Overview

Bangladesh's economy in recent years has navigated a challenging global environment marked by geopolitical tensions, elevated commodity prices, and tighter global financial conditions. Despite these headwinds, macroeconomic management has remained focused on preserving stability, supporting growth, and safeguarding development priorities.

In FY 2024-25, the economy, particularly the external sector, showed clear signs of recovery and stabilization. The exchange rate remained broadly stable, pressures on the balance of payments eased significantly, and the overall foreign exchange reserve position improved compared to the preceding three fiscal years. These positive developments were underpinned by prudent and timely policy measures adopted by the interim government, aimed at restoring macroeconomic discipline and reinforcing confidence in the external sector.

During the year, macroeconomic conditions were influenced by still-elevated global interest rates, moderation in global demand, and evolving trade dynamics. Inflationary pressures, while persistent, showed signs of easing, and external financing conditions remained tight. In this context, the Government continued to mobilize external resources in a calibrated manner to meet development needs, maintain fiscal stability, and advance priority reforms.

Furthermore, following Bangladesh's graduation to Lower Middle-Income Country (LMIC) status, most development partners have adjusted their financing terms by reducing concessionality through higher interest rates, shorter maturities, or reduced grace periods. As a result, access to highly concessional external financing has declined relative to earlier years, necessitating a more strategic and risk-aware approach to external resource mobilization.

At the same time, borrowing on non-concessional terms, particularly from bilateral sources, has increased selectively to meet investment requirements for large and nationally significant projects. Notwithstanding the gradual shift in financing composition, Bangladesh has continued to maintain a comfortable debt sustainability position, supported by prudent borrowing policies, a strong track record of debt servicing, and adherence to internationally accepted sustainability thresholds.

In FY 2024-25, Bangladesh mobilized US$ 9.32 billion in external resources, reflecting the continued importance of foreign financing in supporting development activities. The largest allocations were directed to general government services (US$ 4.06 billion) and power and energy (US$ 1.60 billion), followed by transport and communication (US$ 1.36 billion). Other key recipient sectors included agriculture, local government and rural development, housing and community facilities, education, health, and environment, climate change, and water resources. The realization of committed assistance improved compared to recent years, and total disbursement in FY 2024-25 ranked among the highest levels since independence.

Notwithstanding changes in the composition of external financing, Bangladesh's external debt indicators remained well within internationally accepted thresholds. As of 30 June 2025, the ratio of the government's external debt stock to GDP stood at 18.99 percent, significantly below the threshold level of 40 percent, while the ratio excluding government-guaranteed debt was only 16.81 percent. On the liquidity side, the ratio of external debt service to exports of goods and

services was 8.60 percent, compared to the indicative threshold of 15 percent. These indicators underscore the country's continued strong solvency and liquidity position, supported by prudent debt management practices and a disciplined approach to external borrowing.

2. This section of the document is organized into the following parts:

i. **Part-1** outlines the objectives of external resource management and provides a snapshot of key information on external resource flows along with selected macroeconomic indicators.

ii. **Part-2** presents information, analysis, and evaluation of external resource flows into Bangladesh.

iii. **Part-3** examines the external debt portfolio, including changes in external debt stock, currency composition, maturity structure, debt servicing, and other key debt-related issues.

iv. **Part-4** assesses the risks associated with the external debt portfolio and reviews the country's external debt sustainability status.

v. **Part-5** highlights recent initiatives and policy measures undertaken in the areas of aid and debt management.

3. Part-1: Objective of External Resource Management and a Snapshot of key Information

3.1 Objectives: The primary objectives of external resource management are:

(a) to ensure mobilization of the government's external resources in line with national development strategy at the lowest possible cost;

(b) to contain debt burden in a comfort zone consistent with a prudent degree of risk.

3.2 Snapshot: A snapshot of key information relating to external resource flow such as aid in the pipeline, commitment, disbursement, debt stock, debt servicing, and aid channeled through Non-Government Organization (NGO) of FY 2024-25 are given in the table below. It also captures related macroeconomic indicators which would offer readers an opportunity to have a broad appreciation of the external debt of the country in the context of the overall macro-fiscal situation of the country.

A. Foreign Aid Flow and Debt

	FY 2024-25	FY 2023-24
1. Flow of Foreign Aid	***(In million US$)***	***(In million US$)***
(i) Opening Pipeline	**42,850**	**43,837**
(ii) Total Commitment	**8,382**	**10,739**
Grant	469	850
Loan	7,913	9,889
Projects	8,382	10,739
Non-projects	0	0
(iii) Total Disbursement	**9,315**	**10,283**
Grant	8,69	773
Loan	8,446	9,480
Projects	9,265	10,253
Non-projects	50	30
(iv) Closing Pipeline	**42,090**	**43,837**
(v) Foreign grant channeled through NGO		
Amount Approved	794	841
Amount released	795	655
2. External Debt Stock	***(In million US$)***	***(In million US$)***
Total public sector outstanding debt	**87,300**	**78,178**
(a) General Government Debt (Medium & Long Term)	**77,279**	**68,822**
Multilateral	45,275	40,507
Bilateral	32,004	28,315
(b)Government's Guaranteed debt	**10,021**	**9,356**
Air Craft	120	169
Crude Oil	648	780
Power	4,417	4,712
IMF	4,016	2,832
BTRC	54	66
BCIC	766	797

3. External Debt Service	FY 2024-25 (In million US$)	FY 2023-24 (In million US$)
Total debt servicing	**7,089**	**6,078**
(a) Principal	**5,001**	**4,166**
General Government (Medium & Long Term)	2,614	2,022
Air Craft	52	54
Crude Oil	1,409	1,217
Power	510	453
IMF	294	318
BTRC	17	17
BCIC	105	85
(b) Service Charge	**2,088**	**1,912**
General Government (Medium & Long Term)	1,500	1,350
Air Craft	10	15
Crude Oil	47	43
Power	344	353
IMF	155	134
	1	2
BTRC	31	15
BCIC		

B. Macro Economic Statistics

Macro Economic Statistic	FY 2024-25	FY 2023-24
i. GDP growth rate (Base Year: 2015/16)	3.97 (P)	4.22 (R)
ii. GDP at the current price (Base year: 2015/16 in million US$)	459,665 (P)	450,446 (R)
iii. GDP as per PPP at Current Int'l Dollar (in million US$)*	1,782,105 (P)	1,676,746 (R)
iv. Per Capita GDP (Base year: 2015/16 in US$)	2,671 (P)	2,625 (R)
v. **Export of Goods and Services (In Million US$)**	**50,687**	**47,099**
Merchandise (FoB)	43,958	40,810
Services	6,729	6,289
v. **Import (In Million US$)**	**68,354**	**66,725**
Food	2,306	2,058
Capital Machinery	2,819	4,144
vi. **Foreign Exchange Reserve (in million US$)**	**31,772 (P)**	**26,714**
vii. **Remittance (in million US$)**	**30,329**	**23,912**
Of the total from USA	4,733	2,962
KSA	4,264	2,740
UAE	2,793	4,636

* Reference: World Economic Outlook Database, October 2025, IMF (Calendar Year Value).

4. Part-2: Aid flow, Composition, and Trend

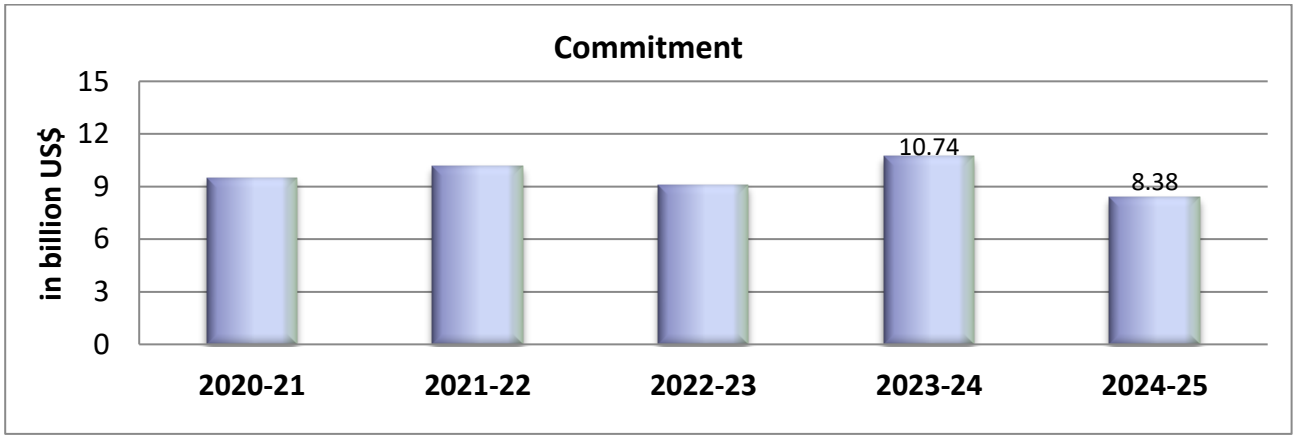
Up to 30 June 2025, cumulative commitments of external assistance to Bangladesh amounted to approximately US$199.65 billion. By purpose, project aid accounted for the dominant share at US$181.53 billion, including US$14.49 billion in budget support, while commodity aid and food aid amounted to US$11.07 billion and US$7.05 billion, respectively.

Over the same period since independence, total disbursements of external assistance reached about US$142.26 billion, comprising US$31.78 billion in grants and US$110.48 billion in loans. Of the cumulative disbursements, project aid (including budget support) constituted US$124.24 billion, while food aid and commodity aid amounted to US$7.11 billion and US$10.91 billion, respectively.

