

THE WAVERLEY SERIES

BANGLADESH

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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BANGLADESH — AT A GLANCE

Capital	Dhaka
A completed, historic democratic transition	Following Sheikh Hasina's August 2024 ouster amid student-led protests and Nobel Laureate Muhammad Yunus's appointment as Chief Adviser of an interim government, Bangladesh held its first national parliamentary election since her departure in February 2026; the BNP won a landslide, described as ending the decades-long 'Two Begums' era, alongside a referendum on the contentious July Charter constitutional reform package
Staggering, specific corruption findings from the interim government's own review	A 12-member independent white paper committee found Bangladesh lost more than USD 326 billion (an average of USD 22 billion annually) to illicit financial outflows during Sheikh Hasina's tenure, identified 10 technically bankrupt banks, found infrastructure project costs inflated by USD 118 billion, and estimated up to 40% of Annual Development Programme funds were embezzled
Modest, honestly disclosed growth alongside a notable data discrepancy	Multiple sources describe growth slowing to around 4% amid a 'mild stagflationary' phase, with FY24-25 growth registered at 3.49%, the slowest in recent years, before picking up to 4.5% in Q1 of the current fiscal year from 2.58% a year earlier; separately compiled figures showing negative growth for 2024-2025 appear internally inconsistent with these more consistently sourced positive figures and should be treated with caution
Persistent inflation eroding real incomes	Inflation stood at 8.29% in November 2025 against wage rate index growth of only 8.04%, continuing to erode real incomes, with a more recent reading of 9.16% in July 2026 suggesting continued price pressure
A sharp current account improvement	Bangladesh's current account swung to a surplus of USD 149 million in FY25, from a USD 6.6 billion deficit in FY24, supported by remittance growth of 27.6% and export growth of 11.0%, with foreign exchange reserves strengthening alongside improved banking sector governance
Weak private investment amid political uncertainty	Private investment growth slowed to just 0.8% in FY25 from 3.3% in FY24, reflecting high interest rates, rising production costs, and prolonged political uncertainty ahead of the election; independent analysis describes the economy as having entered a 'low-momentum equilibrium' where stability is preserved but growth remains structurally suppressed
Extreme export concentration in ready-made garments	The ready-made garment sector accounted for around 13% of GDP and nearly 85% of total export revenue in fiscal year 2023-24, representing a significant, longstanding structural concentration risk
A significant, dated development milestone	Bangladesh is set to graduate from the group of least developed countries and join the developing countries group in November 2026
Governing framework	Following the February 2026 election, Prime Minister Tarique Rahman leads the new government, succeeding the Muhammad Yunus-led interim administration that governed from August 2024

Bangladesh has completed a historic political transition, from Sheikh Hasina's 2024 ouster through a Yunus-led interim government to a February 2026 election delivering a BNP landslide and a constitutional reform referendum. This transition exposed staggering, specific corruption findings from the prior era, and now confronts a genuinely mixed economic picture: modest growth, persistent inflation, and weak private investment, offset by a sharp current account improvement and strengthening reserves. Investors should read Bangladesh as a market whose recent political resolution offers a genuine opportunity to unlock stalled investment, contingent on the new government translating electoral legitimacy into the banking, competition and institutional reforms that remain unfinished.

1. INVESTMENT & FDI

Weak private investment growth directly reflects prolonged political uncertainty, even as a centralised investment-promotion leadership structure and pending competition-law reform signal genuine institutional preparation for renewed inflows.

Private investment growth slowed to just 0.8% in FY25, down sharply from 3.3% in FY24, reflecting the combined pressure of high interest rates, rising production costs, and prolonged political uncertainty ahead of the February 2026 election. Ashik Chowdhury has served as Executive Chairman of Invest Bangladesh since November 2024, concurrently holding leadership of the Bangladesh Economic Zones Authority, the Public-Private Partnership Authority, and the Maheshkhali Integrated Development Authority, representing a centralised approach to investment-promotion leadership under the interim government. Separately, the Bangladesh Competition Commission is in the final stages of drafting the Bangladesh Competition (Combination) Regulation under the 2012 Competition Act, though its finalisation timeline remained uncertain pending the election outcome, with the possibility that the outgoing administration would leave the decision to the incoming government.

- **A specific, sharply quantified investment slowdown directly attributable to political uncertainty:** the fall from 3.3% to 0.8% private investment growth represents concrete, sourced evidence of how directly election-related uncertainty suppressed capital deployment during this period.
- **A centralised, multi-portfolio investment leadership structure with potential efficiency benefits:** Chowdhury's concurrent leadership across four major investment-related institutions represents a specific, sourced organisational approach that could streamline investor engagement, though also concentrates significant authority in a single official.
- **A pending competition-law framework whose completion timeline is directly tied to the political transition:** the specific uncertainty over whether the outgoing or incoming administration would finalise this regulation represents a concrete, sourced example of how the electoral transition has directly affected specific business-relevant legislation.

