UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Bangladesh

Report on the implementation of the Investment Policy Review

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- **Use of an en dash (–) between dates** representing years, for example, 2020–2021 signifies the full period involved, including the beginning and end years.
- **Reference to dollars ($)** are to United States of America dollars, unless otherwise indicated.
- **Annual rates of growth or change**, unless otherwise stated, refer to annual compound rates.
- **Details and percentages** in tables do not necessarily add to totals because of rounding.

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ACC	Anti-Corruption Commission
ADB	Asian Development Bank
API	active pharmaceutical ingredients
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
BCC	Bangladesh Competition Commission
BEPZA	Bangladesh Export Processing Zones Authority
BERC	Bangladesh Energy Regulatory Commission
BEZA	Bangladesh Economic Zones Authority
BHTPA	Bangladesh Hi-Tech Park Authority
BIDA	Bangladesh Investment Development Authority
BOI	Board of Investment
BSCIC	Bangladesh Small and Cottage Industries Corporation
CSR	corporate social responsibility
DIAE	Division on Investment and Enterprise
EPZ	export processing zone
EU	European Union
EZ	economic zone
FDI	foreign direct investment
FEPD	Foreign Exchange Policy Department
FPIPPA	Foreign Private Investment (Promotion and Protection) Act
FTA	free trade agreement
GDP	gross domestic product
ICT	information and communication technology
IFC	International Finance Corporation
IPFSD	Investment Policy Framework for Sustainable Development
IIA	international investment agreement
IPA	investment promotion agency
IPO	initial public offering
IPR	Investment Policy Review
IT	information technology
LDC	least developed country
LNG	liquefied natural gas
NBR	National Board of Revenue
NDP	National Drug Policy
OECD	Organization for Economic Co-operation and Development
OSS	one-stop service
PPP	public-private partnership
PPPA	Public-Private Partnership Authority
RCEP	Regional Comprehensive Economic Partnership
RMG	ready-made garment
SDG	Sustainable Development Goals
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UGC	University Grants Commission
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
VAT	value-added tax
WTO	World Trade Organization

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Introduction

The Investment Policy Review (IPR) of Bangladesh was published in 2013. It provided a comprehensive assessment of the country's strategic, legal and institutional framework for investment and proposed tailored recommendations to improve the investment climate and attract foreign direct investment (FDI). The IPR also outlined recommendations to further enable public-private partnerships (PPP) to attract FDI for infrastructure development, focusing on the policy framework, regulatory and financial constraints and institutional capacity.

In 2025, the Bangladesh Investment Development Authority (BIDA) requested UNCTAD to assess the implementation of the IPR recommendations. This report analyses the progress made in strengthening the investment climate, including amid various global crises. It also highlights further actions to support the country's development objectives, particularly considering its scheduled graduation from least developed country (LDC) status in November 2026. An online tool, the Live implementation matrix, will be made available to the Government of Bangladesh to continue monitoring and reporting on progress made, and to provide an up-to-date picture of efforts undertaken to further reform the investment environment. The analysis and recommendations are based on UNCTAD's Investment Policy Framework for Sustainable Development (IPFSD) (UNCTAD, 2015), which provides guidance for aligning investment policy with inclusive growth and sustainability.

Since its inception in 1999, UNCTAD's IPR programme has supported more than 60 economies, including 26 LDCs, in enhancing their investment frameworks in line with their national development goals and the Sustainable Development Goals (SDGs). Follow-up reports are prepared at the request of beneficiary countries to assess the implementation of the IPR recommendations, identify remaining challenges and propose additional actions to further improve the investment environment. These reports also help determine the need for technical assistance and support the design of future reform strategies.

1

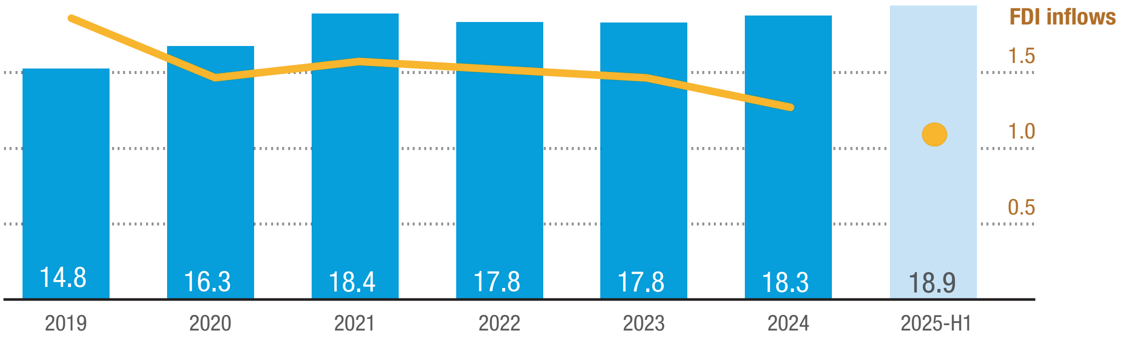
Key foreign direct investment trends

Textiles, finance and power attract the bulk of FDI, but investment in new sectors is increasing

FDI inflows to Bangladesh have declined over the past six years, but early 2025 data point towards a rebound.
After peaking at over $1.8 billion in 2019,[1] inflows declined by nearly one-third in 2024, falling below levels observed at the onset of the COVID-19 pandemic (figure 1). The stock of inward FDI remained stable at about $18 billion since 2021. Investor confidence during this period was affected by several elements. Starting in 2021, the depreciation of the taka (about 36 per cent against the United States dollar), combined with foreign exchange constraints, contributed to payment delays and import restrictions, particularly for fuel. This, in turn, affected energy availability and cost, thus increasing operational challenges for investors. The country also saw sociopolitical developments in 2023–2024, associated with the parliamentary election cycle and constitutional reform process, as well as labour-related disruptions in the garment sector, the largest FDI recipient. Macroeconomic pressures, including a slowdown in gross domestic product (GDP) growth from 8 to 4 per cent, and a rise in inflation from 5.5 to close to 10 per cent between 2019 and 2024, also weighed on the broader investment climate. Looking ahead, early data for 2025 suggest a rebound in FDI inflows, supported by higher reinvested earnings and intracompany loans, alongside indications of stronger GDP growth and easing inflationary pressures, as macroeconomic and political conditions gradually stabilize (IMF, 2025).

[1] Bangladesh Bank has recently adopted the Asset/Liability ("gross") basis for reporting inward FDI flows and stock, in accordance with the Sixth Edition of the IMF Balance of Payments and International Investment Position Manual (BPM6). Data compiled under this methodology are available only from 2019 onwards. The transition from the Directional ("net") basis outlined in BPM5 to the Asset/Liability approach constitutes a structural break in the time series. To ensure consistency, this report utilizes Asset/Liability-based data as reported to UNCTAD through November 2025.

Figure 1.
FDI inflows decreased after 2019 but show signs of recovery in early 2025
Inward FDI flows and stocks to Bangladesh, 2019–2025, billions of dollars



Source: Bangladesh Bank.

Note: H1 = first six months of 2025.

Investment attraction remains modest relative to other export-oriented peers in Asia.
The country's absolute performance is stronger than that of the average LDC (table 1). The relative performance (in terms of population, GDP and gross fixed capital formation) is weaker than that of individual comparators, the average LDC and the average for the Association of Southeast Asian Nations (ASEAN) and the Regional Comprehensive Economic Partnership (RCEP), the two regional groupings it aims to join. FDI represents 1 per cent of total gross fixed capital formation and 0.4 per cent of GDP.

Table 1.
The absolute and relative FDI performance lags behind regional peers

Economy	Average inflows of foreign direct investment				Foreign direct investment stock		
	Millions of dollars	Per capita (dollars)	Per $1 000 gross domestic product	As percentage of gross fixed capital formation	Total (millions of dollars)	Per capita (dollars)	Percentage of gross domestic product
	2019–2024	2019–2024	2019–2024	2019–2024	2024		
Bangladesh	1 524	9	4	1	18 294	106	4
Cambodia	3 784	227	95	31	52 667	3 065	111
Indonesia	22 451	82	18	6	305 666	1 085	22
Viet Nam	17 358	175	44	15	249 141	2 459	54
ASEAN*	19 066	284	54	20	358 587	5 227	91
RCEP*	28 563	187	15	4	575 295	3 748	28
LDCs*	631	26	21	7	10 448	415	32

Source: UNCTAD.

Note: ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. RCEP comprises the ten ASEAN member States, Australia, China, Japan, New Zealand and Republic of Korea.

* For comparability of data for ASEAN, RCEP and LDCs: a) the average FDI flows in millions of dollars are calculated by dividing the group average for the considered period by the number of countries in the group; b) the total FDI stock is an average value of individual countries' FDI stock.

Textiles, finance and power attract the bulk of FDI, but investment in new sectors is increasing.
Together, these three industries accounted for $10.5 billion, or 58 per cent of the inward FDI stock at end-2024 (figure 2). While banking, textiles and garments have traditionally dominated, the power sector has recorded a faster growth over the past six years, with FDI rising by 77 per cent. Steady increases have also been observed in telecommunications, pharmaceuticals, fertilizers and other chemicals, as well as trade and health-related services, although the latter remains small in absolute terms.

