

**Permanent Mission of Bangladesh  
to the United Nations, New York**



জাতিসংঘে বাংলাদেশ স্থায়ী মিশন  
নিউইয়র্ক

**No. BDPMNY/2C/01/LDC/2024**

The Permanent Mission of the People's Republic of Bangladesh to the United Nations in New York presents its compliments to the United Nations Committee for Development Policy and, with reference to the letter of the Chair of the Committee for Development Policy dated 01 October 2024 requesting an annual national report on the preparation of the smooth transition strategy, has the honour to transmit herewith the Bangladesh Annual Country Report 2024 on the preparation for sustainable Graduation from LDCs status.

The Permanent Mission of the People's Republic of Bangladesh to the United Nations in New York avails itself of this opportunity to renew to the United Nations Committee for Development Policy the assurances of its highest consideration.

**Encls.: As stated**

New York, 20 December 2024

United Nations Committee for Development Policy  
United Nations Headquarters  
New York



**United  
Nations**

Committee for  
Development  
Policy



Government of the  
People's Republic  
of Bangladesh



# PREPARATION FOR SUSTAINABLE GRADUATION FROM LDC STATUS

---

BANGLADESH ANNUAL COUNTRY REPORT 2024  
SUBMITTED TO UN-CDP

ECONOMIC RELATIONS DIVISION (ERD)  
MINISTRY OF FINANCE  
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF  
BANGLADESH

DECEMBER 2024



## CONTENT

	<b>Description</b>	<b>Page</b>
A.	Introduction	1
B.	Current Macroeconomic Scenario	1
	<i>B.1 GDP Growth</i>	1
	<i>B.2. Inflation and Exchange Rate</i>	2
	<i>B3. External Sector</i>	3
	<i>B4 Revenue Collection</i>	4
	<i>B5. Foreign Direct Investment</i>	5
	<i>B6. Deficit Financing and Debt Management</i>	5
	<i>B7. Balance of payment situation and major macroeconomic indicators</i>	6
	<i>B8. Current Status of LDC Graduation Criteria</i>	7
C.	Development Challenges	8
	<i>C1. Challenges associated with the LDC graduation</i>	8
	<i>C2. Long Standing Challenges</i>	9
	<i>C3. Challenges associated with Forcibly Displaced Myanmar Nationals (FDMNs)</i>	9
	<i>C4. Recent Developments</i>	10
D.	Actions taken to mitigate the challenges	11
	<i>D1. Actions in International Front</i>	14
	<i>D2. Actions in Domestic Front</i>	15
E.	Preparation for Smooth Transition Strategy (STS)	16
F.	Support from international community	17
G.	Conclusion and Way forward	19
Annexure-A	List of Major workshops/Seminars/Trainings/Focus group discussions/Campaigns	20
Annexure-B	List of 16 proposals submitted to the UNCDP	22
Annexure-C	List of Projects/Programme Supported by Development Partners	25



## **A. INTRODUCTION**

1. The present annual report 2024 is being submitted in continuation of the annual reports 2021, 2022 and 2023 for enhanced monitoring to be carried out by the United Nations Committee for Development Policy, in accordance with UN General Assembly Resolution (A/RES/67/221). The 2024 triennial review conducted by the UNCDP has confirmed that Bangladesh has once again met all the criteria for graduation from Least Developed Country (LDC) status. Thus, Bangladesh is still on track to officially exit the LDC category on 24 November 2026 following the completion of the preparatory period started in 2021 despite various economic challenges faced by Bangladesh in the year 2023 due to global supply chain disruption and worldwide inflationary pressure resulted from Russia-Ukraine war as reported in the annual report 2023.

2. The year 2024 is characterized by geo-political tension emanated from continuation of Russia-Ukraine and Middle East wars; regime change in the country resulted from students-people uprising resulting in formation of new interim government on 8 August 2024; and unprecedented flood in eastern part of the country. The interim government has launched critical policy reforms across various socio-economic sectors, aiming to revitalize the economy and reverse its downward trend. These proactive measures demonstrate the government's commitment towards sustained economic development and national stability.

3. The report describes the current macro-economic situation of the country along with initiatives taken by the country to prepare for smooth and sustainable graduation.

## **B. CURRENT MACROECONOMIC SCENARIO**

### ***B1. GDP Growth***

4. As reported earlier, the economy of the country gained considerable momentum between FY12 and FY22 with an average GDP growth rate of 6.74 percent, significantly exceeding the average growth rate of emerging markets and developing economies. Owing to the outbreak of COVID-19 in 2020, the global economy was hit with an abrupt slowdown and consequently many countries including the developed ones had to endure negative growth rates. However, Bangladesh was one of few countries that managed to remain in the positive growth quadrant. The GDP growth rate in FY20 fell to 3.45 percent from 7.88 percent in FY19. Yet, in FY21 the growth rate again surged to 6.94 percent followed by 7.10 percent in FY22. This V-shaped recovery indicates the inherent resilience of the economy and explains why the country defied numerous odds while moving forward. However, in FY23 and FY24, GDP growth again dropped to below 6 percent due to disruption in economic activities, as well as the ongoing Russia-Ukraine war and Middle East conflict. To reverse this declining economic trend, the interim government has taken various austerity measures. While these measures may result in a temporary slowdown in the coming months<sup>1</sup>, they are expected to help reverse the trend and promote recovery in the near future.

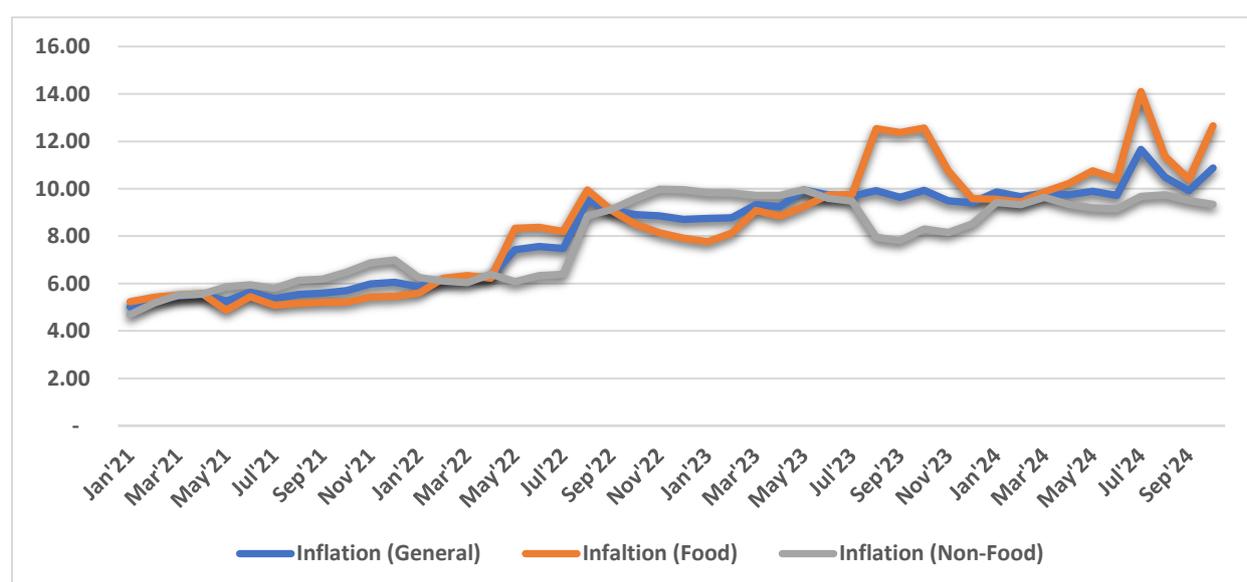
---

<sup>1</sup> .The International Monetary Fund (IMF) has projected that country's GDP growth will decline to 4.5 percent in FY25 IMF, World Economic Outlook, October 2024

## B2. Inflation and Exchange Rate

5. As reported in the annual report 2024, the resulting uncertainty in the global supply of essential commodities such as wheat, fertilizer, and gas caused price hike sharply impacting nearly all countries, including Bangladesh. As a result, point-to-point inflation, which stabilized at around 6 percent between FY13 and FY21, has exceeded 10 percent in recent times (Figure 1). To contain further rise in inflation, the government has increased policy rates and started to monitor import prices stringently. The government has also adopted various austerity measures to support the monetary policy in containing inflation. Since the effects of monetary policy measures generally take time to have effect, inflation is expected to start declining within the next few months.

