Can incentives help Bangladesh attract more FDI?

A new scheme offers resident and non-resident Bangladeshis a 1.25% cash reward for using their connections to attract fresh foreign investment

JAGARAN CHAKMA

Invest Bangladesh, the country's apex investment promotion agency, has introduced an incentive scheme to encourage Bangladeshis at home and abroad to attract fresh foreign direct investment (FDI), seeking a cost-effective way to promote the country to overseas investors.

The scheme will offer a cash incentive of 1.25 percent to individuals who mobilise at least $1 million in fresh foreign investment, according to an official of the agency.

It targets around $600 million in fresh equity investment, based on the previous year's benchmark, against Bangladesh's average annual FDI inflow of about $1.5 billion, a significant portion of which comes from reinvestment.

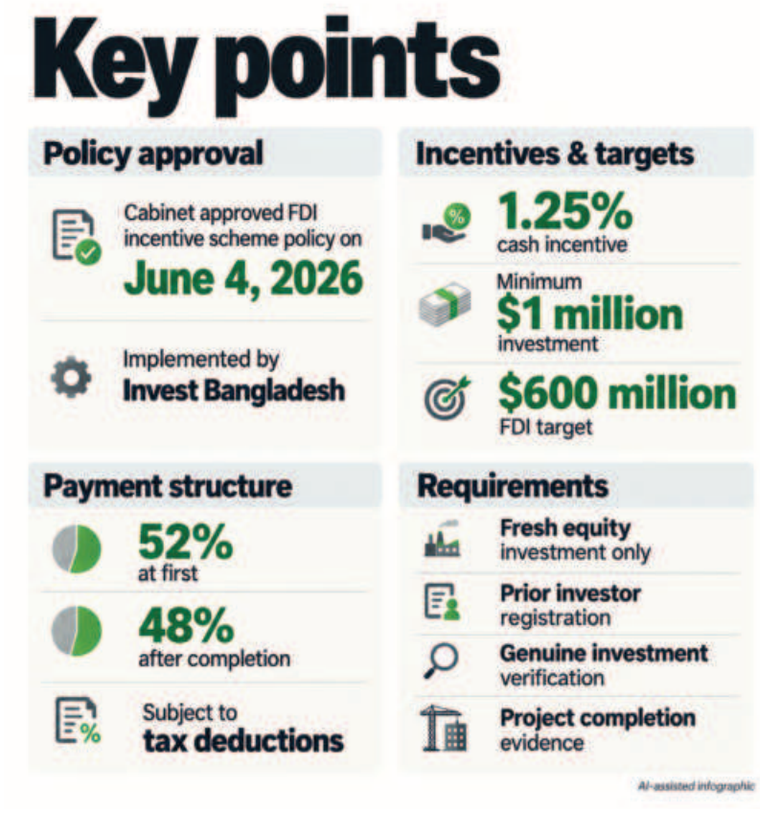
The initiative comes amid sluggish FDI growth in Bangladesh, particularly compared with regional peers.

The Cabinet approved the Foreign Direct Investment (FDI) Incentive Scheme Policy, 2026, on June 4 to encourage expatriate Bangladeshis and other citizens to leverage their networks to attract foreign investment.

However, the Cabinet Division did not disclose the specific benefits or incentives under the policy at the time.

The policy addresses a key challenge for Bangladesh: the country remains relatively unknown to many potential investors, while promoting it overseas requires substantial spending.

Speaking to The Daily Star, Nahian Rahman Rochi, an executive member of Invest Bangladesh, said many investors, particularly in emerging markets, remain unaware of Bangladesh's market size and investment opportunities.



"We do not have the budgetary support to promote Bangladesh on a mass scale," he said.

The incentive scheme aims to address this limitation by tapping Bangladeshis and non-resident Bangladeshis (NRBs) who have established business and professional networks abroad.

"Many NRBs are in very good positions abroad. They have the right connections," Rochi said.

The government wants to leverage these networks to reach potential investors, particularly in emerging markets where Bangladesh has limited visibility and companies are exploring new investment destinations.

Rochi cited Turkey, where high inflation and interest rates have prompted some businesses to consider relocating. Turkish textile and advanced textile companies, for instance, are exploring investment opportunities in countries such as Egypt and Ethiopia.

