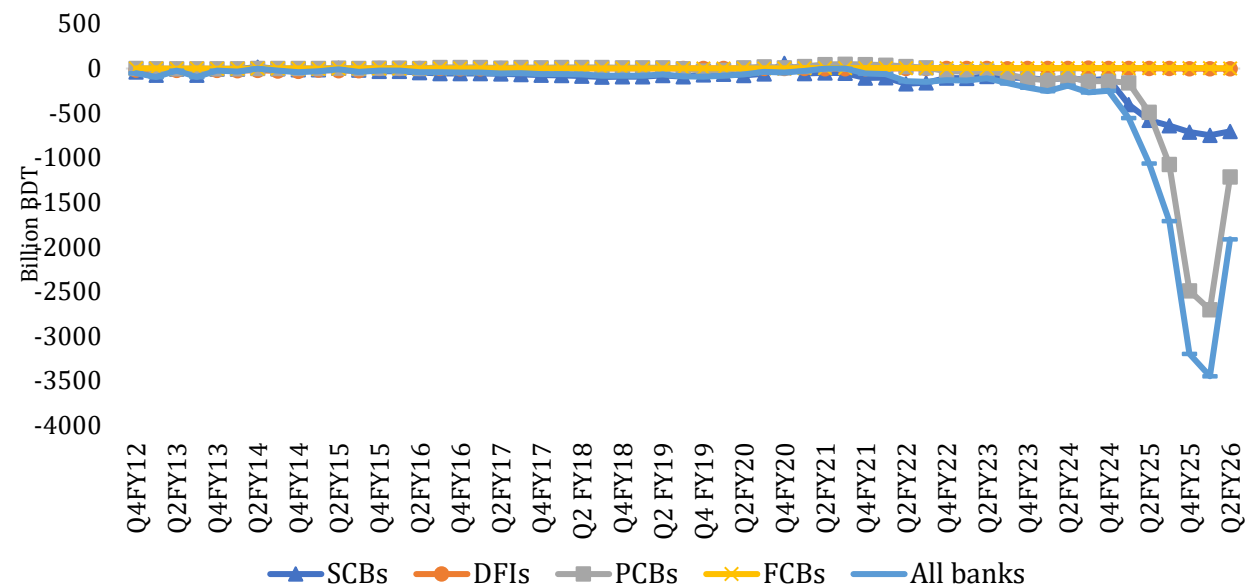
Loan-Loss Provision

Figure: Loan loss provisioning (in Billion BDT)



Source: Bangladesh Bank.

Figure: Excess or shortfall in loan loss provisioning (in billion BDT)



Source: Bangladesh Bank

Sector-wide banks are unable to maintain the required provision despite an improvement in provisioning shortfall.

Key concern: Improved provisioning indicators do not necessarily reflect stronger asset quality.

Underlying credit risk remains elevated, with significant NPL-related vulnerabilities still present in the banking sector.

➡ Provisioning indicators improved, but much of the improvement reflects write-offs and restructuring rather than a fundamental improvement in asset quality.

Excess Liquidity (as a share of total liquid assets)

March 2026: **55 %**

May 2025: **43 %**



Increased liquidity reflects **cautious lending** and weak economic activity

Advance-Deposit Ratio

February 2026: **0.84**

May 2025: **0.89**



The **decline in ADR** reflects easing liquidity pressure, driven by **weak credit demand due to economic uncertainty** and high borrowing costs.

A Review of Key Regulatory Measures

Summary of Key Financial Sector Reform Initiatives During August 2024 - May 2026

Reform Area	Key Features	Concerns/Risks
Asset Quality Review (AQR)	Reviews initiated for 17 banks; six banks completed by mid-2025 showing significantly higher NPLs than reported; second phase ongoing	Resistance from affected stakeholders; difficulty in post-review resolution; need for mergers, and strong supervisory follow-up.
Bank Resolution Ordinance, 2025	Legal framework for orderly resolution of weak banks; Bangladesh Bank empowered to intervene, restructure, merge, or resolve banks; deposit protection included	Political and institutional resistance; limited resolution capacity; risk of delays and depositor confidence pressures
Bank Company (Amendment) Act, 2025 (Proposed)	Limits family dominance and political representation on bank boards; strengthens governance and oversight (draft stage)	Strong resistance from influential groups; delays in legislative approval
Bangladesh Bank Ordinance, 2025 (draft)	Enhances central bank autonomy, governance, and supervisory authority.	Lack of consensus among stakeholders; conflicting interests; difficulty ensuring real institutional independence
Insolvency and Bankruptcy Ordinance, 2025 (Draft)	Modern insolvency framework for restructuring, faster recovery, creditor protection, and cross-border insolvency coordination	Weak judicial/institutional capacity; shortage of insolvency professionals; adaptation challenges for banks and firms
Bank Mergers and Consolidation Measures	Consolidation of weak banks following AQR; five mergers completed to strengthen stability	Resistance from owners/directors; integration challenges; complex balance sheet consolidation and depositor pressure

A Review of Key Regulatory Measures

Summary of Key Financial Sector Reform Initiatives during August 2024 - May 2026

Reform Area	Key Features	Key Concerns/Risks	Source
Amendment to the Bank Resolution Ordinance 2025 <i>(Repeal under consideration??)</i>	Amendment allows former owners of distressed banks to regain ownership and control under specified conditions	Accountability risks; weakened resolution credibility; reduced market discipline	GAZETTE (Bill No. 89/2026)
Regulatory Relaxation of Large Loan and Borrower Exposure Ceilings	NPL rescheduling up to 10 years with 2-year grace period; 2% down payment; preferential interest rates; covers unclassified & classified loans	Weakened credit discipline; moral hazard; delayed loan recovery	Circular (No. 07)
Extension of the Bank Resolution Framework to Non-Bank Financial Institutions (NBFIs)	Applies resolution tools (restructuring, merger, liquidation, asset transfer) to NBFIs; strengthens early intervention capacity	Depends on regulatory independence, supervisory capacity, and governance quality	Circular (No. 01)
Regulatory Relaxation of Large Loan and Borrower Exposure Ceilings	Exposure limit raised to 25% of capital per borrower until June 2028 (compared to previous ceiling 15%).	Amplify systemic risk, increase NPLs and lead to capital erosion	Circular (No. 18)

Effect of Macroeconomic Conditions on NPL: Findings of an Empirical Model

NPL Determinants in Bangladesh | Quantile Regression Analysis (2015–2025)

MODEL

Data

Quarterly, 2015–2025 — Bangladesh banking sector NPLs

Method

Quantile Regression — Koenker & Bassett (1982)

$\tau = 0.25, 0.50, 0.75$

Model

$NPLs = f(\text{Real Lending Rate, Exchange Rate, GDP Growth, Governance Index})$

FINDINGS

Exchange Rate Depreciation

↑ NPLs across ALL quantiles

Higher Real Interest Rates

↑ NPLs, especially during high-stress periods

GDP Growth

↓ NPLs — supports repayment capacity & credit quality

Improvement in Governance Quality

↓ NPLs at upper quantiles (stronger effect during periods of financial stress)

Summary

NPL Dynamics

Improved Governance indicators significantly lower NPLs, suggesting that institutional improvements are particularly effective when banking sector stress is elevated.

Table: Regression Results

Variables	Quantile 0.25	Quantile 0.50	Quantile 0.75
Real Interest Rate	0.372	1.200	2.348***
Exchange Rate	0.103***	0.152**	0.251***
GDP Growth	-0.137	-0.964	-2.486***
Governance Index	0.186	-0.522	-1.465**
R ²	0.170	0.232	0.494

Source: Authors' calculation using data from the Bangladesh Bank, World Bank, and Bangladesh Bureau of Statistics.

Note: *** p<0.1, **p<0.5

SHORT-TERM

Governance & Supervision

- Enforce strict loan classification & provisioning standards
- Phase out regulatory forbearance
- Stop political interference in credit allocation

Exchange Rate Stability

- Maintain exchange rate stability to protect borrower repayment capacity
- Strengthen FX reserve management to reduce external volatility

Data & Disclosure

- Disclose true NPL levels, including rescheduled & restructured loans
- Improve banking data timeliness for evidence-based policy

MEDIUM-TERM

Prudential Regulation

- Limit repeat loan restructuring — curb moral hazard
- Reassess relaxed single-borrower exposure limits
- Strengthen oversight of large borrower concentration risks