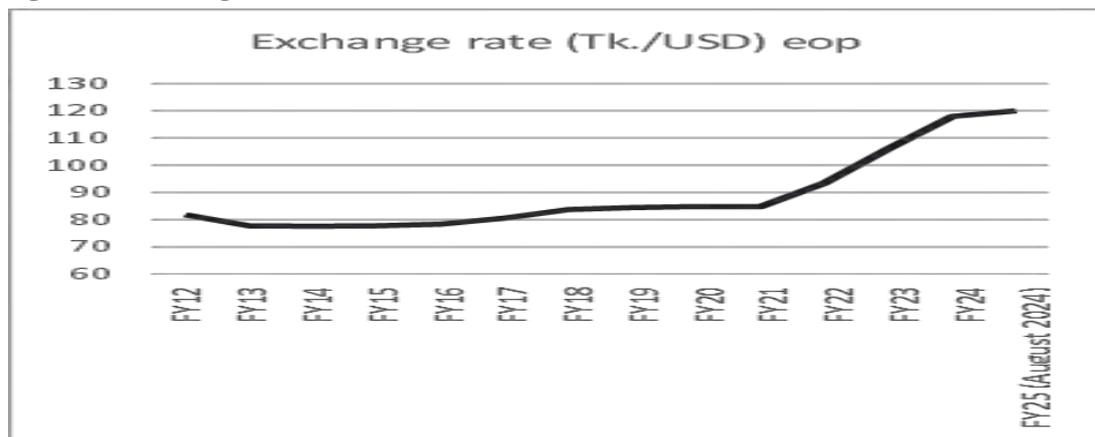
**Figure 1.** Inflation(point to Point) since January 2021



**Source:** Bangladesh Bureau of Statistics

6. As global inflation started to rise in the beginning of 2022, most of the countries and regions including the US and the EU adopted tight monetary policy and raised interest rates. Because of this, Bangladeshi Taka, like many other currencies, started to depreciate against the US dollar. Calculations show that Taka depreciated against the US dollar by almost 25 percent between FY21 and FY23. Taka further depreciated by 25 percent to take 120 per US\$ in August 2024 and since then it remains same. At present, the exchange rates of Taka for inter-bank and customer transactions are determined by the dealer banks, based on demand-supply interaction. Bangladesh Bank (BB) undertakes USD purchase or sale transactions with dealer banks at prevailing inter-bank exchange rates when needed to maintain orderly market conditions.

**Figure 2.** Exchange rate

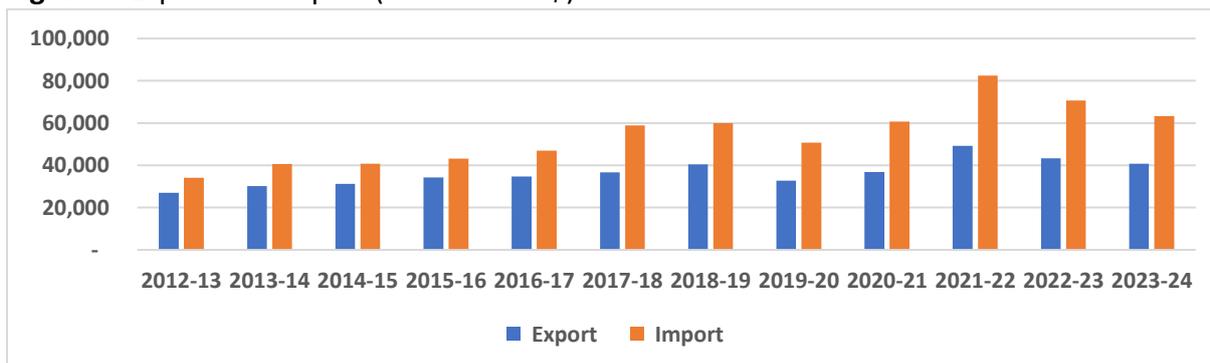


**Source:** Finance Division, Ministry of Finance

### **B3. External Sector**

7. All key external sector variables showed robust growth during the FY12-FY22 period. The growth of these variables, however, slowed down when COVID-19 broke out globally. In FY12, the volume of exports (f.o.b) and imports (f.o.b) were US\$ 24.3 billion and US\$ 35.5 billion respectively. This grew to US\$ 49.25 billion and US\$ 82.49 billion respectively by the end of FY22. During the COVID-19 peak period (FY20-21), global trade slowed down because of lockdown imposed by all the countries. When the vaccine arrived and situation started to normalize, a surge in both export and import was observed in FY22. In that year, imports grew by more than 35 percent to US\$ 82.49 billion and exports grew by more than 33 percent to US\$ 49.25 billion. This reveals that during the FY12-FY22 period, both the volume of exports and the volume of imports almost doubled. However, as the base of the imports was almost 1.7 times that of the exports, the trade deficit grew by almost 40 percent to US\$ 33.3 billion. The sudden surge of imports in FY22 resulted in the highest trade deficits in the history of Bangladesh and this put pressure on the foreign exchange reserves. However, since then both exports and imports have continuously declined and registered negative growth in FY23 and FY24 (Figure 3). Nonetheless, during July to October in FY25 exports registered positive growth (8.3 percent), while imports increased slightly by 1 percent compared to the same period in FY24.

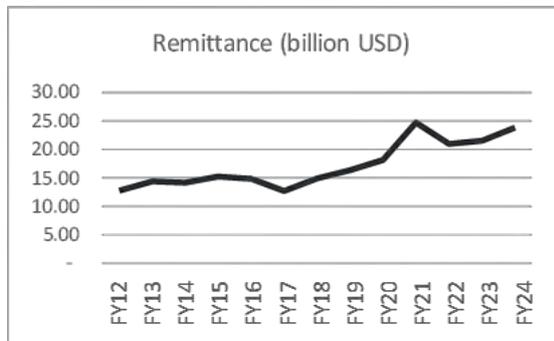
**Figure 3.** Export and import (in Million US\$)



**Source:** Finance Division, Ministry of Finance, Bangladesh Bank and Export Promotion Bureau

8. The Foreign Exchange reserves grew steadily from US\$ 10.37 billion in FY12 to US\$ 46.39 billion in FY21. However, as the trade deficit had a sudden surge in FY22, it started to decline. By the end of FY23, gross foreign exchange reserves stood at US\$ 31.2 billion. The decline continued in FY24 and at the end of October 2024 stood at US\$ 25.49 billion, which is equivalent to about 4.6 months of imports. Foreign exchange reserves equivalent to 3 months of imports are considered safe and hence the foreign exchange reserve now, although declined significantly since FY21, is adequate.

**Figure 4. Remittance inflow**



**Source:** Finance Division, Ministry of Finance

Remittance has been a key stabilizing factor for the economy. The inflow of remittances remained stable and during the period FY12-FY24 grew with an average of 6.1 percent per annum. Yearly remittance inflow in FY2000 was only US\$ 1.95 billion, which grew to US\$ 23.9 billion by the end of FY24. When combined with the net exports, figures for several years were found to be positive, and this has helped to build the foreign exchange reserves. However, the growth rate of remittance inflow has

remained quite volatile and during the period FY2000- FY24, it ranged from -15.1 percent to 36.1 percent. However, since July 2024 there is an increase of remittance inflow registering US\$ 8.9 billion in the first four months in FY25, which is 29.93% higher than that of first four months of FY24.

#### ***B4. Revenue Collection***

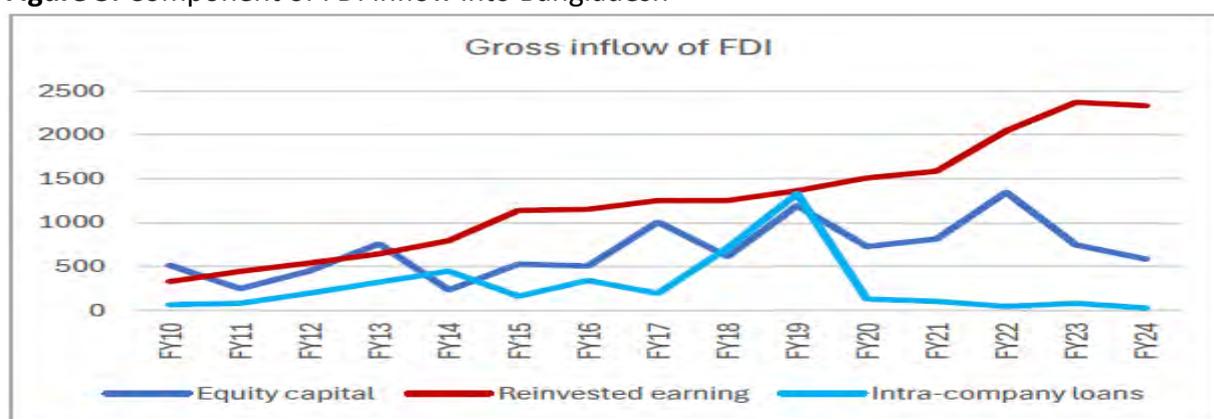
9. Tax-GDP ratio in FY13 was 7.70 percent while it was reduced to 7.54 percent to FY22. Recent data showed that the ratio has dipped further to 7.32 percent in FY24. Non-tax revenue constitutes an insignificant portion in total revenue compared to India and Vietnam (17.7 percent and 18.2 percent respectively). During the period FY13-FY23, shares of tax and non-tax revenue in total revenue have been 86.78 percent and 13.22 percent, respectively. However, a declining trend in the share of non-tax revenue and an increasing trend in the share of tax revenue is observed.

