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FOUNDER EDITOR: LATE S. M. ALI

The \$30 billion bill comes due

Govt must generate more revenue, spend less to ensure fiscal sobriety

There is a fundamental law of economic gravity: you have to pay for what you borrow. For Bangladesh, that reality amounts to more than \$30 billion this fiscal year. Next year, the country's public debt servicing is expected to near \$34 billion, according to projections from the International Monetary Fund. Bangladesh's total public debt has climbed to roughly \$189 billion, reaching 41 percent of GDP in the 2024-25 fiscal year, up from 39 percent the year before.

To the layperson, these are just large numbers. But to the IMF and economists, they are flashing warning lights indicating "rollover risk"—a prospect that the government will find it increasingly difficult, and punishingly expensive, to borrow new money just to repay old loans. The vulnerability is rooted in ballooning government expenditure and weak revenue collection. The country's tax-to-GDP ratio currently languishes below seven percent. With the state coffers remarkably thin, the strain of repayment is thus becoming severe. In the current fiscal year, servicing domestic debt alone is projected to absorb a staggering 89 percent of government revenue, a figure significantly higher than that of peer nations.

The new finance minister, Amir Khasru Mahmud Chowdhury, has announced that the government intends to raise the tax-to-GDP ratio up to eight percent in the upcoming budget. But the IMF makes it clear that a far more aggressive improvement in revenue mobilisation is necessary. Without it, extreme scenarios, such as a major natural disaster, could send the debt service-to-revenue ratio surging past 110 percent by the end of the decade.

When a government is strapped for cash, it typically turns inward, borrowing heavily from domestic banks. The collateral damage of this strategy is the private sector, which gets "crowded out" as less money is left for businesses to borrow and expand. Furthermore, the IMF warns that the financial system's capacity to absorb all this government debt is under strain. If the government is forced to rely on the central bank to prop up insolvent banks, it risks losing its grip on short-term interest rates. That is a classic recipe for a vicious economic cycle. Currency depreciation and soaring inflation could further erode the country's debt sustainability.

Economists and IMF officials aren't the only ones anxious about the country's debt trajectory. In a note to his successor, former finance adviser Salehuddin Ahmed acknowledged that Bangladesh's debt risk has slipped from "low" to "moderate." While the debt level remains technically tolerable by IMF benchmarks, Ahmed pointed out an inconvenient truth: loan repayments have now surpassed what the government earns from exports or domestic revenue.

To avoid being crushed by its own obligations, the government must generate more revenue and spend less. Expanding the tax net will require bureaucratic resolve, but there is no alternative to bringing more people into the formal tax system. At the same time, the government must trim its own budget, scaling back inefficient subsidies and debt-fuelled vanity projects. Fiscal sobriety is rarely glamorous, but the alternative—a slow-burning crisis driven by heavy borrowing—is far worse.

Rein in mugging gangs

Mohammadpur, Adabor residents deserve to live in peace

A recent report by this daily paints a frustrating picture of continued mugging and extortion instances in Dhaka's Mohammadpur and Adabor areas, leaving the residents and business owners in these neighbourhoods in a constant state of fear. What's worse is that these attacks don't just occur at night but even in broad daylight, as though the criminals have no care for the repercussions of their actions, pointing to a systemic failure to curb this menace for years.

In one reported incident, a 10th grader was severely injured on Sunday night after muggers hacked at his legs with sharp weapons in Mohammadpur's Nabinagar Housing area. Earlier, on Friday night, muggers knifed a member of the Special Protection Battalion (SPBn) of police inside the Rayerbazar Intellectuals' Graveyard. And as per a report in this daily, on Saturday night, a group of miscreants allegedly attacked the employees of an embroidery factory in Adabor, shortly after they were paid their monthly wages. The incident left at least two individuals wounded. Several CCTV videos have also been circulating, which show how extortionists and gangs attack pedestrians and commuters during the day.

Police have taken action and made arrests in some of these cases, but those actions have not been effective enough to stop the crimes. In fact, several initiatives were undertaken in the past to deal with this issue, but they rarely produced a permanent solution. It is clearly affecting the quality of the residents' lives, so much so that they have staged demonstrations on several occasions demanding respite from these criminals.

The police chief recently asked field-level officers to take strict measures against criminals. The newly elected Dhaka-13 MP also said surveillance of the area would be beefed up with increased patrolling and the installation of 550 CCTV cameras and 20 police boxes. These are promising initiatives. Given the historical vulnerability of Mohammadpur and adjacent areas to mugging and other petty crimes, authorities need to be pragmatic in their approach. The priority should be dismantling all local gangs and extortion rings. The local police must be equipped with adequate resources right away so that they can do their job effectively. Now that we have an elected government in place, it is up to them to prioritise the safety of residents in areas such as Mohammadpur and Adabor where violence and crime fester in every corner.