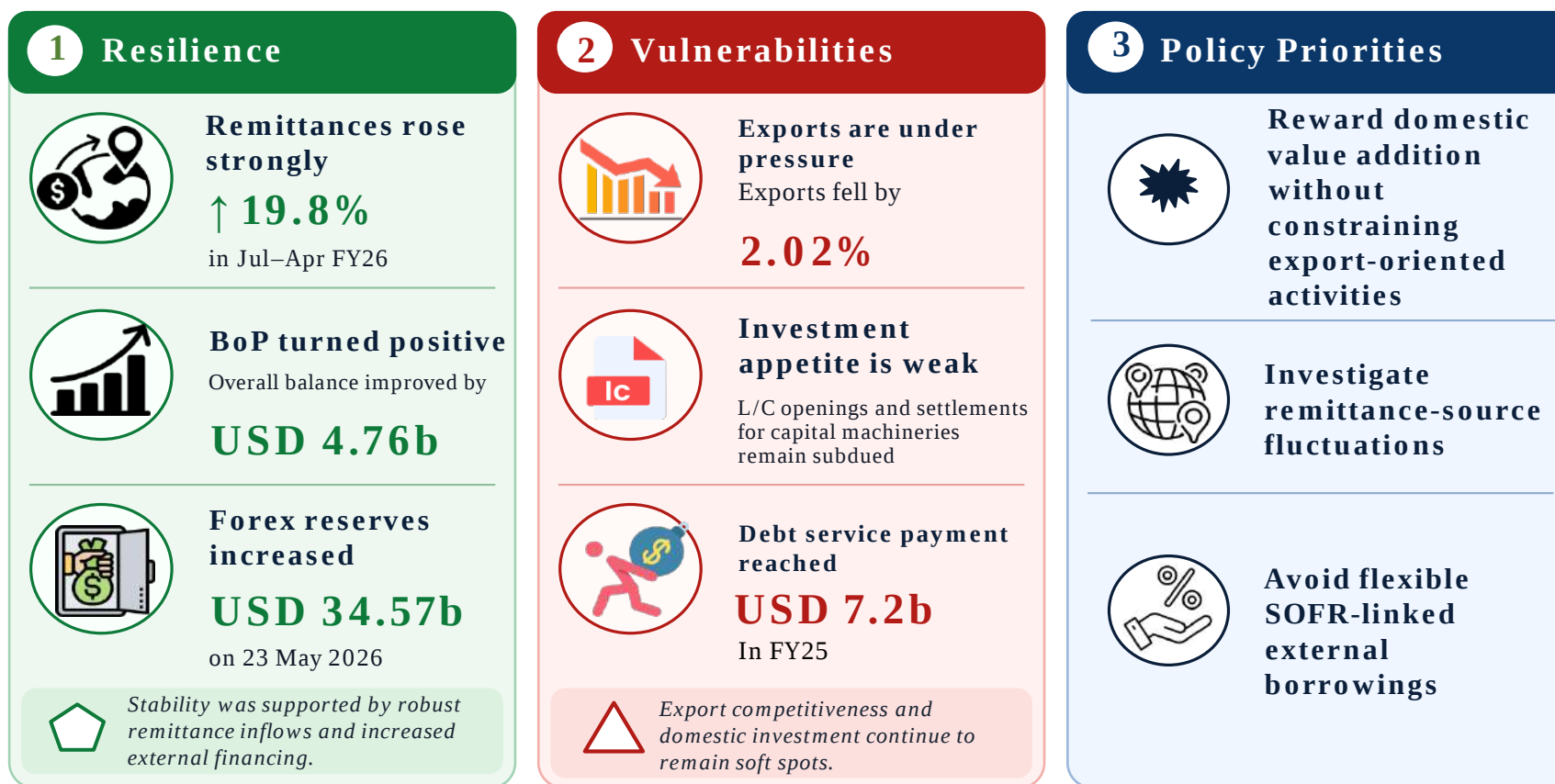
Continuation of Reforms

- Strengthening Commercial Banks: Enhanced supervisory oversight of non-compliant banks in line with Basel III standards.
- Integrate NBFI oversight into the broader resolution framework
- Uphold Bangladesh Bank's independence

5. External Sector Performance: Resilience and Vulnerabilities

❑ As FY26 approaches its finishing line, Bangladesh's external sector presents a mixed picture, reflecting both demonstrated resilience and underlying vulnerabilities.

Figure: Snapshot of External Sector in FY26: Resilience Amid Rising Vulnerabilities



- ❑ **Exports declined by 2.02%** compared to the same period of FY25. This performance stands far below the 14% export growth target set for FY26.
- ❑ To attain the export growth target for the current fiscal year, exports would need to rise by a whopping 92.3% over the next two months of FY26 over the corresponding period of FY25, an impossible task.
- ❑ The **export earnings decline was mainly driven by the RMG** sector, for which exports fell by 2.8%. Within RMG, **knitwear exports declined more sharply** than woven garments, falling by 3.7% compared to 1.8% for woven garments.
- ❑ This is particularly concerning because knitwear has higher domestic value addition. Consequently, its decline had a relatively larger adverse effect on net export earnings.

Table: Bangladesh's Export Performance by Major Sectors: Gross and Net Exports

(Value in Million USD)

Products	FY25 (Jul-Apr)	FY26 (Jul-Apr)	% change (FY26 Jul-Apr over FY25 Jul-Apr)	Net Export Earnings (July-Apr)	Contribution to Negative Incremental Export
RMG	32,640.1	31,719.3	-2.8	17,636.6	113.4
Knitwear	17,457.2	16,814.3	-3.7	10,929.3	79.2
Woven Garments	15,183.0	14,905.0	-1.8	6,707.2	34.2
Non-RMG	7,568.0	7,677.1	1.4	6,141.7	-13.4
Total	40,208.2	39,396.4	-2.0	23,778.3	100

Source: EPB (2026).

Note: Value additions for Net Export have been estimated by using the following coefficients- knit-RMG: 0.65; Woven-RMG: 0.45; Others: 0.80

Table: Factors Driving RMG Growth of Bangladesh and Selected Competitors in EU and US Markets

Market	Change in Prices (%)			Change in Volume (%)			Change in export earnings value (%)		
	Bangladesh	China	Viet Nam	Bangladesh	China	Viet Nam	Bangladesh	China	Viet Nam
US Market (Jul-Mar)	-1.0	-24.4	-7.5	-1.8	-34.4	13.0	-2.8	-50.4	4.6
EU Market (Jul-Jan)	-9.0	-13.2	4.8	1.1	10.7	0.3	-7.9	-3.9	5.1

Source: Estimated from Database Eurostat and Dataweb USITC (2026).

- ❑ **Bangladesh's RMG exports declined in both US and EU markets.** In the US market, Bangladesh's export earnings fell by 2.8%, while Viet Nam posted 4.6% growth.
- ❑ Viet Nam's performance in the US market was supported by a strong increase in export volume, which rose by 13.0%.
- ❑ China's exports to the US continued to fall sharply, declining by 50.4%, but China and Viet Nam both offered much larger price reductions than Bangladesh in the face of reciprocal tariffs.
- ❑ In the EU market, Bangladesh's export earnings declined by 7.9%, while Viet Nam's exports increased by 5.1%.
- ❑ These trends indicate that **Bangladesh is facing growing competitive pressure in its two most important export markets.**

❑ Import growth remained modest during July–March FY26, with total actual imports **rising by only 4.2%**, reflecting weak domestic demand, sluggish export-oriented production, and subdued investment activity.

❑ **Import growth was largely driven by petroleum-related payments** rather than broad-based industrial recovery.

❑ L/C opening increased only marginally by 0.4%, while L/C closing declined by 4.1%, signalling **weak near-term import performance and subdued production momentum**.

❑ **Back-to-back L/C openings fell by 11.0%**, indicating continued weakness concerning export-oriented activities, more particularly, that of export-oriented RMG-sector.

❑ L/C opening and closing for capital machineries also declined, **suggesting weak investment appetite** and limited expansion plans by enterprises.

Table: Import performance (% growth during July-Mar of FY26 over FY25)

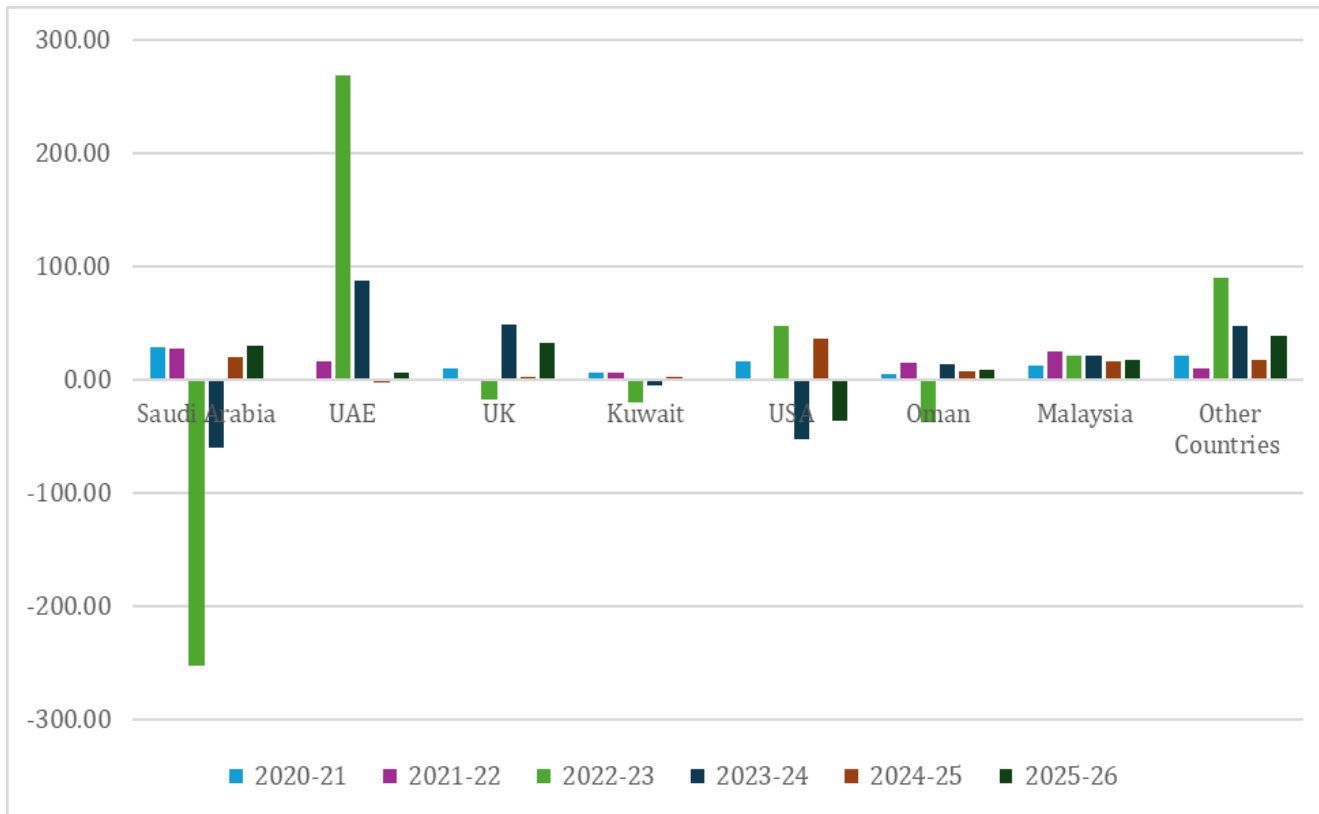
Items	Actual Import	L/C Opening	L/C Closing
Consumer Goods (including food grains)	-0.2	-0.2	-2.8
Intermediate Goods	6.5	-4.9	-12.9
Capital Machineries	10.1	-3.1	-10.4
Total	4.2	0.4	-4.1
Back-to-Back L/Cs	-	-11.0	-7.9

Source: Bangladesh Bank (2026).

Remittance Flows: The Once Again Saviour!