The digital economy is also emerging as a key destination for foreign investment.
Between 2019 and 2024, FDI inflows to telecommunications, software and information technology (IT) reached $434 million, or 15 per cent of services FDI, with telecommunications accounting for the majority. The deployment of 5G technology is expected to attract additional investment in telecommunications, and the IT services market is projected to grow by 11.8 per cent annually to $3.3 billion by 2029.[2] Over 40 joint ventures and foreign-owned offshore development centres now operate in the sector, deepening integration into global technology value chains. FDI in hardware manufacturing is also rising, though it remains below regional peers. From 2020 to 2024, 30 greenfield projects worth $1.1 billion were announced, largely in data centres (UNCTAD, 2025). At the policy level, the draft National Digital Transformation Strategy 2025–2030 aims to address bureaucratic, infrastructure and cybersecurity challenges that constrain investment by improving regulatory frameworks, fostering innovation and expanding startup financing by 50 per cent.[3]

2 See investbangladesh.gov.bd/investment-sector/it-it-enabled-services
3 See thedailystar.net/tech-startup/news/bangladeshs-digital-transformation-roadmap-draft-key-takeaways-3827356

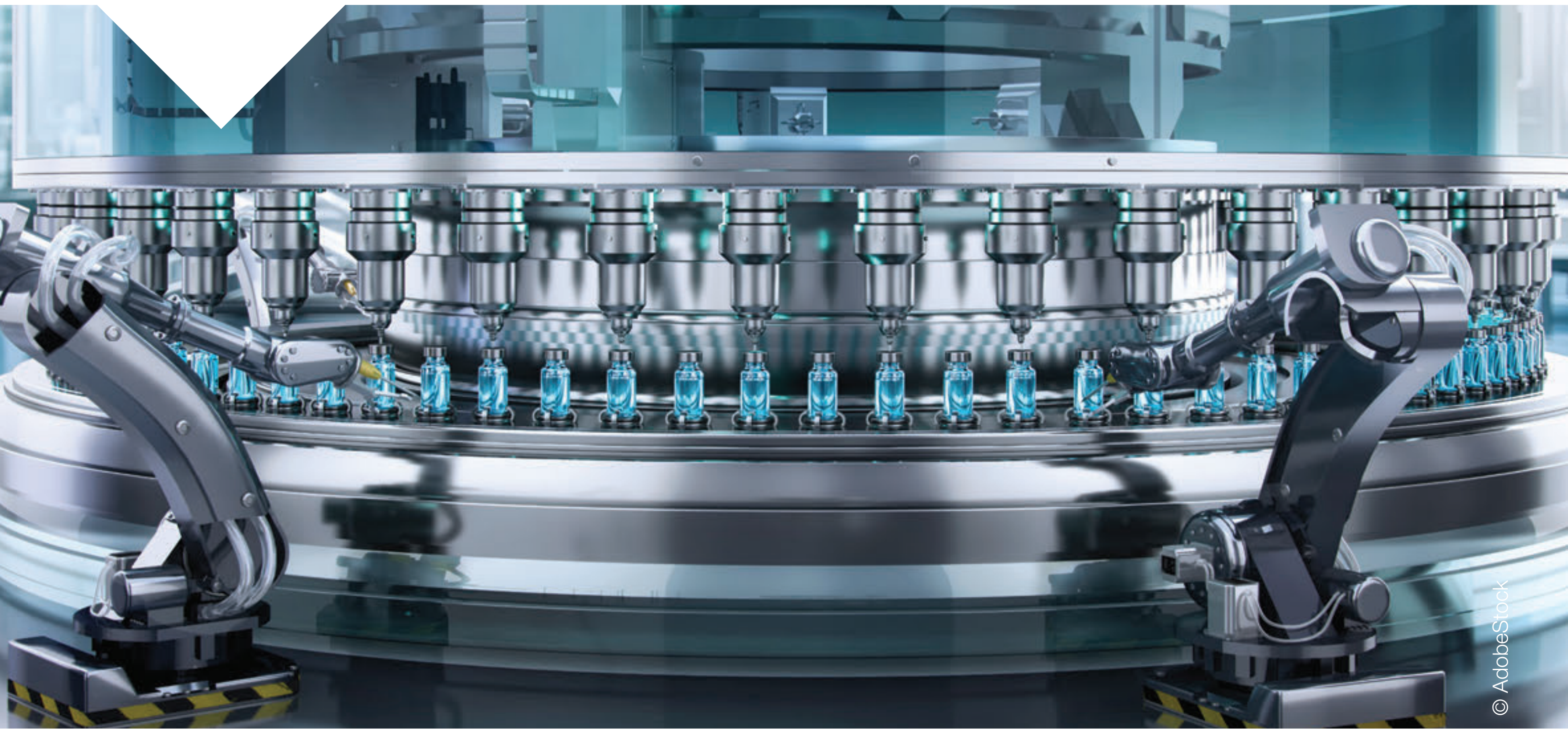

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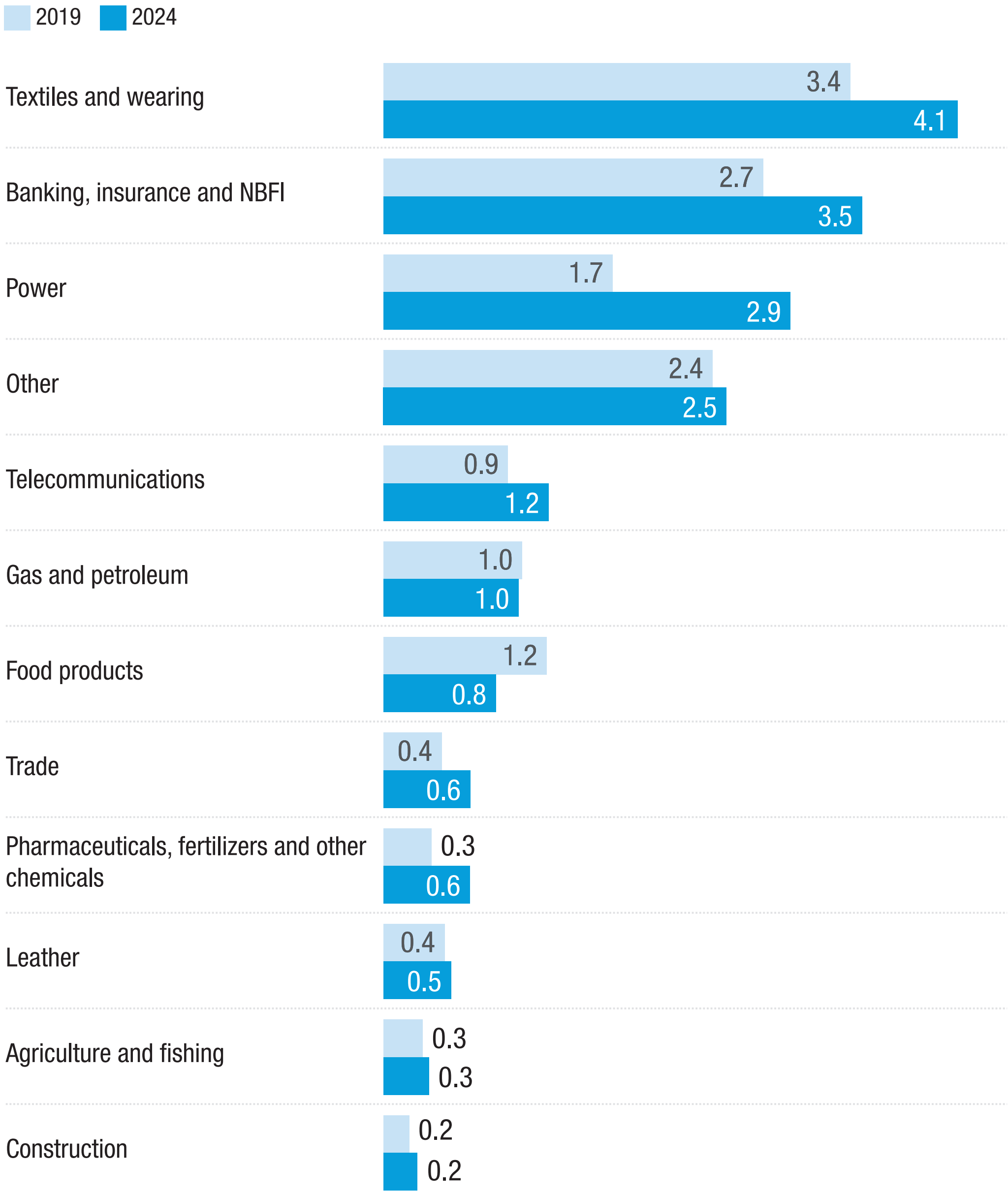
Figure 2.

Textiles, finance and power account for the largest shares of inward FDI

FDI stock by sector, 2019 and 2024, billions of dollars



Source: Bangladesh Bank.

Notes: NBFI = non-bank financial institutions. Official Bangladesh Bank industry categories. Data as of end-December.

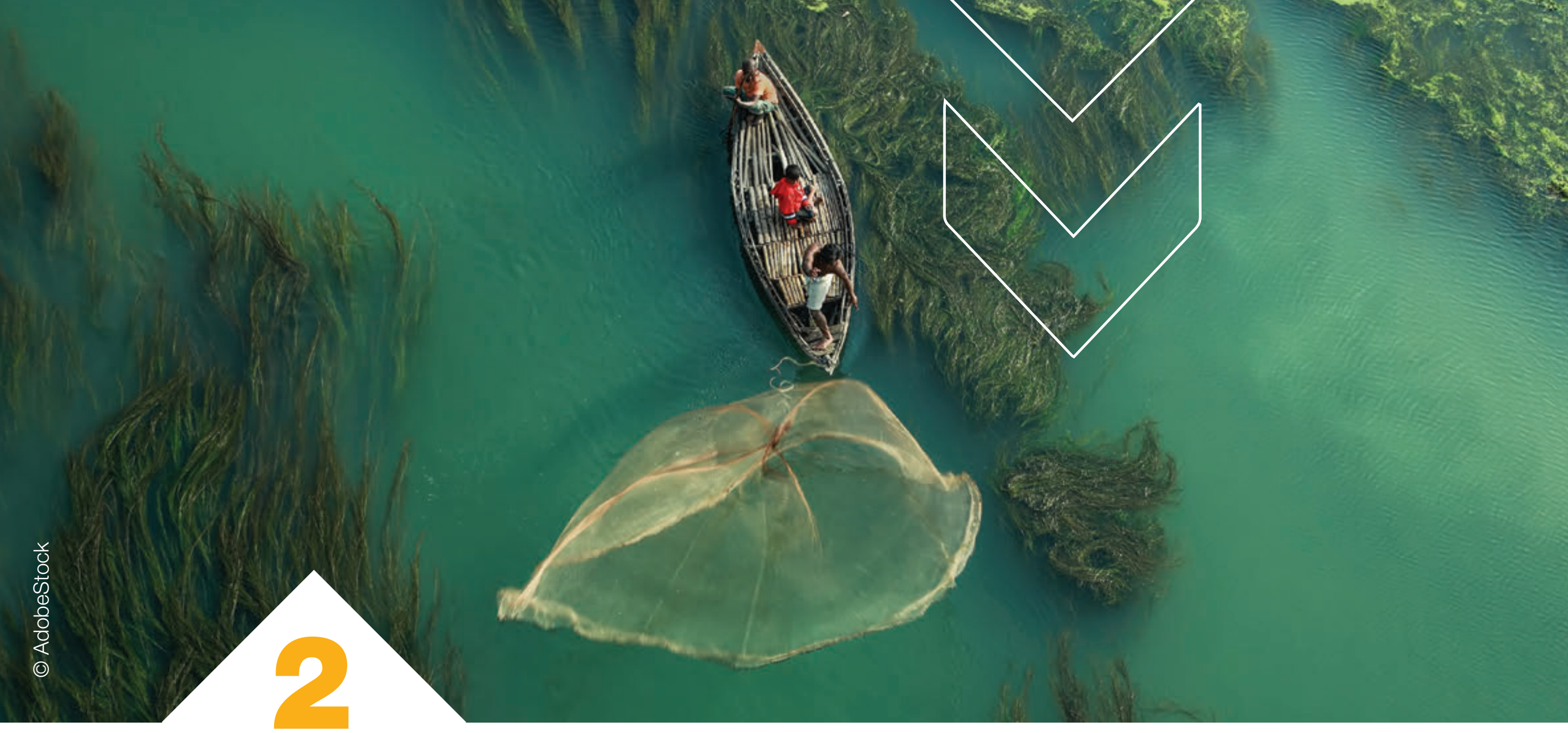
Led by Asia, the sources of FDI are geographically diversified. In 2024, 56 per cent of the inward stock was held by Asian economies, followed by Europe (29 per cent), North America and the Caribbean (10 per cent) and other regions (5 per cent). Asian investors dominate the power, construction, agriculture and fishing, leather, textiles and telecommunications sectors (table 2). Singapore, the Republic of Korea and China are the leading sources, followed by Hong Kong Special Administrative Region (China), India and Malaysia (in that order). European investment, led by the United Kingdom (the largest investor in the country), the Netherlands and Norway, is concentrated in food processing, banking, pharmaceuticals, trade and telecommunications. Finally, investment from North America and countries from the Caribbean, mainly the United States, is directed to finance, textiles, power, gas and petroleum, while Australia stands out among other regions with major holdings in gas and petroleum.

