

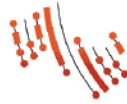
Policy Brief

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সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)

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Highlights

- Bangladesh is entering a period of profound labour-market transformation while carrying significant structural vulnerabilities. Automation alone threatens up to 1.22 million ready-made garment (RMG) jobs, and as much as 60 per cent of female RMG employment could be displaced by 2041.
- A foresight analysis of 27 drivers of change generated four plausible futures for 2035. Five structural forces persist across all of them: irreversible digitalisation, the reorientation of employment towards services, lagging education and skills systems, recurrent external shocks, and the decisive influence of institutional agility.
- Existing policy frameworks and the incoming government's commitments correctly diagnose present challenges but remain anchored in today's sectoral structures. Assessed against the scenarios, they exhibit four recurring shortcomings: absent recognition, weak integration into design, insufficient nuance, and the lack of an implementation pathway.
- The brief identifies no-regret priorities spanning skills and TVET reform, employment-linked industrial policy, labour-market information, portable social protection, and institutional coordination. It argues that rebuilding a minimum national consensus on workforce preparedness is a precondition for progress.

Is Bangladesh Ready for the Future of Work?

Preparing the Labour Market for Automation, AI, and Structural Transition

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1. CONTEXT

Bangladesh's economic ascent was built on labour-intensive manufacturing. The employment model that underpinned this growth is now, however, under mounting strain. Automation, artificial intelligence (AI), and evolving production systems are reconfiguring work in manufacturing while reshaping emerging high-value and digital service sectors (Desjardins, 2019). This transition is occurring even as large segments of the workforce remain outside secure and productive employment. Young people, women, and persons with disabilities are especially exposed, being concentrated in insecure, informal, or automation-prone segments of the labour market, with limited access to reskilling and adaptation mechanisms.

These pressures are set to intensify as the country approaches graduation from the least developed country (LDC) category. The withdrawal of preferential trade access will sharpen competitive pressures in export sectors, particularly RMG, hastening the shift towards automation and higher-productivity production (Uddin & Islam, 2024; Razzaque et al., 2023). Recent labour force data point to a decline of approximately 1.3 million jobs in 2024, around 90 per cent affecting women (ILO, n.d.). The incoming government has pledged to create 10 million jobs within its first 18 months in office (Prothom Alo, 2025), which raises a central question: what quality of jobs will these be? Globally, AI and automation are projected to create 11 million jobs while displacing 9 million by 2030 (WEF, 2025), a reminder that outcomes hinge on how effectively the transition is managed.

This brief contends that Bangladesh is entering the era of the changing world of work, carrying significant structural vulnerabilities, and that existing policy



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BOX 1: A FORESIGHT APPROACH TO THE FUTURE OF WORK

Conventional labour-market analysis, grounded in past trends and an assumption of continuity, is ill-suited to disruptions of this scale. The study therefore used foresight, combining horizon scanning, stakeholder consultations, and a Delphi-based scenario-building exercise (UNDP, 2018; King et al., 2024). Rather than forecasting a single outcome, it maps a range of plausible futures and tests policy readiness against each.

From 27 national and global drivers of change (Table 1), structured expert ranking and scoring isolated the two most critical and uncertain—the expansion of the global digital economy and shifting social aspirations. These form the axes of four plausible futures for 2035 (Figure 1). The five forces recur across all four scenarios and serve as benchmarks for assessing policy approaches. These are:

- i. future of digitalisation is irreversible;
- ii. employment reorients towards higher-value services;
- iii. education and skills system is trailing demand;
- iv. exposure to external shocks persists; and,
- v. institutional agility proves to be decisive for whether outcomes are inclusive or exclusionary.

Source: Authors' compilation from horizon scanning and stakeholder consultations.