Over the past five decades, the composition of Bangladesh's external assistance has undergone significant structural shifts. The share of grants has gradually declined relative to loans, reflecting both the country's development progress and changes in global aid architecture. At the same time, the role of multilateral development partners has expanded compared to bilateral sources. Evolving global economic conditions, shifts in geopolitical dynamics, and changing food security considerations have made aid mobilization increasingly complex. In this context, effective coordination with development partners through mechanisms such as the Bangladesh Development Forum, the Local Consultative Groups, and regular tripartite portfolio review meetings involving ERD, development partners, and implementing agencies has remained critical in promoting aid effectiveness, alignment, and harmonization. Some key features for the financial year 2024-25 related to external aid are discussed below.

4.1 Commitments:

During FY 2024-25, a total of US$8.38 billion of external assistance was committed. Compared to the last fiscal year, the commitment has decreased by 21.95 percent. Graph 1 shows the commitment to foreign assistance for the last five years.



Graph 1

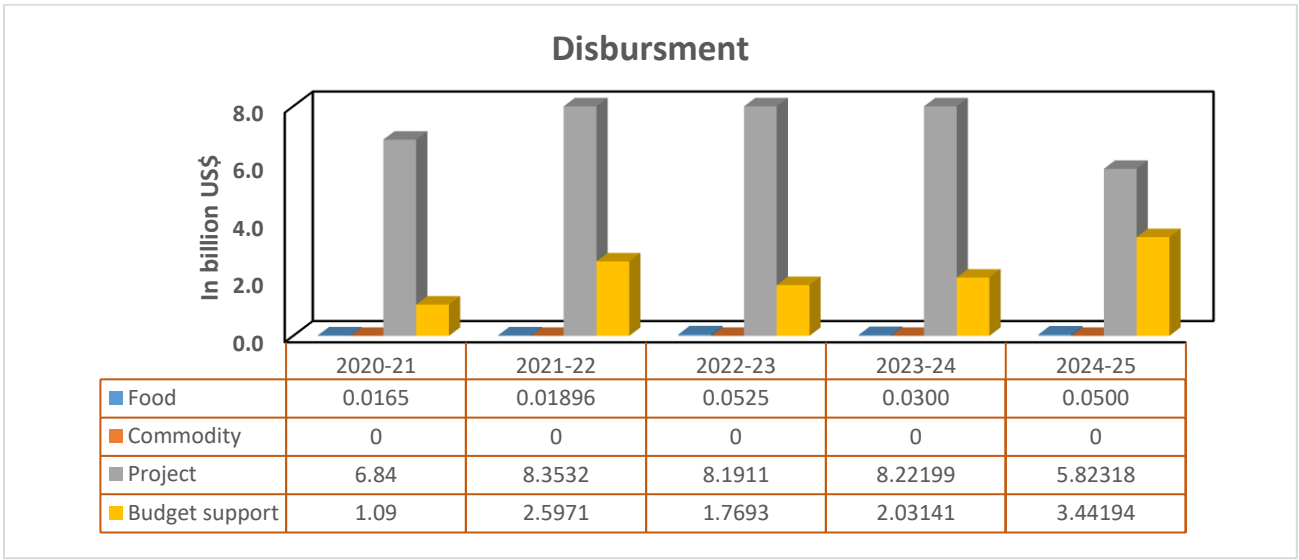
In the FY2024-25 project, assistance constituted the lion's share of the whole amount of commitment. There is no commitment to commodity assistance in this financial year. According to the source of financing, commitment from multilateral agencies and bilateral sources are US$ 6,173.96 million and US$ 2,207.88 million respectively. The composition of commitment is shown for FY2024-25 in Graph 2.



Graph-2

4.2 Disbursement:

In FY2024-25, a total amount of US$ 9.32 billion was disbursed. Disbursement during FY 2024-25 is 9.42 percent lower than the disbursement of the previous year. Of this US$ 868.83 million is a grant and US$ 8,446.29 million is loan. Of the total amount, food aid, and project Aid and budget support are US$ 50.0 million, US$ 5,823.18 million, and US$ 3,441.94 million, respectively. Multilateral development partners disbursed the lion's share of the total disbursement amounting to US$ 6,041.68 million and bilateral development partners disbursed US$ 3,273.44 million. Graph 3 shows a comparison of disbursement by purpose in different years.



	2020-21	2021-22	2022-23	2023-24	2024-25
Food	0.0165	0.01896	0.0525	0.0300	0.0500
Commodity	0	0	0	0	0
Project	6.84	8.3532	8.1911	8.22199	5.82318
Budget support	1.09	2.5971	1.7693	2.03141	3.44194

Graph-3

Since 1972 on a cumulative basis of aid disbursement, the major multilateral development partner is IDA followed by ADB. On the other hand, Japan ranks as the largest bilateral development partner followed by China. Disbursement of the top 10 development partners according to their cumulative contribution since independence has been presented in graph-4.



Graph-4

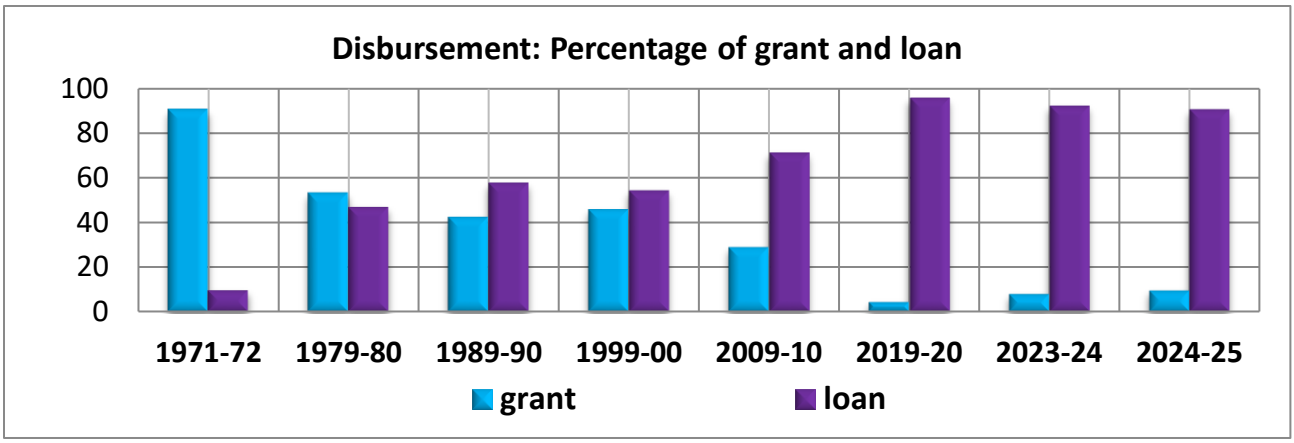
4.3 Changing scenarios in aid composition

Over the past several decades, the composition of foreign aid disbursement to Bangladesh has undergone profound structural transformation. Most notably, the share of grants has declined steadily, while the share of loans has increased correspondingly. In FY 1971-72, grants and loans accounted for 90.5 percent and 9.5 percent of total disbursed aid, respectively; by FY 2024-25, these shares had reversed to 9.33 percent for grants and 90.67 percent for loans.

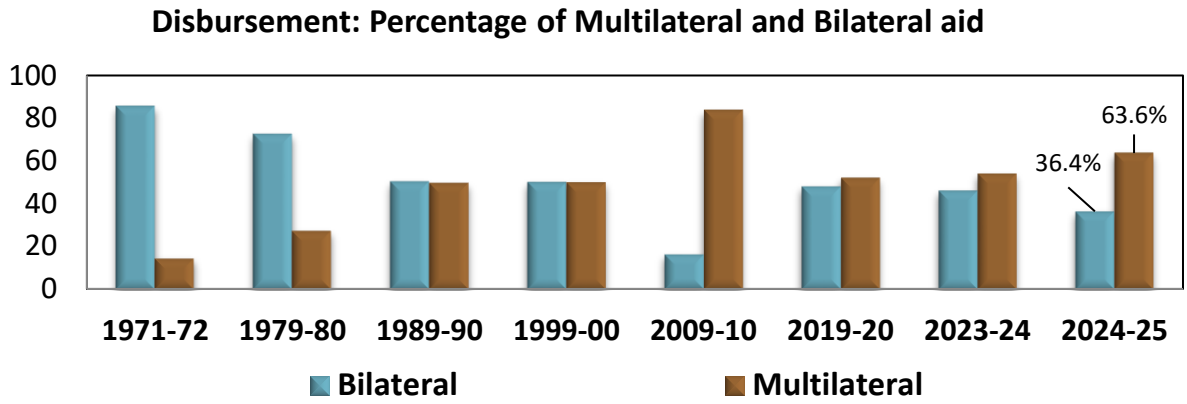
A similar shift is observed in the source composition of external assistance. The share of bilateral aid declined from 85.7 percent in FY 1971-72 to 35.14 percent in FY 2024-25, while the share of multilateral aid increased from 14.3 percent to 64.86 percent over the same period. Notwithstanding this long-term trend, the share of bilateral assistance has shown a renewed increase since FY 2010-11, reflecting the growing engagement of bilateral development partners such as China and Russia. In line with this evolving global aid architecture, Bangladesh has increasingly mobilized resources from these partners to meet its expanding investment requirements, particularly for large-scale infrastructure projects.