Table 2.
FDI sources are diverse and span several sectors
Bangladesh's FDI stock by major investing economies, December 2024

Economy	Industries of major interest	FDI stock (millions of dollars)	Percentage of the total FDI stock
United Kingdom	Banking, textiles and wearing, food products, pharmaceuticals and chemicals	3 184	17.4
Singapore	Power, telecommunications, textiles and wearing, agriculture and fishing	2 080	11.4
Republic of Korea	Textiles and wearing, leather and leather products	1 652	9.0
China	Power, textiles and wearing	1 487	8.1
Hong Kong, China	Textiles and wearing, power, banking	1 303	7.1
Netherlands	Power, food products, trade	1 235	6.8
United States	Insurance, banking, non-bank financial institutions, textiles and wearing, power, gas and petroleum	1 114	6.1
India	Banking, power, textiles and wearing	846	4.6
Malaysia	Telecommunications, power	771	4.2
Australia	Gas and petroleum	607	3.3
Japan	Fertilizers	498	2.7
Sri Lanka	Banking, textiles and wearing	438	2.4
British Virgin Islands	Textiles and wearing	370	2.0
Norway	Telecommunications	338	1.8
Thailand	Agriculture and fishing	272	1.5
Taiwan, Province of China	Textiles and wearing, leather and leather products	257	1.4
Mauritius	Textiles and wearing	222	1.2
Pakistan	Banking	184	1.0
Others	Various sectors	1 436	8.0
Total		**18 294**	**100**

Source: Bangladesh Bank.

Note: Official Bangladesh Bank industry categories.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Summary of findings

The IPR acknowledged Bangladesh's strong potential to attract more foreign investment. To realize it and foster the contribution to sustainable development, the report highlighted the need for a more coherent investment strategy supported by legal and institutional reforms. It called for strengthening investment promotion, improving administrative efficiency, modernising the tax and land systems, addressing infrastructure bottlenecks and enhancing a skilled workforce to ensure that investment contributes to industrial upgrading and more integration into global and regional value chains. These issues have also been raised in subsequent studies of the investment environment of Bangladesh.[4]

Amid rising trade barriers and heightened global uncertainties, Bangladesh is advancing a broad reform agenda, including to its constitution, to support its LDC graduation, scheduled for November 2026, and improve the investment climate. Key measures were implemented since the IPR and are outlined below, with further details in the implementation matrix (see annex).

- **Important efforts were undertaken to facilitate and promote investment.** A new institutional framework for investment policy and promotion has been established with the creation of BIDA in 2016 through the merger of the former Board of Investment and the Privatization Commission. Significant progress has also been achieved to facilitate business establishment and access to information through the implementation of digital platforms, such as the One-stop Service (OSS) portals and the centralized interface BanglaBiz. In an investment facilitation effort, BIDA also offers co-location of representatives for involved entities (e.g. National Board of Revenue (NBR), Bangladesh Bank) in its premises and the designation of focal points for others. The Authority is also working on several investment climate reform initiatives. Various promotion activities were also undertaken, and reforms are continuing.

A new institutional framework for investment policy and promotion has been established with the creation of BIDA

[4] See for example ADB and Organization for Economic Co-operation and Development (OECD), 2025.

These include the identification of priority sectors, the creation of an inter-ministerial coordination committee that meets regularly with the private sector, the introduction of investor relationship management systems, the launch of targeted outreach campaigns and the development of enhanced communication tools, including a new website and revamped social media accounts. The Government is planning to merge BIDA with five other investment-related regulatory and promotion agencies.

- **Key regulatory and institutional reforms were implemented, including in labour, taxation and intellectual property.** The Labour Act underwent a major revision in October 2025. The revised law introduced significant worker protections, with the aim of aligning with the International Labour Organization recommendations. This includes a ban on gender-based wage discrimination, extended maternity leave, relaxed rules for forming trade unions, mandated provident funds for medium and large factories, and the establishment of a fund for workplace accident compensation. The 2023 Income Tax Act expanded online procedures, streamlined deductible expenses, and aligned national provisions with international accounting standards, while the value-added tax reform introduced electronic filing and payment. At the institutional level, the NBR has been undergoing reforms, including separating its policy and revenue collection functions as part of a revenue mobilisation initiative and receiving regular feedback from the private sector. The Transfer Pricing Cell, established earlier within the NBR, has recently become operational and has initiated transfer pricing audits. The new Patents Act strengthens compliance with the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) ahead of Bangladesh's graduation from LDC status. In addition, Bangladesh took steps to review its international investment agreements (IIA) network, comprised of bilateral investment agreements and broader economic agreements, such as free trade agreements (FTAs). At the request of BIDA, UNCTAD delivered in 2018 a review analysing the country's IIA network and providing recommendations to make it more conducive to sustainable development.

- **Reforms have improved the investment regime in several priority sectors.** The National Drug Policy 2016 further eased restrictions on foreign pharmaceutical firms engaging in licensing and contract manufacturing, while a domestic active pharmaceutical ingredients park has begun limited operations and a second one is under consideration. In the power sector, new measures have enabled private wheeling of electricity and merchant sales to industrial users under the Merchant Power Policy of 2025, and renewable energy targets have been introduced alongside updated rules. In addition, multiple partnerships with foreign universities, including in developed countries, have been established to the benefit of higher education quality. A taskforce was formed to recommend policies for strengthening competitiveness in the semiconductor industry, and a working group was set up to make recommendations for long-term tax predictability in selected emerging industries.

Despite these notable efforts, important challenges continue to limit Bangladesh's ability to fully capitalise on its investment potential.

- **The investment-specific legal and institutional framework needs further enhancement.** There is a lack of coordination and coherence in the formulation and implementation of investment, industrial and trade policies. Also, the Foreign Private Investment (Promotion and Protection) Act 1980 was not revised. This entails that the Act does not consolidate FDI restrictions, which are still spread across sectoral regulations, and treatment conditions for foreign investors could be defined more explicitly. Investment entry procedures require approvals from various government entities, including BIDA. Multiple OSS portals are in place, but information on approval procedures is limited and manual and off-platform processes remain necessary. Foreign exchange controls have been eased for certain operators, particularly in economic zones; procedures for paying royalties, fees and services abroad have been simplified, and foreign loans can be received without prior approval if duly reported. Nonetheless, capital and share sale repatriation and outward remittance payments remain slow and burdensome processes, due to documentation, valuation and tax clearance hurdles, though reform recommendations have recently been completed.

- **Other aspects of the investment environment still require strengthening.** Land governance has improved thanks to streamlined government acquisition processes, digitalized records and procedures, and a national zoning initiative. Economic zone development has been selectively scaled back and targeted to more limited areas with a view to optimize utilisation. However, institutional fragmentation and transparency issues persist. In the absence of a central authority or public land database, timely site clearance for major infrastructure projects is still challenging, and land scarcity and climate vulnerability further complicate access.[5] Labour and skills shortages are not addressed through a strategic framework, as no skilled worker/key personnel visa scheme or shortage occupation list were introduced, and processes for work and residence permits remain fragmented, time-consuming and partially manual. Environmental permitting regulation applies only to industrial projects and remains reliant on periodic renewals. Despite reforms, the tax regime remains complex, with multiple sector-specific corporate income tax rates, fragmented incentives not based on cost-benefit analyses, and the absence of group taxation provisions. In addition, while the Competition Commission is operational and cooperates with peer institutions abroad, its mandate continues to exclude Government-regulated sectors, and its effectiveness remains limited by resource constraints (Razzaque and Uzzaman, 2025). Finally, in the context of its LDC graduation, efforts are required to mitigate the adverse impacts associated with the eventual loss of preferential trade benefits.

- **Infrastructure development continues to require more integrated planning and institutional strengthening.** Although private foreign participation in port operations has increased and initiatives are in place to improve port logistics efficiency and capability, tariff-setting remains unchanged and regulation is not overseen by an independent authority. While a national port strategy is nearly complete, inland connectivity and logistics integration remain underdeveloped. In the energy sector, challenges persist around pricing reforms, regulatory stability and private sector participation, despite recent policy improvements. Despite the enactment of the PPP Act 2015 and its regulations, execution challenges persist. Project selection is not guided by a defined strategy and most projects in the PPP pipeline are long-standing and incomplete. Finally, the PPP Authority also faces capacity constraints, which hinder effective project development and contract management.

[5] Exposure to the effects of climate change was identified as a notable source of vulnerability shaping the development trajectory of Bangladesh towards LDC graduation. For more information, see UNCTAD, 2022a.

Conclusion and recommendations

The country seeks to become a major manufacturing hub in Asia

Bangladesh has taken important steps to improve its investment environment since the publication of the IPR in 2013. Major reform initiatives have recently been taken, including macroeconomic and regulatory measures, that will need to be continued. Longer-term and structural improvements are still required considering the country's forthcoming graduation from LDC status, including its smooth transition strategy (Government of Bangladesh, 2025). This will entail the phasing out of preferential treatment under different agreements in the context of global geopolitical and trade uncertainties. In particular, the impact on the country's ready-made garment sector, which at present attracts the greatest amount of FDI, may be significant.