10. To boost revenue collection, the government has taken a three-pronged approach- (1) digital transformation, (2) expansion of tax net, and (3) strengthening administrative capacity. Keeping this strategy in mind, various measures such as the online tax payment system, and approval of additional 4500 posts to expand tax offices across the country are being implemented. According to the National Board of Revenue (NBR), the measures are expected to generate additional revenue equivalent to 0.5 percent of GDP in the next two fiscal years.

## B5. Foreign Direct Investment

11. The flow of foreign direct investments into Bangladesh is gradually picking up. During the FY10-FY22 period, on average, US\$ 2.09 billion FDI entered the country annually. In FY 22, the total FDI inflow reached US\$ 3.44 billion. Data for the first three quarter shows that, at an annualized rate, about US\$ 3 billion FDI flowed into Bangladesh in FY24. Total stock of FDI at the end of FY23 stood at US\$ 21.82 billion. One notable trend is that inflow of fresh capital gradually decreased its share in total FDI inflow while reinvested earnings took the dominant role in the increase in the flow of FDI.

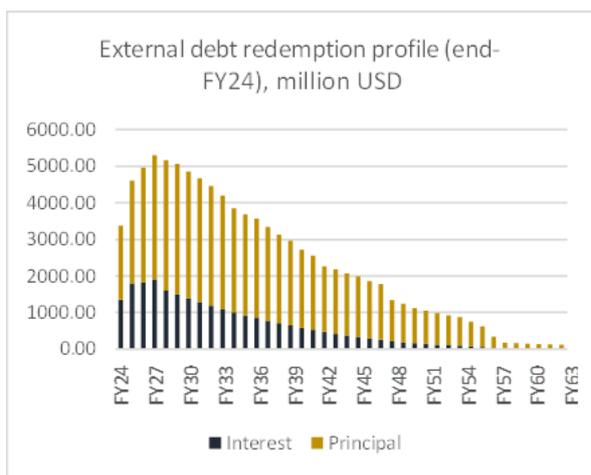
**Figure 5.** Component of FDI inflow into Bangladesh



**Source:** Finance Division, Ministry of Finance

## B6. Deficit Financing and Debt Management

12. Bangladesh has always been prudent in maintaining a sustainable level of budget deficit. According to the accepted thumb rule, 5 percent of budget deficit is considered sustainable. However, the average budget deficit (including grants) during the period FY12-FY23 has been only 3.83 percent of GDP. This trend continued in FY23 (4.6%) and FY24 (4.0%). The latest debt sustainability analysis (DSA) done by the IMF in 2023 reported that external debt to GDP for Bangladesh for FY23 was 15.0 percent, while the threshold for this indicator is 40 percent. Therefore, IMF categorized Bangladesh as “low risk” country with respect to the risk of facing debt distress. The IMF has also projected that by FY28 this ratio will further fall to 13.9 percent.



**Source:** Economic Relation Division, Ministry of Finance

It may also be noted that according to the external debt redemption profile estimated by the Economic Relations Division (ERD), the largest amount of external debt (principal plus interest) will be due in FY27. In that year, the total amount of external debt service (principal plus interest) will be approximately US\$ 5.3 billion (based on June 2024 debt stock). Considering the average monthly inflow of remittance during the FY19-FY23 period, which is about US\$ 1.70 billion, it is safe to assume that with approximately 3 months of remittance inflow, the country will be able to repay all its external debt liabilities of the entire year even during the peak. So far, the outstanding stock of external general government debt including public guarantees (US\$ 77.3 billion as of June 2024) has been sourced mostly from long-term concessional loans from multilateral and bilateral creditors.

### ***B7. Balance of payment situation and major macroeconomic indicators***

13. As may be seen from the data presented on balance of payment in Table 1, the current account deficit has gradually improved over the last three financial years, which reached US\$ -18.6 billion in FY22 and declined to US\$ -6.5 billion in FY24 accounting for -1.42% of GDP. The current account balance has improved in the first four months of FY25, which may be attributed to an increase in remittance and merchandise exports. Private investment continues to decline as percentage of GDP since FY23 (Table 2). However, reforms in Banking and other sectors initiated by the present government are likely to reverse this trend.

**Table 1.** Balance of Payment

*[Values are in US\$ Million]*

Major Items	FY20	FY21	FY22	FY23	FY24 <sup>P</sup>	2024-25 July-Oct
<b>Trade balance</b>	-18,569	-23,778	-33,250	-27,384	-22,432	-6,658
<b>Services</b>	-2,578	-3,020	-3,955	-3,131	-3,808	-1,636
<b>Primary income</b>	-3,070	-3,172	-3,152	-3,407	-4,817	-1,551
<b>Secondary income</b>	18,782	25,395	21,718	22,289	24,545	9,093
of which: workers' remittances	18,205	24,778	21,032	21,611	23,912	8,938
<b>Current account balance</b>	-5,435	-4,575	-18,639	-11,633	-6,512	-752
<b>Capital accounts</b>	<b>256</b>	<b>458</b>	<b>181</b>	<b>475</b>	<b>554</b>	<b>163</b>
<b>Financial accounts</b>	8,654	14,067	13,775	6,890	4,546	1,187
Foreign direct investment (gross inflows)	3,233	3,387	4,636	4,428	4,160	

Major Items	FY20	FY21	FY22	FY23	FY24 <sup>P</sup>	2024-25 July-Oct
Of which: FDI net inflows	1,271	1,355	1,827	1,649	1,697	388
<b>Errors and omissions</b>	-306	-676	-697	-3,954	-2,888	-2,741
<b>Overall balance</b>	3,169	9,274	-5,380	-8,222	-4,300	2,143
Gross international reserves (GIR)	36,037	46,391	41,827	31,203	26,714	25,487
<b>Reserve (BPM6)</b>		39,226	33,386	24,754	21,686	19,830

Source: Bangladesh Bank

**Table 2.** Current status of some macroeconomic indicators of Bangladesh

Indicator	Unit	2019-20	2020-21	2021-22	2022-23	2023-24(p)
GDP Growth	%	3.45	6.94	7.10	5.78	5.82
Investment	% of GDP	31.31	31.02	32.05	30.95	30.98
Private investment	% of GDP	24.02	23.70	24.52	24.18	23.51
Public Investment	% of GDP	7.29	7.32	7.53	6.77	7.47
Tax Revenue	%of GDP	7.00	7.64	7.54	7.30	7.32
Budget deficit	%of GDP	4.87	3.70	4.56	4.6	4.00
import	Mill. US\$	50,690	60,681	82,495	70,748	63,242
Export	Mil US\$	32,832	36,903	49,245	43,364	40,810
Remittance	Mil US\$	18,205	24,778	21,032	21,611	23,912
FDI	Mil US\$	3,233	3,387	4,636	4,428	4,160
Exchange rate	Taka per US\$	84.78	84.81	86.30	99.46	111.06
Current account balance	% of GDP	-1.26	-1.10	-4.05	-2.58	-1.43
Foreign exchange reserve	Mil US\$	36,037	46,391	41,827	31,203	26,093
Inflation	%	5.65	5.56	6.15	9.02	9.73
External Debt	% of GDP	11.8	11.9	12.5	15.0	16.0

Source: Export from EPB, Import from Bangladesh Bank, External debt from ERD and others from BBS

### **B8. Current Status of LDC Graduation Criteria**

14. In spite of various challenges, Bangladesh maintains satisfactory scores in all the three LDC graduation criteria as may be seen from table 3., which is shown in the table below.

**Table 3.** Updates of the three indicators for graduating Bangladesh from LDC status

Indicators	UN-Review-2024		Current Status (Oct-2024)		Graduation threshold
	Value	Index	Value	Index	
<b>1. GNI Per Capita</b>		<b>2,684</b>		<b>2,743</b>	<b>&gt; 1306</b>
1.1 GNI per capita (US\$)	2,684	-	<b>2,743</b>	-	
<b>2. Human assets index (HAI)</b>		<b>77.5</b>		<b>77.1</b>	<b>&gt; 66</b>

Indicators	UN-Review-2024		Current Status (Oct-2024)		Graduation threshold
	Value	Index	Value	Index	
2.1 Under-five mortality rate (U5M)	28.8	88.6	33.0	86.1	
2.2 Maternal mortality ratio (MMR)	123.0	90.1	136.0	89.0	
2.3 Prevalence of stunting (STU)	26.4	52.2	26.4	52.2	
2.4 Lower secondary education completion rate	70.9	67.6	70.9	67.7	
2.5 Adult literacy rate (ALR)	74.9	66.5	75.6	67.5	
2.6 Gender parity index for gross secondary school enrolment (GPIS)	1.3	100.0	1.3	100.0	
<b>3. Economic and environmental vulnerability index (EVI)</b>		<b>21.9</b>		<b>21.8</b>	<b>&lt; 32</b>
3.1 Share of agriculture, forestry, fisheries in GDP (AFF)	12.1	18.8	11.5	17.8	
3.2 Remoteness and landlockedness (REM)	36.8	33.5	36.8	33.5	
3.3 Merchandise export concentration (XCON)	5.9	31.0	5.9	31.0	
3.4 Instability of exports of goods and services (XINR)	2.7	5.5	2.7	5.5	
3.5 Share of population living in low elevated coastal zones (LECZ)	8.4	23.9	8.4	23.9	
3.6 Share of population living in drylands (DRY)	-	-	-	-	
3.7 Instability of agricultural production (AIN)	2.8	7.1	2.8	7.1	
3.8 Victims of disasters (VIC)	1.2	55.6	1.2	55.6	

Source: Bangladesh Bureau of Statistics (BBS)

### C. DEVELOPMENT CHALLENGES

15. As mentioned in the Annual report 2023, while LDC graduation will bring about new challenges in Bangladesh, Bangladesh has been facing numerous challenges, which are long standing. Despite concerted efforts, there are long standing challenges, including lack of export diversification, low tax-to-GDP ratio, climate vulnerability, and the issues related to forcibly displaced Myanmar nationals.