- ❑ During July–April FY26, inward **remittances posted a robust rise of 19.8%** compared to the same period of FY25.
- ❑ To note, this impressive growth was achieved over the high growth rate of the previous year — growth rate in FY25 was 29.4% over the previous year of FY24.
- ❑ Country-wise contributions to **incremental remittance** inflows have been **highly volatile** in recent years. The figure suggests a significant lack of consistency in this regard.
- ❑ **Policymakers should investigate** the causes behind the fluctuations in remittance inflows from various source countries.

Figure: Country-wise Contribution to Incremental Remittance Inflows (% , Jul-Apr)



Source: Bangladesh Bank (2026).

Balance of Payments: Significant Improvement But Structural Concerns

❑ Bangladesh's **overall Balance of Payments position improved significantly** during July–March FY26. The overall balance shifted from a deficit of USD 1.1 billion in FY25 to a surplus of USD 3.6 billion in FY26, reflecting **an improvement of USD 4.8 billion**.

❑ However, the trade balance deteriorated sharply, with the **trade deficit widening by USD 3.7 billion**.

❑ Major driver of the BoP improvement was on account of the mostly **debt-carrying financial account balance**, which increased by USD 3.2 billion, and not a positive trend in current account balance.

❑ To note, debt-creating medium and long-term (MLT) loans amounted to USD 3.5 billion.

Table: BoP Position and Structure of Change (July–March)

(Value in Million USD)

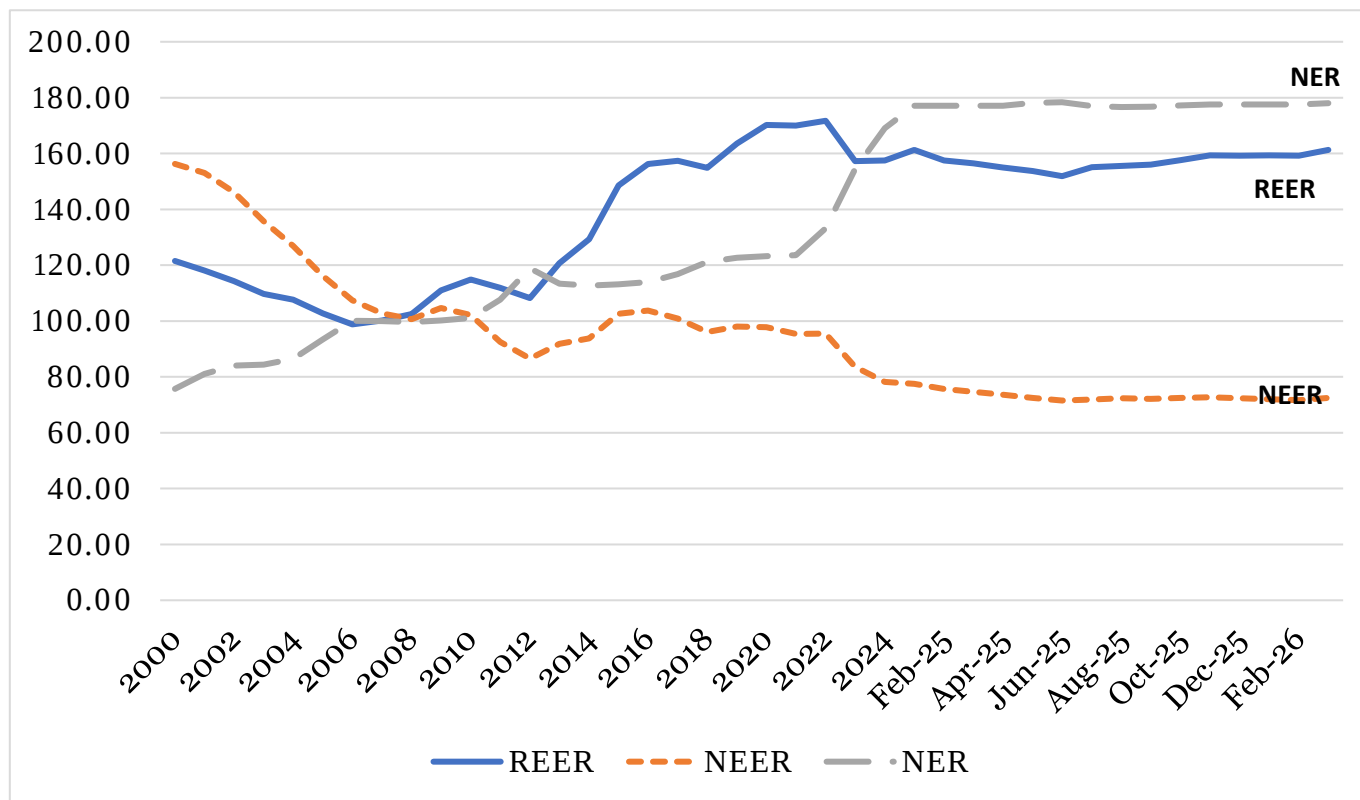
Item	FY25	FY26	Change
	(Jul-Mar)	(Jul-Mar)	
Trade balance	-15445	-19173	-3728
Services	-3918	-4332	-414
Primary Income	-3781	-3563	218
Secondary Income	22265	26671	4406
Of which: Workers' remittances inflows	21784	26204	4420
Current Account Balance	-878	-397	481
Financial account	570	3812	3242
Errors and omissions	-1058	-77	981
Overall Balance	-1100	3659	4759

Source: Bangladesh Bank (2026).

Forex Reserves and Exchange Rate Movement

- ❑ The movement of NER, NEER, and REER indicates that the **BDT remains somewhat depreciated** than it would have been without market intervention by the Bangladesh Bank.
- ❑ Bangladesh Bank purchased nearly USD 6.07 billion from the foreign exchange market during July–May FY26.
- ❑ These open market operations helped manage liquidity, stabilise the exchange rate (favouring exports and remittances), replenish reserves, meet debt service obligations, and support import payments.
- ❑ However, continued market intervention may come under scrutiny, particularly in the context of the discussions as regards borrowings from the IMF.

Figure: Movement of REER, NEER, and NER of BDT

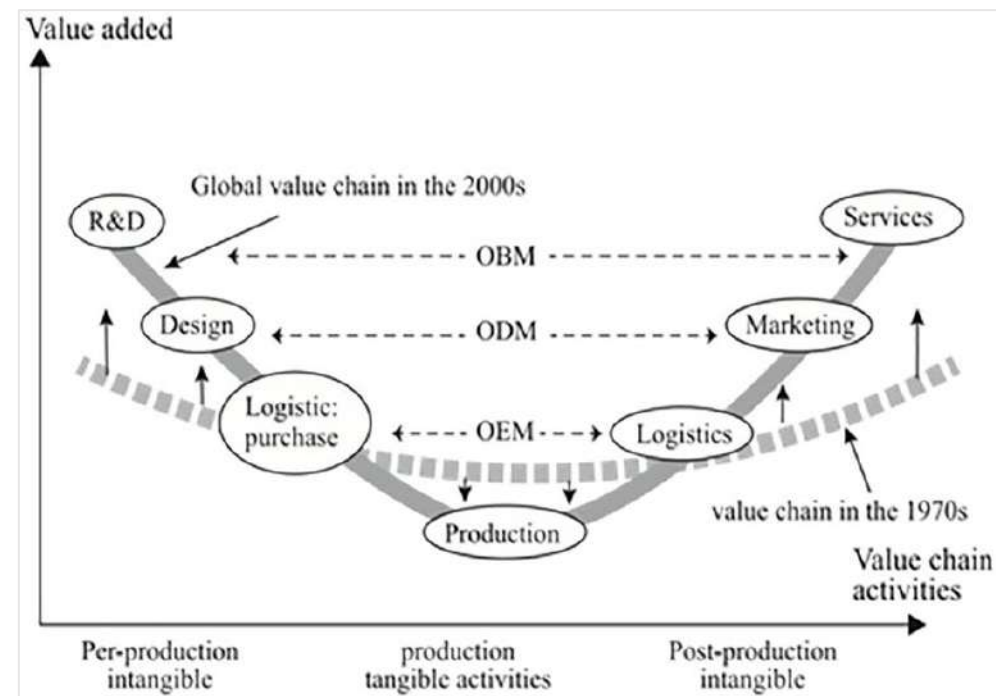


Source: Based on Bangladesh Bank and Bruegel (2026).

❑ Enhancing Domestic Value Addition and Export Diversification

- Bangladesh needs to strengthen **export diversification** both within RMG (man-made fibre and movement up the demand curve) and beyond RMG (leather and footwear, light engineering, automotive production, IT-enabled services, among others).
- This has become increasingly urgent in view of Bangladesh's upcoming **LDC graduation** and the consequent erosion of preferential market access.
- The government's initiative to **align export incentives with higher domestic value addition** is a step in the right direction, provided it does not constrain export-oriented activities.
- To make this effective, supportive measures are needed through strategic industrial policy, improved business environment, and stronger backward and forward linkages.
- The 'smile curve' highlights the need to move beyond low-value assembly towards higher-value activities such as R&D, product development, design, branding, marketing, and services.
- Bangladesh should also use **EPA and FTA opportunities**, including with Japan (concluded), Singapore, South Korea (ongoing), and RCEP (planned), to attract FDI linked to preferential market access.

Figure: The Smile Curve



Source: Dewan and Rahman (2026).

❑ Debt Management and External Borrowing Risks

- Bangladesh's external debt stock stood at USD 113.2 billion as of June FY25, with long-term external debt at about USD 98.8 billion.
- Although external debt remains moderate as a share of GDP, at 24.5%, the pressure of debt servicing obligations need to be considered in view of forex reserves. **The terms of borrowing are becoming increasingly stringent.**
- Since Bangladesh's transition from LIC to LMIC status, the share of concessional loans has been declining. As a result, new external borrowings increasingly involve **higher interest rates, shorter grace periods, and shorter repayment periods.**
- **Debt servicing pressure has risen sharply:** increasing from USD 3.2 billion in FY20 to USD 7.2 billion in FY25, a rise of 128.2% in five years.
- As of March 2026, debt service payments stood at USD 3.5 billion, indicating further pressure during the remaining months of the fiscal year.
- Bangladesh's debt outlook is also facing external scrutiny, with the IMF (January 2026) moving the country to **moderate risk** (from low-risk) and Fitch revising the outlook (May 2026) to **negative** (from stable).
- Some new loans are being negotiated at SOFR and EURIBOR rates, which raises concern if these are on flexible terms. Given the sharp fluctuation in **SOFR rates** (shown in Table), Bangladesh needs to formulate transparent guidelines for negotiating non-concessional and hard-term external loans.