In this regard, several of the IPR recommendations remain pertinent and can guide further policy and institutional reforms to attract sustainable quality investment consistent with Vision 2041 and the SDGs. Recommendations have been prioritized below, while acknowledging that many initiatives are ongoing.

Priority 1 A national investment policy and a consolidated investment law would help reinforce investor confidence and focus on attracting and leveraging FDI in support of national development objectives through a whole-of-government approach.

The policy and law could articulate the country's long-term vision for openness to investment, clarify restrictions to FDI, define applicable approvals and review investment entry procedures, set a core standard of treatment and consider the framework for the repatriation of capital and profits, among other aspects. The elaboration of these instruments also provides an opportunity for public-private dialogue with stakeholders.

Priority 2 Strengthen investment promotion and facilitation activities.

The ongoing consolidation of Bangladesh's investment regulatory and promotion agencies represents an important step and should result in a single national agency with delegated windows for zones and sectors, supported by inter-ministerial focal points. This would require BIDA to have the capacity and resources to fully implement its mandates. The institutional restructuring should also aim at preserving the distinction within BIDA of regulatory, facilitation and promotion functions. On investment facilitation, efforts should be strengthened to digitalize procedures, while allowing for streamlining processes and increasing transparency of the requirements and approvals. In this regard, a fully integrated "BanglaBiz" platform may link all relevant public agencies, finalize the end-to-end and effective digitalization of business registration and licensing procedures through the OSS platform, and serve as a national business information portal. Regular, results-oriented public-private dialogue could be institutionalized to improve feedback and policy design. On investment promotion, continuous staff development, investor feedback tools and data analytics such as the FDI Heatmap can reinforce expertise and evidence-based decision-making. Reliable FDI statistics are also essential for policy evaluation.

Priority 3 Focus on the priority sectors identified by the FDI Heatmap, adopt targeted measures to enhance their growth and engage with other institutions to develop a shared understanding.

The country seeks to become a major manufacturing hub in Asia, and greater efforts are needed to diversify the sectors to which FDI is directed.[6] Bangladesh should, for example, seek to extend its strengths in pharmaceuticals and attract more manufacturers to its Active Pharmaceutical Ingredients Park. Implementing regulations are thus required to ensure that TRIPS Agreement flexibilities for public health incorporated in the new Patent Law can be utilized. The digital economy is also seen as a sector with significant potential to contribute to the modernization of the country. In all these sectors, a skilled workforce will be necessary and therefore ongoing efforts for partnerships, including with foreign universities, need to be continued. As part of these efforts, the Government could consider undertaking cost-benefit analyses of the incentives provided.

Priority 4 Mitigate the impact of losing preferential LDC status by engaging with key investment and trade partners and by strengthening the capacities of the local private sector.

At the international level, discussions are already underway with many partners, including Canada, China, Indonesia, Japan, the Republic of Korea, Mauritius, Singapore, Thailand, the United Arab Emirates and the European Union, and negotiations to join RCEP and ASEAN are ongoing with the support of a dedicated trade negotiators

[6] The vulnerability profile highlights the dependency on low-technology textile and garments (UNCTAD, 2022a). See also for assessment and recommendations, OECD and UNCTAD, 2023.

pool. To ensure the alignment of its existing and future IIAs, including FTAs, with sustainable development objectives and with its investment policy priorities, the country could consider the policy options and recommendations contained in the 2018 IIA review delivered by UNCTAD.[7] At the national level, to support domestic participation and enhance technology transfer, as well as skills development, the country could also consider strengthening linkages between foreign investors and local enterprises through supplier databases and partnership platforms. In addition, trade facilitation measures could be improved to further accompany these initiatives. Finally, efforts should be pursued with regards to reinforcing the mandate of the Competition Commission, to ensure a level playing field for enterprises operating in the country.

Priority 5 Address key bottlenecks to investment by improving access to land and infrastructure.

Significant improvements to infrastructure have been made, since 2013, and continue, especially with the support of development partners. Government procedures to enable easier access to land and infrastructure, including reliable energy supply, have lagged, however. Completing a national digital land database and expanding the ongoing digital survey programme should be prioritized. Clear procedures for land acquisition and leasing must ensure consistency with environmental and social safeguards.

[7] Further policy options on regional integration are available at UNCTAD, 2023.


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Industrial park development through PPPs could be accelerated, with stronger integration between economic zones, research institutions and domestic suppliers to deepen local value chains. Strengthening the local capital market would also be key to further developing infrastructure services.

Addressing these priorities will require sustained efforts over time. This assessment could serve as a basis to develop, in consultation with investment stakeholders, a plan of action to pursue reforms and further strengthen the investment environment in the country. UNCTAD stands ready to provide technical assistance upon request, in line with the IPFSD and additional guidance (UNCTAD, 2015 and 2024), including advisory services on investment policy and law as well as capacity building for negotiators. Support can also be delivered through its various dedicated programmes, including the *Business Facilitation Programme*, which notably assists governments in digitalizing investment procedures, and the *Business Linkages Programme*, which aims to strengthen local enterprise development and their ability to integrate into international value chains. Introducing UNCTAD's Empretec programme in partnership with BIDA and industry associations could further support the objective of deepening linkages between foreign investors and the domestic private sector. UNCTAD can also help align FDI statistical methodologies with international standards.

Annex: Implementation matrix

1 Improve investment legislation and promotion

Why	How		Status	indings
The non-committal language and non-exhaustive scope of the Foreign Private Investment Promotion and Protection Act (FPIPPA) allowed for interpretation of the actual openness to foreign direct investment (FDI). Investments in some economic activities were not covered by FPIPPA while others were subject to restrictions found in sectoral regulations that were contrary to the spirit of the investment law. Restrictions in foreign exchange provision also jeopardized the openness to inward and outward FDI. Moreover, entry procedures were onerous, and the investment promotion agency's (IPA) regulatory role worked to the detriment of its promotion capabilities. The scope for investment promotion in export processing zones (EPZs) needed to be widened.	1.1.	Define restrictions to FDI in a clear and transparent manner and rationalize sectoral restrictions and policies to avoid discrepancies with the FPIPPA.	◔	Restrictions to FDI remain relatively dispersed. Although foreign participation is permitted in most sectors, regulatory practices in sectors such as pharmaceuticals, shipping and insurance favour domestic production or ownership and, in practice, foreign investors often rely on local partners to facilitate market entry (US Department of State, 2025).The list of "controlled industries" for which approval from the line ministry is required before registration with the Bangladesh Investment Development Authority (BIDA) increased to 22 (from 17 in 2013) per the National Industrial Policy (2022). A new industrial policy is in early stages of development, according to information during UNCTAD's fact-finding mission. The FPIPPA was not revised. A consultation process has begun for FPIPPA's review, and a draft national investment policy is at the consultation stage, according to information from UNCTAD's fact-finding mission. Foreign exchange rules were eased for exporters and firms in special economic zones, but controls remain on funds overseas and borrowing abroad. Industrial exporters in special zones (EPZs, economic zones (EZs), Hi-Tech Parks) can retain their foreign earnings in foreign currency accounts for 30 days (Bangladesh Bank Foreign Exchange Policy Department (FEPD), Circular No. 32 dated 10 August 2025); exporters outside these zones must convert the non-retained portion of export proceeds into taka. The restrictions on foreign exchange accounts opening and use in domestic banks was also eased for companies. Rules to open bank accounts overseas remain restrictive, with limited, case-specific permissions (FEPD, Circular No. 26 dated 27 July 2021). Payment of services abroad (royalties, technical fees, etc.) can now be made directly through authorized banks within set limits, without a case-by-case approval. Receiving loans from foreign banks still requires BIDA's approval, except for short-term loans from a parent or shareholder abroad provided it is reported later. Multinational companies consulted by BIDA/United Nations Development Programme (UNDP) reported challenges in the speed and paperwork involved in capital repatriation, according to information obtained during UNCTAD's fact-finding mission. While the repatriation of employee salaries, payment of profits and dividends, and toward foreign loans are relatively straightforward processes, the payment of royalty fees, technical assistance, franchise fees, and training and consultancy, as well as the remittance of share sale proceeds and winding up are more difficult for companies, which cite exit approvals taking an excessive amount of time, valuation disputes and tax clearance hurdles. The issue is under discussion at BIDA. A national committee completed, in November 2025, a comprehensive set of reform recommendations on the repatriation of sale proceeds.
	1.2.	Consider revising the FPIPPA to: • Cover all forms of authorized direct investment, regardless of sector and origin; • Provide a commitment to openness to FDI and preserves the principle of non-discrimination of foreign investors vis-à-vis national investors; • Explicitly guarantee the free payment of profits and dividends abroad, and the repatriation of capital and capital gains, except in situations of critical financial or economic circumstances.		
	1.3.	Restrictions on foreign exchange transactions could be reviewed to foster FDI, including regarding the requirement to convert foreign exchange earnings into taka and the restrictions to open foreign exchange accounts in domestic banks and accounts overseas, and on payments for services provided overseas, and the requirement for industrial enterprises to obtain IPA approval to get a loan from a foreign bank.		
	1.4.	Replace the current investment certification procedure enforced by the IPA with a simple registration requirement. De-link the granting of incentives from investment certificates issued by the IPA and reduce its regulatory role overall.		