#### **C1. Challenges associated with LDC graduation**

16. Since Bangladesh has been successful in utilizing various International Support Measures (ISMs), loss of ISMs due to graduation from LDC status will bring about some challenges for Bangladesh. The major ISMs that Bangladesh has been utilizing significantly are duty-free and quota-free (DFQF) market access with flexible Rules of Origin, waivers under the TRIPS Agreement of the WTO and flexibility in using export subsidies in the form of cash incentives.

17. In case of the DFQF market access, Bangladesh has been successful in utilizing the DFQF market access. According to a WTO report, Bangladesh's utilization of the DFQF is highest among the LDCs. However, recent decline in exports makes the export sector of Bangladesh vulnerable. Bangladesh has also been successful in utilizing TRIPS waivers. The pharmaceutical industry of the country has made remarkable success. Currently, around 98 percent of domestic demand is met by the local pharmaceutical industry at affordable prices. It has been possible due to the TRIPS waivers, which exempted Bangladesh, as an LDC, from

protecting patent rights. As a result, Bangladesh can produce pharmaceuticals without the permission or license from the foreign patent holders. Regarding cash incentives, Bangladesh currently provides cash incentives to around 38 (Thirty-Eight) products for encouraging exports. These incentives directly benefit exporters.

18. After the graduation from the LDC status, Bangladesh will not be able to avail these LDC-specific facilities. However, the EU, UK, Canada and Turkey will continue to provide duty-free and quota-free market access facilities to Bangladesh for three additional years, i.e., until 2029. Since these are the main export destinations of Bangladesh, major portion of the current duty-free and quota-free market access benefit will remain as it is until November 2029. Bangladesh's exports will face duties at the rate of 9 percent on average in other markets. In case of pharmaceuticals, Bangladeshi producers will need to take license from the patent holders, which will require payment of royalties. As a result, the prices of pharma products which are patented abroad are likely to increase. However, numerous studies reveal that only around 20-25 percent of pharmaceuticals produced in Bangladesh are patented outside. So, prices may increase in those products only. In case of remaining products, patents have already expired, and licensing will not be necessary. Regarding cash incentives, the government will not be able to provide such incentives after the LDC graduation. As a result, exporters will face some challenges.

### ***C2. Long Standing Challenges***

19. Bangladesh has been facing a few challenges for long time, which are still prevailing. These are revenue mobilization, export diversification, increasing productive capacity and addressing climate change vulnerabilities. The tax-to-GDP ratio remains under 8 percent, and exports continue to be heavily reliant on ready-made garments, which account for over 84 percent of total exports. Productive capacity still remains low compared to other developing countries like India, Vietnam as estimated by the UNCTAD. Climate change vulnerability remains among the critical challenges faced by Bangladesh requiring enormous investment needs and addressing funding gap. However, as Bangladesh graduates from LDC status, it will lose access to grants, soft loans, and concessional funds like the LDCF under the UNFCCC and assistance from the UN Technology Bank. This transition also means limited access to the Green Climate Fund's special considerations for LDCs, impacting its climate adaptation financing. Additionally, the country will no longer qualify for LDC-specific concessional finance for science, technology, and innovation. However, it will still be eligible for other global funds like the GEF Trust Fund and Adaptation Fund. The shift will put pressure on domestic resources to fund for the climate-resilient infrastructure and environmental investments.

### ***C3. Challenges associated with Forcibly Displaced Myanmar Nationals (FDMNs)***

20. Since 2017 Bangladesh has been confronted with the unprecedented challenge of hosting around 1.2 million Forcibly Displaced Myanmar Nationals (FDMNs) along with the long-standing challenges. Bangladesh has been trying its best, with the international community's support, to ensure the safety and well-being of FDMNs, by building housing facilities with necessary infrastructure at Bashan Char of Noakhali district, developing the

human capital through educating the FDMN children in Myanmar's curriculum and offering skill development programs for the adults etc.

21. The prolonged presence of FDMNs entails severe ramifications on Bangladesh's economy, environment, security, and socio-political stability. The influx of FDMNs has created a demographic imbalance in Ukhia and Tekhnaf of Cox's Bazar district, where the population of local inhabitants is less than half of the number of FDMNs. Demands for food and commodities generated by an additional 1.2 million FDMNs have resulted in price hikes of food and essential commodities. Agricultural production in Cox's Bazar has been affected by the influx as cultivable lands in Ukhia and Tekhnaf are used for shelters. Operational activities of the UN agencies and infrastructures for the NGOs, INGOs, etc. are putting enormous pressure on local agriculture as well as on the local food supply chain. The environment is among the worst affected elements due to the influx. Bangladesh has allocated more than 6,800 acres of forest land to arrange temporary shelters for the FDMNs. This has caused the loss of biodiversity and endangered wildlife. It has been estimated that the monetary loss of forest and biodiversity amounts to BDT 18,650 million. Deforestation in the hilly areas has increased the risk of landslides, raised the threats of flash floods and intensified the likelihood of damage from cyclones. Moreover, this influx has increased the instances of dropouts of local children from schools, destabilized the health and sanitation system, created water shortage and posed security threats in Cox's Bazar.

22. The Government of Bangladesh has undertaken multiple initiatives to ensure the sustainable repatriation of the FDMNs to their ancestral homeland. However, no progress has been visible so far. The global support for FDMNs has also been declining due to huge demand for assistance in Europe. Thus, delay in repatriation of FDMNs has been hindering the country's development and posing additional challenges for Bangladesh.

#### ***C4. Recent Developments***

23. Bangladesh has made significant progress since COVID-19 period, which resulted in meeting all three criteria in 2024 triennial review. However, the decline in exports, imports and investment in recent times is the cause of concerns. The depreciation of local currency along with declining reserves is apparently contributing to rising inflation. Inflationary pressure compelled the Government to increase financial allocation for poorer segments of the population through various programmes. Moreover, debt service at a higher exchange rate is also putting pressure on the government's limited resources. All these factors are contributing to shrinking fiscal space and limiting the Government's ability to allocate resources to other important sectors like infrastructure, health, education and other social sectors. Besides, the cost of international funding has been showing an upward trend in recent times. Increase in the cost of international borrowing may pose an additional challenge in the near future when Bangladesh starts servicing costly debts and needs additional financial support to maintain its development momentum after graduation. Additionally, increased demand for labour compliance, carbon border adjustment mechanism, and adoption of green technology are likely to bring additional new challenges on the country's exports.

24. However, following nationwide student-people uprising an interim government was formed on 08 August 2024. Since taking office, the current government has initiated reforms across various areas of the government system. The intended reforms and corrective measures are expected to foster positive changes by promoting good governance, transparency, and accountability in all spheres of activities. The reforms are also expected to establish a better business environment, which will facilitate trade, investment and other economic activities. White paper recently prepared by a committee headed by Dr. Debopriya Bhattacharya identified six priority economic areas, where reforms should be initiated. These are: banking sector, energy and power, revenue mobilization, illicit financial outflow, public expenditure (particularly development projects) and data ecosystem. A number of initiatives have already been undertaken. It is expected that as a result of this initiatives the overall socio-economic situation will be improved eventually.

25. However, prolonged crises in the global arena, particularly Russia-Ukraine war and Middle East crisis, have been putting pressure on country's import, export, foreign exchange reserve, exchange rates, inflation, remittances, investment, etc. All these are generating negative impacts on the country's economic and development activities.

#### **D. ACTIONS TAKEN TO MITIGATE THE CHALLENGES**

26. Bangladesh government attaches high priority to ensure smooth and sustainable graduation from the LDC status. Just after fulfilling the graduation criteria in the second consecutive UN-CDP triennial review held in 2021, government initiated a number of preparatory actions. As informed in the previous reports, the National Committee on LDC Graduation (NCG) was formed to monitor and coordinate all graduation related activities. Under the NCG, seven thematic sub-committees have been formed on important areas such as: (i) Preferential Market Access and Trade Agreement, (ii) Subcommittee on Intellectual Property Rights, (iii) Investment, Private Sector Development, and Export Diversifications, (iv) Internal Resource Mobilization and Tariff Rationalization, (v) WTO Issues (other than Market Access and TRIPS), (vi) Branding Strategy, and (vii) Smooth Transition Strategy (STS). Representatives from public and private sectors have been included in both NCG and sub-committees.