ANNEX THE 27 DRIVERS OF CHANGE

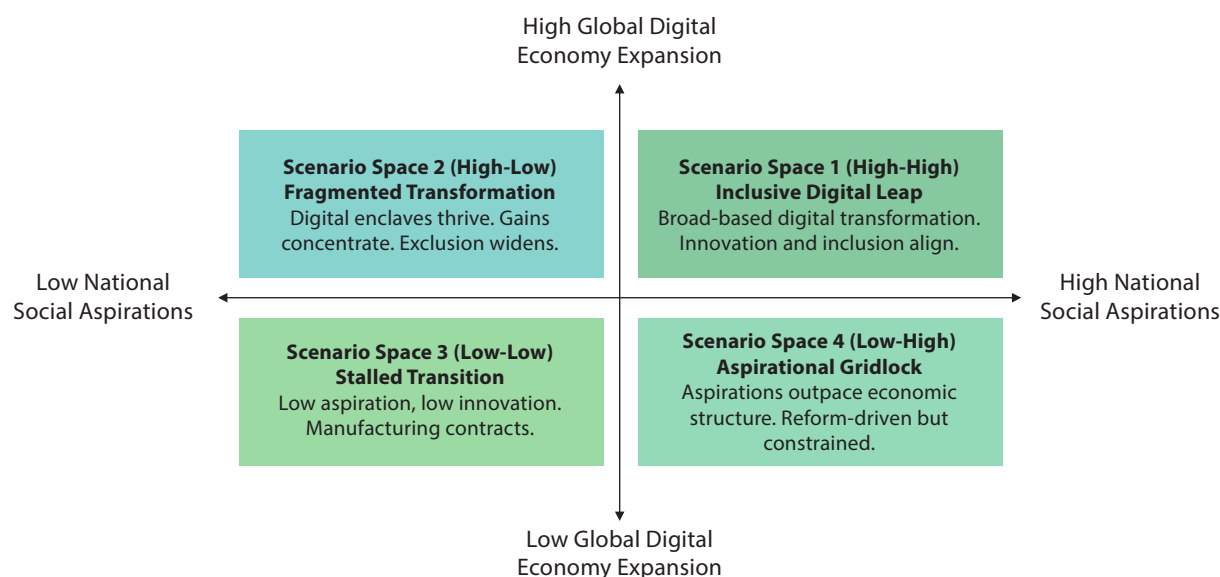
Global drivers (14)	National drivers (13)
1. AI, AI ethics & surveillance, and automation 2. The digital economy 3. Digital divide among countries/concentration within companies 4. Anti-migration sentiment 5. Climate change & green transition 6. Demographic shifts: ageing North, youthful South 7. Geopolitics and geoeconomics 8. Global IPR regime 9. Global trade shifts, supply & value chain realignments, standards 10. Financial markets change & emergence of a new currency 11. Labour rights in the digital economy 12. Shifting social aspirations & work values 13. Weakening global multilateral order & rise of polycentrism 14. Global obligations & commitments	1. Technological transformation & automation in manufacturing 2. Climate-induced labour market disruptions 3. Defence & security innovation (incl. data privacy) 4. Digital divide 5. Mismatch between education & skills (domestic and overseas) 6. Elapsing demographic window & job creation 7. Growth of digital services, gig economy & platform work 8. Labour market policies & rights 9. Macroeconomic management & policies 10. Political uncertainty & policy volatility 11. Structural change in workforce participation 12. Shifting social aspirations, work values & socio-cultural norms 13. Trade & industrial transition post-LDC graduation

Source: Authors' compilation from horizon scanning and stakeholder consultations.

frameworks remain insufficiently prepared for the transition ahead. It draws on a foresight-based study of how these forces are likely to reshape employment in manufacturing and high-value

services over the coming decade, with particular attention to youth, women, and persons with disabilities.

FIGURE 1 Four Plausible Futures for Bangladesh's Labour Market, 2035



Source: Authors' illustration.

2. THE FORCES RESHAPING WORK, AND WHY BANGLADESH IS EXPOSED

The drivers identified through the foresight process are not abstract. Each corresponds to a concrete vulnerability in Bangladesh's labour market, and it is the interaction of these forces that defines the challenge ahead. These are the most consequential of the 27 drivers examined through the foresight process; the remainder shape the wider environment in which they unfold.