● implemented ◑ substantially implemented ◔ partially implemented ○ not implemented

Improve investment legislation and promotion

Why	How		Status	Findings
	1.5	Strengthen the service-oriented role of the IPA in investment promotion, establishment procedures' facilitation and business linkages. Build institutional expertise in sectors that are critical to the economy to improve targeted promotion.		The registration and approval process for private industrial projects, both foreign and national, under the BIDA Act 2016, remains procedurally similar to the former Board of Investment's (BOI) certification-based approval system. However, BIDA is actively working to enhance investment facilitation, ensuring faster processing and improved investor support. For example, the Authority now follows a streamlined, one-day online registration process. The Act established BIDA by merging the BOI and the Privatization Commission, and positions industrialisation as the central pillar of the Authority's functions. BIDA is the central authority for screening and approving investments. Zone-based agencies – Bangladesh Export Processing Zones Authority (BEPZA), the Bangladesh Economic Zones Authority (BEZA) and the Bangladesh Hi-Tech Park Authority (BHTPA) – exercise parallel functions for projects within their respective jurisdictions. In addition, investors must secure clearances from sectoral ministries and regulators, including, in certain cases such as healthcare, a "No Objection Certificate" confirming that the proposed investment aligns with national policy and does not adversely affect domestic producers (US Department of State, 2025). Details on the criteria and information necessary for approval are not publicly available. BIDA's approval letter stipulates a time limit for implementation of the industrial project and production start. BIDA also gives approval for branch, liaison and/or representative offices, work permits, outward remittances, and income tax exemptions for certain manufacturing companies are conditional on registration with BIDA (IBFD, 2025). BIDA's role includes functions of a regulatory nature, with a significant share of its human resources (registration and incentives – foreign industry, foreign commercial and local industry teams) dedicated to these issues, though the Authority increased its activities on promotion. Four authorities (BIDA, BEPZA, BEZA and BHTPA) are responsible for attracting foreign investment within their mandate as per the 2018 One-stop Service (OSS) Act. On investment facilitation and business registration specifically, each of them manages the procedure through its own OSS portal. These are considered largely ineffective according to information from UNCTAD's fact-finding mission due to the prevalence of manual processes, off-platform steps and excessive bureaucracy. A new portal (banglabiz.gov.bd) helps investors identify the correct authority, including the Bangladesh Small and Cottage Industries Corporation (BSCIC) and the Public-Private Partnership Authority (PPPA). Business registration is completed in no less than two weeks as per information from UNCTAD's fact-finding mission. Simplification efforts were made at BIDA, from six steps to two currently, and BIDA signed more than 50 memorandums of understanding with different departments and agencies to provide services through its OSS portal, which currently contains 134 investor services, including company registration, taxpayer's identification number and value-added tax (VAT) registration, work permit issuance, power and utility connections, capital and profit repatriation, and environmental clearance. Licensing also faces, according to a recent diagnostic study by BIDA and UNDP, several challenges, including related to lack of effectiveness digitalization and opaqueness.
	1.6.	Widen the scope for investment promotion in EPZs beyond ready-made garment (RMG) manufacturing and promote linkages with the local economy by fostering ties between EPZs and research and skills development institutions.		

implemented · substantially implemented · partially implemented · not implemented

Improve investment legislation and promotion

Why	How	Status	Findings
		partially implemented	BIDA proposes co-location for other agencies (e.g. National Board of Revenue (NBR), Bangladesh Bank) in its premises and the designation of focal points for others. It plans to simplify and digitalize non-sector specific business licensing, expand BanglaBiz, with support from the Japan International Cooperation Agency, into a unified portal with all investor services, and to roll out an FDI incentive scheme to tap into the individual networks of resident and non-resident citizens. The Authority is working on 32 investment climate reform initiatives. On investment promotion, BIDA has deployed several initiatives with a vision to transform Bangladesh into a regional manufacturing hub and improve investors' perception. This includes a research wing with support from UNDP, an investment relationship management team, website and social media revamping, training of staff, creation of an interministerial coordination committee, an "ambassador" programme, participation in international events and follow up outreach events, notably an investment summit in April 2025 supported by the UNDP and the World Bank which resulted in investment pledges, and a China-Bangladesh investment seminar in June 2025. The Authority also plans to launch representation offices abroad, revamp BIDA's structure in a manner that aligns more with the investment cycle and establish representative offices abroad (with the first office to be setup in Guangzhou, China), among other initiatives. The Authority rolled out a FDI Heatmap in January 2025, which aims at guiding efforts such as outreach programs, policy advocacy and capability development initiatives across 19 priority sectors selected based on market readiness and potential, availability of input factors and alignment with national development goals. While some of these targeted sectors are included in National Industrial Policy 2022, others are absent from it, such as semiconductors, electric vehicle batteries or technical textiles. In this regard, the lack of coordination and coherence in the formulation and implementation of the investment, industrial and trade policies was mentioned during UNCTAD's fact-finding mission. The BEPZA Act was not revised to include a list of priority sectors and over half of industries located in EPZs are apparel-related according to the Authority's website. However, BEPZA has diversified its industrial base significantly to include electronics, agro-based products, footwear, leather goods and medical equipment, among others. In addition, efforts to foster linkages with the local economy were conducted, which include public-private dialogue with BEPZA, BIDA and industry associations, and skills development programmes (e.g. training workers in electronics and engineering), though formal ties with research institutions remain limited.

implemented · substantially implemented · partially implemented · not implemented

2 Reform the tax regime and rationalize incentives

Why	How		Status	Findings
Bangladesh had a complex corporate tax system with various rates and estimation methods. The complexity created hurdles for both the Government and investors, and generated issues with enforcement and compliance. Tax incentives were also extensively used as a tool for industrial policy.	2.1.	Adopt a standard regime of corporate taxation on profits with a base rate that applies to all sectors and limit the use of differential rates to duly justified exceptions.	partially implemented	Corporate income tax rates have generally decreased but the regime still retains a sector-specific approach and remains among the highest levels when compared to other countries in the region.[8] The rate is 27.5 per cent for privately held companies (37.5 per cent in 2013), 22.5 per cent for companies listed on the stock exchange if they pay a dividend in excess of 10 per cent of paid-up share capital or 25 per cent otherwise[9] (27.5 per cent and 37.5 per cent, respectively in 2013), 37.5 per cent for publicly traded banks, insurance companies or other financial institutions (42.5 per cent in 2013), 40 per cent for non-publicly traded banks, insurance companies or other financial institutions (42.5 per cent in 2013), 45 per cent for cigarettes manufacturing companies plus a surcharge of 2.5 per cent on profit before tax (42.5 per cent in 2013), 40 per cent for mobile phone companies if they list a minimum of 10 per cent of their capital on the stock exchange (with a maximum of 5 per cent of capital placed through a pre-initial public offering) and 45 per cent if they are not listed (35 per cent and 45 per cent, respectively, in 2013), and 15 per cent for private universities, medical colleges, dental colleges, engineering colleges or income from providing training on information technology. The Income Tax Act 2023 replaced the Income Tax Ordinance 1984. The Act streamlined compliance by reducing withholding tax returns from 29 to 12 per year, broadened the scope of deductible expenses and consolidated them into a single chapter. It also aligns tax provisions with international accounting standards and introduces automation in return filing, assessment and appeal procedures.
	2.2.	Restrict the use of presumptive taxation to situations where it is warranted due to technical reasons.		Presumptive taxation was not restricted to cases justified by technical difficulty. These taxes are applied broadly based on gross receipts, regardless of whether an accurate income assessment is feasible. In 2025, presumptive tax for certain taxpayers increased from 0.6 per cent to 1 per cent (PwC, 2025).
	2.3.	Reduce the number and scope of tax incentives for investment to conform to a new standard regime.		The incentives regime remains fragmented, though numerous tax exemptions for key local industries are set to be withdrawn in the upcoming national budget, according to local news sources. Tax incentives are in place for sectors such as RMG, private power generation and renewable energy, information and communication technology (ICT) and information technology enabled services (software development, call centres and related digital services), electronics, agro-processing, light engineering, automobiles and health services, and for entities in EPZs, EZs and Hi-Tech Parks, export-oriented industries (including energy efficient factories), public-private partnerships (PPPs), SMEs (especially women-owned) and start-ups (IBFD, 2025). BIDA also indicated that a working group was established to make recommendations on the taxation of certain industries and allow effective planning.
	2.4.	Subject the provision of any tax incentive to a cost-benefit analysis and condition granting it to the realization of clearly measurable and verifiable outcomes that constitute a development priority to the country.		
	2.5.	Avoid placing time constraints on incentives for new investment projects.		
	2.6.	Eliminate gradually export subsidies.		
	2.7.	Establish precise transfer pricing rules and build the capacity to administer them at the NBR.		
	2.8.	Create a mechanism to avoid double-taxation of profits of subsidiaries of a single group.		
	2.9.	Implement the new VAT law and improve accounting and valuation rules to expand the coverage of the VAT regime.		

implemented · substantially implemented · partially implemented · not implemented

[8] General corporate income tax rates in the region (in decreasing order): India (35 per cent), Pakistan (29 per cent), Philippines (25 per cent), Malaysia (24 per cent), Indonesia –(22 per cent), Cambodia (20 per cent), Lao PDR (20 per cent), Thailand (20 per cent), Viet Nam (20 per cent), Singapore (17 per cent) (PwC, 2025).

[9] The rates are lower (20 per cent and 22.5 per cent, respectively) if certain conditions are met (i.e. all receipts and income must be transacted through bank transfer, and all expenses and investments over 500,000 taka individually (3.6 million taka if aggregated annually) must be made through bank transfer).

Reform the tax regime and rationalize incentives

Why	How	Status	Findings
		partially implemented	Cost-benefit analyses are not conducted for tax incentives, according to information obtained during UNCTAD's fact-finding mission. In addition, most incentives (e.g. tax holidays for EPZs and EZs) are still granted without requiring proof of specific development outcomes such as job creation or skills transfer, though limited ones have been linked to measurable and verifiable development outcomes. This includes, for example, a reduced export income tax rate (10 per cent instead of 12 per cent) for industrial buildings which is conditional on obtaining green building certifications. Time constraints are no longer placed on investment incentives. Instead, incentives are due from the month of commencement of commercial production. Export subsidies have been reduced and are planned to be phased out completely in fiscal year 2026 (IMF, 2025). Export incentives for key sectors such as apparel, leather and jute were reduced in 2024. These cuts are part of a phased plan to comply with World Trade Organization (WTO) rules ahead of Bangladesh's graduation from least developed country (LDC) status in 2026 (Export Policy 2024–2027). Transfer pricing rules were introduced in 2012 and strengthened in 2014. They require multinational companies to apply the arm's-length principle and submit detailed documentation. The NBR created a dedicated Transfer Pricing Cell, which began conducting audits of multinational enterprises in November 2024. The tax legislation does not contain provisions on group taxation. The VAT regime was reformed through the VAT and Supplementary Duty Act 2012, in force since 1 July 2019, expanding the tax base, digitizing administration and strengthening compliance mechanisms. This included introducing e-registration, e-filing, e-payment and centralized refunds, as well as electronic fiscal devices to automate compliance and ensure real-time reporting. Continued fiscal reforms in this and other areas are expected in the context of an ongoing IMF $5.5 billion lending programme and a new 10-year revenue strategy (2025–2034).

implemented · substantially implemented · partially implemented · not implemented