27. The subcommittees have already formulated their preliminary action plans and actions are underway based on the action plans. Some priority actions following the action plans are mentioned below.

- Bangladesh, along with other members of the LDC Group of the WTO, has been pursuing for extension of the ISMs, including the DFQF market access and TRIPS waiver for a certain period beyond the LDC graduation;
- Bangladesh government is continuing dialogue with major preference providing countries for receiving transition period after the graduation so that the DFQF market access can be continued for few years after the graduation as the EU, UK, Canada and Turkey allowed 3-years transition period;

- The government is also pursuing with the EU for suitable provisions in the next EU GSP scheme so that all potential products of Bangladesh, including readymade garment (RMG) products, can avail the GSP+ facilities after the expiry of the Everything but Arms (EBA) facilities;
- The private sector is being encouraged to make the best efforts for the maximum utilization of ISMs during the remaining preparatory period;
- The government is also continuing its efforts to sign the PTA, FTA or CEPA with potential trading partners for creating new market access opportunities, which will be instrumental in offsetting the negative impacts of the loss of DFQF market access after the LDC graduation;
- Efforts are also being made to enhance competitiveness by increasing productivity, reducing the cost of production, lessening the time and cost of business and upgrading technology;
- As part of the initiatives for export diversification, the government is encouraging diversification within the RMG sector through moving up the global value chain, investing more in backward and forward linkage industries, and increasing the use of Man-Made Fibre (MMF);
- The government is also taking initiatives to extend the incentives and facilities given for the RMG sector to other sectors;
- Initiatives have also been taken to strengthen the Intellectual Property (IP) and IPR enforcement mechanism to face the post-LDC era in the absence of TRIPS exemptions;
- Considering the high importance of tariff rationalization, the recent tariff policy is aimed at increasing the export basket and export competitiveness of the country.

28. As the focal entity for the LDC graduation, the Economic Relations Division (ERD) has been implementing a technical assistance project namely ‘Support to Sustainable Graduation Project (SSGP)’, funded by the Debt Relief Grant Assistance-Counterpart Fund (DRGA-CF) of Japan, to facilitate a smooth transition from the LDC category. The Project has been dealing with all the graduation related issues, including supporting the NCG and the ERD. Functions of the SSGP include, inter alia, awareness building among the stakeholders about LDC graduation; organizing workshops, seminars, focused group discussions (FGDs) on the relevant issues; providing training; conducting studies; facilitating the formulation of smooth transition strategy; preparing necessary documents and reports on the graduation issues etc. As of today, several workshops, seminars, training, and campaigns have been organized under the auspices of SSGP, important ones of which are listed in **Annexure A**.

29. Besides, several studies proposed by the subcommittees have been completed by the SSGP, while others are currently underway (**Table 4**). Each study report contains specific recommendations and time-bound action plans. The insights and recommendations derived from the workshops, seminars, stakeholder consultations and studies are reflected in the

Smooth Transition Strategy (STS). Recommendations and action plans prepared by the sub-committees are also taken into consideration in shaping the STS.

**Table 4.** List of Studies conducted/to be conducted by the SSGP

Sl	Research Topic	Proposing Ministry	Update
1.	Resource Mobilisation for Bangladesh's Smooth Graduation from the Group of LDCs: Issues, Challenges, and Way Forward	ERD	The study was conducted with financial support from UNESCAP & completed in September 2022.
2.	Graduation from LDC Status by Bangladesh: review of existing subsidies and tariff regime from the perspective of WTO Compliance and development of strategies and action plan	Ministry of Finance	The study was completed in October 2022.
3.	Study on Expanding Private Investment	Prime Minister's Office (PMO)	The final report was submitted on 17 April 2024.
4.	Study on Market Access, Comparative Advantage and Export Diversification	PMO	The final report was submitted on 18 April 2024.
5.	Study on Upscaling the RMG Sector	Ministry of Commerce	The final report was submitted on 28 April 2024.
6.	Study on Enhancing Industrial Production in the Context of LDC Graduation	Ministry of Industries	Validation workshop was held on 6 October 2024.
7.	A Comprehensive Study on TVET Skills mapping	TMED	Selection of firm is under process.
8.	Study on Branding Strategy of Bangladesh	BIDA	The consultancy firm is expected to submit the draft report soon.
9.	Comprehensive Report on Logistics of Bangladesh	PMO	The final report was submitted by the consultant on 22 April 2024.
10.	Exploring alternative support in lieu of cash incentive.	Ministry of finance	The ToR is in the process of finalization
11.	WTO Agreement on Fisheries Subsidies: Impact and Way Forward for Bangladesh.	Ministry of commerce	The ToR has been finalized & expression of interest will be circulated soon.
12.	Study on E-commerce moratorium.	Ministry of commerce	The ToR is in the process of finalization.

30. In fact, the Government of Bangladesh has taken a number of actions both on domestic and international fronts to ensure smooth transition from the LDC status, particularly through mitigating the challenges of graduation and beyond. These major actions taken on the domestic and international front are briefly highlighted below:

**D1. Actions on the international front**

***D1.1 Extending the WTO special and differential treatments (S&DTs) including DFQF market access:***

31. Bangladesh along with other LDC members of the WTO has been pursuing an extended transition period for the S&DTs. A comprehensive submission was tabled by WTO LDC Group (WT/GC/W/807/Rev.2) on 06 December 2022. The submission contains a comprehensive set of smooth transition measures covering unilateral DFQF schemes and extension of LDC-specific special provisions in the WTO and technical assistance and capacity building to support members when they leave the LDC category.

32. Following extensive consultations and negotiations, the WTO General Council (GC) adopted a decision (WT/L/1172) on 23 October 2023 that encourages DFQF preference granting Members to provide a smooth and sustainable transition period (without assigning an agreed period for DFQF extension) for withdrawal of such preferences after graduation. This is the first WTO decision on LDC graduation. As of today, GSP schemes of the EU and UK contain continuation of DFQF market access for 3 years after graduation from the LDC category. Canada has already declared a similar extension of DFQF market access to graduated LDCs. The decision taken by the WTO will facilitate the extension of DFQF market access to graduated LDCs by other preference-granting WTO members.

33. During the Thirteenth WTO Ministerial Conference WTO members agreed to extend due restraint clause for Dispute settlement and technical assistance and capacity building provision for additional three years for graduated LDCs. Other proposals of the WTO LDC Group on the extension of LDC-specific special provisions in the WTO are still under active consideration of the WTO members. Bangladesh along with other LDCs is continuously pursuing for the desired extension. Bangladesh passionately believes that WTO members should support graduating nations in achieving a smooth transition by extending ISMs for a few additional years beyond graduation, rather than abruptly withdrawing them immediately after graduation.

34. Besides, Bangladesh is taking preparation for being eligible for EU GSP+ facilities as well as UK DCTS Enhanced Preferences after the expiry of existing LDC schemes. Bangladesh has demonstrated its commitment to labour rights, environmental protection, and climate change issues. Bangladesh ratified 32 international agreements and conventions on human rights, labour rights, environmental protection and climate change, and good governance. It is well on track for effective implementation of these international laws in order to secure GSP benefits in spite of numerous national, economic and social limitations. It is important to note that Bangladesh's preparations may not yield noteworthy results in securing GSP+

benefits unless the automatic safeguard measures on ready-made garments (RMG) as proposed in the latest revision of the EU GSP scheme are lifted.

### **D1.2 Exploring market access opportunities through PTA, FTA and CEPA**

35. The Government of Bangladesh has taken initiatives to engage in FTA negotiations with its potential trading partners to offset the loss of preference erosion after graduation. The government has already formulated the “Regional Trade Agreement (RTA) Policy 2022” encompassing extensive coverage of trade in goods, trade in services, investment, intellectual property rights, environment, labour, government procurement, logistics, trade facilitation, etc. A number of feasibility studies on FTAs with key trading partners have been carried out. Bangladesh has already launched negotiations on Economic Partnership Agreement with Japan. Two rounds of negotiations have already been concluded. The EPA is expected to be finalized by 2025. Singapore and Bangladesh have already declared to initiate negotiations on free trade area (FTA). The Governments of Bangladesh and India have already declared their intentions to commence negotiations on a Comprehensive Economic Partnership Agreement (CEPA). There are also initiatives to negotiate FTA/CEPA with the Republic of Korea and China. Negotiations are also ongoing with a number of countries for concluding RTAs.