Automation and technological change are already reshaping manufacturing: Up to 1.22 million RMG jobs could be threatened by automation (Uddin & Islam, 2024), and as much as 60 per cent of female RMG employment could be displaced by 2041 (Ahmed et al., 2019). Yet manufacturing employment has already plateaued at around 8.1 million despite rising output, remaining below its 2013 level (BBS, 2025a), and reskilling pathways for those displaced are largely absent.

Employment is reorienting towards services, but the skills base is lagging: Services now absorb some 25 million workers, though much of this expansion is insecure, and services employment itself contracted by about 2.4 per cent between 2023 and 2024 (BBS, 2025a). The skills produced by the education system remain poorly aligned with demand (Mashroor et al., 2025); TVET carries social stigma and is weakly linked to industry, with enrolment below 20 per cent at the secondary level (BBS, 2025b); and public spending on education and skills has fallen to just 1.3 per cent of GDP (Ministry of Finance, 2026).

Social aspirations and the nature of work are shifting: The single-employer model is weakening, higher-skilled workers increasingly value flexibility and autonomy, and routine tasks are contracting. The rapid growth of digital, gig, and platform work opens new opportunities but, without inclusive access or portable protection, risks entrenching inequality (Khan, 2022), while the ethical

governance of AI at work is emerging as a live concern (UNESCO, 2021).

External forces compound domestic exposure: A weakening global multilateral order renders trade rules and labour standards less predictable. For a low-bargaining-power economy on the threshold of LDC graduation, this heightens vulnerability precisely when a stable, rules-based environment matters most.

The costs fall unevenly across groups: Young graduates struggle to secure productive employment even as the demographic window narrows (Sakil, 2024; Islam, 2016), and around 87 per cent of employed persons with disabilities remain in informal, low-productivity work (BBS, 2025b). Growth, in short, is not translating into secure and inclusive employment.

3. WHY POLICY STILL FALLS SHORT

Bangladesh confronts this transformed world of work without a coherent framework to steer the transition. The central challenge lies less in problem recognition than in policy design and implementation. Assessed against the foresight findings, the country's policy architecture, encompassing the 8th Five Year Plan (GED, 2020), the National Employment Policy 2022 (MoLE, 2022), the Industrial Policy 2022 (MoI, 2022), the Export Policy 2024–27 (MoC, n.d.), and the incoming government's commitments (BNP, 2026), exhibits four recurring shortcomings.

First, certain critical changes remain absent from the policy agenda. No framework governs platform work, extends portable social protection to the gig workforce, or plans for cross-sector transitions of displaced workers. Nor has policy registered the changing nature of work itself, including the ethical governance of AI at work (UNESCO, 2021).

Second, where evidence exists, it is not reflected in the design. Projections of automation-driven job

losses (Uddin & Islam, 2024) have not informed incentive structures, TVET targets, or industrial policy, and no framework anticipates how a less predictable global order will interact with the erosion of preferences after LDC graduation.

Third, where issues are addressed, the design is insufficiently nuanced. TVET provisions target existing industries without strategies for cross-sector mobility, and skills systems draw no distinction between new entrants, displaced workers, and the future workforce still in education.

Fourth, even where design is detailed, an implementation pathway is missing, with job-matching systems and new institutions proposed without the requisite data architecture, financing, or integration.

The fundamental challenge is institutional in nature. Numerous programs and coordination mechanisms necessary to address these gaps have already been established, often in collaboration with development partners. However, system-wide accountability for translating these initiatives into tangible outcomes remains inadequate, and monitoring frameworks are rarely implemented effectively. This deficiency is not limited to government entities; despite an increasing awareness of the issue, employers lack a cohesive workforce transition strategy (MCCI, 2024), thereby placing the burden of adjustment on individual workers. While the framework for reform is partially established, the institutional commitment required to execute it remains insufficient.

4. WHAT MUST CHANGE: POLICY PRIORITIES

The priorities below are no-regret interventions: they hold across all four plausible futures and respond to the forces and shortcomings identified above.