3 Ease access to land

Why	How		Status	Findings
At the time of the Investment Policy Review (IPR), the availability of land for investment was critical. The regulatory framework was dispersed and composed of outdated laws. The cadastre was weak and disputes related to land titles were frequent in courts. While implementing reforms in the general regime, prioritizing the creation of industrial parks and EPZs provided a temporary solution.	3.1.	Establish a coordination body to oversee the management of public land at the national level.		There is no single, centralized governmental agency or coordination board tasked with overseeing public land. This function remains split across different ministries and departments. Significant land governance measures and reforms have been undertaken to enhance transparency and efficiency, although no public land database was put in place. A national land zoning project and survey works are underway, as well as a digital cadastral survey of six areas and the development of a digital land management system with support from the Republic of Korea. Digital platforms such as e-mutation, e-Porcha, e-Dakhila and an online land tax system contribute to streamlining land administration. The Land Offences Prevention and Remedy Rules 2024 and a forthcoming Land Zoning and Protection Act aim to simplify legal processes and reduce disputes, while the Acquisition and Requisition of Immovable Property Act 2017 modernized government land acquisition procedures. Recent initiatives include the Forest Bill 2023 and the Forest Conservation Bill 2023 and draft laws on land use and ownership rights. Despite these reforms however, land scarcity, climate vulnerability and rural landlessness remain key challenges. No new EPZs have come under operation since the publication of the IPR. New ones are planned. While numerous EZs were launched, they are being scaled down due to inactivity and development efforts are being focused on priority EZs to ensure better supply of utilities to investors. Some EZs do however benefit from private investment, particularly in the context of government-to-government agreements (e.g. with China (Anwara) and Japan (Araihazar)). Site clearance before tendering is encouraged by regulations such as the Acquisition and Requisition of Immovable Property Act (2017) and PPP Procurement Guidelines (2018) (see below). In practice, land clearance for large infrastructure projects still faces challenges due to land scarcity, inter-agency coordination gaps and delays in resettlement and compensation processes (World Bank, 2022)
	3.2.	Establish a public land database that would list all plots available for development.		
	3.3.	Promote private investment in the construction and management of new industrial parks and EPZs through PPPs.		
	3.4.	Guarantee land clearance for large infrastructure projects, including social and environmental impact assessments, prior to contracting private partners.		

implemented | substantially implemented | partially implemented | not implemented

4 Facilitate access to skills and foster FDI in higher education

Why	How		Status	Findings
The scarcity of skilled labour was a constraint to FDI, and building human capital was essential to the country's long-term sustainable development objectives. While improving technical, vocational and general education to close the skills gap was required, allowing foreign workers to complement the labour force in occupations where domestic skills were in short supply was seen as helpful in the meantime.	4.1.	Create a new skilled worker visa scheme that identifies occupations or skills in short supply and set the quotas at the country level, rather than at the company level.	partially implemented	There is no skilled worker visa scheme. Foreign worker employment is defined by regulations from BIDA, BEPZA, BEZA and the Non-Government Organizations Affairs Bureau. Foreign workers should only be hired when no suitable local candidates are available, as evidenced by the need to provide copy of an advertisement prior to the foreigner's appointment with the date of publishing and website address of the online advertisement in order to obtain an employment visa, according to BIDA's website.[10] In addition, they must be employed in roles requiring specialized expertise, such as management or technical skills (ILO, 2024). The guidelines also maintain the expatriate-to-local worker ratios in companies, which are not based on skill shortages in specific occupations. The number of foreign employees should not exceed 5 per cent of the total employees in the industrial sector and 20 per cent in the commercial sector, including top management personnel.[11] No specific provisions were introduced for key employees of foreign companies establishing affiliates. A visa is however no longer required for private investors with at least $5 million in investment (Consulate General of Bangladesh, Dubai, 2025). The processes to obtain the work and residence permits remain separate, though they are related. Foreign workers must secure an employment visa issued by an Embassy or High Commission in the applicant's home country, which provides legal entry for employment purposes. The visa is granted for an initial period of three months and, with a valid work permit and security clearance, can be extended up to 3 years; business visas are also initially issued for 3 months, extendable up to 3 years depending on the sponsorship (Bangladesh High Commission, 2025). Once in the country, foreign workers are required to apply for a residence permit, which can be temporary (employment-based) or permanent, through the Department of Immigration and Passports. While BIDA's OSS portal includes the employment visas and work permits procedures, it currently does not include the one for the residence permit. BIDA is working to simplify the process for obtaining a work permit, security clearance and visa stamp, which currently takes a minimum of six months and involves online and offline steps, according to a recent study by BIDA and UNDP. Employment visas are tied to a specific employer and job position, and a formal process must be followed to change either. This involves cancelling the existing work permit, obtaining a new one through BIDA, BEPZA, BEZA, Hi-Tech Park or relevant ministry or agency according to the location and nature of work, and submitting a new employment visa application.
	4.2.	Grant an entitlement to a certain number of work permits separate from the national quota for key employees of foreign companies establishing affiliates in proportion to the size of the investment.		
	4.3.	Combine work and residence permits into a single process, and issue visas for a finite period with a renewal option.		
	4.4.	Link visas to a particular employer and job offer; allow flexibility for employees to change jobs within the company as long as it remains within the skills level required by the visa.		
	4.5.	Limit the use of labour-market testing to hire expatriates only for jobs that fall outside the list of skills and occupations in shortage or in situations where the national quotas have already been met.		
	4.6.	Set a minimum wage requirement for foreign workers to ensure that hiring them will not be used to deflate wages in the domestic market.		
	4.7.	Enforce standard credential and security checks on expatriates applying for a visa to ensure the candidates possess the required skills and/or professional experience.		

implemented   substantially implemented   partially implemented   not implemented

[10] See investbangladesh.gov.bd/foreign-joint-venture-projects
(PwC, 2025).
[11] See bidaquickserv.org/articles/available-services

Cambodia (20 per cent), Lao PDR (20 per cent), Thailand (20 per cent), Viet Nam (20 per cent), Singapore (17 per cent)

Facilitate access to skills and foster FDI in higher education

Why	How		Status	Findings
	4.8.	Promote workers' training schemes by imposing a small national levy on payroll to fund continuous training or directly support companies with training programmes of their own.		No formal shortage occupation list or national quota system currently exists for foreign workers other than the abovementioned one. Employers wishing to hire foreigners must demonstrate that the position cannot be filled by a national and that the foreign hire is essential due to their expertise or qualifications. BIDA published a circular on 29 May 2023 regarding a new salary structure for expatriate workers. Available online information on the circular indicates that minimum salary requirements for foreign workers vary based on nationality and skill level, with technicians earning the least ($1200) and investors and executives the most ($3000). Local minimum wages are, on average, considerably lower (minimum wage in the RMG sector, for example, is $103 per month, as gazetted by the Minimum Wage Board under the Ministry of Labour and Employment on 18 December 2023). Credential and security checks are enforced for expatriates applying for a visa. Applicants must submit educational and professional qualifications during the visa request process. A security clearance from the Ministry of Home Affairs is also required before final approval of the work permit and can be obtained online (this project benefits from UNDP support). While no payroll levy was introduced, the government supports company-led training through initiatives such as the Skills for Employment Investment Program and the National Skills Development Authority. These initiatives offer institutional and technical support for workforce development with participation from the private sector. Local universities can partner with foreign accredited universities since 2014, subject to approval by the University Grants Commission (UGC) and the Ministry of Education. An Accreditation Council was established in 2017 and established frameworks such as the National Qualifications Framework and 2024 Accreditation Manual. Partnerships were concluded with, inter alia, universities in China, Canada and Germany (Green University of Bangladesh), in India and Australia (University of Liberal Arts Bangladesh), in the United Kingdom (Bangladesh Rehabilitation Assistance Committee University) and in Japan and Malaysia (Independent University Bangladesh). The first foreign university branch campus in Bangladesh opened in 2023 (University College Sedaya International University from Malaysia). In 2025, government support was provided for the first time to 30 university teachers to study abroad (China, Malaysia, United Kingdom, United States), according to information from UGC during UNCTAD's fact-finding mission. The Private Universities Act 2010, which regulates the establishment and operation of these institutions, is being revised. Past revisions sought to address concerns about the quality of educational performance in private universities, including governance and transparency, tuition fees, admission and enrolment practices, and infrastructure and financial standards.
	4.9.	Allow local universities to partner with foreign accredited universities		

implemented · substantially implemented · partially implemented · not implemented

5 Address other investment related policy issues

Why	How		Status	Findings
Company incorporation could be streamlined, and the adoption of corporate social responsibility (CSR) practices needed to be encouraged. The effective implementation of the competition law was contingent upon the establishment of a strong and independent competition commission. Environmental regulation required strengthening. Bangladesh, as an LDC, was exempt from meeting WTO intellectual property obligations. However, it was important that the country prepared for a future without the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) exemption.	5.1.	**Incorporation:** • Continue to promote and facilitate the adoption of CSR international best practices, including in workplace safety.	◔	CSR reporting is only mandatory in the financial sector, and no guidelines are in place on percentages of company budgets that should be allocated for CSR activities. Worker safety continues to be an issue, with at least five high-profile workplace accidents having been reported in the global press since 2013. The European Union (EU) reviews for the Everything but Arms initiative, of which Bangladesh is a major beneficiary, regularly provide recommendations on adherence to global occupational safety and health standards. The Bangladesh Labour Act 2006 underwent its latest amendment in 2025. It mandated the establishment of a fund for workplace accident compensation, among other changes.
	5.2.	**Competition:** • The scope for the competition commission should include regulated or government-controlled sectors. • The competition commission should be actively involved in shaping relevant policies and measures in close coordination with other sectoral regulators.		The Bangladesh Competition Commission (BCC) was established in 2016 to implement the 2012 Competition Act and adjudicate disputes. Its mandate still does not include regulated or government-controlled sectors. A total of 58 verdicts has been delivered since cases started being heard in 2018, according to information obtained in UNCTAD's fact-finding mission. In practice, the BCC has indicated that limited resources and experience affect its ability to manage its increasing caseload and to address promising sectors such as pharmaceuticals and ICT. The BCC regularly consults with sectoral regulators involved in cases they have before it and international cooperation is in place with other competition commissions in countries such as India, Japan, Korea and Pakistan Amendments to the Act have been proposed which include introducing investigation powers, an appellate tribunal, leniency and digital market abuse provisions, according to news reports. Draft merger and acquisitions regulations are also under review. A voluntary peer review of the competition law and policy was conducted by UNCTAD in 2022. UNCTAD recommended strengthening the Competition Act and BCC by enhancing their independence, resources, investigative powers and legal clarity, while developing regulations, formal cooperation with regulators and broader advocacy, training and awareness for an effective competition culture (UNCTAD, 2022b). UNDP conducted an institutional diagnostic of the BCC in November 2025, which recommends strengthening the Commission by enhancing its independence, resources, enforcement tools, legal framework and advocacy capacity through targeted institutional and legislative reforms (Razzaque and Uzzaman, 2025). The Competition Policy and Act are being amended. A Commercial Court Act has been drafted and is under consultation with UNDP support.
	5.3.	**Environment:** • Expand the environmental clearance certificate requirement to all investments that may potentially present an environmental risk and not limit it to industrial projects. • Consider removing the renewal process and replace with compulsory annual reporting with appropriate sanctions for breaches.		New Environmental Conservation Rules were adopted in 2023 but still apply to industrial projects only as per an unofficial translation obtained by UNCTAD. The renewal requirement remains in place.
	5.4.	**Intellectual property:** • Continue to work towards compliance with the TRIPS agreement.		A Patents Act was introduced in 2023, superseding a 2022 Act, to ensure that the country's intellectual property laws are TRIPS compliant in view of the country's imminent graduation from LDC status. Questions persist regarding regulations to implement certain provisions, but major flexibilities were incorporated to maintain continued local production of generics.