THIS DAY IN HISTORY

Russia invades Ukraine



On this day in 2022, Russia launched a full-scale invasion of Ukraine, triggering Europe's largest ground war since World War II and upending global security.

Planning beyond an LDC graduation deferment



MACRO MIRROR

Dr Fahmida Khatun is an economist and executive director at the Centre for Policy Dialogue (CPD). Views expressed in the article are the author's own.

FAHMIDA KHATUN

The question of deferring Bangladesh's graduation from the Least Developed Country (LDC) status has predictably resurfaced following the formation of the BNP government. Last year, the business community strongly advocated for the deferral, stating deep concerns about the country's preparedness for a post-LDC reality. Although the interim government initially appeared to favour a deferment, it later decided not to pursue it. Now, the Economic Relations Division (ERD) of the new government has sent a letter to the chair of the United Nations Committee for Development Policy (CDP) requesting an extension of the preparatory period for LDC graduation until November 24, 2029.

Last November, Bangladesh submitted its 2025 annual report to the CDP, confirming that it continued to meet all three LDC graduation criteria and remained on track for graduation in November 2026 despite economic shocks, while progressing with its Smooth Transition Strategy. The three criteria are per capita gross national income (GNI), human asset index (HAI), and economic vulnerability index (EVI). To delay graduation now, the government will have to convince the CDP that the country's socio-economic situation has deteriorated beyond its capacity to absorb post-graduation shocks.

In its latest letter, the government argued that concurrent global and domestic shocks such as the pandemic, geopolitical conflicts, financial instability, and political upheaval have disrupted preparation, strained macroeconomic stability, and constrained reform efforts. Increasing trade uncertainties and the risk of losing preferential access might weaken its competitiveness. Therefore, a delay would support reform consolidation and economic stabilisation.

The UN's LDC classification carries significant practical benefits, including preferential market access, special and differential treatment under World Trade Organization (WTO) rules, concessional financing, and targeted technical assistance. Clear quantitative criteria determine graduation from this status, which requires a country to meet at least two of the three criteria in two consecutive triennial reviews. Alternatively, a country may qualify for

graduation if its GNI per capita reaches at least three times the prescribed threshold, even if it does not satisfy the other two criteria.

The CDP, under the UN Economic and Social Council (ECOSOC), reviews each country's performance every three years and recommends graduation once the criteria are met. ECOSOC then endorses this recommendation, and the UN General Assembly (UNGA) formalises the decision, typically providing a three-year preparatory period for the country to adapt to losing LDC-specific support.

Deferring LDC graduation is an exceptional measure and is not automatic or solely based on domestic preferences. The CDP might suggest



VISUAL: ANWAR SOHEL

postponement for the next triennial review. Alternatively, a government can formally notify the UN secretary-general of its concerns, allowing the matter to be discussed by ECOSOC or the UNGA. In rare cases, when severe economic downturns cause a country to fall below the graduation thresholds, the process is halted, and the country remains classified as an LDC until it meets the criteria again.

Deferrals of LDC graduation are rare, but not unprecedented. The Solomon Islands secured a three-year postponement in 2023 after catastrophic natural disasters and civil unrest severely weakened its development prospects. Similarly, Angola secured a delay when global oil price shocks pushed its economic indicators below the required thresholds; its strong diplomatic backing helped secure UN approval. In

the Pacific, countries such as Vanuatu and Kiribati have experienced repeated postponements due to persistent environmental vulnerabilities, remaining on the LDC list long after initial eligibility for graduation. The Maldives's smooth transition period was extended in 2005 following the Indian Ocean tsunami, and the country ultimately graduated from LDC status in 2011.

Closer to home, Myanmar's graduation was deferred following political instability after the 2021 military coup, while Nepal received a postponement after the devastating 2015 earthquake disrupted its socioeconomic progress. Bangladesh and Nepal were initially scheduled to graduate in 2024, but the UNGA extended the timeline due to the Covid pandemic.

These cases have a common feature. Deferment was granted due to significant, well-documented shocks that substantially reversed development progress. The precedent indicates that postponement is mainly justified by severe economic, political, or environmental crises, rather

Firstly, institutional and regulatory reforms are crucial for fostering sustainable and competitive growth. Robust institutions will underpin Bangladesh's resilience after graduation. Strengthening trade negotiation skills to negotiate free trade agreements (FTAs) and preferential treaties with major markets is needed. Regulatory systems covering standards, quality, and intellectual property should meet international standards. Agencies handling trade and investment must develop analytical capabilities to predict market changes and adapt strategically to global challenges.

Second, fiscal and governance reforms should be implemented to sustainably manage increasing fiscal pressures. As concessional financing diminishes after graduation, boosting domestic resource mobilisation will become essential. Tax reforms should expand the tax base, cut exemptions, and enhance compliance. Tariff reform needs to strike a balance between keeping prices competitive and meeting revenue objectives. Ensuring transparent governance, fighting corruption, streamlining public procurement, and reforming the judicial system are vital for boosting investor confidence. Effective debt management and maintaining sufficient foreign exchange reserves will also support resilience against external shocks.