Table: SOFR Rate (2020-Present)

Year	180-Day Average SOFR (%)
2020	0.09
2021	0.05
2022	2.89
2023	5.35
2024	5.03
2025	4.20
2026*	3.74

Source: Federal Reserve Bank of New York (2026).

Note: * As of 15 May 2026.

6. Employment and Labour Market during the Period of Political and Economic Uncertainty



Massive factory closures during the interim government's tenure left over 100,000 workers jobless, with claims of job loss reaching as high as 300,000



Subdued investment, fueled by high costs, credit slowdown, and energy crises, continues to limit job creation in Bangladesh during the elected government tenure, especially harming the SME sector



Real wages in the latest 16-month period (Jan 2025 to Apr 2026), have consistently declined as nominal wage increases fail to outpace inflation, with industrial workers facing the highest contractions of up to 2.1%



Widespread inadequate, delayed, and unpaid wages leave workers far below the living wage benchmark, with wage-related labour unrest escalating sharply from 59 incidents in 2023 to 204 in 2025



Workplace deaths remain critically high (especially in the informal non-RMG sector), with 1,190 recorded in 2025 and at least 186 workers killed in just the first three months of 2026



Freedom of association has expanded in law, but genuine union formation and collective bargaining remain constrained



The 2025 Labour Act amendments introduce progressive changes for women, but structural inequalities and enforcement gaps continue to limit their real impact

- ❑ Since the fall of the Awami League government in August 2024, the labour market has **faced significant uncertainty**
- ❑ The interim government formed the **Labour Reform Commission (LRC)** in November 2024 to improve labour laws, protect workers' rights, and promote workers' welfare
- ❑ The LRC submitted its **recommendations in April 2025**, and some reform measures have already been introduced
- ❑ Since taking office in February 2026, the BNP-led government has pledged to strengthen labour rights, as stated in its election manifesto
- ❑ However, it is still unclear **whether recent reforms have improved the everyday lives of workers**
- ❑ Workers continue to face challenges due to ongoing economic pressures and external shocks
- ❑ There is a need to assess:
 - **Progress in labour reform implementation**
 - **Impact of reforms on workers' well-being, and**
 - **Whether current economic conditions require renewed attention to workers' welfare**

State of Employment

- Since August 2024, Bangladesh has faced a **dual labour market challenge**: retaining existing jobs and generating new employment opportunities amid economic and political uncertainties
- Factory closures led to significant job losses, with 245–353 factories shutting down between August 2024 and November 2025 and affecting an estimated **100,000–119,842 workers**, while labour unions suggest losses may have reached 200,000–300,000 workers (Zaman, 2025; BGMEA, 2025)
- New employment generation remains weak due to low investment, energy shortages, high lending rates, and private-sector credit growth **falling to a historic low of 4.72% in March 2026** (Bangladesh Bank, 2026)
- SMEs face acute challenges from rising input costs and high interest rates, with some reporting production **declines of up to 30%, limiting** their capacity to create jobs (SME sector reports, 2026)
- ILO estimates show overall unemployment increased from 3.6% in 2024 to 3.8% in 2025 and is projected to remain at 3.8% in 2026, while youth unemployment is expected to **rise from 9.1% to 9.7%** over the same period (ILO, 2026)
- To support industrial recovery, Bangladesh Bank introduced a **Tk 60,000 crore stimulus package**, including Tk 41,000 crore in refinancing and subsidised credit for the RMG and manufacturing sectors (Bangladesh Bank, 2026)

State of Decent Wages

- **Real wage growth remained negative** throughout Jan 2025-Apr 2026 as inflation consistently outpaced nominal wage increases across sectors (BBS, 2026)
- **Industrial workers experienced the sharpest decline in purchasing power**, with real wages contracting by up to 2.1% during the period (BBS, 2026)
- The estimated living wage in 2025 ranged from **BDT 25,166 in Greater Dhaka to BDT 30,459 in Dhaka City**, significantly exceeding prevailing wages for many workers (Global Living Wage Coalition, 2026)
- To address inflationary pressures, the government introduced a mandatory annual wage increment of 9% from December 2024 (Wage Indicator, 2026)
- Implementation remained uneven, as **784 out of 2,932 factories (27%) failed to provide the additional wage** adjustment (Karmakar, 2026)
- Delayed and unpaid wages continued to affect workers, contributing to a rise in wage-related labour unrest incidents **to 204 in 2025, up from 156 in 2024** (BILS, 2026)
- Recent reforms expanded Minimum Wage Board coverage, reduced the wage revision cycle from **five to three years**, and strengthened penalties for non-compliance, although the wage-setting framework still lacks **a robust evidence-based methodology** (Wage Indicator, 2026)

Recent Trends and Reforms in Employment and Labour Market

State of Workplace Safety

- Real wage Workplace fatalities remained alarmingly high in 2025, with **1,190 deaths** recorded by OSHE Foundation and 735 deaths reported by BILS, the majority occurring in the informal sector (OSHE Foundation, 2025; BILS, 2026)
- The **transport, agriculture, and construction sectors** accounted for the highest number of workplace deaths, highlighting persistent safety risks outside the RMG sector (BILS, 2026)
- The trend continued into 2026, with **at least 186 workers losing their lives** in workplace accidents during the first quarter alone (TBS News, 2026)

Table: Recent Workplace Violence and Workplace Accidents Scenario

Year	No. of workers injured		No. of workers died		No. of workers missing	No. of workers victim of abuse
	Due to Accidents	Due to Abuse	Due to Accidents	Due to Abuse		
2022	1037	155	1038	135	34	338
2023	489	127	742	157	16	306
2024	300	100	736	119	38	264
2025	263	71	735	114	14	260
2026 (Q1)	335	N/A	186	N/A	N/A	N/A

Source: BILS (2026)

- While workplace violence declined slightly from **306 affected workers in 2023 to 260 in 2025**, fatalities and serious abuses against workers remain a significant concern (BILS, 2026)
- Recent reforms strengthened legal protection and social insurance coverage for workers, but shortages of labour inspectors, weak enforcement, and **limited coverage of informal and non-RMG** workers continue to hinder improvements in workplace safety (BILS, 2026)

State of Collective Bargaining and Freedom of Association

- Labour unrest increased from **501 incidents in 2024 to 597 in 2025**, indicating persistent challenges in dispute resolution and collective bargaining (BILS, 2026)
- Despite legal reforms, collective bargaining remains weak, with fewer **than 100 active garment-sector unions and only around 40 possessing collective bargaining authority** (Rahman & Halder, 2025)
- Employers continue to be accused of **promoting company-aligned unions**, limiting genuine worker representation and union effectiveness (Rahman & Halder, 2025)
- EPZ workers remain excluded from the Bangladesh Labour Act and are denied full trade union and collective bargaining rights under the BEPZA framework
- Recent reforms **expanded union rights**, recognised domestic, agricultural, and gig workers, strengthened protections against anti-union practices, and established new dispute resolution mechanisms (Labour Amendment Act, 2026)
- However, enforcement gaps, limited awareness of new rights, and **delays in operationalising the Alternative Dispute Resolution Authority continue to constrain the effectiveness of these reforms**

State of Gender Equality in the Workplace

- Female labour force participation **declined from 41.9% in 2023 to 38.7% in 2024** and is projected to remain around 38.6% in 2025–2026 (ILO, 2026)
- The decline may reflect limited employment opportunities, increased unpaid care responsibilities, and a shift toward informal or unrecorded work (ILO, 2026)
- The Labour Act (2025) **increased maternity leave from 112 to 120 days** and introduced provisions on workplace violence and harassment aligned with ILO Convention 190
- The amendment also mandates women's representation in trade union leadership and extends limited legal recognition to domestic workers (Labour Act, 2025)
- Despite these reforms, **structural inequalities** and **enforcement gaps** continue to limit women's labour market participation and workplace protections, particularly in sectors such as tea and domestic work (Nasim, Oni & Shan, 2026)

Employment and Labour Market

- Condition all disbursements from the **Tk 60,000 crore stimulus package** on verifiable compliance with labour rights, including timely wage payment, factory safety upgrades, and trade union recognition to ensure that public funds directly improve workers' living standards rather than subsidising employers who violate basic labour standards
- Develop and update the formal workers database **to enable targeted policy-making**, effective delivery of social protections, and better matching workers with formal employment opportunities
- Issue simplified **one-page employment contracts** in the local language for domestic and day labour workers to reduce exploitation and legal ambiguity by ensuring vulnerable workers clearly understand their terms of employment
- Provide **tax credits, VAT relief, or targeted payroll tax exemptions specifically to smaller firms** that commit to retaining or hiring young workers
- Ensure **higher investment in digital public infrastructure, which should allow youth to engage more in the gig economy, freelancing, or remote cross-border services**, essentially bypassing local investment stagnation by tapping into international demand

Decent Wages

- Mandate wage payments through **formal banking or regulated digital financial services** and introduce **night banking facilities** in major industrial zones to eliminate cash-based payment abuses, reduce wage theft, and allow secure, timely salary withdrawals outside regular banking hours
- Establish a **Wage Protection Fund** for cases of factory closure, insolvency, or employer absconding to provide an immediate safety net for stranded workers and prevent destitution when employers default.
- Conduct a comprehensive **revision of sectoral minimum wages** not updated for over five years, convert fixed allowances (housing, medical) into percentages of basic salary, and incorporate child education costs into the wage-setting methodology to restore fairness and purchasing power for neglected sectors, prevent inflation from eroding allowances, and align wages with genuine family needs
- Mandate publication of **minutes of all tripartite Minimum Wage Board meetings**, ensure wage-setting deliberations use publicly **accessible data and disclosed indicators**, and establish a formal consultation mechanism with academia, labour economists, and civil society to enable public and union scrutiny, shift wage setting from political bargaining to evidence-based policy, and bring independent expertise to produce realistic, living-wage-friendly outcomes