In parallel, the purpose-wise composition of aid has shifted markedly. The shares of food and commodity aid have declined sharply over time, reflecting improved domestic capacity and changing development priorities. Food aid, which constituted 47.9 percent of total disbursement in FY 1971-72, fell to 0.54 percent in FY 2024-25, while commodity aid declined from 50.8 percent to nil over the same period. Conversely, project aid expanded dramatically from 1.3 percent in FY 1971-72 to 99.5 percent in FY 2024-25 underscoring the increasing

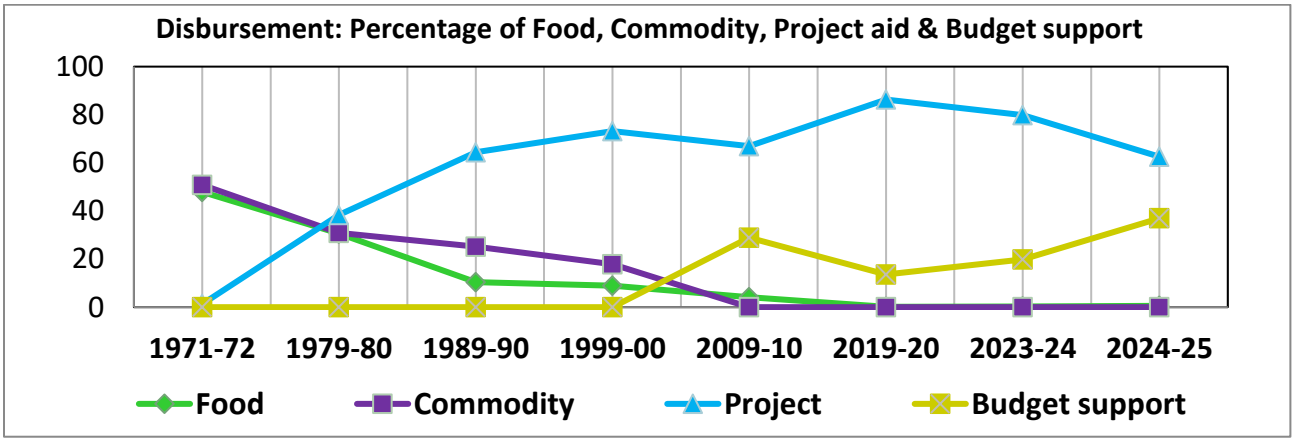
emphasis on investment-oriented, project-based external assistance. These long-term shifts in disbursement patterns are illustrated in Graphs 5, 6, and 7



Graph -5



Graph -6



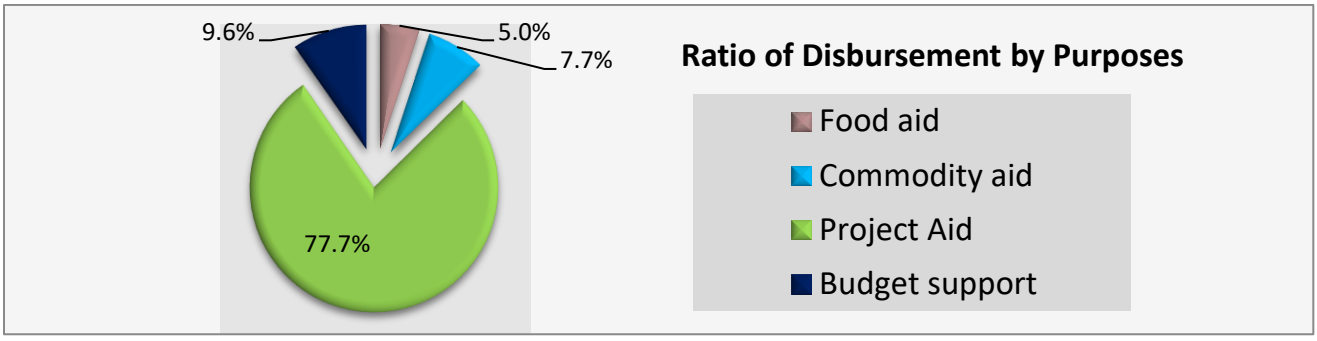
Graph -7

4.4 Aid Utilization:

Aid utilization in Bangladesh is currently at a critical juncture, largely reflecting challenges associated with the slow implementation of externally financed projects. Over time, food and commodity aid have diminished in importance within the overall aid portfolio, while project aid has increasingly emerged as the dominant and preferred mode of external assistance, consistent with evolving development objectives and sectoral priorities.

From independence through 30 June 2025, cumulative disbursements of foreign aid amounted to US$142.26 billion. As Bangladesh's economy matured, development partners gradually reduced reliance on food and commodity assistance, replacing these modalities with investment-focused project financing. In parallel, the composition of external assistance has shifted from predominantly bilateral support toward multilateral concessional lending, reflecting both changes in development partner preferences and the country's growing capacity to manage complex development projects.

The relative shares of food aid, commodity aid, budget support, and project aid in total cumulative disbursements are presented in the following pie chart, illustrating the long-term evolution of aid utilization patterns



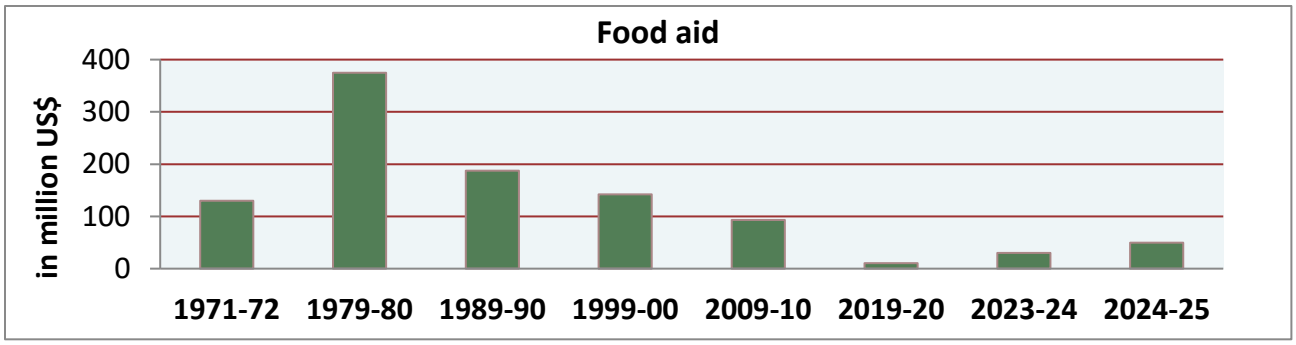
Graph-8

4.4.1 Food aid:

Food aid is now utilized in limited volumes and is occasionally mobilized in larger amounts to respond to natural disasters such as floods, cyclones, and other adverse weather events. This reflects Bangladesh's near self-sufficiency in food production achieved in recent years through sustained increases in agricultural output.

Nevertheless, a baseline level of food aid remains important to support the poorest and most vulnerable segments of the population, particularly through targeted social safety net programs such as Vulnerable Group Development (VGD) and Food for Work (FFW). Consistent with these developments,

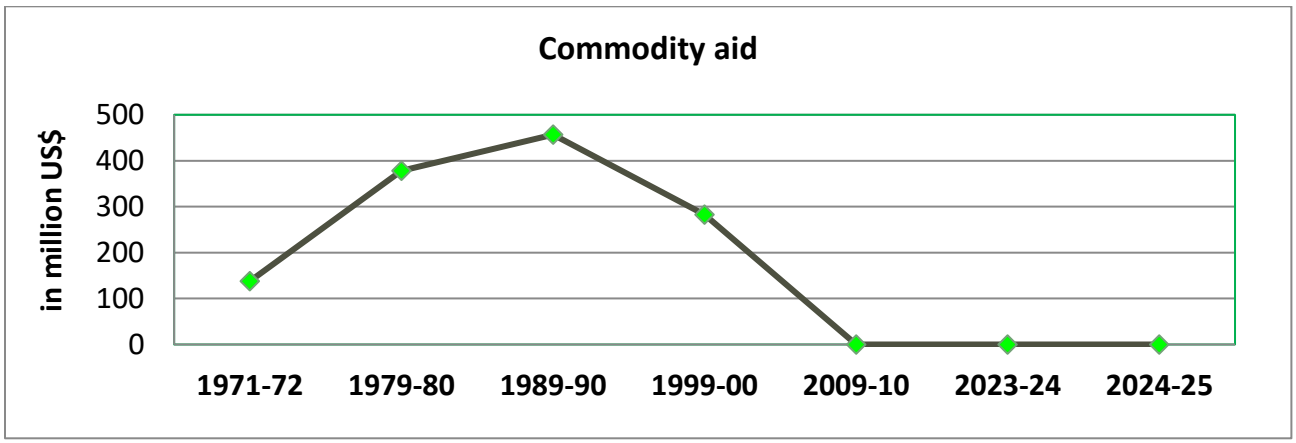
the share of food aid has declined steadily over time, as illustrated in the bar chart below.