Third, Bangladesh needs to expand beyond ready-made garments to maintain sustained growth and long-term economic resilience. Investing in sectors like light engineering, agro-processing, pharmaceuticals, and IT services is crucial. Skills development and technical training should match the needs of emerging industries. Encouraging innovation via research collaborations, technology adoption, and public-private partnerships will elevate the economy along the value chain and boost global competitiveness.

Fourth, strengthening social protection systems and consolidating human capital improvements are crucial. A transition from LDC might raise economic risks for some groups, so robust social safety nets, retraining initiatives, and employment support can act as safeguards. Ongoing investment in health and education, as well as inclusive policies, can sustain human capital achievements and ensure sustainable development rather than increased inequality.

Bangladesh is at a critical juncture. Its future achievements will depend less on retaining LDC status than on implementing strategic reforms, strengthening institutions, and fostering collective determination to turn graduation into a chance for resilient, inclusive growth.

Bangladesh's renewables drive must include women



Wasiur Rahman Tonmoy leads Youth and Social Cohesion team at Manusher Jomo Foundation. He can be reached at tonmoy@manusher.org.

WASIUR RAHMAN TONMOY

As Bangladesh slowly advances towards clean and sustainable energy, the transition is not only about cutting carbon emissions. It is also about exploring new avenues for job creation, economic growth, and a fairer and more equal society. And for this to be successful, women must be at the centre of it.

Women play a crucial role in managing domestic energy—through daily decision-making regarding cooking fuels, electricity use, and energy conservation—and when energy prices go up or energy shortages occur, women are the first to feel the pinch. But in the renewable energy sector, women's role is still largely confined to being users, not designers, technologists, entrepreneurs, or decision-makers.

According to the International Renewable Energy Agency (IRENA), women constitute only about 32 percent of the total global workforce in the renewable energy sector, with even lower representation in technical and decision-making positions. Bangladesh, despite its positive growth in the energy sector, has fallen short

in ensuring maximum women's participation.

According to the Sustainable and Renewable Energy Development Authority (SREDA), the contribution of renewable energy to the country's total electricity generation is about 5.4 percent; however, the country has made great strides in solar energy. Some six million solar home systems have already been installed, providing electricity to over 18 million people. And failing to utilise women in this rapidly expanding industry is a serious economic oversight, especially when the country is doing its best to strike a balance between economic development and climate obligations.

Lessons can be learned from other nations in this regard. In Nepal, government-backed schemes for renewable energy have opened doors for women entrepreneurs in solar and micro-hydro power. In India, women-led self-help groups (SHGs) are now skilled at setting up and looking after solar pumps to provide affordable clean energy for irrigation, gaining both income and respect within their communities. Meanwhile, Germany's

Energiewende initiative has been instrumental in getting young women to consider careers in renewable energy research and engineering. These instances demonstrate that real change can happen when policies are robust and investment in training is prioritised.

For Bangladesh, the key starting point is capacity building. More young women need to be encouraged to pursue science, technology, engineering, and mathematics (STEM) in their higher education journey. Scholarships, internships, and partnerships between universities and renewable energy companies can help create a bridge between academic education and employment. Technical and vocational education and training institutions can also offer short courses in solar power installation, maintenance, and green entrepreneurship to build a skilled labour group in the renewable energy sector.

At the community level, rural women need to be provided with training that is practical and accessible. The training should be designed in such a way that it takes into consideration the realities of social life, such as mobility restrictions and caregiving responsibilities.

Policy reform is another crucial step. To institutionalise women's involvement, gender-responsive budgeting in the energy sector is essential, along with support for businesses hiring and training women and the establishment of gender

targets within the national energy strategy. Furthermore, civil society, development partners, and the private sector must work together to track progress and ensure accountability.

The renewable energy sector is a technical area, and it is also a rapidly growing market. Women-owned businesses can provide, install, and maintain solar home systems, biogas plants, and mini grids. With microfinance and business skills, these businesses can provide jobs and boost local economies while helping to address climate change.

Bangladesh has pledged to meet the sustainable development goals (SDGs), including SDG 5 on gender equality, SDG 7 on universal and clean energy, SDG 8 on decent work, SDG 10 on reduced inequalities, and SDG 13 on climate action. All these goals are interlinked, and achieving one goal helps to advance another.

It is important to remember that the country's renewable energy transition is not just about megawatts and technology, but also the people. If women are trained, supported, and given leadership opportunities across the renewable energy value chain, Bangladesh will not only move faster towards clean energy; it will also move closer to a more equal and resilient future.

The shift to renewable energy is already underway. Now is the time to ensure that women are not standing on the sidelines but rather helping lead the way.