Bangladesh, with its established textile industry, could potentially attract some of these investors, but reaching the right decision-makers remains a challenge, he said.

The incentive scheme seeks to reward individuals who can turn their overseas connections into actual investments in Bangladesh.

The scheme will focus on fresh foreign equity investment rather than existing investments or reinvestment. Prospective investors must be registered under the scheme before making the investment, and incentives will be paid only after the funds have been brought into Bangladesh and verified.

Authorities will assess whether investors have taken concrete steps, such as opening bank accounts, acquiring land or starting construction, to ensure that investments are genuine.

The incentive will be paid in two instalments, with 52 percent disbursed after the investment is verified and the remaining 48 percent after the project is fully completed, Rochi said.

For instance, an individual who mobilises Tk 100 crore in investment will be entitled to a cash incentive of Tk 1.25 crore. After deductions for taxes and VAT, the individual will receive Tk 1 crore, he added.

Rochi said the scheme's objective is not merely to increase the headline FDI figure but to attract fresh foreign equity that might otherwise not reach Bangladesh.

The initiative will enable the country to tap into the networks of Bangladeshis based in key overseas markets, reducing the need to establish and maintain an extensive investment-promotion infrastructure abroad, he added.

Digital bank vs digital banking: Competing to bank the unbanked

MAMUN RASHID

Last week, a friend called after learning that Bangladesh Bank had given initial approval to five digital banks, including bKash Digital Bank, Boost backed by Robi Axiata, Nova backed by VEON and Square, DK Digital Bank and Kori, approved under the earlier political regime. His question was simple: "I already use my bank's app. Why do we need another bank without a branch?"

It is a fair question.

Established banks have done commendable work. Citytouch, Astha, SkyBanking, Cellfin, NexusPay, MyPrime and Smart Banking show that customers are comfortable paying bills, transferring funds and managing deposits by phone. But digital banking is largely a new window on an old house. It still carries branch costs, legacy systems and, in too many cases, a mountain of default loans.

A digital bank starts without branches and can potentially lend smarter. Wallet and telecom usage data can help identify people who earn regularly and repay on time. Small loans based on alternative data could carry lower default risks than the concentrated corporate lending that has strained the banking sector. Sceptics point out that several sponsors are telecom and fintech operators rather than traditional bankers. They bring reach and agility. bKash brought mobile financial services to remote villages, while telecom companies built nationwide networks. Banking expertise can be hired, but digital banks need experienced risk managers and technology-focused product teams. Bangladesh Bank should require that balance from the start.



Digital banks could expand financial inclusion through alternative credit scoring, affordable services and tailored products, provided regulators ensure interoperability, cybersecurity and consumer protection.

The model will work only if digital banks do more than replicate mobile financial services. MFS providers rely heavily on cash-out, send-money and merchant fees. Digital banks need wider revenue streams, including lending, merchant payments, cards, remittances, insurance, savings and investment products. Transfers within the bank should be free or nearly free, while agent withdrawals should cost less than current wallet charges.

Product design will also matter. Beyond young customers, salaried professionals and corporates, digital banks could serve elderly people through simple pension accounts with Bangla voice assistance, healthcare payments and easy support from children abroad. Students, homemakers, farmers and small shopkeepers also need tailored products. The Tk300 crore paid-up capital should strengthen technology, risk management and lending, not just marketing.

The biggest risk is a closed ecosystem. If a digital bank serves only its parent network's customers, deposits and risks could become concentrated. Universal interoperability through NPSB and Bangla QR should therefore be enforced across SIMs and wallets. Financial inclusion will also require partnerships with RMG payrolls, microfinance institutions, cooperatives and agricultural networks. Existing agent networks, ATMs and deposit machines should be used where regulations allow. In rural and suburban areas, local agents and voice helplines can help customers move to digital banking.

Purpose-built technology can further distinguish digital banks. Cloud-native systems, behavioural credit scoring, real-time fraud detection, biometric onboarding and open APIs could turn people without formal credit histories into bankable customers.