### **D1.3 Seeking support from WIPO for strengthening IP regime**

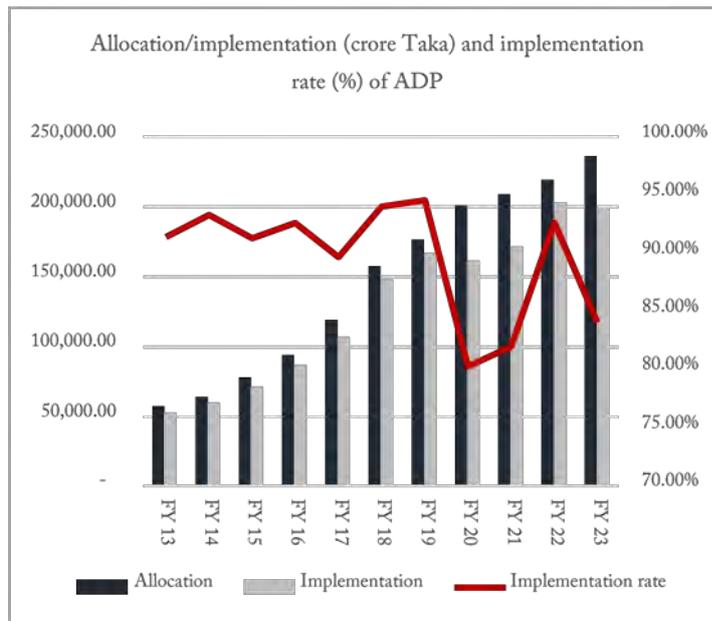
36. In order to mitigate the challenges emanating from the withdrawal of LDC-specific exemptions under the WTO TRIPS Agreement, Bangladesh has sent a proposal to the WIPO seeking their support to strengthen the overall IP regime of the country including human and institutional capacity building under the WIPO’s Graduation Support Package (WGSP) for the LDCs. The WIPO has expressed its willingness to provide support. Consultations with the WIPO are on-going to finalize the country-specific support package for Bangladesh. It is expected that the implementation process will start soon after the finalization of the package.

## **D2. Actions on the domestic front**

37. In order to enhance overall competitiveness and to establish a conducive business environment in the country, the government has taken a number of initiatives, including legal and regulatory reforms. Major initiatives and actions are as follows:

- (i) Formulation of a National Logistics Policy;
- (ii) Formulation of National Tariff Policy 2023;
- (iii) Enactment of Customs Act 2023;
- (iv) Enactment of Income Tax Act, 2023;
- (v) Formulation of Trade Facilitation Action Plan;
- (vi) Gradual reduction of cash incentive for exports
- (vii) Implementing Doha Programme of Action (DPoA);
- (viii) Implementing Climate Change Strategy and Action Plan.

38. Realizing that investment in physical and social infrastructures is key to unlocking the true potential of Bangladesh, highest priority has been given to building large infrastructure



**Source:** Finance Division, Ministry of Finance

projects. Construction of Padma Bridge, MRT line-6, constructions of Matarbari coal fired power plants, Rooppur nuclear power plant and Terminal-3 of the Hazrat Shahjalal International Airport have been completed, elevated expressway connecting the north and south of Dhaka city has been opened. To ensure a business and investment friendly climate in the country, initiatives to build 100 economic zones have been undertaken and around 100 percent of the population have been brought under electricity coverage. Implementation of these projects

has been possible as the rate of implementation against the allocation of the Annual Development Program (ADP) has been about 90 percent on average during the FY13-FY23 period. However, there is speculation that the implementation costs of certain projects were excessively high and poorly timed, which will lead to delay in realizing the full benefits of those projects.

### E. PREPARATION OF SMOOTH TRANSITION STRATEGY (STS)

39. One of the seven sub-committees is the STS Subcommittee, led by the Economic Relations Division (ERD), which is responsible for leading the preparation of the Smooth Transition Strategy (STS). Since its formation, the STS sub-committee has taken various initiatives towards formulation of the STS. The first initiative was to form a Working Group and a Joint Task Team (JTT) to assist the sub-committee. Representatives from the relevant public sector, ministries and organizations have been included in the working group, while representatives from the private sector, development and trading partners have been included in the JTT to make the entire process inclusive and consultative. With the formation of fully functional NCG, thematic Subcommittees, Working Group and JTT along with regular consultations with the stakeholders through workshops, seminars, FGDs, etc., a broad-based and inclusive consultative mechanism has been put in place for formulation of the STS.

40. In order to facilitate the preparation of the STS, a draft skeleton of the STS was initially developed. Thereafter, upon the request of the Government of Bangladesh, the CDP agreed to provide technical support in the formulation of Bangladesh's STS under the Service Offering Line (SOL) 3(a) of the Sustainable Graduation Support Facility (SGSF) or iGRAD. Accordingly, two consultants - one national and one international consultant - were appointed by the UNDESA to prepare the draft of the STS.

41. A series of consultative dialogues were held with all the relevant stakeholders including the government agencies, private sector, CSOs, think tanks as well as trade and development partners. Based on the feedback and input coming from these consultations, an initial draft of the STS along with an action plan was developed. Action plans developed by various sub-committees, the studies conducted by the SSGP, and outcome documents of the workshops/seminars/stakeholders' consultations conducted by the SSGP were taken into consideration in the process of formulating the draft STS. A Technical Workshop on the draft STS was held on 09 June 2024 involving all the relevant stakeholders including development and trading partners. A High-Level Dialogue was also held on 26 June 2024 to receive input and guidance from the NCG members on the draft STS. Later, bilateral consultations were held with Ministry of Foreign Affairs, National Board of Revenue, Ministry of Commerce, Finance Division, BIDA, Bangladesh Bank and SSGP consultants. Based on the feedback and recommendations of the Technical Level Workshop, High Level Dialogue and the stakeholder consultations, the final draft of the STS and the associated action plan have already been prepared.

42. A validation workshop was scheduled for 18 July 2024. However, due to an unavoidable situation, the validation workshop could not be held. Finally, the validation workshop on the draft STS was held on 24 November 2024, where the draft had been validated. At this stage, necessary actions and procedures will be maintained to approve the STS by the appropriate authority. It is expected that proper implementation of the recommendations and action plan of the STS will play a very vital role in ensuring smooth and sustainable graduation of Bangladesh from the LDC status. In addition to government efforts, active participation from the private sector and development partners is crucial for the successful implementation of the STS.

## **F. SUPPORT FROM INTERNATIONAL COMMUNITIES**

43. The UN system, international organizations, development & trading partners have been providing supports for capacity building of various sectors of Bangladesh under their respective programmes. Some of these activities are directly contributing to overcoming the challenges related to the LDC graduation. They have also expressed their willingness to provide support in implementing the STS once it is finalized. The UN CDP, in collaboration with other UN entities, introduced Sustainable Graduation Support Facility (SGSF) or iGRAD for capacity building of the graduating LDCs through six main Service Offering Lines (SOLs). In the process of introducing these SOLs, the CDP conducted a survey, in which Bangladesh took part and expressed interest in receiving support under all six SOLs. Thereafter, in consultation with the relevant stakeholders, a total of 16 proposals were sent to the CDP for their consideration (**Annexure B**). Later, among these 16 proposals, five proposals were identified as priority ones, and it was communicated to the CDP so that they can consider those on a priority basis. As mentioned, the UN-CDP has already extended their support in drafting the STS under the SOLs

44. The WIPO has agreed to provide support for strengthening the IP regime of Bangladesh under their country-specific Graduation Support Package. Besides, the development partners

regularly provide support for meeting the development challenges, some of which may be found in **Annexure C**.

45. Development partners in Bangladesh have been actively involved in organizing and participating in various consultative mechanisms, roundtables, and dialogue sessions to support the country's transition from LDC status. The Regional Coordination Office (RCO) in Bangladesh has been playing a vital role in facilitating and coordinating input from development partners and UN agencies, making sure that all entities provided substantive contributions to the STS. This involved organizing multi-stakeholder consultations, synthesizing inputs, and bridging the objectives of various agencies and partners to ensure the STS was both comprehensive and actionable. In partnership with the Peace and Development Adviser and the United Nations Office on Drugs and Crime (UNODC), the RCO co-authored a policy paper addressing governance-related compliance requirements essential for LDC graduation. This paper emphasized governance reforms, transparency, and institutional resilience as foundational to sustainable graduation.

46. In March 2024, the Japanese Ministry of Finance, in collaboration with JETRO and JICA, provided targeted technical assistance to the National Board of Revenue (NBR) and Bangladesh Customs to streamline customs practices in alignment with international standards. These interventions are expected to enhance Bangladesh's readiness for broader global market engagement. The European Union (EU) has integrated support for LDC graduation across multiple projects, indirectly strengthening Bangladesh's capacity to meet post-graduation requirements. Key EU-funded projects include the Bangladesh Renewable Energy Facility (2023-2030), which provides €45 million in grants and an EIB loan of €350 million to support renewable energy initiatives. Other projects like the Safety Retrofitting and Environmental Upgrading in the RMG sector (SREUP) and the Building a Sustainable Leather Sector project aim to improve industrial safety and sustainability. The EU also leads a Team Europe Initiative for Decent Work, advancing labor standards through a €23 million program running from 2023 to 2027. In terms of direct graduation support, the EU completed a project titled "Bangladesh's LDC Graduation: Mitigation Actions and Opportunities for EU Engagement" (2019-2021), which identified critical areas where the EU can engage with Bangladesh post-graduation.

