Please cite as: EUAA, '7.1. National economic and financial situation ' in *COI Report - Bangladesh: Country Focus*, August 2025.

7.1. National economic and financial situation

Since its independence in 1971, Bangladesh has undergone ‘robust economic growth and poverty reduction.’632 Ranked as the second poorest country in the world in 1971,633 it has been one of Asia's strongest-growing economies, becoming a lower middle-class country in 2015.634 However, the COVID-19 pandemic negatively impacted economic growth,635 and the country has experienced high inflation, a balance of payments deficit and declining foreign exchange reserves.636 According to the International Crisis Group, the economic difficulties were the result of ‘economic mismanagement, corruption and cronyism’.637

Bangladesh has applied for and benefitted from loans and funding from the International Monetary Fund (IMF) and the World Bank. As of December 2024, IMF’s total financial assistance amounted to approximately USD 5.5 billion.638 In April 2025, Bangladesh and the World Bank signed two financing agreements at the total amount of USD 850 million to develop the Bay Terminal deep sea port and to ‘provide cash transfers and livelihood services for 4.5 million people, focusing on youth, persons with disabilities, women, and workers in climate-vulnerable regions’.639 The unstable situation in the country during the uprising in July–August 2024 negatively impacted the country’s economy, with customers in the textile industry cancelling their orders,640 disruption of supply chains, and protests and the restrictions on movement and internet shutdowns heavily impacting business operations.641

Bangladesh’s Gross Domestic Product (GDP) growth fell to 3.3 % in the first half of 2025, down from 5.1 % in the same period of 2024. The decrease was reportedly the result of economic disruptions caused by the protests in 2024, tighter policy, and increased uncertainty of investments.642 According to a provisional estimate by the Bangladesh Bureau of Statistics (BBS), Bangladesh’s economy grew 3.97 % in the fiscal year 2024–2025, which would be the lowest GDP growth in the past five years.643 Meanwhile, the inflation decreased from 9.89 % to 9.05 % in May 2024–May 2025.644

In September 2024, the interim government formed a six-member taskforce to reform the banking sector.645 In January 2025, the taskforce published a report recommending to, inter alia, ‘improve transparency in public procurement, streamline regulatory frameworks to encourage entrepreneurship and foreign investment and address the immediate food and energy security crises through targeted policy interventions’.646

According to a BBS survey from 2022, the upper poverty lines were estimated at 18.7 % at national level, 20.5 % in rural areas, and 14.7 % in urban areas. This constituted a general decrease in poverty compared to rates from 2016. Extreme poverty in Bangladesh (less than USD 2.15 per day) represented around 5.6 % of the population in 2022 while in 2016 the rate was at 12.9 %.647 However, according to the World Bank figures, as reported by Prothom Alo, the poverty levels increased again in 2024 with a national poverty rate of 20.5 %, and an extreme poverty rate of 7.7 %. The World Bank reportedly expected both figures to increase further with more than two percentage points in 2025,648 and estimated that extreme poverty rose to 9.3 % in April 2025.649

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