Graph-9

4.4.2 Commodity aid:

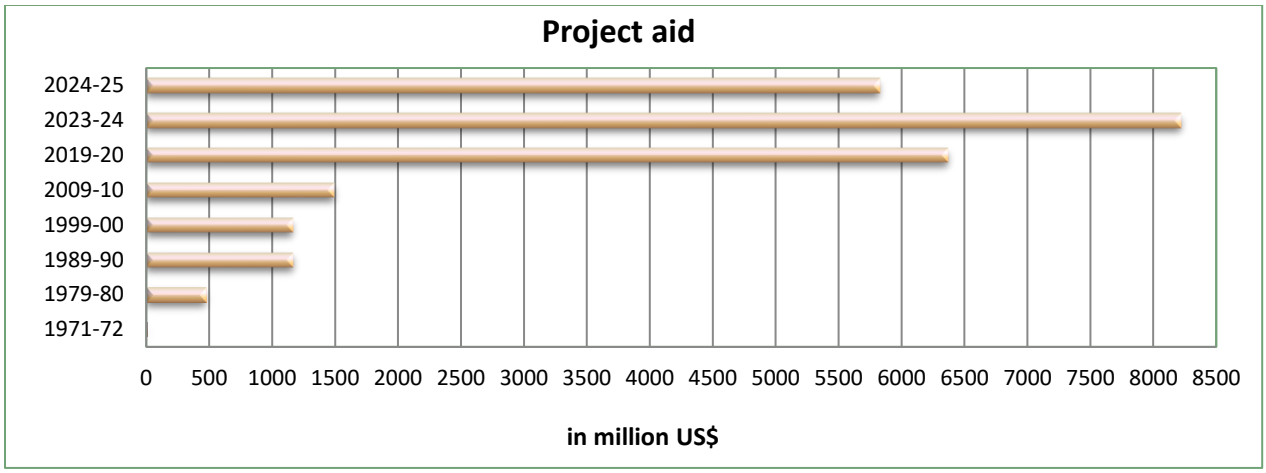
Commodity aid is generally provided to finance the import of intermediate inputs and raw materials, thereby offering temporary support to the balance of payments. Over time, however, rising export earnings, stronger domestic revenue mobilization, and a sustained increase in foreign remittance inflows have enabled Bangladesh to address balance of payments needs increasingly from its own resources. As a result of these structural improvements, the reliance on commodity assistance has declined steadily, and commodity aid has been phased out since FY 2003-04.



Graph-10

4.4.3 Project aid:

Project aid constitutes the largest share of external assistance and is primarily extended by development partners to finance projects included in the Annual Development Program (ADP). Over time, the share of project aid, excluding budget support, has increased steadily reflecting the growing emphasis on investment-oriented external financing, with the exception of FY 2024-25, as illustrated in Graph 11.

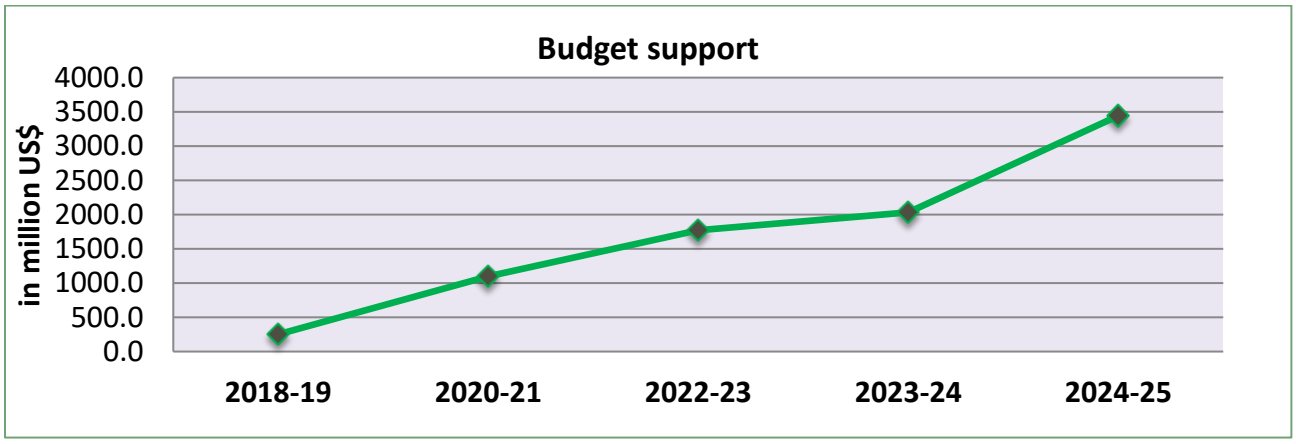


Graph-11

4.4.4 Budget support

Budget support is typically provided in single or multiple tranches to finance priority policy programs. Disbursements under this modality are conditional on the fulfillment of pre-agreed policy actions and reform benchmarks agreed between the recipient country and multilateral financial institutions. Compared with project aid, budget support offers greater flexibility by allowing resources to be aligned more directly with national development priorities and fiscal needs.

Accordingly, budget support has gained importance as a financing instrument, although it remains infrequent and selectively deployed. Development partners usually extend budget support only after the successful achievement of agreed policy objectives, which limits its regularity. In recent years, disbursement under budget support has increased significantly, reaching US$ 3,441.94 million in FY 2024-25, a sharp rise compared to FY 2023-24, as illustrated in Graph 12.



Graph-12

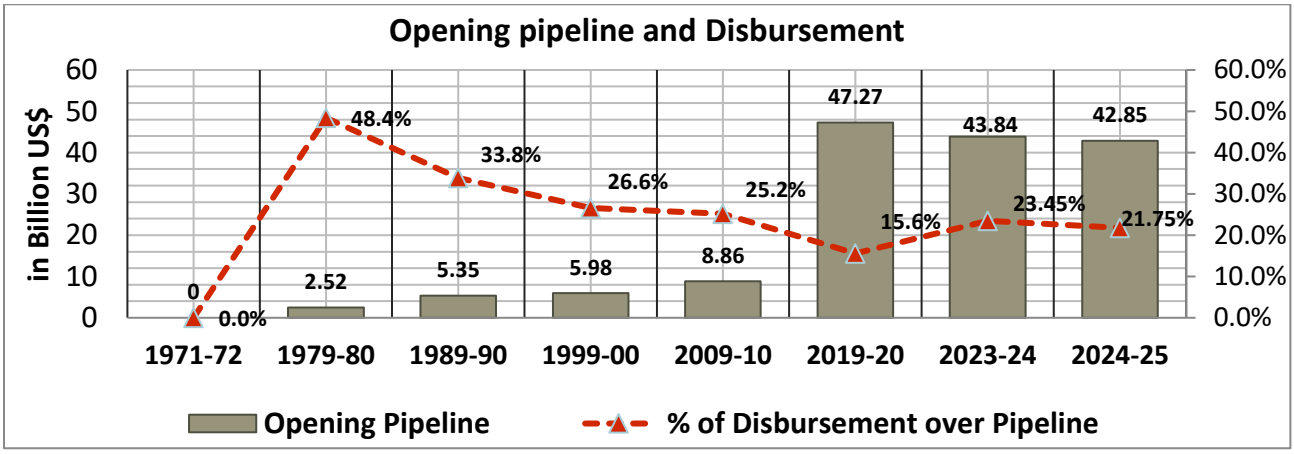
4.5 Aid in the pipeline

FY 2024-25 began with an opening aid pipeline of approximately US$42.85 billion as of 1 July 2024. During the year, new commitments amounted to US$8.31 billion, while total disbursements reached US$9.32 billion. After accounting for cancellations and adjustments, the closing pipeline stood at about US$42.09

billion as of 30 June 2025, representing a 1.77 percent decline compared to the previous fiscal year. Disbursement during FY 2024-25 accounted for 21.75 percent of the opening pipeline, reflecting a 1.7 percentage point decrease from the disbursement ratio recorded in the preceding year.

Slow project implementation remains the principal factor contributing to delays in aid disbursement, often resulting in time and cost overruns. Such delays can adversely affect the balance of payments, potentially increasing reliance on domestic borrowing. The underlying causes are multifaceted. In several cases, projects are formulated without adequate planning or robust feasibility studies, and capacity constraints among personnel involved in project preparation and implementation persist. Design deficiencies frequently necessitate revisions to Development Project Proposals (DPPs) or Technical Project Proposals (TPPs), sometimes even before project commencement.

In addition, lengthy approval processes for DPPs and TPPs delay project start-up, while staffing gaps, frequent transfers of project officials, and limited continuity in project management further impede implementation. Procurement-related bottlenecks, delays in land acquisition, and coordination challenges, particularly in multi-agency and multi-development partner projects, also constrain progress. Delays in contract approvals, consultant recruitment, fund releases, and coordination among co-financiers have likewise been identified as significant contributors to slow disbursement. Disbursement ratios relative to opening pipeline balances over recent years are presented in Graph 14.



Graph-13

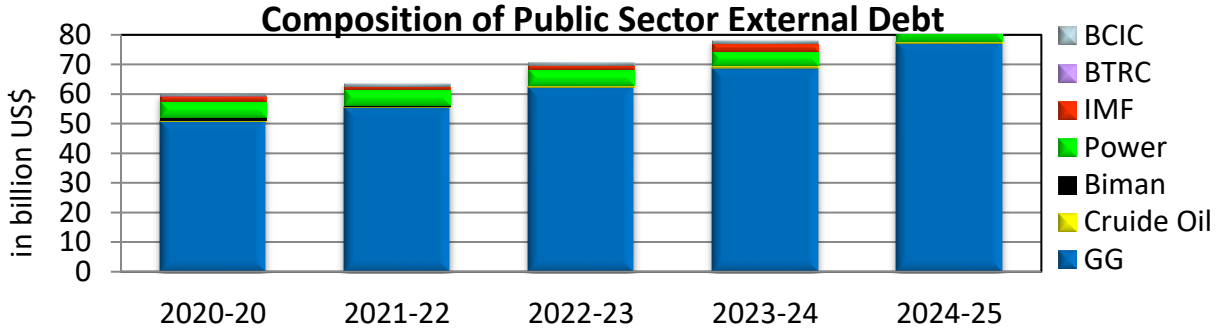
5. Part- 3: External Debt Management

Managing external debt is inherently more sensitive than managing domestic debt. Domestic debt represents a charge on the budget and is serviced primarily through government revenues and, where necessary, additional domestic borrowing. External debt, by contrast, not only places demands on fiscal resources but also constitutes a direct charge on the balance of payments, as servicing obligations must be met in foreign currency, typically through the use of foreign exchange reserves.