47. The United Nations Development Programme (UNDP) with support from the United Kingdom launched the Transformative Economic Policy Programme (TEPP) in July 2024, a £5.3 million initiative designed to enhance trade competitiveness, economic diversification, and capacity building in Bangladesh's economic policy domain. TEPP focuses on improving trade negotiation skills, fostering inter-ministerial coordination, and engaging the private sector. This flexible programme is intended to respond to evolving economic needs, ultimately contributing to a resilient economic environment for Bangladesh's post-graduation period.

48. The Asian Development Bank (ADB) also agreed to provide project based lending support worth of US\$ 6 million to mitigate possible shocks in industrial and service sectors

after graduation. The ADB has also initiated “Knowledge Support for LDC Graduation and Improving Investment Climate” worth of US\$ 1 Million<sup>2</sup>.

49. The EU, Sweden, Netherlands, and Denmark with a total budget of approximately €22 million have launched a programme supporting Bangladesh’s graduation from LDC status by addressing challenges related to eligibility for preferential trade agreements, like the EU’s GSP+, and strengthening the RMG sector’s social and environmental sustainability to enhance competitiveness in global value chains. The programme is implemented by the ILO through multi-year commitments from the UN and bilateral/multilateral donors.

## **G. CONCLUSION AND WAY FORWARD**

50. Despite having challenges on both domestic and global fronts, Bangladesh is working diligently to ensure a smooth and sustainable graduation from LDC status. In the coming days, the country will have to mitigate some short-term challenges such as tackling inflation and reversing the declining trend of foreign exchange reserves as well as longstanding challenges like export diversification, increasing productive capacity, revenue mobilization, addressing climate change vulnerability and repatriation of FDMNs. In addition to those challenges including those arising from the global geo-political tensions, the graduation from LDC status will also pose new challenges due to the loss of the LDC-specific ISMs.

51. The Government has been taking various preparatory measures to overcome the potential challenges of LDC graduation. Many strategies, including the STS and action plans, have already been developed or are currently being formulated. Successful implementation of the strategies and actions, which include policy reforms and higher investment are likely to generate many positive impacts, such as enhancing productivity, improving the business environment with better regulatory system, reducing time and cost of trade activities, enhancing compliance capacity, diversifying exports, adopting appropriate technologies, attracting more Foreign Direct Investment (FDI), enhancing human & institutional capacity, creating better working environment, etc. As a result, the overall capacity and competitiveness of the country are expected to be enhanced. However, it is certain that it is essential to have enhanced support from the international community in all areas to maintain the development momentum of Bangladesh through overcoming the challenges emanated from the graduation from LDC status. The collective efforts of the government, private sector, civil society organizations, and the international community will not only ensure a smooth and sustainable graduation from LDC status but also play a key role in achieving broader development goals, fostering the country’s overall socio-economic progress.

-----

---

<sup>2</sup> Source: <https://www.adb.org/sites/default/files/project-documents/57341/57341-001-tar-en.pdf>

## ANNEXURE A

### List of Major workshops/Seminars/Trainings/Focus group discussions/Campaigns

Date	Major Actions/ Interventions
<b>February 2021</b>	GoB-DP dialogue on “LDC graduation and way forward” through the LCG Plenary meeting on 14 February 2021
	Meeting with UNESCAP on ‘Supporting the Countries with Special Needs in Asia-Pacific in meeting the challenge of resource mobilization for achieving the 2030 Agenda for Sustainable Development’
	Statement of HPM during the Media briefing at Ganabhaban on 27 February 2021 on the occasion of LDC graduation recommendation
<b>April 2021</b>	Side event on “Sustainable Graduation in the Challenging Time: Perspectives from Bangladesh and the Region” during the 77 <sup>th</sup> annual session of UNESCAP
<b>May 2021</b>	Reviewing the position papers on the impact of COVID-19 on trade and social protection in the context of LDC Graduation
	Countrywide Campaigning and Celebration to Commemorate LDC Graduation Recommendation
<b>June 2021</b>	Virtual meeting on ‘Graduation of Bangladesh from the least developed country (LDC) category and smooth transition towards sustainable development’ on 23 <sup>rd</sup> June 2021
<b>May 2022</b>	“Sustainable Graduation in the Challenging Situation: Perspectives from Bangladesh and the Region in the light of Doha Program of Action (DpoA)”
<b>July 2022</b>	Seminar on WTO MC-12: Implications for Graduating LDCs held on 26 July 2022
<b>August 2022</b>	Seminar on Preparedness of Pharmaceutical Sector for LDC Graduation held on 10 August 2022
<b>September 2022</b>	Workshop on Effective Engagement of the Media for Sustainable Graduation held 01 September 2022
	Workshop on Augmenting Competitiveness by Improving Trade Facilitation on 14 September 2022
	Workshop on Bangladesh Patent Act 2022: Addressing Public Health held on 19 September 2022
<b>October 2022</b>	Workshop on Man-Made Fiber for Moving up the Value Chain of RMG in the Context of LDC Graduation held on 04 October 2022
	Local Level Stakeholders Consultation on Inclusive, Smooth and Sustainable LDC Graduation in Sylhet
<b>November 2022</b>	National Seminar on LDC Graduation
<b>December 2022</b>	Workshop on UNCTAD LDC Report 2022: Implications for Bangladesh held on 19n December 2022
<b>January 2023</b>	Focus Group Discussion (FGD) on the implications of trips agreement on Bangladesh agrochemical industry held on 04 January 2023
<b>February 2023</b>	Local Level Stakeholders Consultation on Inclusive, Smooth and Sustainable LDC Graduation held on 09 February 2023
<b>March 2023</b>	Seminar on A Journey toward Sustainable Graduation held on 24 March 2023
<b>April 2023</b>	Training on LDC GRADUATION IMPACTS ON TRADE, TARIFF, AND INTELLECTUAL PROPERTY RIGHTS for ERD Officials held on 25 April 2023
<b>May 2023</b>	Training on LDC GRADUATION AND ITS IMPLICATIONS FOR BANGLADESH for ERD Officials held on 08 May 2023

Date	Major Actions/ Interventions
	Focus Group Discussion on ‘Skills Mapping in the Context of LDC Graduation’ held on 09 May 2023
	Workshop on LDC graduation and SDG achievement Nexus 21 May 2023
	Local Level Stakeholders Consultation on Inclusive, Smooth and Sustainable LDC Graduation in Khulna held on 25 May 2023
<b>June 2023</b>	Seminar on ‘Impacts of LDC Graduation on the Agriculture Sector and the Way Forward’ held on 04 June 2023
	Focus Group Discussion on ‘Significance of Budget 2023-24 from the LDC Graduation Perspective’ held on 15 June 2023
	Workshop on LDC Graduation: BIDA’s Reform Initiatives for Boosting FDI Inflows held on 20 June 2023
<b>August 2023</b>	Workshop on ‘Fisheries Subsidies in the Context of LDC Graduation and Way Forward’ held on 01 August 2023
<b>September 2023</b>	Seminar on ‘Logistics Sector of Bangladesh: Challenges and Way Forward’
<b>October 2023</b>	Workshop on ‘Potentials and Challenges of Leather Sector in Bangladesh: Points to Ponder’
<b>November 2023</b>	Workshop on ‘Trade Facilitation for Improving the Competitiveness: Challenges and Way Forward’
<b>December 2023</b>	Validation Workshop on the study on ‘Expanding Private Investment in the Context of LDC Graduation’
<b>January 2024</b>	Validation Workshop on the studies on ‘Market Access, Comparative Advantage and Export Diversification’ and ‘Upscaling the RMG Sector’
	Virtual Country Consultation with CDP on Bangladesh’s LDC Graduation
<b>February 2024</b>	FGD on ‘13th WTO Ministerial Conference: Reform of the WTO’s Dispute Settlement System and Bangladesh’s Stake’
	Consultative meeting with WIPO on Country-Specific Graduation Support Package
<b>April 2024</b>	FGD on ‘The outcome of the 13th WTO Ministerial Conference from the Perspective of Graduation of Bangladesh from LDC status’
	Consultative Dialogue on STS
<b>May 2024</b>	Training Program on ‘LDC Graduation and its Implications for Bangladesh’
	Training Program on Trade Finance
	Local Level Stakeholders Consultation on ‘Inclusive, Smooth and Sustainable LDC Graduation’
	Consultative Dialogue on STS
<b>June 2024</b>	Technical Workshop on STS
	Workshop on ‘Strengthening Partnership for Achieving SDGs in the Context of LDC Graduation’
	High-Level Dialogue on ‘Prioritization of Smooth Transition Measures’
<b>July 2024</b>	Inception Workshop on the study on ‘Branding Strategy of Bangladesh’
<b>October 2024</b>	Validation Workshop on the study on ‘Enhancing Industrial Production in the Context of LDC graduation’
	Workshop on ‘Preparing VNRs: Reviewing Progress and Strengthening Partnership for SDG-17 in the Context of LDC Graduation’
<b>November 2024</b>	Consultations with WIPO on Country-Specific Graduation Support Package