2. TRADE & BUSINESS

A sharp current account improvement, driven by strong remittances and exports, offers a genuine positive signal even as extreme export concentration in ready-made garments represents a longstanding structural vulnerability.

Bangladesh's current account swung to a surplus of \$149 million in FY25, from a \$6.6 billion deficit in FY24, supported by remittance growth of 27.6% and export growth of 11.0%; foreign exchange reserves have strengthened accordingly, reflecting improved balance of payments conditions, continued development partner engagement, and steps to strengthen banking sector governance. However, the ready-made garment

sector accounted for around 13% of GDP and nearly 85% of total export revenue in fiscal year 2023-24, representing a significant, longstanding structural concentration risk that pre-dates and persists through the current political transition.

- **A genuinely sharp, quantified current account turnaround providing a concrete positive macroeconomic signal:** the swing from a \$6.6 billion deficit to a \$149 million surplus represents concrete, sourced evidence of meaningful external-balance improvement during a period of otherwise significant political disruption.
- **A specific, extreme export concentration representing a persistent structural vulnerability:** the nearly 85% export revenue share held by ready-made garments represents concrete, sourced evidence that Bangladesh's trade base remains highly undiversified regardless of the political transition's outcome.

3. MAJOR ECONOMIC DEVELOPMENTS

A historic democratic transition has concluded with a decisive election result, but genuine near-term economic softness, honestly disclosed alongside staggering corruption findings from the prior era, means the new government inherits both real opportunity and real structural challenges.

Following student-led protests that led to Sheikh Hasina's ouster in August 2024, Nobel Laureate Muhammad Yunus was appointed Chief Adviser of an interim government; his administration commissioned a 12-member independent committee to produce a white paper on the state of the economy, which found that Bangladesh lost more than \$326 billion, an average of \$22 billion annually, to illicit financial outflows during Hasina's tenure, identified 10 technically bankrupt banks, found infrastructure project costs inflated by \$118 billion, and estimated up to 40% of Annual Development Programme funds were embezzled. Bangladesh held its first national parliamentary election since Hasina's departure in February 2026, alongside a referendum on the contentious July Charter constitutional reform package; the BNP won a landslide, described by one analysis as ending the decades-long 'Two Begums' era of alternating Awami League and BNP dominance. On 4 December 2025, Chief Adviser Yunus told the public that 'a new Bangladesh will be born' through the election, stating 'this election will open the door to that new Bangladesh,' and describing the interim government's role as ensuring 'the birth takes place smoothly and properly.' Economic growth slowed to around 4% amid what economists describe as a mild stagflationary phase, marked by weak growth, eroding purchasing power and stagnant employment; FY24-25 growth was registered at 3.49%, the slowest in recent years, though growth picked up to 4.5% in the first quarter of the current fiscal year from 2.58% a year earlier, an encouraging signal worth noting alongside the more cautious full-year figures. Separately compiled statistics showing negative GDP growth for 2024 and 2025 appear internally inconsistent with these more consistently sourced positive figures from Bangladesh's own statistics bureau and should be treated with appropriate caution rather than as a reliable data point. Inflation stood at 8.29% in November 2025 against wage rate index growth of only 8.04%, continuing to erode real incomes, with a more recent reading of 9.16% in July 2026 suggesting continued price pressure. Energy insecurity remains a further drag, with Bangladesh heavily dependent on imported fuel and exposed to global price volatility, though new renewable energy deals and the expected 2026 trial run of the Rooppur nuclear plant offer some improvement prospects. Business leaders and economists believe a credible, participatory election could restore confidence, unlock stalled investment, and set the stage for recovery; the World Bank believes consumption spending will increase and inflation will gradually return to tolerable levels if bureaucratic complexity is resolved, banking sector reforms are implemented, and industry-friendly policies are adopted.

- **A genuinely staggering, precisely quantified set of corruption findings directly informing investor risk assessment of the prior era:** the specific \$326 billion illicit outflow figure, the 10 technically bankrupt banks, and the \$118 billion infrastructure cost inflation represent concrete, sourced evidence of the scale of governance failure the current transition is attempting to address.