Decent Wages

- Require DIFE to publish a wage implementation assessment report within four months of wage declaration (including non-compliant establishments) and introduce inspection risk allowances and performance-based incentives for DIFE inspectors to create public accountability and naming-and-shaming pressure while rewarding inspectors who actively uncover wage violations, reducing corruption and absenteeism
- **Introduce statutory compensation for each day of delayed wage payment**, criminalise deliberate non-payment of overtime wages, and increase penalties for repeated and wilful minimum wage violations to make delaying wages financially painful, deter systematic overtime theft affecting millions, and transform fines into a real deterrent against chronic abuse
- **Gradually establish a national minimum** wage applicable across all sectors (including informal sectors), prioritise expanding Minimum Wage Board coverage to industries with limited trade union presence, and grant the MWB authority to regulate wage setting in Export Processing Zones (EPZs) in coordination with BEPZA to extend legal protection to the majority of currently excluded workers, ensures weakly organised sectors are not left behind, and ends the separate, weaker wage regime in EPZs
- Introduce a "**Dearness Allowance**" mechanism that triggers automatically when the Consumer Price Index (CPI) exceeds a defined threshold (e.g., 10%) to cushion workers during inflation spikes, avoiding ad-hoc and delayed government responses

Workplace safety

- **Mandate OSH Compliance Officers in all establishments**, grant DIFE magisterial powers for immediate closure/penalties, allow EPZ inspections, require photo/video documentation, fully operationalise LIMA, mandate joint agency inspection reports, increase budgets, deploy specialised inspectors for high-risk sectors, create a Central Industrial Safety Coordination Authority, and develop a comprehensive safety framework defining all agency mandates
- Universally define “**workplace accident**” in the Labour Act to include commuting and off-site work across all sectors, mandate digital accident reporting, and establish a national workplace safety statistics database
- Reduce duties/tariffs on certified safety equipment and **establish a zero-interest OSH investment fund for SMEs** to lower the cost of PPE and fire equipment, removing upfront barriers that prevent small factories from upgrading safety
- Issue sector-specific and informal-sector OSH guidelines (including climate/gender-responsive frameworks), **make OSH compliance a condition of trade association membership**, introduce private monitoring with public oversight, develop time-bound relocation plans for hazardous industries, establish specialised medical facilities and emergency lanes near industrial zones, create a five-year non-RMG inspection/remediation plan, and integrate safety education from primary school through technical curricula

Collective Bargaining and Freedom of Association

- **Repeal the EPZ Labour Act and apply the Bangladesh Labour Act uniformly** across all zones, replacing Worker Welfare Associations with autonomous trade unions that have full bargaining rights. Additionally, require secret ballot elections for participation committees in all factories to prevent management-nominated worker committees from masquerading as democratic representatives
- **Prohibit Industrial Police from entering factories during disputes** (limiting them to external public order roles) and introduce mandatory conflict de-escalation training to change police culture from confrontation to dialogue. Establish a permanent body to dismiss abusive mass and “John Doe” criminal cases against workers. Fully operationalise the Alternative Dispute Resolution Authority for fast, low-cost mediation. Define “essential services” narrowly in line with ILO standards to prevent arbitrary strike bans

Gender Equality

- **Mandate 24 weeks of paid maternity leave across all sectors** to bring private sector provisions in line with WHO recommendations and improve maternal and child health
- **Require annual national gender labour reports from DIFE**, including pay gap and harassment indicators, to create regular public accountability for gender disparities, forcing corrective action
- Remove the **minimum threshold requirement for mandatory childcare facilities to guarantee on-site childcare** even in smaller factories, enabling many more mothers to work

7. Power and Energy Sector: Impact and Effectiveness of Government's Emergency Response Amid Middle Eastern Energy Crisis

- ❑ The domestic energy crisis was driven largely by **disruptions in the domestic fuel supply chain and weaknesses in the non-digital petroleum supply chain**, which the government attempted to address mainly through demand-side management measures.
- ❑ Overall, developing Asian countries were able to **partially mitigate the immediate impacts of the crisis** through conservation policies, remote work arrangements, travel restrictions, and public awareness campaigns
 - However, the crisis also exposed **deeper structural vulnerabilities** in energy security, particularly in countries highly dependent on imported fossil fuels
- ❑ To meet the additional funding requirement for fuel imports, MoPEMR will need to account for additional subsidies in the ongoing fiscal year.
 - A total of **BDT 31,122 crore** will be required to meet the subsidy demand by the end of fiscal year 2026
- ❑ The fuel price adjustments generate **a sharp but short-lived inflationary impulse (+0.581 per cent on impact in Q2: Apr–Jun 2026**, dissipating within one year) alongside a more persistent output (real GDP) contraction
- ❑ **Real GDP falls to a trough of –0.353 per cent two quarters after the shock, around Oct–Dec 2026**, and stabilises at around –0.27 to –0.34 per cent thereafter.
- ❑ The policy rate rises only **15.3 bps on impact** (Q2 Apr–Jun 2026) and **4.9 bps at Q3 Jul–Sep 2026**, decaying to near zero by March 2028
 - Without a more decisive monetary response, second-round wage and food price effects are likely to **sustain inflation above baseline for 1 to 1.5 years**

- ❑ The blockade in the Strait of Hormuz and middle eastern energy crisis have made disruption in the global energy supply specially fuel oil and LNG
 - Bangladesh being one of the net energy importing countries, the global market frictions has made a dent in the domestic fuel market of Bangladesh
- ❑ The government has attempted to address the crisis through both supply-side and demand-side management measures.
 - It started with rationing the oil supply in the petrol pumps, cutting down office hours, limiting fuel consumption, imposing cooling restrictions, starting more impactful talks on renewable energy expansion
 - However, the response eventually led to two rounds of fuel oil price increases in April and May, along with a proposed electricity tariff increase likely to be implemented in June–July.
- ❑ In 2026 Q2, the government implemented **upward revisions to the administered prices** of four domestic petroleum products: diesel, petrol, octane, and kerosene
- ❑ These adjustments, which follow a pattern of episodic fuel price realignment consistent with the country's energy subsidy rationalisation programme, carry distinct macroeconomic implications through cost-push inflation, demand compression, and monetary policy transmission

Demand and Supply of Major Fuels during Crisis Period

- ❑ Over the first month since the conflict began (following 28 February 2026), Bangladesh imported fuel through 11 vessels, bringing in:
 - Diesel: 280,000 tonnes and 22,000 tonnes of diesel arrived via pipeline from India
 - Jet fuel: 22,000 tonnes
 - Furnace oil: 25,000 tonnes
- ❑ Grand total imported over that one-month period: 349,000 tonnes of fuel oil and diesel
- ❑ **Total Sales (All Fuel Types)**
 - 17 Feb – 30 Mar 2026 (~41 days)~482,000 tonnes (Minister's statement in parliament)
- ❑ Even though the fuel stock **was low compared to the regular reserve at the beginning** of the war, **a stable stock** was able to be maintained later
- ❑ The crisis was more driven by the **inefficiencies of the management, illegal fuel storage and hoarding** by the petrol pump owners

Table 7.1: Stock situation of Major Fuel Products during Crisis Period, 2026				
Month	Petrol	Octane	Diesel	Jet fuel
31 March	11,431 tonnes	7,940 tonnes	128,939 tonnes	44,609 tonnes
30 April	18,021 tonnes	31,821 tonnes	113,085 tonnes	44,609 tonnes

Source: Dhaka Tribune 31 March 2026, The Business Standard 30 April 2026

Effectiveness of the Demand and Supply Side Measures

- ❑ The effectiveness of Bangladesh's demand-side and supply-side measures during the 2026 energy crisis was **moderately effective**
 - The emergency responses helped **prevent a complete fuel and power system collapse**, but they also revealed **structural weaknesses** in the country's heavy dependence on imported fossil fuels
 - Demand-side measures **were moderately effective in the short term** as such measures successfully reduced immediate fuel consumption and slowed panic buying
- ❑ The reason why most of the measures taken to address the energy crisis has failed to perform because the domestic crisis is more **supply inefficiency led**
 - Whereas, the government initiatives were simply focusing on the demand side management
- ❑ Bangladesh's energy supply chains are not properly monitored and have allegations of irregularities at most of the phases of the supply chain
 - Over the last few years, BPC and MoPEMR, EMRD have announced quite a few digitalization and automation initiatives but the **implementation status remains low**
- ❑ These initiatives were announced and **partially implemented**, but full implementation remains ongoing and incomplete

Table 7.2: Effectiveness of the government initiatives to address the energy crisis	
Decisions	Level of Effectiveness
Providing additional energy subsidies	Somewhat
Increasing LNG Imports from Spot Market	Moderate
Diversifying Fuel Import Sources	Moderate
Fuel Rationing Measures in transportation	Somewhat
Reduction of office hours for government and private institutions	Somewhat
Markets and shopping malls were instructed to close earlier to reduce electricity consumption	Moderate
Educational institutions, including universities, were temporarily closed or holidays extended to save electricity and fuel	Moderate
Monthly fuel price Increase	Moderate
Encouraging renewable energy as alternative energy	High

Source: Authors' illustration

Note: Somewhat: Moderate: High:

Comparative Analysis of the Emergency Response Taken in Neighboring Countries

	Cambodia	India	Pakistan	Indonesia	Thailand	Philippines
Work from home: encourage or mandate remote work	Hold meetings online for civil servants		For public officials: 4-day work week and 50% remote work on the remaining days. For private sector: encourage remote work	Work from home on Fridays for civil servants	Encourage remote work and video conferencing in all public and private sectors	4-day work week for public officials
Cooling: temperature limits of air conditioners	Encourage limit to 24–25 degrees in public offices				Encourage limit to 26 degrees	Encourage limit to 24 degrees in public offices
Government travel: limit air and road travel by public officials	Reduce long-distance official travel and avoid commuting in peak hours		Ban on foreign travel by public officials	Limit travel by public officials	Avoid overseas travel for public officials	Limit non-essential government travel
Schools and universities: close or limit opening times			100% online classes, remote work encouraged			
Campaign: ask or mandate consumers to limit energy demand	State-owned electricity company urging the public to reduce electricity use	Cap industry natural gas usage. Speed up rollout of piped natural gas to replace domestic LPG. Ration commercial LPG use. Promote shift to electric cookstoves	Ask local governments to save energy. No official dinners, no physical meetings. Close markets and commercial centres from 8pm, and food and events establishments from 10pm	Encourage energy saving strategies in government office buildings. Accelerate conversion of diesel-powered plants to solar power	Ask office workers to limit demand (incl. taking stairs, turning off devices). Reduce rural street lighting	Declare national energy emergency. Ask public agencies to reduce fuel consumption, ask consumers to limit demand and promote energy audits
Transport: limit vehicle use, ration fuel, lower speed limits, promote public transport	Reductions in import taxes for products related to EVs, renewables, electric stoves		Reduce speed limit on highways, vehicle purchase ban for public officials, temporarily free public transport	Accelerate biodiesel programme and limit purchases of subsidised fuel. Accelerate the switch from gasoline-powered motorcycles to electric motorcycles	Encourage carpooling and limit unnecessary travel. Ensure higher-biofuel-content gasoline is cheaper	Provide free bus rides for students and workers in selected cities

Source: IEA 2026 Energy Crisis Policy Response Tracker

Macroeconomic Impact of the 2026-Q2 Domestic Fuel Price Shock in Bangladesh: A Structural VAR Analysis

❑ **Observed Price Changes:** Diesel prices rose **10.88 %**, petrol **13.19%**, octane **13.38 %**, and kerosene **13.05 %** relative to the previous quarter.