● implemented ◑ substantially implemented ◔ partially implemented ○ not implemented

6 Seek transparency and efficiency in public administration

Why	How	Status	Findings
Corruption and public administration inefficiencies had been cited as obstacles to investment. To facilitate the development of the private sector, the report recommended reinforcing a culture of service in all public institutions	6.1. Adopt client charters in all key public administrations setting precise commitments to services provided. 6.2. Incorporate e-governance tools that could help identify options for simplification of administrative procedures related to business and investment establishment and operations. 6.3. Strengthen the ability of the Anti-Corruption Commission (ACC) to prosecute cases and protect its independence and impartiality. 6.4. Establish a formal and systematic consultation mechanism with the private sector through annual consultations and periodic sharing of draft legislation. 6.5. Place formal monitoring procedures to evaluate implementation progress across public agencies and use indicators to benchmark their performances against set targets and objectives.	partially implemented	The government issued instructions requiring all public offices to prepare and display citizen charters specifying services, timelines and responsible officers. However, concerns remain over vague service commitments, low public awareness, weak enforcement, limited monitoring and lack of accountability.[12] BIDA publishes online a public service performance dashboard with data on the number of applications processed and their resolution timelines (available at: bidaquickserv.org). Applications can also be monitored and tracked online by service recipients. E-governance tools were introduced in several government ministries and agencies. The Service Process Simplification initiative aims to streamline administrative steps and digitize services. As mentioned above, BIDA, for instance, launched a One-Stop Service Portal which integrates 134 investor services from 52 agencies. In addition, Union Digital Centres and the National e-Government Portal have expanded access to regulatory information for citizens. Several public service initiatives were implemented through the Aspire to Innovate (a2i) programme, supported by UNDP. Bangladesh also benefitted from UNCTAD's technical assistance through the eRegulations platform (bangladesh.eregulations.org), which detailed procedures for business establishment, albeit it is not operational. Nevertheless, e-government tools face challenges including weak infrastructure, limited digital literacy, a shortage of skilled personnel, resistance to change, data security concerns and low coverage of online services (Huque and Ferdous, 2024). The ACC's ability to work in a free and impartial way was impeded. For example, a 2013 amendment to the ACC Act required government approval to investigate officials, thus limiting the ACC's prosecutorial power. However, in October 2024, the ACC Reform Commission identified areas for reform, including the institutional independence and impartiality of the ACC. In February 2025, it published recommendations which include granting the ACC constitutional status and greater autonomy. The amendment of the Anti-Corruption Commission Act 2004 is underway (IMF, 2025). Consultation mechanisms were recently established by BIDA, including a monthly interministerial coordination meeting with private sector participation, and monthly/bi-monthly meetings with investors from targeted countries. The NBR holds monthly meetings with business representatives, since September 2025. Monitoring was strengthened through several initiatives. The Annual Performance Agreement Framework, introduced in early 2015 by the Cabinet Division, requires ministries and agencies to set objectives and track results using key performance indicators. In addition, State-Owned Enterprise Performance Evaluation Guidelines were approved by the Ministry of Finance in 2021 (revised in 2023) and include benchmarking against national and international standards. The Implementation Monitoring and Evaluation Division under the Ministry of Planning, which evaluates development projects, drafted a national project monitoring and evaluation policy to ensure better quality of public spending, but is not yet approved.

implemented · substantially implemented · partially implemented · not implemented

[12] There are several academic studies on the implementation challenges of citizen charters in Bangladesh. See, for instance, Islam et al., 2021.

7 Achieve internationalization through an export-oriented trade policy

Why	How		Status	Findings
Sustainable development, investment and job creation on a grand scale required Bangladesh to integrate itself into international value chains, diversify its exports and increase the competitiveness of its firms. To advance this, the trade policy required adjustments to allow for further internationalization of the economy.	7.1.	Improve trade facilitation measures, including reducing time to clear customs, fighting corruption and provide adequate support to local companies.		A new Customs Act was passed in 2023, which replaced the Customs Act 1969. UNCTAD's Automated System for Customs Data (ASYCUDA) World has been in use since 2014, but a different system is now being considered, as per news reports and information from the UNCTAD fact-finding mission. Several other reforms were launched in 2025. The Bangladesh Single Window online system was introduced and made mandatory for 19 government agencies. It is used for import and export certificates, licences, permits and applications. The Authorized Economic Operator system was also launched at Chattogram port. Finally, customs risk management regulations were introduced to combat economic crime which foresee the use of an Automated Risk Management System, with plans to introduce artificial intelligence and machine learning to predict and identify potential risks or anomalies. Other trade facilitation measures are being implemented following the Customs Strategic Plan 2024–2028. With the EU market, duty free access under the Everything but Arms Agreement will be phased out three years following the country's graduation from LDC status. A Trade and Investment Cooperation Forum Agreement was signed with the United States in 2013, which entered into force in 2014.[13] As of August 2025, the United States levies a 'reciprocal tariff' of 20 per cent on exports from Bangladesh, with an expected major impact on the RMG industry. Free Trade Zone policy development and area identification is in progress at BIDA and is expected to play an important role in the discussion on this tariff. Ahead of LDC graduation, the country has initiated discussions to preserve preferential tariff access in partner markets. A Regional Trade Agreement Policy was adopted in 2022, which replaced the Policy Guidelines on Free Trade Agreements 2010 and guides the negotiation, signing and implementation of these treaties. A trade negotiators pool of qualified government and non-government experts in trade analysis and negotiation was established to retain experience and knowledge in the area, with ongoing support from UNDP. Bangladesh is currently in discussions to become a member of the Association of Southeast Asian Nations and to join the Regional Comprehensive Economic Partnership, according to information during UNCTAD's fact-finding mission. An economic partnership agreement with Japan is close to completion and negotiations are ongoing with Korea and Singapore, with support from the United Nations Economic and Social Commission for Asia and the Pacific. Negotiations are at an early stage with Canada, China, EU, Indonesia, Mauritius, Thailand and the United Arab Emirates, based on information gathered during UNCTAD's fact-finding mission. In March 2025, Bangladesh Bank eased restrictions for individuals and businesses to invest abroad (FEID Circular No. 2 dated 27 March 2025). Some domestic pharmaceutical firms have begun establishing manufacturing facilities in African countries.
	7.2.	Continue efforts to secure market access on preferential terms to the key developed economies, including in terms of rules of origin.		
	7.3.	Continue the negotiations of free-trade agreements (FTAs) with strategic neighbours and participate in regional value chains, aligning their investment content with national development objectives and Sustainable Development Goals.		
	7.4.	Consider easing the restrictions that apply to outward FDI		

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[13] See: ustr.gov/about-us/policy-offices/press-office/press-releases/2014/April/US-Bangladesh-Hold-Inaugural-Trade-Investment-Cooperation-Forum-Agreement-Meetin?utm for more information.

8 Increase the competitiveness of the pharmaceutical industry

Why	How		Status	Findings
The long-term sustainability of the pharmaceutical industry required a gradual increase of its exposure to international competition. The industry needed, in particular, to prepare itself for a transition to a post-TRIPS exemption environment.	8.1.	Consider a progressive relaxation of the National Drug Policy (NDP) so that foreign firms that manufacture medicines in Bangladesh can sell their products in the domestic market.	substantially implemented	A new NDP was adopted in 2016. The policy relaxes some of the restrictions for foreign pharmaceutical manufacturers originally introduced in 1982, including restrictions on imports. However, foreign firms that have only contract manufacturing arrangements in Bangladesh are, for example, limited to export only. With the NDP, foreign firms without a local manufacturing facility from specific countries (i.e. Australia, France, Germany, Japan, Switzerland, United Kingdom and United States) are permitted to enter into in-licensing and technology transfer agreements with local firms for their new chemical entities.
	8.2.	Encourage in-licensing and contract manufacturing to accelerate technology transfer.		
	8.3.	Gradually lift restrictions on pharmaceutical imports to apply competitive pressure on local firms.		Greater flexibility in business models is being encouraged for the local manufacture of API and in local packaging arrangements. A handful of firms have begun manufacturing API in the country's API Park. The government is considering a second API Park in the Chattogram region.
	8.4.	Ensure that the management of the Active Pharmaceutical Ingredients (API) Park's development be conducted in a fair and transparent manner to provide opportunities for both domestic and foreign companies.		

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9 Strengthen the PPP framework

Why	How		Status	Findings
The policy on PPPs sets out a generally permissive framework, with a wide scope of applicability of PPPs and broad sectoral coverage, open to foreign and domestic investors equally and with different modalities of financial participation by the public sector. A PPP law was needed to clearly stipulate the rules and conditions for the partnerships. In particular, the project approval process and the capacity of the PPP Office required strengthening.	9.1.	Require Cabinet approval on final terms of PPP projects.	partially implemented	In 2015, the PPP Act was passed, which transformed the former PPP Office, which had mainly a supporting and coordinating role, into the PPP Authority (PPPA). The Authority operates as a legally autonomous body with greater decision-making powers, regulatory functions and financial control. The PPPA's Chief Executive Officer is currently also the Chairman of BIDA and BEZA. A merger of the governing boards of these agencies with BEPZA, BHTPA and BSCIC is ongoing. This reform takes on board feedback received by BIDA from the private sector. The PPP Act mandates Cabinet Committee on Economic Affairs approval for both in-principle and final terms of all PPP projects. The PPPA and relevant ministries support project vetting, including legal review by the Ministry of Law's Legislative and Parliamentary Affairs Division. Mandatory pre-feasibility studies and socio-economic assessments were introduced through the PPP Screening Manual (2013, updated 2020) and guidelines. However, challenges remain with selecting projects for PPPs, according to information obtained during UNCTAD's fact-finding mission, given a prevailing preference for the traditional procurement model and in the absence of a strategy and/or enforceable policy for project selection and procurement decision-making. The PPP pipeline currently totals 81 projects in diverse sectors (e.g. transport, ports, health, ICT). Of these, only four have been completed, eight remain partially complete and 12 are under construction. Most ongoing projects are over five years old, pointing to difficulties with execution. BIDA indicated that long-standing, dormant projects will be deprioritised, as per an ongoing rationalisation exercise. While an earlier draft of the PPP law allowed for project agreements to contain provisions for compensation and contract revisions, the PPP Act 2015 does not contain these elements. The Act allows flexibility for contract amendments though and provides a basic dispute resolution framework, including the possibility of neutral mediation. UNCTAD did not obtain a model PPP agreement with provisions for fiscal stability or currency convertibility. However, according to information gathered in the UNCTAD fact-finding mission, PPP agreements (and feasibility studies) have been prepared with the support of the International Finance Corporation (IFC) and the Asian Development Bank (ADB). These follow standard recommendations by globally recognised transaction advisers, according to information from BIDA. The PPPA (former PPP Office) oversees contract negotiations to ensure fair risk-sharing. It supports ministries with project development, tendering and financing, and engages in capacity-building with international partners such as IFC and ADB. It is staffed by 30-40 officers; however, there is limited internal expertise at senior and technical level. This was identified as a key challenge during UNCTAD's fact-finding mission. A contract management manual is being developed to improve post-award monitoring.
	9.2.	Emphasize good planning and socio-economic assessment in selecting projects for PPPs and develop a strong pipeline following sectoral development plans.		
	9.3.	Ensure contract stability, fiscal stability and currency convertibility in future PPPs.		
	9.4.	Develop the PPP Office into a centre of expertise to balance commercial and public interests and discipline project implementation.		
	9.5.	Appoint a political champion in all relevant line ministries to support projects		
	9.6.	Make it mandatory to appoint an independent certifier for each project to hold parties to their commitments.		