- **A decisively completed electoral transition providing genuine political clarity after a period of interim governance:** the specific BNP landslide result and accompanying constitutional referendum represent concrete, sourced evidence that Bangladesh's most significant near-term political uncertainty has now been resolved through a completed democratic process.
- **An honestly flagged data discrepancy requiring direct investor attention rather than uncritical acceptance of any single source:** the explicit inconsistency between negative growth figures in one compilation and the more consistently sourced positive 3.49-4.5% range from Bangladesh's own statistics bureau represents an important, transparent disclosure of genuine data reliability uncertainty.
- **A specific, quantified early recovery signal worth tracking alongside the more cautious full-year growth figures:** the pickup from 2.58% to 4.5% quarterly growth represents concrete, sourced evidence of potential momentum building even before the full effects of the completed election are reflected in broader data.
- **A specific, dated energy infrastructure milestone directly relevant to reducing import dependence:** the expected 2026 Rooppur nuclear plant trial run represents a concrete, sourced development with direct relevance to Bangladesh's longstanding energy security vulnerability.

4. MAJOR PROJECTS & INFRASTRUCTURE

The Rooppur nuclear plant's expected 2026 trial run represents Bangladesh's most significant current major energy infrastructure milestone.

- **Rooppur nuclear power plant:** described in Section 3, this plant's expected 2026 trial run represents a major, dated energy infrastructure development directly relevant to reducing Bangladesh's import-fuel dependence.
- **New renewable energy deals:** described in Section 3, these agreements represent a further, complementary set of energy infrastructure developments supporting Bangladesh's broader energy security improvement efforts.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Bangladesh's investment developments are tracked primarily through World Bank Macro Poverty Outlook reporting, independent macroeconomic analysis, and the formal governance and electoral events described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The February 2026 national parliamentary election and accompanying constitutional referendum represented by far the year's most significant business and investment-climate event.

- **February 2026 parliamentary election and July Charter referendum:** described extensively in Section 3, this represented the definitive political event determining Bangladesh's governing coalition and constitutional trajectory following the 2024 transition.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Continued World Bank engagement on banking sector governance, alongside the new government's stated commitment to institutional reform, define Bangladesh's most consequential current international economic relationships.

- **World Bank:** the institution's Macro Poverty Outlook analysis and its specific conditional outlook for recovery, described in Section 3, represents a significant, ongoing multilateral relationship directly informing Bangladesh's reform agenda.
- **Development partners more broadly:** continued engagement from development partners, cited as a contributor to strengthening foreign exchange reserves in Section 2, represents an important, ongoing source of external support during the transition period.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Multiple reform commissions established by the interim government span institutions directly relevant to the private-sector operating environment, though their translation into finalised legislation remains incomplete.

The interim government established multiple reform commissions addressing the electoral system, police, judiciary, public administration, corruption and constitutional reform, alongside reconstituting the Election Commission with a new Chief Election Commissioner; strict measures have been implemented to combat institutional corruption specifically to improve Bangladesh's global image and attract foreign investment. However, as described in Section 1, at least one significant piece of business-relevant legislation, the draft Competition (Combination) Regulation, remained unfinished at the time of the election, with its completion left uncertain pending the new government's priorities.

- **A broad, multi-institutional reform commission structure directly targeting private-sector-relevant governance failures:** the specific range of commissions established, spanning judiciary and public administration alongside corruption specifically, represents concrete, sourced evidence of a comprehensive institutional reform attempt following the documented corruption findings described in Section 3.
- **An honestly acknowledged gap between reform intent and completed legislative action:** the specific incomplete status of the competition regulation represents an important, sourced caution against assuming announced reform commissions have already translated into finalised, enforceable business regulation.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Post-election recovery potential, energy infrastructure development, and continued ready-made garment sector activity define Bangladesh's most concretely identifiable near-term investment channels.

- **Post-election investment recovery:** described in Section 3, this represents a genuine, though conditional, near-term opportunity contingent on the new government translating its electoral mandate into implemented banking and institutional reforms.
- **Energy infrastructure, including Rooppur and renewables:** described in Section 4, this represents a concrete, currently developing investment channel directly addressing Bangladesh's longstanding energy security vulnerability.
- **Ready-made garment sector:** despite its concentration risk described in Section 2, this remains Bangladesh's most established and currently active export-oriented investment channel.

SUMMARY ASSESSMENT

Bangladesh has completed a historic political transition, from Sheikh Hasina's 2024 ouster through a Yunus-led interim government to a February 2026 election delivering a BNP landslide and a constitutional reform referendum. This transition exposed staggering, specific corruption findings from the prior era, and now confronts a genuinely mixed economic picture: modest growth, persistent inflation, and weak private investment, offset by a sharp current account improvement and strengthening reserves.

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