➤ The increases are roughly symmetric in magnitude, meaning no single fuel dominates the aggregate impulse

❑ **Real GDP:** Output contracts persistently following the fuel price shock. The deviation falls to a trough of **-0.353%** by Q3 Jul–Sep 2026 as demand compression propagates through household consumption and intermediate input costs in transport, agriculture, and manufacturing.

➤ The contraction stabilizes near **-0.27 to -0.34%** from Q4 Oct–Dec 2026 onward with no material tendency to close over the five-year horizon, implying foregone output on the order of **USD 1.4 billion** per year at Bangladesh's 2025 GDP level.

❑ **CPI Inflation:** The inflationary impulse is front-loaded: CPI rises **+0.581 %** on impact, falls to **+0.072 %** in Q1, and turns marginally negative in Q2, and converging to zero by Q4.

➤ This rapid convergence is conditional on adequate monetary tightening. If the adjustment is delayed, second-round propagation is likely to sustain inflation above baseline for four to six quarters

❑ **Exchange Rate and Interest Rate:** The taka appreciates **0.641 %** against the dollar on impact, driven by compressed import demand and short-term capital inflows associated with tightening. The exchange rate effect is transitory and largely self-correcting within two years.

➤ The policy rate rises 0.153 percentage points on impact, with a gap of roughly 130 basis points from what would be required for full stabilization

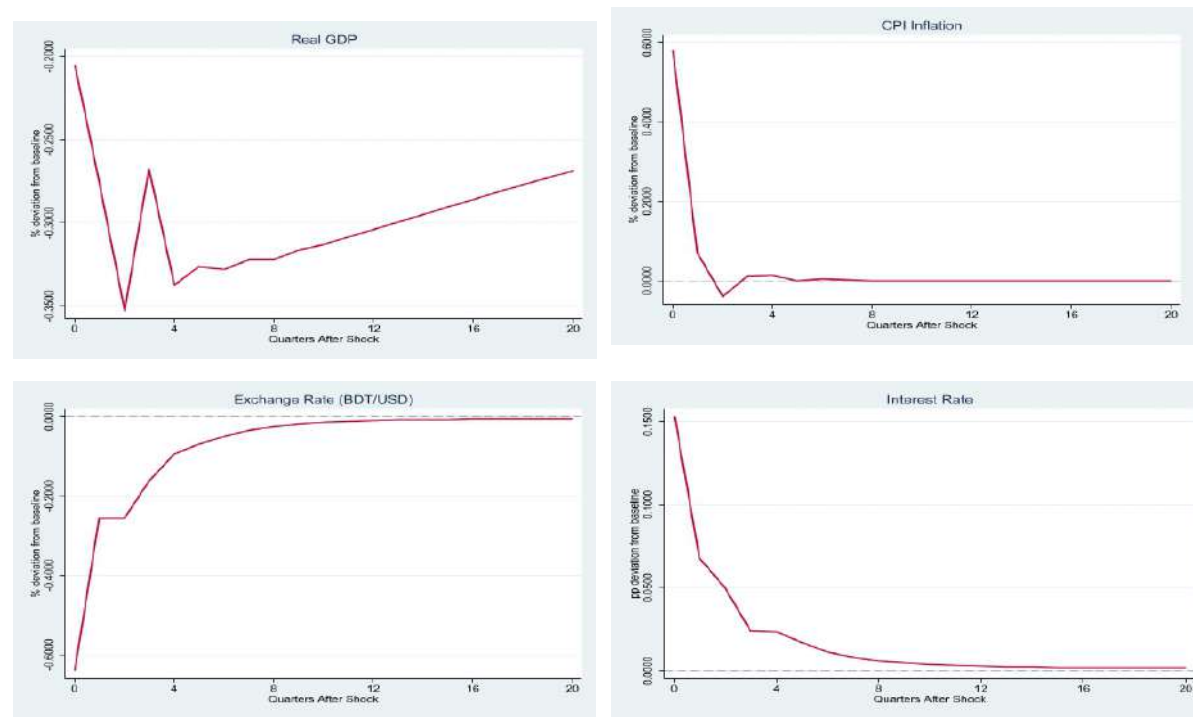
Macroeconomic Impact of the 2026-Q2 Domestic Fuel Price Shock in Bangladesh: A Structural VAR Analysis

Table 7.3: Simulated macroeconomic responses to the 2026Q2 combined fuel price shock

Horizon	Real GDP (%)	CPI Inflation (%)	Exchange Rate (%)	Interest Rate (pp)
Q0	-0.205	+0.581	-0.641	+0.153
Q1	-0.276	+0.072	-0.256	+0.068
Q2	-0.353	-0.040	-0.256	+0.049
Q4	-0.338	+0.014	-0.095	+0.024
Q6	-0.328	+0.004	-0.049	+0.011
Q8	-0.322	+0.001	-0.025	+0.006
Q12	-0.304	0.000	-0.010	+0.003
Q16	-0.286	0.000	-0.007	+0.002
Q20	-0.268	-0.001	-0.006	+0.002

Source: SVAR simulation; authors' calculations.

Figure 7.1: Combined macroeconomic responses to the 2026Q2 fuel price shock



Source: SVAR simulation; authors' calculations.

The Current Energy Subsidy is not Subsidy in Full

- ❑ The war has increased the cost of energy import significantly which is causing an unpredicted fiscal burden. LNG and fuel oil for the rest of the year and the next year will cause extra expenditure for PetroBangla
- ❑ Now to meet the additional fund for fuel import, MoPEMR needs to count additional subsidy in the ongoing fiscal year
- ❑ Additional subsidy for LNG and oil import is required even after increasing the oil price. A total of BDT 31,122 crore will be required to meet the subsidy demand by the end of fiscal year 2026

Table 7.4: Increased cost of LNG import during crisis

Fiscal Year	Expenses	No of Cargo	Price Per Cargo
2024-25	Tk. 42000 Cr	114	Tk. 368.42 Cr
2025-26 (Expected)	Tk. 60582 Cr	114	Tk. 531.42 Cr
2025-26 (Actual)	Tk. 97000 Cr.	114	Tk. 850.88 Cr

Source: RPGCL, 2026

Table 7.5: Additional Fund Required for Power and Energy Sector (Crore Taka)/ (billion USD)

Fuel type	Proposed for FY26	Additional requirement for FY26	Yearly requirement for FY26
Power	37,000	0	37,000
LNG	9,000	15,077	24,077
Oil	0	16,045	16,045
Total	BDT 46,000 crore (USD 3.77 billion)	BDT 31,122 crore (USD 2.55 billion)	BDT 77,122 crore (USD 6.32 billion)

- ❑ **Monetary tightening of sufficient magnitude:** The evidence presented here suggests that a policy rate increase of approximately 145 basis points would be required to contain the inflationary impact of the 2026Q2 fuel shock within two quarters
 - Given the constraints on interest rate pass-through in the Bangladesh banking system, this would need to be accompanied by complementary liquidity tightening measures
- ❑ **Fiscal support targeted at rural households:** The output cost of the shock, estimated at a trough at Q2 (Oct-Dec '26) of -0.353% of quarterly real GDP, warrants consideration of targeted demand-side support measures
 - A targeted transfer programme for low-income rural households, calibrated to **partially offset the fuel price increase without reintroducing a broad energy subsidy**, would reduce the demand contraction
 - while avoiding the fiscal cost of universal price support
- ❑ **Monitoring of second-round wage and food price dynamics:** The two-quarter inflation window identified in the model should be treated as a minimum, not a forecast, under current institutional conditions
 - BB and the MoF should establish a **joint monitoring mechanism** for garment sector wage settlements and food distribution cost margins in the two quarters following the shock, as these are the primary channels through which second-round effects would manifest

- ❑ **Progression toward a fully flexible interest rate framework:** A broader structural vulnerability: a monetary authority whose instruments are partially constrained will consistently deliver suboptimal responses to supply-side inflation shocks
 - The transition from the SMART rate framework to a fully market-determined lending rate structure would reduce the residual inflation gap and improve the economy's overall resilience to commodity price volatility
- ❑ **Emphasis to be provided for gas exploration:** Given the huge impact of LNG shortage, maximum effort should be put in pace for exploring domestic natural gas
 - Hence Petrobangla should allocate and put emphasis on timely completion of the 11 wells under active operation, including a plan to drill and workover 50 wells by 2025-26 and a plan to drill 100 additional wells between 2026 and 2028
- ❑ **Government should quickly emphasise on the expansion of renewable energy:** Government should accelerate its effort for quick implementation of pilot projects in 64 districts under national rooftop-solar programme
 - Government may also consider allowing 31 LOIs cancelled with necessary revision for re-submission of their papers and take steps for quick implementation of those projects

- ❑ **Focus to be given on solar based irrigation:** Government should focus on solar-based irrigation in 1.3 million solar pumps by replacing their diesel operation
 - At present diesel consumption in irrigation is accounted for 15% of total diesel consumption and costs US\$1billion every year
 - According to a ADB study, solar-based irrigation in 45,000 pumps would save about 300,000 tons of diesel fuel use annually
- ❑ **Diesel use in transport sector can be gradually phased out by replacing them with electric vehicles:** At present, diesel use in the transport sector is accounted for about 2/3rd of total diesel imported in the country
 - According to CPD calculation, Under a 30 per cent EV penetration scenario, annual diesel consumption in Bangladesh's transport sector is estimated to decline by approximately 0.83 million metric tons, assuming proportional electrification within diesel-dependent vehicle categories
- ❑ **Digitalisation of the petroleum supply chain must be initiated:** MoPEMR should immediately take ADP project to implement digital petroleum supply chain monitoring system connecting fuel-import point, oil refineries, fuel depots, pipelines, fuel installations, storage tanks, tanker trucks and filling stations