The regulator's role remains crucial. Digital banks need a functional sandbox, clear data-hosting rules, access to credit bureaus, liquidity facilities and strong cybersecurity requirements. Consumer protection is equally important, as easy access to digital credit must not become easy debt.

To my friend, my answer remains: You may not need another bank. But millions of Bangladeshis still outside formal finance do. If these institutions keep that purpose at their core, they could open a new chapter in financial inclusion.

The writer is a lead partner with Financial Excellence Limited.

Oil settles lower

REUTERS, *Houston*

Crude futures finished down after European leaders agreed to US President Donald Trump's request to release diesel reserves to lower prices and reduce fuel imports from the US.

Brent settled down 6 cents, or 0.06 percent, at $102.25 a barrel. WTI finished down $1.76, or 1.90 percent, at $91.11 a barrel.

For the week, Brent was up 0.11 percent with WTI 1.6 percent lower.

European Union countries agreed to a French proposal to release additional diesel stockpiles, a source familiar with details of the discussion told Reuters.

"Europe has just agreed to release a massive amount of their heavily stocked Diesel Oil," Trump wrote in a post on Truth Social. Previously, Trump had said he was mulling a ban on US diesel exports.

European Union countries agreed to a French proposal to release additional diesel stockpiles

"Europe is feeling pretty vulnerable," said Phil Flynn, senior analyst with the Price Futures Group. "Europe would be one of the areas to suffer the most if we put an export ban on diesel."

EU governments acted after discussing the proposal by France for European countries to release 50 million barrels of diesel, and for International Energy Agency members to release 50 million barrels of crude oil, three sources familiar with the discussions told Reuters.

Under the proposal, Europe would release part of the diesel volumes in a 20-day period, two of the sources said. French President Emmanuel Macron chaired a videoconference with G7 leaders on Friday, the Elysee Palace said.

It was not immediately clear if G7 countries had agreed to France's proposal on the volumes of fuel to be released.

The energy transition is starting to feed itself

REUTERS, *Littleton*

The shift toward electric vehicles, renewables, battery storage and expanded power grids is driving a surge in demand for copper, rare earths, silver and other materials.

But the electrification push is starting to create its own supply, too.

According to the International Energy Agency, clean energy technologies require far larger quantities of minerals than conventional energy systems, and demand linked to the energy transition is only set to grow over the coming decades.

That accelerating demand contrasts with a supply outlook for key materials which is constrained by new mines, refining capacity and processing infrastructure that can take years to develop.

That conundrum is forcing governments and companies to rethink where future supplies will come from.

An increasingly viable source of new supply is coming from an unexpected source: energy-transition infrastructure itself.

Around the world, breakthroughs in recycling are turning old batteries, retired solar panels, decommissioned wind turbines and aging grid equipment into increasingly valuable sources of the same materials needed to sustain energy-transition momentum.

What began as a waste-management challenge is evolving into a strategic industrial opportunity, as legacy energy-transition components become a resource base in their own right.

Batteries offer the clearest example of the growing importance of recycling to the supply picture.

For years, concerns about future battery supply focused on the availability of lithium, nickel, cobalt and graphite from mines.

But attention is now shifting toward recovering those same materials from batteries already in circulation.

US company Redwood Materials says it recovers more than 95 percent of lithium, nickel, cobalt and copper from spent batteries and manufacturing scrap.

The company processes more than 20 gigawatt-hours of lithium-ion batteries annually and produces more than 60,000 metric tons of critical materials each year.

It describes those recovered materials as a growing domestic source of supply that can reduce dependence on new mining and imports.

With the first generation of large-scale EV batteries now reaching maturity, the volume of available batteries should continue to climb.

This, in turn, may encourage more widespread recycling that can reduce demand for fresh battery components.

The impact on global supply could be meaningful.

Between 20 percent and 30 percent of global lithium, nickel and cobalt demand could come from stepped-up recycling efforts by 2050, according to the IEA.

In Europe, which has some of the world's most ambitious materials recycling policies, researchers have estimated that roughly 15 percent of lithium, nickel and manganese and around 25 percent of cobalt supplies could come from recycling sources by 2030.

Solar energy faces a similar opportunity.

The industry is adding generating capacity at record rates, but is also consuming large quantities of silver, silicon and other materials to manufacture arrays.

