

## The Future of Bangladesh: Growing Strong, Facing Storms



**“While navigating these significant economic and political storms, its foundational strengths—a young and educated workforce, vibrant digital ecosystem, and robust investment appeal—remain intact.”**

In recent years, Bangladesh has achieved remarkable economic growth, evolving from one of the world's poorest countries into one of South Asia's most dynamic emerging economies. Its rapid progress has attracted global attention, positioning Bangladesh as an increasingly influential player on the international stage.

This impressive growth is driven by a vast domestic consumer market, a rapidly expanding middle class, and strong digital adoption. With over 2,500 startups—and approximately 200 new businesses launching each year—the country's startup ecosystem is flourishing, particularly in fintech, logistics, mobility, and e-commerce. Alongside this new wave of entrepreneurship, established traditional industries, notably textiles, remain critical to both domestic prosperity and global supply chains.

### Young and Dynamic Workforce: A Demographic Advantage

A significant factor behind Bangladesh's success is its youthful workforce. According to the UN's

World Population Prospects 2024, Bangladesh has a population exceeding 172 million, with a median age of just 26 years (Chart 1). Ranked as the eighth most populous country globally, this youthful demographic provides Bangladesh with a strong foundation for sustained economic growth, innovation, and market expansion.

Over the past decade, the country has substantially improved its education system, focusing particularly on science, technology, engineering, and mathematics (STEM). Strategic investments in modern laboratories, better educational resources, and specialized teacher training have produced a highly skilled, globally competitive workforce. This progress is especially evident in the booming service sectors such as information technology (IT) and business process outsourcing (BPO).

### Digital Revolution: From Cash to Clicks

Bangladesh's digital economy is reshaping consumer behavior nationwide. Mobile connectivity has dramatically expanded, with subscriptions reaching 191 million in 2023, up from just 9 million in 2005, according to the World

Bank. This remarkable growth has established Bangladesh as the ninth-largest mobile market in the world. Currently, over 45% of the population has internet access, unlocking enormous economic potential.

Digital financial services have thrived, with daily transactions surpassing \$200 million. More than 120 million people have embraced online payment systems, transforming how Bangladeshis manage money. The launch of Binomoy in 2022—a collaborative effort between Bangladesh Bank and the ICT Division—has further accelerated this digital transition by improving access to electronic payments, banking services, and fintech solutions, significantly enhancing financial inclusion.

### A Rising Hub for Global Investment

Foreign Direct Investment (FDI) in Bangladesh increased nearly 13% to \$2.9 billion in 2021, maintaining strong momentum through 2022 despite global economic headwinds, according to the Boston Consulting Group. Bangladesh Bank reports that FDI inflows reached an impressive \$4.19 billion between January and June 2024 alone, facilitating technological advancements, infrastructure improvements, skill development, and job creation.

The government has actively supported this growth by simplifying investment procedures through initiatives such as the **One Stop Service (OSS)** platform. Managed by the Bangladesh Investment Development Authority (BIDA) in collaboration with agencies like the Bangladesh

Economic Zones Authority (BEZA), Bangladesh Export Processing Zones Authority (BEPZA), and Bangladesh Hi-Tech Park Authority (BHTPA), OSS provides investors with streamlined approvals and efficient regulatory navigation, significantly boosting Bangladesh's appeal as an investment destination.

### The Shadows Before the Shine

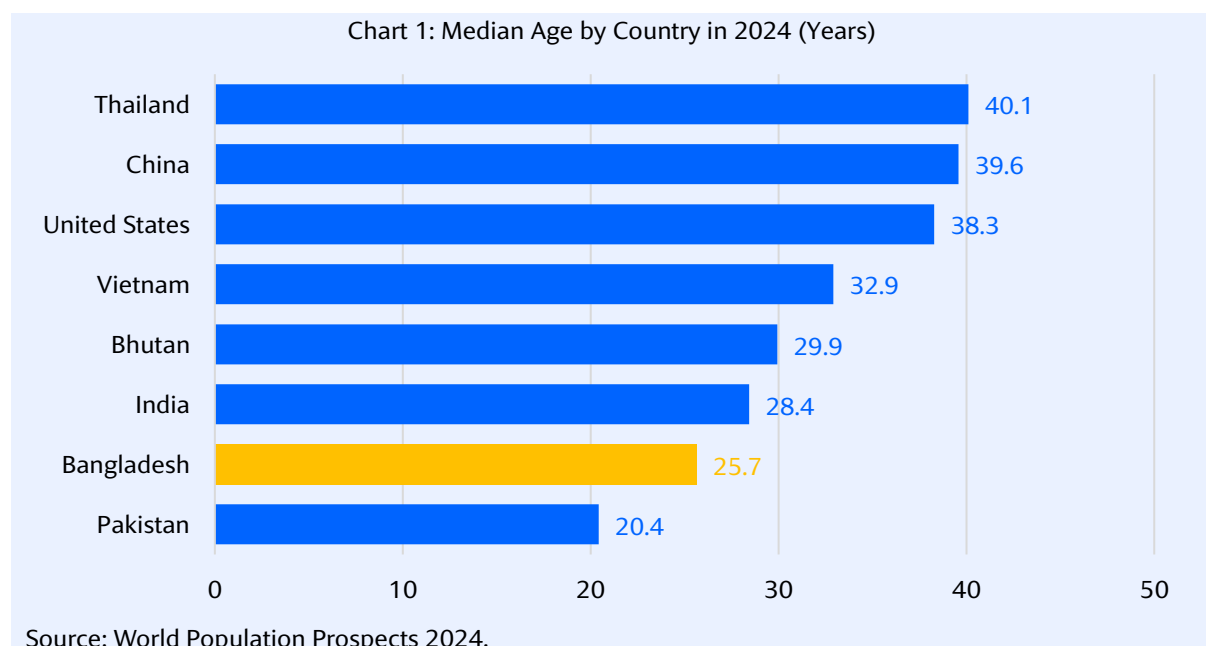
Despite significant strides, Bangladesh faced considerable turbulence in 2024, marked by political upheaval and economic instability. Early in the year, Prime Minister Sheikh Hasina secured re-election, but by August, she resigned and fled the country amid widespread protests. This political crisis disrupted the country's growth trajectory and temporarily weakened investor confidence.

Economic challenges compounded these issues. Inflation soared to 11.4% by November 2024, driven by rising food prices despite government attempts to ease costs through import tax reductions. Youth unemployment climbed to 16%, the highest in three decades, highlighting deep-seated structural challenges within the labor market. Public dissatisfaction, particularly among young people, intensified demands for economic and political reforms.

### Navigating the Storm, Embracing Opportunity

Bangladesh currently stands at a critical juncture. While navigating these significant economic and

Chart 1: Median Age by Country in 2024 (Years)



political storms, its foundational strengths—a young and educated workforce, vibrant digital ecosystem, and robust investment appeal—remain intact. Successfully managing this turbulent period requires decisive action from the interim government, emphasizing economic stabilization, social equity, and inclusive governance.

As the country moves forward, international observers, particularly neighboring India, will closely monitor developments. Bangladesh's ability to address immediate challenges while maintaining its long-term economic trajectory will ultimately determine its future, potentially transforming today's uncertainties into tomorrow's opportunities.

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