## ANNEXURE B

### List of 16 proposals submitted to the UNCDP

**SOL-1: Addressing the loss of existing LDC-specific international support measures (ISMs).**

**SOL-1(a): Help graduating LDCs to access existing ISMs either funds and/or capacity building mechanisms to which they will soon no longer be entitled.**

**Proposal-1:** Enhancing capacity of the Bangladesh Standard and Testing Institution (BSTI), national standard setting body, in terms human resource development as well as in terms of institutional facilities, like testing facilities. This will help increase exports particularly due to the acceptance of the BST certificates by the importing countries. This will also enable the BSTI to conclude Mutual Recognition Agreements (MRA) with the counterparts of potential trading partners. With this end in view, support may be provided in the following specific areas:

- Capacity building of the Certification Marks Activities for the promotion of quality assurance with Risk Based approach like Inspection, Sampling, Acceptance of Test Report from Accredited Laboratory on reciprocal basis of the commodities and services;
- Capacity building of preparation, promotion and adoption of national standards in different industrial sectors throughout the country.
- Capacity building for standard compliance of potential export products.

**Proposal-2:** Enhancing SPS (Sanitary & Phyto-sanitary) capacity of fruits and vegetables in order to enhance exports of those products. This will not only increase overall exports, but also contribute to export diversification. All of these will help in overcoming losses due to the withdrawal of ISMs after graduation.

**SOL- 1(b): Strengthen capacity of government officials to prepare and engage in trade negotiations advocating for extended LDC-specific ISMs, such as trade preferences and to improve access to export markets**

**Proposal:** A training programme may be devised for the officials of the Ministry of Commerce and ERD for enhancing negotiating capacity relating to trade and development cooperation.

**SOL- 1(c): Provide enhanced technical assistance in addressing the possible loss of LDC-specific special and differential treatment (SDT) under the WTO agreements as well as to build and strengthen intellectual property systems in response to the possible loss of LDC-specific special and differential treatment so as to enable compliance with relevant international obligations after graduation without economic disruption.**

**Proposal 1:** Conducting an Impact Assessment relating to the loss of TRIPS exemptions, both General and Pharmaceutical, after graduation may be conducted, preferably with the help of WIPO. The impact assessment will be useful for the policymakers and other stakeholders in formulating future courses of action for the post-LDC situation.

**Proposal-2:** Assessing Impacts of LDC graduation on SMEs. This kind of impact assessment will be especially useful for both the policymakers and stakeholders to have a better understanding of the probable impacts of the LDC graduation on the SMEs (Small & Medium Enterprises). It may be mentioned that like many other countries, SMEs are the backbone of Bangladesh economy. Hence, this is crucial to take necessary strategies and actions for safeguarding the interests of the SMEs so that they are not affected by the LDC graduation.

**SOL-2: Improving the ability of graduating and graduated LDCs to access non-LDC-specific support.**

**Proposal-1:** A comprehensive training programme on WTO Agreements and issues for public and private sector stakeholders in order to enhance their knowledge and understanding of WTO issues.

**Proposal-2:** A study can be conducted to identify potential non-LDC specific Special & Differential Treatments (S&DTs) under various WTO Agreements and Decisions in the Bangladesh context.

**Proposal-3:** A study on “Subsidy and Cash Incentives – Finding WTO compliant alternatives after graduation”. Currently Bangladesh as an LDC provides export subsidies in the form of cash incentives for a large number of export products. However, it will not be possible to provide such export subsidies after the LDC graduation. So, the main objective of the study is to find WTO consistent alternatives to the current export subsidies with a view to supporting the exporters.

**SOL-2(a): Support assessment of climate funding in line with national development priorities.**

**Proposal:** A needs assessment can be conducted for climate funding.

**SOL-2(b): Assist in accessing non LDC-specific Aid for Trade to increase the building of trade capacity and infrastructure needed, including technical assistance that help countries to develop trade strategies, improve understanding of export requirements and negotiate more effectively.**

**Proposal-1:** Conducting a needs assessment for enhancing productivity and productive capacity of the RMG sector, the largest manufacturing sector of the country.

**Proposal-2:** Studies on Graduation Impact Analysis and Way Forward in the following sectors:

- a) Agro-products and Agro-processed Goods;
- b) Light Engineering sector.

**SOL-2(c): Technology transfer and transfer of know-how.**

**Proposal:** An in-depth study may be initiated to outline ways and strategies for introducing digital wallets in the MSME sector at an affordable cost. It will speed up transactions, reduce costs and save time. Over the past few years, paying with a mobile phone using a digital wallet has become popular in China due to its ease to use and low cost. According to a survey, in 2018, 92% of people in China’s largest cities use Wechat Pay or Alipay as their main means of payment<sup>3</sup>. The study may explore the potential of such instruments for SMEs and consumers in Bangladesh for boosting the drive for the digital economy.

**SOL-2(d): Innovative disaster-risk reduction solutions.**

**Proposal-1:** Support in preparing project proposals for accessing global climate finance. i.e., Green Climate (GCF), Adaptation Fund (AF), etc.

**Proposal-2: Proposal for Innovative Disaster-Risk Reduction Solution**

Capacity and knowledge support from the United Nations Office for Disaster Risk Reduction (UNDRR), United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), USDMC-Hawaii and others to run a Centre for Excellence on Disaster Risk Management Academy to be under constructed by Department of Disaster Management (DDM) at Gazipur.

---

<sup>3</sup> Accessed <https://daxueconsulting.com/payment-methods-in-china/> on 20 July 2022

### **SOL-3: Preparing and implementing smooth transition strategy**

**Proposal:** Support for preparing Smooth Transition Strategy (STS). As STS will be the most important strategy document for ensuring smooth and sustainable graduation from the LDC category, Bangladesh is interested to receive support under the SOL-3 for preparing an effective and quality STS. The means and modalities of the support may be finalized through discussions.

### **SOL-4: Assistance in Accessing Financing Transition and Beyond.**

**SOL-4(c):** Provide support to strengthen revenue generation and collection skills and capacities

#### **Proposal: Study on Transition Financing**

Ensuring access to finance in the transition period and beyond will be very crucial not only for ensuring smooth and sustainable graduation, but also for graduation with momentum in order to achieve various development goals set nationally and globally. So, the proposed study will be especially useful for ensuring such financing

## ANNEXURE C

### List of Projects/Programme Supported by Development Partners

Development Partner	Name of the project	Implementing agency	Duration
Denmark	Enhancing Safe Drinking Water Security and Climate Resilience through Rainwater Harvesting	BRAC	2022-2024
	Local Government Initiative on Climate Change (LoGIC)	UNDP	2023-2025
	Improving the health and safety of workers in Bangladesh through the strengthening of labor authorities	Danish Working Environment Authority & Department for Inspection of Factories and Establishments (DIFE)	2023-2025
	Partnership for cleaner Textile	IFC	2018-2024
	Rural Micro-enterprise Transformation Project (RMTP)	International Fund for Agricultural Development (IFAD)	2020-2026
Germany	Sustainability in the textile and leather sector	GIZ	2020-2024
	Social protection for workers in the textile and leather sector	GIZ	2022-2025
Team Europe	Advancing Decent Work	ILO	2023-2027
Japan	Foreign Direct Investment Promotion Project	JICA-BEZA	2015-
	Project for Promoting Investment and Enhancing Industrial Competitiveness (BIPIC)	JICA, BEZA, BIDA	2017-2022
	Project for Capacity Building of BEZA on EZ Management and Investment Promotion (BEZIP)	JICA-BEZA	2022-2027
	Industrial Competitiveness Enhancement Project (ICEP)	JICA-Ministry of Industry	2024-2028
	Enhancement of Customs Administration	JICA- NBR	2022-2026
	Matarbari Port Development Project	JICA, CPA, Road and Highway Division	2019-
	Project for the Formulation of MIDI Master Plan	JICA-PMO	2024-2028
Switzerland	Better Work Phase IV	ILO	2021-2025
	Integrated Environmental, Social and Governance (ESG) Programme	IFC	2022-2025
	Better Than Cash Alliance (BTCA)		2022-2024
	Green Bonds Technical Assistance Programme	IFC	2018-2025
	Debt Management and Financial Analysis Programme (DMFAS) Phase IV	UNCTAD	2020-2023
UK	Transformative Economic Policy Programme (TEPP)	UNDP	2021-2024
UNDESA	Comprehensive study on the "Impact of Bangladesh's Graduation from LDC Group on Small and Medium Enterprises (SMEs)	UNDP	-2023