Structural factors such as a persistent trade deficit, a savings-investment gap, moderate growth in revenue mobilization, and rising public expenditure pressures have contributed to the expansion of external debt. These dynamics underscore the importance of prudent external borrowing and effective debt management to safeguard both fiscal sustainability and external sector stability.

5.1 Public Sector External Debt: Bangladesh's external borrowing is predominantly composed of public sector external debt, with private sector external borrowing remaining negligible. Total public sector external debt increased from US$973.80 million in FY 1974-75 to approximately US$87.30 billion in FY 2023-24, equivalent to 18.99 percent of GDP. Over the same period, the country's per capita external debt obligation rose from US$6.59 in FY 1973-74 to US$505.06 in FY 2023-24, reflecting the scale-up of development financing alongside economic growth.

Public sector external debt comprises general government debt, government-guaranteed debt of state-owned enterprises (SOEs), and outstanding obligations to the International Monetary Fund (IMF). The composition of public sector external debt is presented in Graph 14:



Graph-14

5.2 General Government Debt

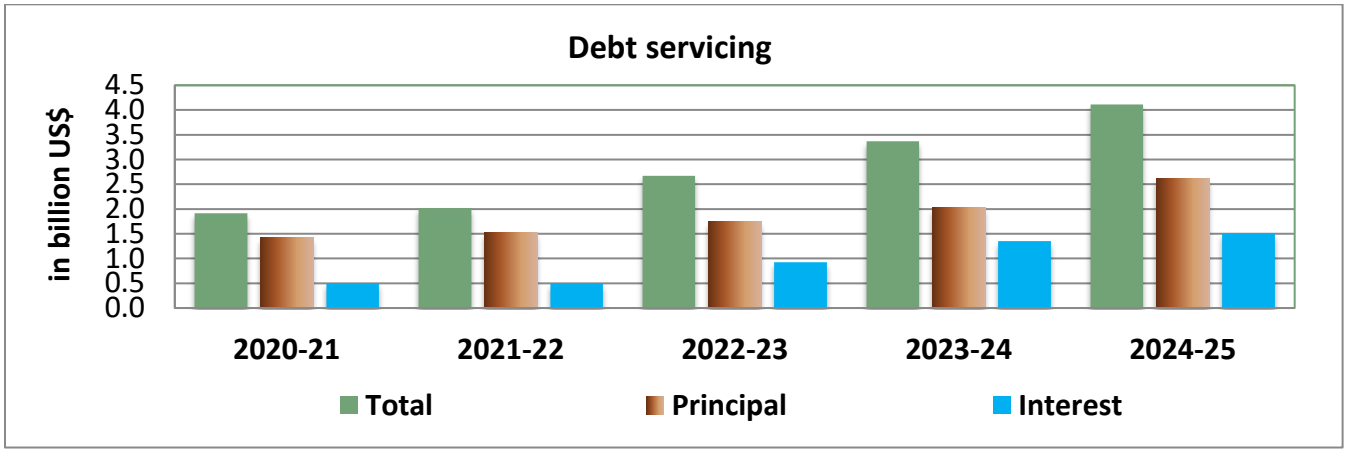
The General Government debt, totaling US$ 77.28 billion, constitutes the largest component of Public Sector External Debt. All external loans of the General Government are medium- and long-term (MLT) in nature. MLT debt accounts for 88.52 percent of total Public Sector External Debt and represents 16.81 percent of the debt-to-GDP ratio. Most MLT loans are obtained on concessional terms, with a weighted average grace period of 7.3 years, a weighted average maturity of 30.1 years, and a weighted average repayment period of 22.7 years. These loans primarily originate from bilateral and multilateral sources.

The Economic Relations Division is responsible for managing General Government debt. A few key issues related to external debt of the General Government are discussed in the following paragraphs:

5.2.1 Debt Servicing

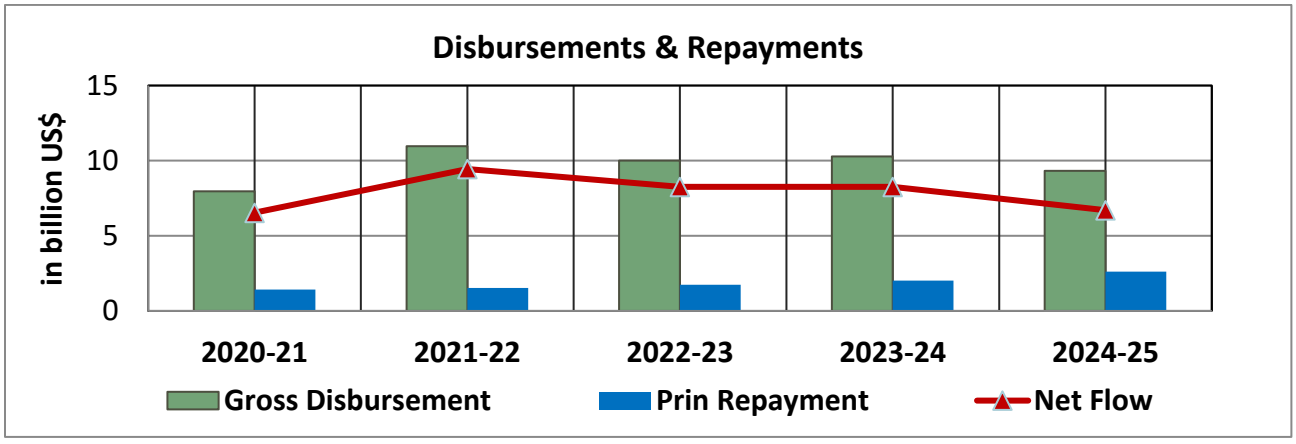
The total debt servicing expenditure of the Government in FY 2024-25 amounts to US$ 4,114.56 million, comprising US$ 2,614.40 million for principal repayment and US$ 1,500.16 million for interest. Of this total, US$ 2,768.47 million is paid to multilateral creditors, while US$ 1,346.09 million goes to bilateral creditors. Graph-15 presents the

statistics of debt servicing over the past five years.



Graph-15

5.2.2 Net Flows and Transfer: Net flows, representing the difference between disbursements and amortization (principal repayment), stood at US$ 6,700.72 million in FY 2024-25, compared to US$ 8,261.21 million in FY 2023-24. This reflects an 18.89 percent decrease from the previous year, primarily due to higher principal repayments. Since independence, net flows have remained positive every year, indicating that disbursements have consistently exceeded amortization. Similarly, net transfers which are calculated as net flows after deducting interest payments, have also remained positive throughout. The graph below illustrates net flows over the last five financial years.