8. Haor Flood: Loss of Rice and Domestic Supply Situation

- ❑ Haor region is critical for rice supply: 9.6 lakh ha of total boro cultivation; 4.6 lakh ha in Haor basins
- ❑ Flash floods caused by two pathways: upstream hill torrents (India) and intense local rainfall
- ❑ FY26 Boro was already under stress before flooding:
 - **Diesel prices up** to BDT 115/litre, raising irrigation costs
 - **Urea prices from USD 415/MT (Jan) to USD 857/MT (Mar)** due to the Middle East war
 - **Fertiliser supply disrupted**, especially urea, ahead of the Boro season
- ❑ DAE set highest-ever Boro production target: 22.7 MMT across 5.05 million ha for FY26

Rice Production in the Haor Region

❑ Haor cultivation classified into 3 hydrological tiers based on flood vulnerability:

- Upper tier (30%, 1.37 lakh ha): 5-15% typical loss; mostly harvested by mid-April
- Middle tier (40%, 1.82 lakh ha): 20-50% loss; harvested late April, bund-dependent
- **Lower basin (30%, 1.37 lakh ha): 70-100% loss; last harvested, no bund protection**

❑ Emergency harvesting capacity was critically limited:

- BWDB issued a flood warning on April 25; the peak flood arrived on April 28-30
- **Maximum rescue harvesting in 5-day window: only 31,586 ha** (1,104 combines + 350 reapers + 172,350 workers)
- Harvesters got stuck in soft mud, blocking additional machines
- **Mechanical shortfall, not farmer inaction**

Table 1: Haor Cultivation Area, Hydrological Risk Tier Classification

Tier	Description	Share of Haor Cultivation	Total Cultivated Area (4.55 lakh Ha)	Typical Loss Rate Due to Flood (%)
Upper	Increased bund-protected fields; harvested early (mid-April)	30	1.37 lakh ha	5–15
Middle	Standard Haor fields; harvested late April and bund-dependent	40	1.82 lakh ha	20–50
Lower Basin	Deepest Haor fields; last to be harvested with no bund protection	30	1.37 lakh ha	70–100

Source: BWDB Pre-Monsoon Flood Protection Guidelines; DAE Haor Cultivation Area Classification; Prothom Alo (May 2026); Daily Sun (April 2026) citing BWDB historical risk zoning.

Table 2: Mechanical Harvest Capacity and Deployment Assessment, Haor Boro FY26

Machine Type	Units Deployed (7 districts) ^a	Effective Capacity (ha/day/unit)	Weather Adjusted (-40%) ^b	Available Harvest Days (Apr 25-30)	Maximum Harvestable
Combine Harvester	1,104 ^a	5	3	5	16,560
Reaper	350 ^c	2	1.2	5	2,100
Manual labour	1,72,350 workers	0.025	0.015	5	12,926
Total (Mechanical + Manual)				5 days	31,586 ha

Source: ^aBSS April 2025; ^b40 per cent weather adjustment for continuous rainfall, muddy conditions, and lightning risk per DAE field reports; ^c DAE district data; ^d BSS April 2025.

Assessment of Loss of Boro Harvest

- ❑ **Official DAE revised estimate: 214,000 MT milled rice lost (49,000 ha affected)**
- ❑ **CPD's revised central estimate: 339,449 MT rice**, significantly higher than the official figure
- ❑ **Methodology:** tier-specific harvest completion, capacity constraints, differentiated flood-loss rates
- ❑ **Key CPD findings:**
 - Only 15% of the lower basin was harvested by April 27; 85% of the crop was left standing at flood onset
 - Total unharvested Haor area on April 27: 2.18 lakh ha
 - Lower basin damage: 95,606 ha; Middle tier: 25,571 ha; Upper tier: 839 ha
 - **Total crop loss: 5.22 lakh MT paddy; 3.39 lakh MT rice equivalent**
- ❑ **Historical pattern: 2017 flood showed 37% upward revision from early to final estimates**, same pattern likely here

Table 3: Haor Region, Cultivation, Harvesting of Boro (FY26), Flood Impact, & Loss Estimation

District	Total Boro Cult. (ha)	Haor Area (ha)	Harvested at Apr 27	Submerged (ha)	Haor Submerged	Estimated Prod. Loss (MT rice)*	Farmers Affected
Sunamganj	2,23,511	1,65,243	45%	14,371	8.70%	41,909	80,000
Netrokona	1,85,547	41,065	65%	13,466 ^f	32.79%	39,270	80,000+
Habiganj	1,23,644	46,818	55%	11,538 ^e	24.65%	33,652	22,000
Kishoreganj	1,68,262	1,04,535	53%	11,174 ^d	10.69%	32,587	49,715
Moulvibazar	95,000	27,315	62%	2,160	7.91%	6,301	2,500
Sylhet	97,000	37,292	58%	510	1.37%	1,488	1,500
Brahmanbaria	67,000	19,000	66%	372	1.96%	1,085	1,000
TOTAL	9,59,964	4,41,268	57%	46,730 (off.) 49,000 (rev.)	11%	1,56,292^g; 2,14,000 (DAE revised)	2,36,811

Table 5: Summary of the Loss of Boro Rice Estimate by CPD

Section	Main Finding	Key Figure
Unharvested area	A large area remained unharvested before the flood peak.	2.18 lakh ha
Harvest disparity	Lower basins lagged far behind upper-tier harvesting.	Lower basin: 15% harvested
Rescue limitation	Rescue harvesting capacity was inadequate.	31,586 ha rescued
Lower basin loss	Most damage occurred in lower basins.	95,606 ha damaged
Middle-tier loss	Moderate flood damage in the middle tier.	25,571 ha damaged
Upper-tier loss	Upper-tier losses remained limited.	839 ha damaged
Total crop loss	Significant overall production loss.	5.22 lakh MT paddy
Rice equivalent	Rice loss exceeded the official estimate.	3.39 lakh MT rice
National impact	National impact limited, local impact severe.	Up to 1.5% of Boro target
Economic damage	Farmers faced major financial losses.	Tk 1,201–1,880 crore

- ❑ **236,811 farm households affected**; predominantly small, marginal, and sharecropper farmers
- ❑ **Average loss: 0.90 MT rice per household**; they are in the lowest asset quartile, having no collateral, no crop insurance
- ❑ Price scissors effect:
 - Farmgate price: Tk 500-600/maund vs. production cost Tk 1,200/maund and govt price Tk 1,080/maund
 - Same farmers now pay Tk 54-60/kg retail for rice for the rest of the year
- ❑ Government compensation: Tk 7,500 per farmer (Tk 1.77 billion total)
 - **Covers only 14-18% of per-household production loss; less than 3% of the annual income replacement needed**
- ❑ Agriculture subsidy: 94% of FY26 allocation already disbursed, minimal buffer remains

Table 6: Farmer's Losses Overview

Farmer's Losses	Value
Costs:	
Production cost (per ha)	Tk 76,863/ha + emergency labour Tk 1,200–2,000/day
Usual household debt (Haor farmer)	Tk 50,000–2,00,000
Farmgate price (wet paddy)	Tk 500-600 per maund
Govt procurement price (paddy)	Tk 36/kg (Tk 1,080/maund) but wet paddy is ineligible
Retails coarse rice price for farmers' own consumption	Tk 54-60/kg
Benefits:	
Agriculture subsidy allocation in FY26	Tk 16,240 crore provided out of Tk. 17,241 crore total allocation (94% up to Jul–Mar'26)
Total compensation budget	Tk 1.77 billion (for all 2,36,811 affected farmers)
Deficit	Compensation covers only about 14-18% of average per household production loss

Source: Akhter et al. 2023 (Net return: covers 0.17 ha equivalent); Ministry of Food FY26 Procurement Policy (Tk 36/kg Boro paddy); Prothom Alo May 20, 2026 (compensation); Daily Star May 5 & 9, 2026 (distress prices, farmer case studies, emergency labour costs); Ministry of Finance 2025 (subsidy data).

Food Grain Production and FY26 Outlook

- ❑ **National food security is not in immediate crisis**, as three buffers are in place:
 - **FY26 (Jul-Feb) imports: 63.1 lakh MT**, which is 45% above FY25 same period (rice imports: 8.5 lakh MT)
 - **Public closing stock: 20.7 lakh MT**, which is the highest since FY22, well above the comfortable level
 - **Northern Bangladesh production** provides an additional buffer
- ❑ **Rice LC status (as of April 19, pre-flood): 9.0 lakh MT opened, 9.3 lakh MT settled**
- ❑ **Food Ministry projects >14 lakh MT total FY26 rice imports; 5+ lakh MT gap still to be filled**
- ❑ **Fertiliser import costs already exceeded** full-year FY25 total (BDT 277.4 billion in Jul-Mar FY26)
- ❑ **Urea price tripled: USD 415/MT (Jan) to USD 857/MT (Mar)** threatens FY27 Boro production cost

Price Dynamics: Global Decline vs. Domestic Decoupling

- ❑ **Global rice prices fell 3-12% in January-April 2026 (India 5% parboiled: \$346-358/MT)**
- ❑ **Domestic retail coarse rice: Tk 50-55/kg, a 66-99% premium over landed import price (Tk 29-30/kg)**
- ❑ **Haor flood news (before any harvest data) caused an immediate Tk 2-5/kg price jump in Dhaka wholesale markets**
- ❑ **Premium persisted despite an active import pipeline (9.3 lakh MT settled) and healthy public stock (20.7 lakh MT)**
- ❑ **What explains the persistent gap?**
 - **Market power concentration** in the post-farmgate distribution chain
 - **Restricted import competition and weak market monitoring** by authorities
 - **Oligopolistic rent window** between the import permission grant and the actual import arrival
- ❑ **CPD market survey: rice margins of Tk 4-10/kg from retailer to producer (CPD 2026)**