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Strengthen the PPP framework

Why	How		Status	Findings
	9.7.	Facilitate and encourage the participation of domestic private investors in infrastructure PPPs by removing the current ban on institutional investment in IPOs.	◔	The IPR recommended that, at least for major projects, a small ministerial group be formed to expedite government actions, however available information does not indicate that such approach has been taken. The PPP Act does not make it mandatory to appoint an independent project certifier for each PPP project. In practice, independent engineers have been appointed, according to information from the UNCTAD fact-finding mission. Institutional investment in IPOs is no longer banned. It is regulated and facilitated by the Bangladesh Securities and Exchange Commission, under the Public Issue Rules 2015 which determine a key role for institutional investors in IPO pricing and allocation. New proposed rules are under discussion which maintain a central role for institutional investors. Bangladesh has the third largest stock market in South Asia. However, the stock market declined 38 per cent in real value over the past 16 years and lags regional peers. Stamp duty still applies to commercial bonds, unlike government bonds, but the rate was cut sharply in 2020, from 2 per cent to 0.1 per cent, to foster bond market growth. In 2021, the first green bond and green sukuk were issued. Recent amendments to debt securities' rules propose to expand sustainable finance instruments to include orange bonds, gender bonds and sustainability bonds, with a lower fee (0.03 per cent) to attract investment.
	9.8.	Further develop the domestic equity market and remove tax disadvantages for private bond issuance to promote domestic private investment in PPPs.		

10 Promote PPPs in energy, roads and ports

Why	How	Status	Findings
Foreign investment was necessary to meet the physical infrastructure needs. PPPs were well adapted in general for commercially viable infrastructure projects with a social benefit. A well-planned project pipeline in the electricity sector and experience in power generation PPPs were already in place in the country. However, it lacked a coherent energy policy. While conditions were propitious for PPPs in roads and bridges, some avoidable mistakes were made due to limited experience. In ports development, a policy was yet to determine the scope for private investment.	10.1. **Energy:** • Allow economic pricing of domestic gas and coal and enable state power entities to operate commercially. • Allow private electricity generators to supply to large industrial consumers. • Strengthen the independent energy regulator and guarantee its full independence. • Promote PPPs to enhance capacity in generation and transmission and improve efficiency. • Continue to promote clean and green energy and adopt a renewable energy development plan.	partially implemented	**Energy** When the IPR was prepared, faced with quickly depleting domestic gas reserves, the government was considering pivoting from gas-fired power production to using domestic and imported coal and imported liquefied natural gas (LNG). This would have entailed major investment in coal mining and infrastructure to handle imported coal and LNG. Since 2013, the government significantly increased imports to meet rising energy demand and commissioned new coal power plants. Economic pricing for domestic natural gas in selected sectors (power/industrial) has begun since early 2023–2024, but not fully, and coal remains subsidized. The IMF's Extended Credit Facility and Extended Fund Facility arrangements with Bangladesh, particularly in the 2023–2025 period, include commitments to energy pricing reforms. Policies were introduced in 2019 allowing wheeling of electricity by private (captive) generators to industrial zones. In 2025, the Merchant Power Plant Policy was launched, enabling private producers to sell up from 80 to 90 per cent of their electricity directly to industrial buyers, with minimal guaranteed offtake by the state. Challenges remain, including payment delays, fuel supply uncertainties, grid bottlenecks, regulatory instability and land acquisition delays, which collectively undermine investor confidence and limit the effectiveness of private sector participation in the power sector (Chowdhury et al., 2025). In 2025, arrears to LNG suppliers were cleared, an oil refinery project was revived, and a long-term energy roadmap came under development, according to information from BIDA. At the time of the IPR, the Bangladesh Energy Regulatory Commission (BERC) was not an independent regulator. Since then, its mandate was changed to allow it to change tariffs more than once per fiscal year (2020) and to allow the government to set power and gas tariffs without public hearings or approval by the BERC (2022). The energy price was increased twice in January 2023 by executive orders; the latter was rolled back in 2024. In 2025, the BERC announced that new energy and power projects that impact prices must receive its approval before implementation, as per the BERC Act, with the goal of improving the justification behind projects, and that the capacity to assess and scrutinize projects is to be improved. Key measures to promote PPPs in energy include the PPP Act (2015) and Guidelines (2018), which established a legal and institutional framework for private sector involvement.[1] The government implemented large PPP projects such as the 1,320 MW Payra coal plant and partnered with the Asian Infrastructure Investment Bank in 2019–2020 to upgrade transmission systems. The PPPA has facilitated investments, with annual energy-sector PPP investment ranging between $40 million and $2 billion between 2013 and 2023, according to World Bank data.

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1 PPPs have become a key mode of financing renewable energy projects, see UNCTAD, 2025b.

Promote PPPs in energy, roads and ports

Why	How		Status	Findings
				Several policies and institutional reforms were adopted to strengthen the renewable energy agenda. A Sustainable and Renewable Energy Development Authority began operations in 2014. Energy Efficiency and Conservation Rules were passed in 2015 targeting 20 per cent energy savings by 2030, according to news sources. The power sector master plans (2016 and 2023) outlined renewable integration and grid modernization. The Bangladesh Climate and Development Platform, supported by the IMF, World Bank, ADB and other multilateral development banks and development partners, was launched in December 2023 to integrate climate risk into planning and mobilize climate finance. In 2025, the government adopted a Renewable Energy Policy which sets targets of 20 per cent renewables by 2030 and 30 per cent by 2040. It also mandated solar panels on public buildings, such as schools, colleges and hospitals. Renewable energy represented 4 per cent of the country's electricity capacity in 2024 and 2.1 per cent of its electricity production in 2023, according to statistics by the International Renewable Energy Agency.
	10.2.	**Roads:** • Coordinate PPP projects into a single development pipeline plan for both roads and bridges to allocate resources to the highest priority projects. • Ensure due process in PPP implementation, site clearance must be performed before tendering projects. • Preserve competition to PPPs by offering alternatives to toll highways and bypasses. • Rationalize land use policies to designate major highway improvements as corridors to enhance their impact.		**Roads** There is no indication of a unified pipeline for road and bridge PPP projects. The current structure remains fragmented: road and bridge PPPs are handled by separate departments (respectively, Road Transport and Highways Division, and Bridges Division), according to information during UNCTAD's fact-finding mission. While the PPP legal and implementation frameworks were reformed, specific provisions on site clearance before tendering were not introduced. The emphasis is on comprehensive project preparation, which may include site readiness depending on the project's nature and risk profile. In practice, site clearance has been difficult to achieve. No documented policy or consistent practice was found in terms of preserving competition in road and bridge PPPs. The focus has remained on expanding infrastructure and attracting private investment through PPPs, often through toll-based models. No land use policy designating major highway improvements as development corridors was implemented. However, the Dhaka-Chattogram highway was leveraged to create economic zones along the highway (e.g. National Special Economic Zone). While corridor-style projects exist (e.g. South Asia Subregional Economic Cooperation Dhaka-Sylhet Corridor Road Investment Project), they are driven by transport and trade facilitation goals, not integrated land-use planning. A National Logistics Policy was approved in November 2025, and a roadmap should be completed in the first quarter of 2026.

Promote PPPs in energy, roads and ports

Why	How		Status	Findings
	10.3.	**Ports:** • Develop a coherent ports development plan. • Revise regulations on port charges and port services to facilitate private investment. • Create an independent port regulator body.	partially implemented	**Ports** A national port strategy is expected to be finalized in the first quarter of 2026, which aims to multiply port handling capacity by six in the next five years. A new international port was inaugurated in 2016 (Payra) and a deep seaport is under construction with support from Japan (Matarbari). A draft law for a Free Trade Zone in Chattogram is awaiting cabinet approval. Individual initiatives exist (e.g. dry ports and inland container depots near Dhaka (Pangaon), deepening of Chattogram and development of Payra and Mongla Ports) but these are largely project-specific, without an overarching framework linking them to inland transport corridors and energy policy. Private operators are being increasingly involved in port services. In 2024, the Patenga Container Terminal in Chattogram Port was leased to a Saudi operator under a PPP landlord model – the first time a foreign firm was assigned with managing operations of a port terminal. Recently, the government has proposed leasing the New Mooring Container Terminal to foreign private operators. A PPP concession agreement for the development of the Laldia Container Terminal in Chattogram Port was signed in November 2025 with a foreign operator. The country has not, however, overhauled the port regulations. Port tariffs remain government controlled (see below) and no policy for their regulation under competition was identified. In September 2025, Chattogram port increased tariffs on a wide range of services by an average of 40 per cent, the first such rise in nearly four decades. An independent port regulator is not in place, despite the growing introduction of competing operators, as mentioned above. Port regulation remains handled by the port authorities themselves, notably Chattogram, Mongla and Payra Port Authorities. These operate under ministerial control, specifically the Ministry of Shipping, and are governed by respective ordinances. Tariff and port dues are largely determined by the Ministry of Finance (for customs-related charges) and the Ministry of Shipping/Port Authority Boards (for operational charges and service fees).

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