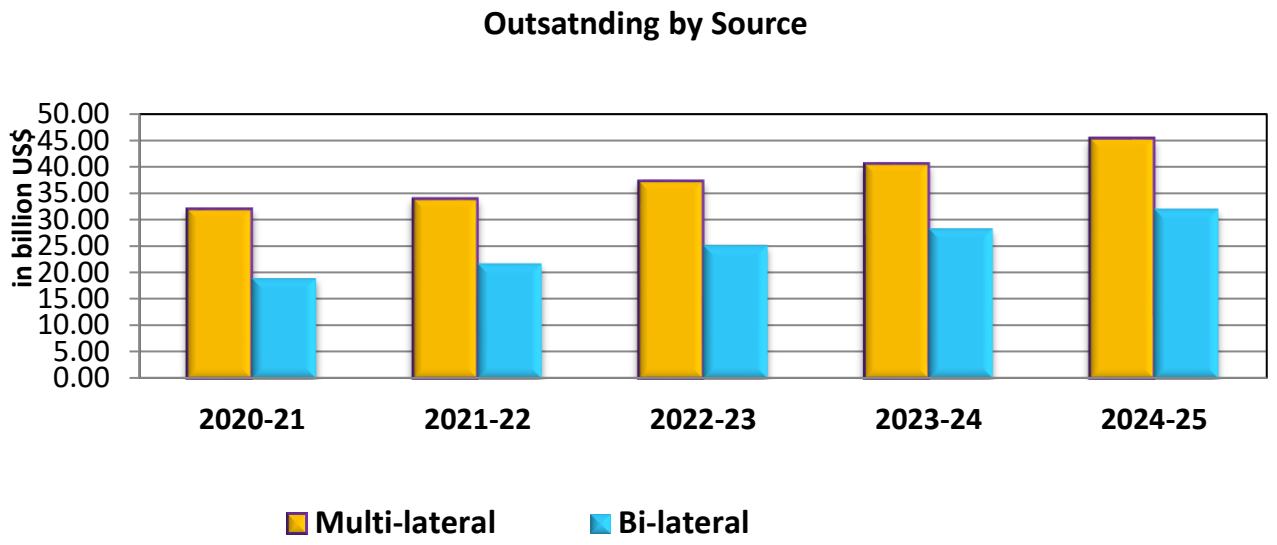


Graph-16

5.2.3 Source composition:

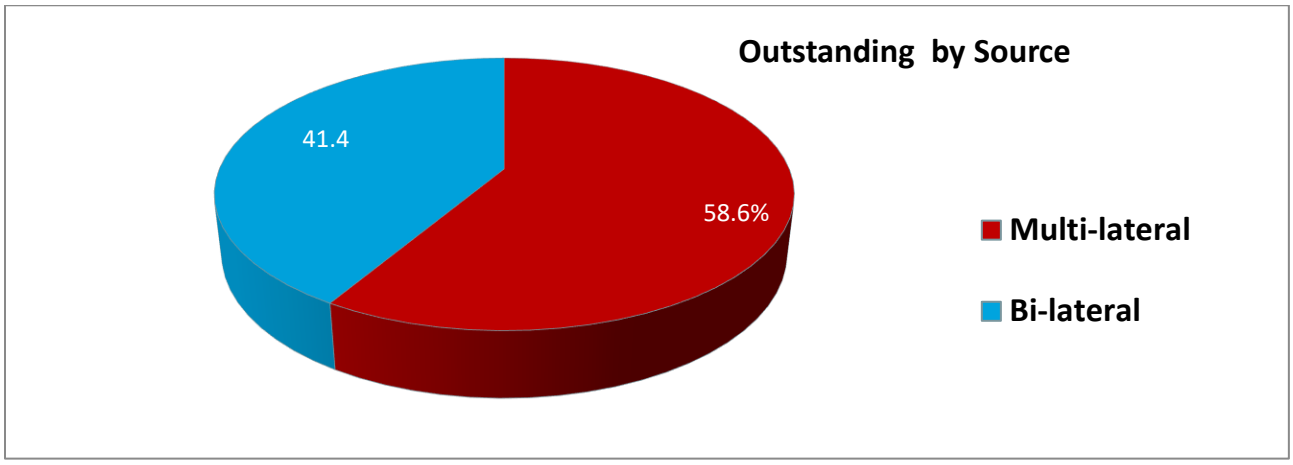
Public sector external debt is typically mobilized from bilateral, multilateral, and commercial sources. Bangladesh, as a general policy, avoids commercial borrowing, though a few authorized SOEs have obtained sovereign-backed commercial loans. As of 30 June 2025, outstanding debt amounted to US$ 45.28

billion from multilateral sources and US$ 32.00 billion from bilateral sources.



Graph-17

In FY 2024-25 the share of multilateral outstanding loans increased by 11.77 percent compared to that of FY 2023-24. Similarly, the share of bilateral outstanding loans increased by 13.03 percent to the last financial year. The share of debt outstanding by source for FY 2024-25 is shown in graph-18.



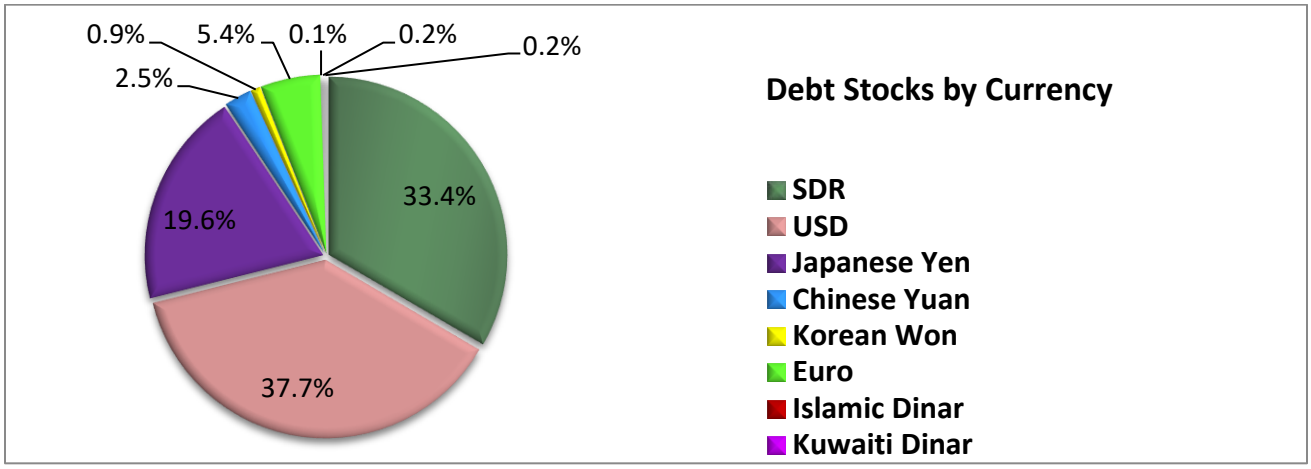
Graph-18

5.2.4Currency composition: As of 30 June 2025, external medium-and long-term (MLT) debt is predominantly denominated in eight major currencies: US Dollar (USD), Special Drawing Rights (SDR), Japanese Yen (JPY), Korean Won (KRW), Islamic Dinar, Euro

(EUR), Kuwaiti Dinar (KWD), and Chinese Yuan (CNY). USD continues to account for the largest share of the debt stock, though it slightly decreased to 37.7 percent in FY 2024-25 from 38.35 percent in FY 2023-24. Net disbursements of USD loans from new bilateral creditors, such as Russia, contributed to this share.

SDR-denominated debt remains the second-largest component, accounting for 33.40 percent in FY 2024-25, down from 35.09 percent in the previous year. Only the World Bank and IsDB provide SDR-denominated loans, while the ADB issues single-currency loans. Ongoing SDR disbursements from these agencies have not fully offset repayments, resulting in a declining SDR share and reduced currency diversification in the debt portfolio.

Other currencies, including Japanese Yen, Korean Won, Islamic Dinar, Euro, Kuwaiti Dinar, and Chinese Yuan, together form the remainder of the debt stock. The share of Japanese Yen increased to 26.36 percent in USD equivalent mainly due to JPY appreciation against the USD. The graph below shows the share of major currencies in the debt stock.



Graph-19

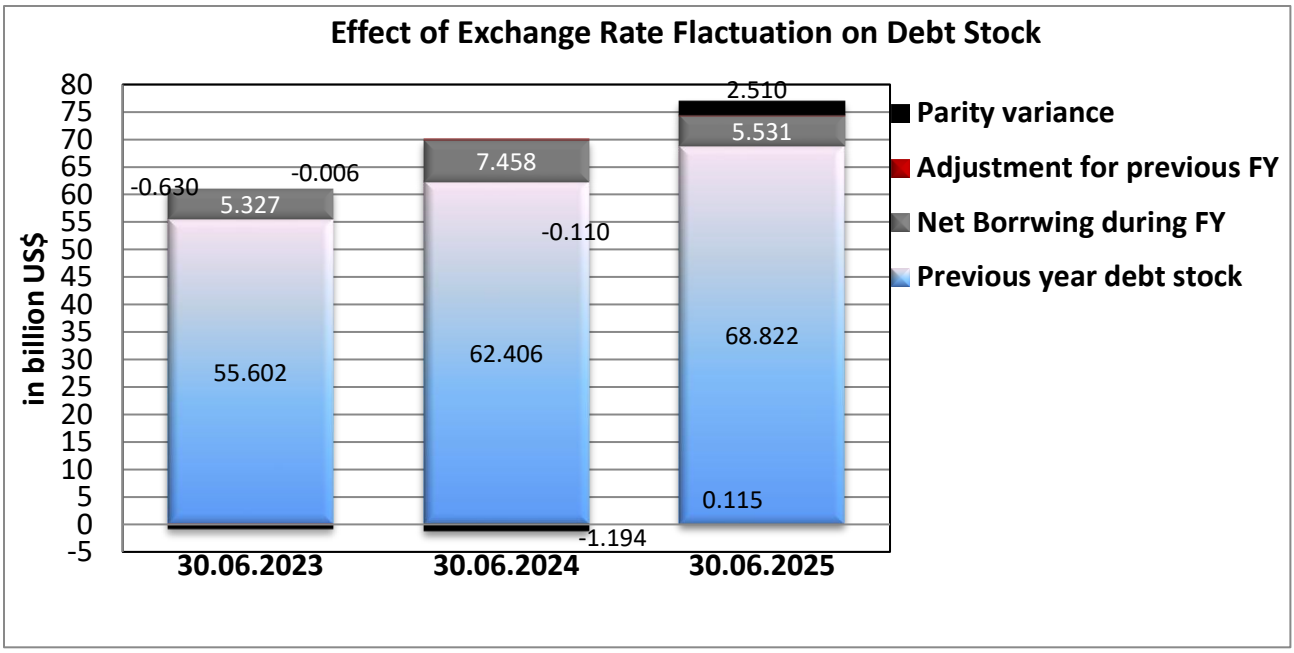
6. Part-4: Risk Analysis

Around 88.52% of total external debt is derived from medium- and long-term (MLT) loans, most of which are contracted on fixed-term interest rate basis. This structure helps minimize the interest rate risk, leaving the portfolio primarily exposed to exchange rate fluctuations. Other risks, however, are linked to the country's economic performance and overall debt strategy. A detailed analysis of risks requires information on currency composition, interest rates, maturity, and repayment schedules. Since the Economic Relations Division (ERD) manages only General Government loans, the risk analysis presented here is confined to General Government external debt.

6.1 Foreign Currency Risk

The total government MLT external debt increased to US$ 77.279 billion as of 30 June 2025, up from US$ 68.822 billion, reflecting an annual increase of US$ 8.457 billion, while net government external borrowing during the year was US$ 5.832 billion. Frequent USD appreciation against SDR

and other currencies added US$ 2.510 billion to the debt stock in USD terms during the year..



Graph-20

However, the second-largest component, SDR-denominated debt, exposes the portfolio to single-currency exchange rate risk. With SDR accounting for over 33% of the debt stock, USD appreciation against SDR can reduce the debt stock in USD terms, even when new loans are added. Similarly, debt servicing in USD may decrease because most SDR loans are repaid in USD. Conversely, adverse movements of foreign currencies against the Taka increase debt servicing expenditure in local currency.