- ❑ Proper loss estimation through a hybrid protocol for DAE surveys using Sentinel-2 SAR satellite within 72 hours; cross-reference BWDB data and community reports
- ❑ Raise farmer compensation to minimum Tk 30,000/household (verified ha loss, 2-ha ceiling); priority for sharecroppers; additional fiscal need: Tk 530 crore
- ❑ To provide input support worth of Tk 15,000/ha input grant for next boro season; loans at max 4% p.a.; 12-month moratorium on existing agricultural loans
- ❑ Open LCs for 5 lakh MT additional rice imports immediately (G2G); suspend 2% advance income tax on private rice imports
- ❑ Allocate supplementary budget before end of FY26 for compensation, input grants, TCB sales; create Haor Agricultural Resilience Fund for FY27
- ❑ For FY27, a minimum subsidy allocation of Tk 35,000–40,000 crore is recommended, with a contingency buffer for further price shocks

- ❑ Diversify fertiliser import sources beyond the Gulf region by establishing long-term procurement agreements with suppliers in Russia, Canada, Morocco, and other alternative markets to reduce supply-chain risks
 - For the ongoing Russia G2G contract, negotiate volume, price, and payment mechanism simultaneously
- ❑ Develop and implement mandatory pre-monsoon deployment protocol of harvesting machinery; BWDB flood-linked automatic dispatch trigger; GPS-tracked agri machinery for a real-time machine tracking dashboard by upazila
- ❑ Subsidised leasing for haor farmers to access the harvesters; upazila-level Haor Harvesting Pools for machine sharing during peak emergency window
- ❑ Weekly price and stock reporting by all major millers/traders through DNCRP, empowered market monitoring to auto-investigate if prices rise without any supply crisis
- ❑ TCB open market rice sales at cost-plus pricing in all 7 haor districts; replace discretionary import permissions with an automatic tariff adjustment mechanism

9. Bangladesh's Measles Outbreak of 2026: A Case Study in Health Sector Governance Failure



Key Observations



The 2026 measles outbreak revealed **major governance failures** in Bangladesh's immunisation system.



Vaccine stockouts, declining coverage, and the absence of nationwide MR campaigns created a large immunity gap among children.



Weak governance continues to undermine the effectiveness of Bangladesh's limited public health expenditure and outbreak preparedness.



Key Recommendations



Reform vaccine procurement and strengthen accountability mechanisms to prevent future stockouts and programme disruptions.



Implement nationwide catch-up vaccination and regular supplementary immunisation campaigns to close immunity gaps.



Increase and protect immunisation financing while strengthening workforce capacity, supply chains, and outbreak preparedness systems.

GAINS ACHIEVED

Life Expectancy

2021–24: 73 yrs

Child Mortality (per 1,000)

2000: 140 ↓ 2021–24: 30.5

Maternal Mortality (per 100,000)

2000: ~926 ↓ 2023: 115

Immunisation coverage (measles, children aged 12-23 months)

2000: 65% to 2024: 96

PERSISTENT GAPS

Rising Burden of NCDs

Cardiovascular diseases, diabetes, cancer, chronic respiratory diseases, and hypertension cause more deaths

Malnutrition

1 in 4 Bangladeshi children under 5 face stunting; 13% face wasting — above WHO's 10% high-risk threshold

Out-of-Pocket Costs

79% of health spending from households — highest in South Asia

Shortage of health workforce:

Shortages of doctors, nurses, midwives, and other specialised healthcare professionals

Core Issues

System-wide governance weaknesses

-  Weak planning & coordination
-  Inefficient procurement systems
-  Weak supervision & monitoring
-  Poor financial management

Service delivery failures despite budgets

-  Medicine shortages in public facilities
-  Non-functional or poorly maintained equipment
-  Vacant posts & staffing gaps
-  Interruptions in service delivery

 ***Increasing health budgets alone is insufficient — without governance reform, inefficiencies persist, and outcomes remain weak.***

Implications

Low efficiency of public spending

-  Budget does not translate into services
-  Inefficiencies are “scaled up” with higher spending

Governance determines outcomes

-  Strong governance → better health outcomes
-  Evidence from LMICs shows performance depends on governance quality

Capacity constraint

-  Weak budget absorption in Ministry of Health
-  Low execution reduces effectiveness of allocations

74,572

Suspected Cases
15 Mar–2 Jun 2026

9,191

Lab-Confirmed Cases
15 Mar–2 Jun 2026

601

Deaths
15 Mar–2 Jun 2026
(90 confirmed, rest suspected)

72%

Cases Among
Zero-Dose Children

18.3M

Children Vaccinated
in Emergency Campaign

ROOT CAUSES

Vaccine stockouts
2024–2025

No nationwide
campaign since 2020

Procurement
failures

72 per cent were zero-dose
children and a further 16 per
cent had received only partial
vaccination

IMPACT: Rapid nationwide spread → 64 districts affected → Hospitals overwhelmed (8× surge) → Highest burden on infants & malnourished children

RESPONSE: Emergency MR campaign launched on 5th Apr 2026 (GoB + UNICEF + WHO + Gavi) → 18.3M children vaccinated by May → **REACTIVE** not -PREVENTATIVE



Restoring Immunisation Coverage

- Implement national MR catch-up for zero-dose and under-vaccinated children
- Reintroduce regular nationwide supplementary immunisation campaigns
- Strengthen district microplanning using disaggregated coverage data



Preventing Vaccine Stockouts & Strengthening Procurement

- Establish mandatory buffer stocks for all essential vaccines
- Ensure multi-year, uninterrupted procurement planning across transitions
- Improve forecasting and real-time vaccine inventory monitoring



Health Workforce

- Address frontline staffing shortages in high-burden districts
- Ensure continuity of immunisation during strikes via minimum service rules
- Strengthen supervision and accountability to reduce absenteeism



Governance, & Accountability

- Reform procurement for transparency, timeliness, and predictability
- Establish clear accountability for vaccine stock management failures
- Introduce early-warning and corrective action for emerging shortages



Outbreak Preparedness & Response

- Develop formal preparedness plans for vaccine-preventable diseases
- Strengthen rapid district-level outbreak response systems
- Integrate surveillance, lab confirmation, and field response



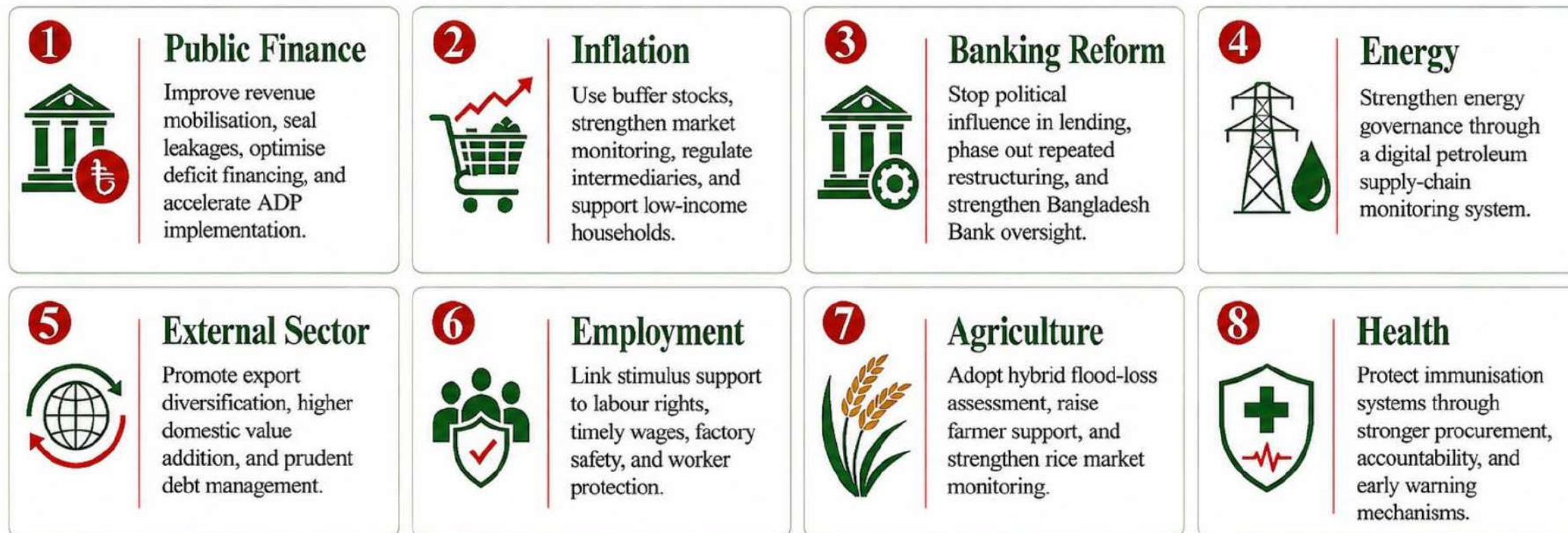
Health Financing

- Increase dedicated and protected immunisation budget allocation
- Create emergency procurement financing window for shocks
- Improve budget execution and reduce reliance on ad hoc donor support

10. Concluding Remarks

- ❑ Bangladesh's recovery requires credible **governance reform**, beyond macroeconomic stabilisation.
- ❑ **Inflation management** should focus on market monitoring, buffer stocks, intermediary regulation and targeted support for low-income households.
- ❑ **Public finance reform** should strengthen revenue mobilisation, seal leakages, improve fiscal data and accelerate ADP implementation.
- ❑ **Banking reform** should stop political influence in lending, phase out repeated restructuring and strengthen Bangladesh Bank's enforcement capacity.
- ❑ **Employment recovery** should link stimulus support with labour rights, wage payment, factory safety and trade union recognition.
- ❑ **Energy security** requires a digital petroleum supply-chain monitoring system from import points to filling stations.
- ❑ **Agriculture policy** should adopt hybrid flood-loss assessment, higher farmer compensation, input grants and stronger rice market monitoring.
- ❑ **Health-sector reform** should strengthen procurement, immunisation continuity, workforce capacity, early warning systems and accountability.
- ❑ **External-sector strategy** should prioritise export diversification, higher domestic value addition and prudent debt management.
- ❑ **The government needs strong institutions and accountability mechanisms** to achieve the development goals outlined in its election manifesto.

Key policy priorities for resilient and inclusive recovery in Bangladesh



The government needs strong institutions and accountability mechanisms to achieve the development goals outlined in its election manifesto.

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

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