Recycling efforts have so far focused mainly on recovering glass and aluminium from retired panels; other materials have often remained difficult or uneconomic to recover.

But a series of recent technological breakthroughs is improving the economics of solar-panel recycling, allowing valuable materials such as silver and silicon to be recovered more efficiently.

Researchers at the Netherlands Organisation for Applied Scientific Research recently demonstrated a laser-assisted recycling process capable of recovering silicon with purity levels of up to 99.998 percent and silver with purity of 99.7 percent, while achieving recovery yields of roughly 97 percent.

In Australia, researchers at the University of Newcastle have demonstrated nearly 100 percent silver recovery from end-of-life solar panels using flotation techniques already familiar to the mining industry that are commercially scalable.

Such high recovery rates of some of the most sought-after components of solar arrays have the potential to elevate solar recycling from a side hustle into a lucrative industry.

Indeed, energy consultants at Rystad Energy estimate that the total value of recyclable materials from solar panels could rise from around $2 billion currently to roughly $80 billion by 2050 given the scale of global deployment of solar systems and the expected increase in materials prices.

By 2035, as much as 8 percent of the polysilicon, 11 percent of the aluminum, 2 percent of the copper and 21 percent of the silver needed for solar panel production could come from recycling panels installed in 2020, according to Rystad research.

Future solar deployment may therefore increasingly not need to draw on newly produced silver and silicon but instead look to materials harvested from earlier generations of solar farms.

Wind power is experiencing its own recycling breakthrough.

A wind turbine can already be substantially recycled, but the blades have long represented a technical challenge because of the composite materials used in their construction.

However, recent advances suggest a solution is coming into view that could emerge as a boon for cement makers and construction firms looking to reduce their own carbon footprints.

French multinational Veolia has developed a process that shreds previously unrecyclable fibreglass blades into pellets that can replace coal, silica and limestone in cement kilns.

US company REGEN Fiber applies a similar process to create reinforcement fibers for the concrete, asphalt and composite industries.

While the output of these processes does not produce inputs for the renewable energy industry itself, the recycled materials can displace significant volumes of virgin raw materials in the cement and construction sectors.

An analysis by Quantis US, an environmental consulting firm, found that feeding a shredded 7-metric-ton blade into a cement kiln reduces coal use by 5 tons while avoiding 2.7 tons of silica, 1.9 tons of limestone and nearly 1 ton of additional minerals.



PHOTO: AFP/FILE

The photo shows employees working at a factory that produces lithium battery for export in Huaibei, in eastern China's Anhui province. Battery recycling is emerging as a key source of lithium, nickel and cobalt for the energy transition.

US posts weak job growth data

AFP, *Washington*

Employment in the United States grew by 29,000 jobs in September, missing analysts' expectations significantly, with the unemployment rate rising slightly to 4.2 percent, government data showed on Friday.

Adding to the weak data, the Bureau of Labor Statistics (BLS) also revised down job figures for July and August by a combined 60,000 jobs, the department said in a statement.

The revision to July's data showed that the world's largest economy lost jobs that month, as opposed to posting a gain of 21,000 as previously reported. The data comes ahead of key midterm elections in November where President Donald Trump's Republican Party is facing a stern test over his handling of the economy.

Trump's top economic advisor Kevin Hassett said he was "not even a little bit" disappointed in Friday's data. Analysts polled by Dow Jones Newswires and the Wall Street Journal had expected the US economy to add 84,000 jobs in September. Employment in most major sectors was largely unchanged, the BLS reported, with health care posting gains of 17,000.

The sector has propped up the labor market in the United States in the last year, as an aging population requires more care.

September's sector gains were slower than its average monthly gain of 33,000 over the last year.

"With... immigrant labor losing their status to work in the US, that restriction in labor supply is causing subdued labor growth now for health care," said Ken Kim, senior economist at KPMG.

The financial sector continued its downward slide, bringing its overall slump from a recent peak in May 2025 to 129,000.

Average hourly earnings for all employees were up 3.0 percent year-on-year, with wages continuing to lag behind stubbornly high inflation -- meaning most workers are seeing real wage losses.