In FY 2024-25, the SDR appreciated against USD, and EURIBOR/SOFR rates decreased compared to the previous year, while the Taka depreciated against the USD. As a result, actual debt servicing expenditure in Taka was below the budgeted amount: Taka 31,583.12 crore for principal and Taka 18,126.72 crore for interest, against the budget provisions of Taka 33,500.00 crore and Taka 22,000.00 crore, resulting in an under-expenditure of Taka 5,790.16 crore.

6.2 Liquidity Risk

Liquidity risk assesses the Government's capacity to service its external debt and is monitored using key indicators such as the interest service ratio and the total debt service ratio. In FY 2024-25, the interest service ratio of medium- and long-term (MLT) debt stood at 2.96 percent, slightly higher than 2.87 percent in FY 2023-24. The total debt service ratio, which measures the combined principal and interest payments as a percentage of exports, increased to 8.12 percent from 7.16 percent in the previous year, reflecting the start of principal repayments on some loans. The rollover ratio, the proportion of amortization relative to total disbursement in a given year, also rose to 28.21 percent, up from 19.72 percent, due to higher principal

payments during FY 2024-25. Additionally, the total debt service to revenue ratio increased to 11.41 percent from 9.17 percent, highlighting the combined impact of rising interest obligations and revenue mobilization constraints. Overall, while these indicators suggest a moderate increase in liquidity risk, the Government's external debt service capacity remains within manageable limits

6.3 Solvency Risk

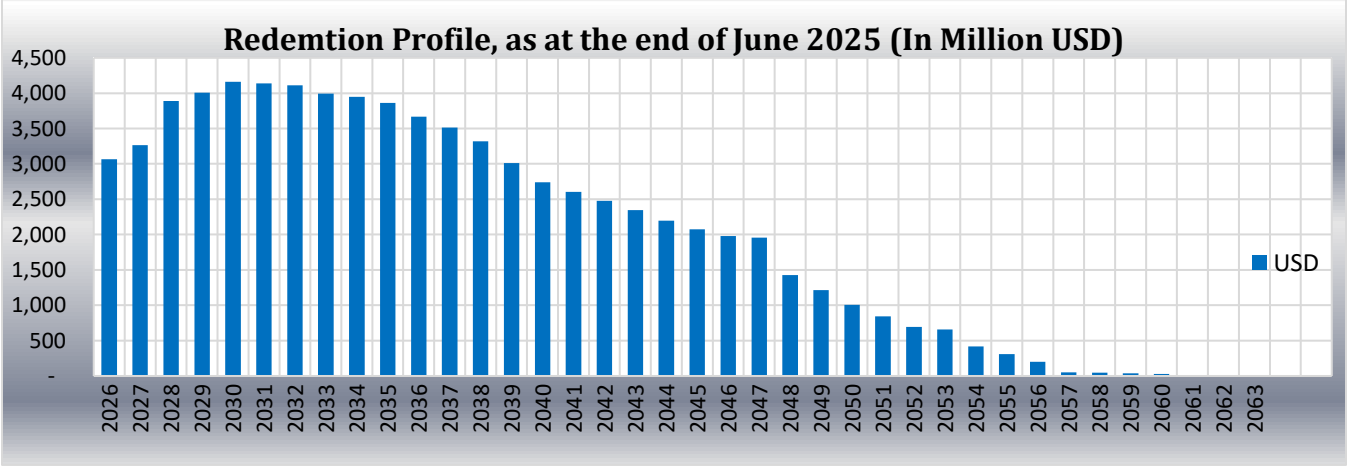
Solvency risk is assessed using debt burden indicators, including the ability to repay all outstanding debt from a single year's export earnings. In FY 2024-25, the outstanding MLT debt stood at 152.7% of export earnings, up from 146.12% in FY 2023-24. Despite the increase, solvency risk does not pose a significant threat to the external debt portfolio.

6.4 Re-fixing and Interest Rate Risk

Interest rate risk does not pose a significant threat to the external debt portfolio as almost all external loans are acquired at concessionary fixed rates. On the Other hand, there is no such refinancing risk as only 3.97% of outstanding debt will mature in the next financial year.

Risks	Indicators	FY 2024	FY 2025
Cost of Debt	Weighted Average Interest Rate	2.25%	2.15%
Refinancing Risk	Average Time to Maturity (ATM) (Years)	11.36	11.15
	Debt maturing in 1yr (% of total)	4.03%	3.97%
Interest Rate Risk	Average Time to Refixing (ATR) (years)	8.52	8.30
	Debt re-fixing in 1yr (% of total)	31.32%	32.38%
	Fixed-rate debt (% of total)	71.8%	70.6%

However, recent variable interest rate loans require monitoring to ensure that interest rate exposure remains manageable. The debt redemption profile at the end of June 2025 is smooth, with no extreme spikes in amortization. Amortization is expected to remain below US$ 4.20 billion in the medium term.

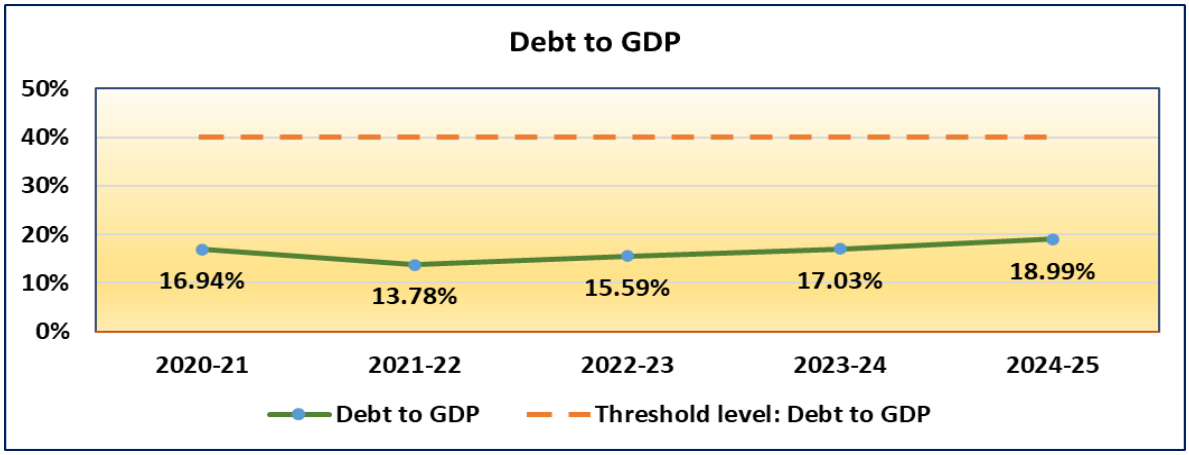


Graph-21

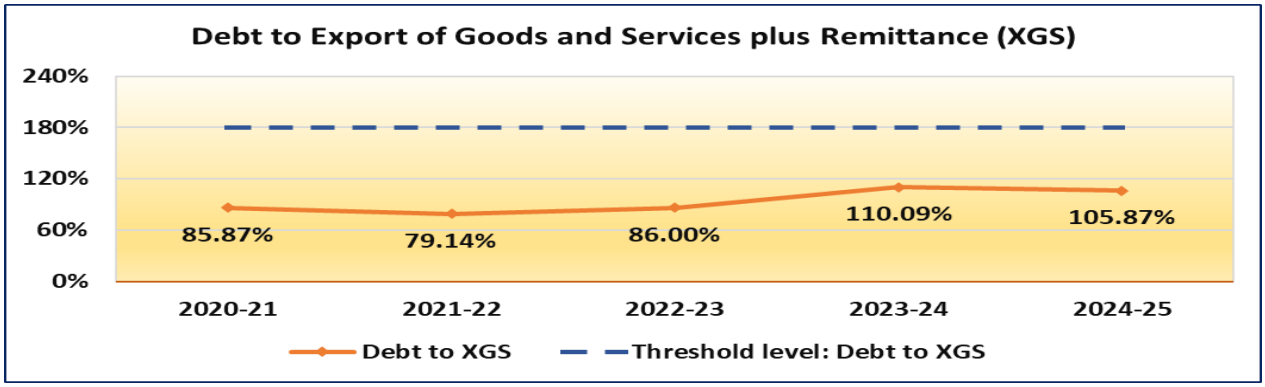
6.5 Debt sustainability of overall Public Sector External Debt

Broadly overall debt sustainability is measured by applying two aggregate sets of indicators. One is the ratio of ***total debt outstanding*** (public sector external debt) ***to GDP and total debt to the export of goods and services***. The other one is the ratio of ***debt servicing to the export of goods and services and revenue earning***. The overall debt sustainability situation of Bangladesh is presented in the following graphs.