Reform the education and skills sector: TVET should become industry-led and outcome-focused,

with curricula co-developed with employers, expanded apprenticeships, and alignment to emerging sectors and international labour markets. The National Education Policy and the National Skills Development Policy (NSDA, n.d.) should embed regular, labour-market-informed curriculum updates and measurable employment outcomes. The recently approved Bangladesh National Qualifications Framework (Ministry of Education, 2021), which enables recognition and transfer of skills across general education, TVET, and higher education, should now be operationalised at scale rather than remaining a policy document.

Promote reskilling as lifelong learning: Distinct pathways are required for entry-level training, mid-career upskilling, and displaced-worker transition support. A forthcoming TVET Implementation Plan should introduce lifelong learning for those already employed, and the National Employment Policy 2022 (MoLE, 2022) should incorporate structured retention and reskilling support for workers in industries undergoing technological change.

Link industrial support measures to employment: Industrial incentives, credit, Export Development Fund (EDF) financing, and export support (MoC, n.d.) should be tied directly to job creation and workforce upgrading, with sensitivity to the needs of women, youth, and persons with disabilities. As ESG and standardisation pressures intensify with LDC graduation, incentive structures should encourage firms to adopt labour-absorbing and skill-intensive production models. As the global trading order becomes less predictable, these measures should also build resilience through market diversification and stronger compliance with standards, reducing the exposure that comes with limited bargaining power after LDC graduation. A clear corporate social responsibility (CSR) policy (Bangladesh Bank, 2022) should channel private investment towards skills and employment outcomes.

Invest in skills: Public expenditure on education and skills must be progressively increased, with resources strategically allocated to competencies that are in high demand and anticipated to be needed in the future, particularly in school education and TVET. The current government's election manifesto committed to raising the education and skills sector's budget to 5% of GDP. However, the essential prerequisite for this commitment is to invest wisely in critical areas. Furthermore, ensuring the effective utilization of the earmarked budget through sound governance practices is imperative.

Strengthen labour-market information: A national Labour Market Information System (LMIS) should track skills demand, vacancies, and employment trends, integrating occupational forecasting and graduate tracking. Its data should inform industrial policy (MoI, 2022), export strategy (MoC, n.d.), and education and TVET planning.

Transform social protection for a changing labour market: A governance framework for platform and gig work should clarify worker status, employer responsibilities, and dispute resolution (Khan, 2022). Labour-market regulation should be modernised to accommodate flexible, autonomous, and non-standard work, and the ethical governance of AI at work should be brought within policy, in line with global standards (UNESCO, 2021). Social protection covering health, injury, pension, and income loss should be made portable across all forms of employment, with the National Social Security Strategy (GED, 2015) aligned to this end.

Leave no one behind: Gender-sensitive and disability-inclusive transition strategies should combine reskilling with targeted employment support (UNSDG, n.d.). For women, flexibility in social norms around work, mobility, and care is as essential as skills (ILO, 2022). For persons with disabilities, investment in accessible infrastructure and assistive technologies is needed to enable participation in upgraded sectors (Razzaque & Hasan, 2024).

Coordinate across stakeholders: Integrated coordination is required across industrial, education, employment, export, and social protection policies within a future-of-work framework aligned with the medium-term development plan. Existing cross-sectoral mechanisms, such as the Gender and Skills Taskforce under the Technical and Madrasa Education Division (ILO, 2024), offer a template and should be sustained and scaled beyond project cycles. Civil society, research institutions, and development partners can serve as constructive pressure groups, holding these mechanisms accountable for delivery.

5. CONCLUDING REMARKS

Bangladesh's labour market stands at an inflection point. Its structural weaknesses are pronounced, the forces reshaping work are gathering pace, and the policy response remains fragmented. Advancing

from piecemeal recognition to coordinated implementation will demand stronger labour-market intelligence and sustained investment in skills and workforce transitions.

Above all, it will require the rebuilding of political will. Bangladesh's own history demonstrates that transformative outcomes are attainable where a minimum national consensus prevails, irrespective of the government of the day. Near-universal primary school enrolment and nationwide immunisation programmes advanced precisely because they commanded sustained cross-party commitment. Preparing the workforce for the changing world of work calls for the same resolve. As technological, demographic, economic, and climatic forces reshape work, the central policy challenge is unambiguous: future growth must translate into decent, resilient, and inclusive employment for all.

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