Debt Stock to GDP, Export of goods & services plus Remittance (XGS) and Revenue ratio and Threshold Level

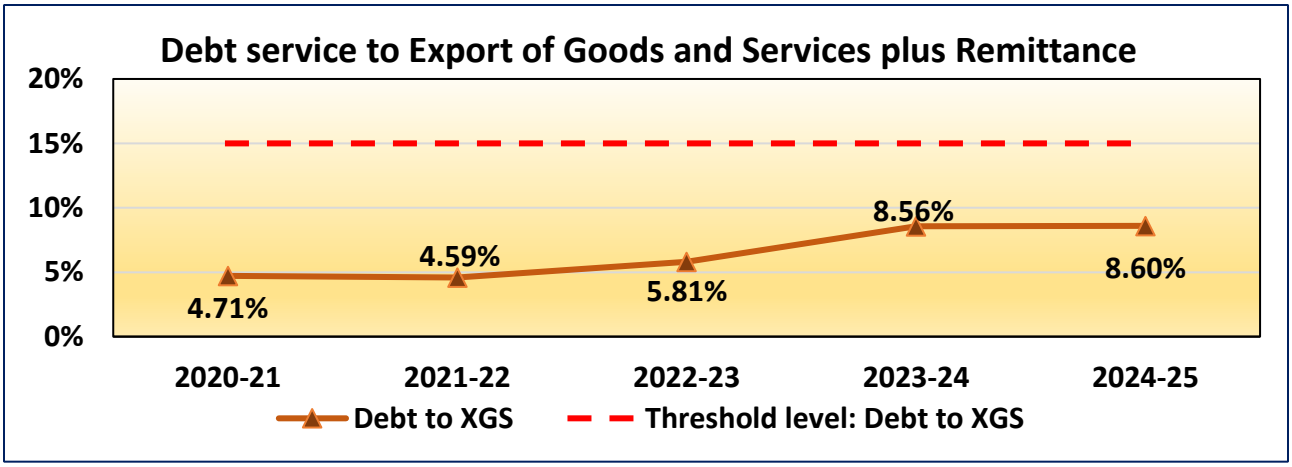


Graph-22

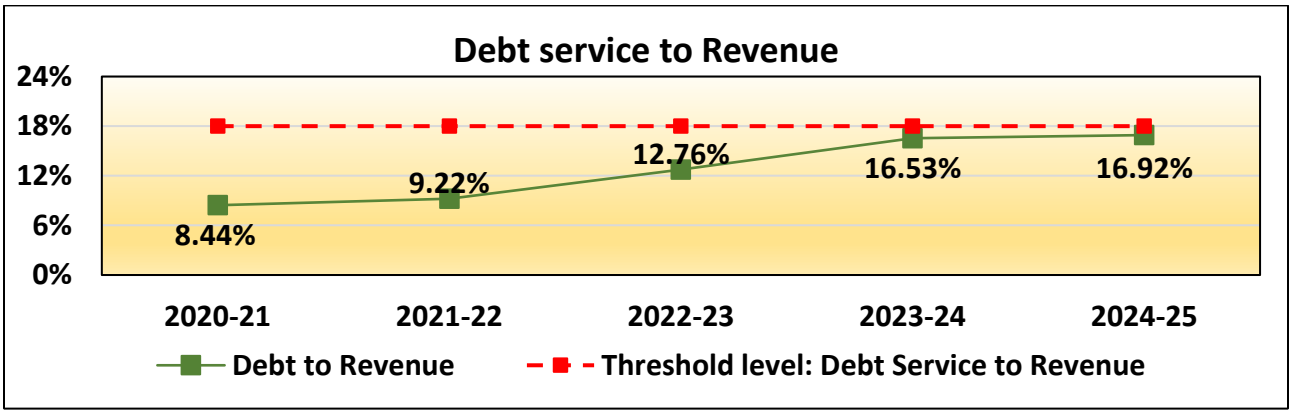


Graph-23

Debt Service to Export of goods & services plus Remittance (XGS) and Revenue ratio and Threshold Level



Graph-24



Grapg-25

From the above indicators, it is clear that all the indicators of the external debt sustainability related to debt stock and debt service values are higher in FY 2023-24 compared to the previous year. All the indicators are below the level of threshold. According to present classification by World Bank, Bangladesh is categorized as "less indebted" country.

7. Part-5: Developments in Aid and Debt Management

7.1Institutional Strengthening and Capacity Building: Findings from IMF, World Bank, UNCTAD, and DeMPA missions have consistently highlighted the need to strengthen Bangladesh's institutional framework for public debt management. In response, the Economic Relations Division (ERD) has undertaken several initiatives to enhance institutional arrangements for external debt management.

The Foreign Aid Budget and Accounting (FABA) Wing plays a central role in ensuring prudent debt servicing and accurate accounting. As part of ERD's continuous efforts to strengthen public debt management, officials regularly participate in specialized training programs, seminars, and workshops covering areas such as debt sustainability and risk analysis, debt strategy formulation, negotiation techniques, financial

management, LIBOR transition, technological innovation, and SDG-related financing.

In September 2015, ERD established a Development Effectiveness Wing to respond to the evolving dynamics of international development cooperation. The Wing's mandate includes analytical and research work to support strategic policy formulation aimed at enhancing aid effectiveness and alignment with national development priorities.

7.3 Debt Management System: Bangladesh established a debt accounting and management system shortly after independence with assistance from the IMF, which was refined into a formal system by 1978. Following a review, UNCTAD developed the Debt Management and Financial Analysis System (DMFAS) based on this framework.

Since 1992, FABA has been using UNCTAD's DMFAS software to manage external debt. In June 2013, the system was successfully upgraded from DMFAS version 5.3 to version 6.0 under the Deepening Medium-Term Budget Framework (DMTBF) project of SPEMP. DMFAS 6.0 is a web-based platform connecting the Office of the Controller General of Accounts, Bangladesh Bank, ERD, and the Finance Division through a Wide Area Network (WAN).

This interconnectivity aims to enhance data accuracy, consistency, and reporting across institutions. Although full operational linkages are yet to be completed, their eventual completion is expected to substantially strengthen the country's debt management capacity.

7.4 Monitoring of slow disbursing projects/ programs: To speed up disbursement against commitment, ERD has taken some measures which are as follows:

(i) Initiatives have been taken to identify slow-moving projects by using the following criteria:

- Projects which failed to achieve disbursement of less than 80% of the commitments over a period of 5 years or more;
- Projects which failed to achieve disbursement of less than 50% of the commitments over a period of 3 years or more; and
- Projects which failed to achieve disbursement of less than 10% of the commitments over a period of 1 year or more.

(ii) To expedite project implementation and establishing better cooperation among stakeholders, ERD arranges 'Tripartite Review Meeting' among ERD, Line Ministries and DPs at least once in three months at the Wing Chief level and biennially at the Secretary level. Progress, bottlenecks, measures taken to mitigate the bottlenecks of project implementation is monitored in the Tripartite Review Meeting. The variance between planned disbursements according to DPP/TPP and actual disbursements are also examined in the meeting.

(iii) ERD officials inspect slow-moving projects and submit reports regularly.

7.5 Fast Track Project Monitoring Committee: A high-level Fast Track Project Monitoring Committee has been established to oversee large-scale projects with transformational economic impact. Nine projects are currently under its purview, including the Padma Multipurpose Bridge, Rooppur Nuclear Power Plant, Dhaka MRT

(Metro Rail), Rampal and Matarbari Power Projects, LNG Terminal, Payra Sea Port, Padma Rail Link, and the Dohazari-Cox's Bazar-Ghumdum Railway Project.

7.6 Initiatives toward diversification of sources of external resources: To strengthen South-South Cooperation, Bangladesh initiated efforts following decisions of the High-Level Meeting on South-South and Triangular Cooperation in the Post-2015 Development Agenda. As part of this initiative, Bangladesh communicated with 127 countries to propose the establishment of a Finance and Development Ministers' Forum of the South, receiving positive responses from several countries. Bangladesh has also engaged the United Nations to pursue a General Assembly resolution on this initiative.

Additionally, the Senior Secretary of ERD has been designated as the National Designated Authority (NDA) for coordination with the Green Climate Fund (GCF) under the UNFCCC, aiming to secure Bangladesh's fair share of climate finance.

7.7 Bangladesh Development Forum (BDF): The latest Bangladesh Development Forum (BDF) was held in Dhaka on 29-30 January 2020, marking the fourth edition following earlier forums in 2010, 2015, and 2018. The forum provided a high-level platform to assess progress in implementing the SDGs aligned with the Seventh Five-Year Plan and to explore strategies for accelerating development.

Senior representatives from JICA, the World Bank, ADB, development partners, foreign missions, civil society, private sector, think tanks, and government ministries participated. Key discussions focused on integrated SDG financing, multi-stakeholder partnerships, priorities under the Eighth Five-Year Plan, and national development strategies. The forum reaffirmed broad-based support for Bangladesh's development agenda.

7.8 Initiative towards project readiness: To address long-standing weaknesses in project implementation, ERD issued a circular establishing mandatory project readiness requirements to be completed prior to signing any loan agreement. This initiative aims to reduce delays, improve utilization of committed funds, and avoid unnecessary commitment fees.

Following extensive consultations with development partners and implementing agencies, ERD introduced a unified project readiness framework. The circular, issued on 27 July 2025 (Bangla) and 26 October 2025 (English), requires completion of key preparatory steps, including:

- Obtain approval of the DPP/TAPP,
- Recruit essential project staff,
- Complete land acquisition processes,
- prepare and submit the Resettlement Action Plan,
- Finalize cost estimates and draft bidding documents (and, where relevant, complete procurement up to contract award),
- Secure Finance Division's concurrence on the Subsidiary Loan Agreement, and
- Ensure that all necessary arrangements with utility service providers for relocation or adjustment of infrastructure are finalized.

These measures are designed to ensure timely project start-up and effective delivery of development outcomes.

7.9 Efforts towards implementation of SDG: According to preliminary assessments by the General Economic Division (GED), Bangladesh will require approximately US$928.48 billion in additional resources to fully implement the SDGs during 2017-2030, equivalent to an annual average of US$66.32 billion (about 19.75 percent of cumulative GDP). External resources are projected to account for 14.89 percent of total financing needs, comprising FDI (9.95 percent) and foreign aid and grants (4.94 percent).

ERD plays a central role in SDG Goal 17 (Partnerships for the Goals) and serves as the coordinating agency for strengthening global partnerships, mobilizing external resources, and facilitating technology transfer. ERD leads 12 SDG targets and provides data for 22 indicators.

In line with SDG Target 17.2, ERD continues to advocate for fulfillment of developed countries' ODA commitments. ERD has also actively contributed to Bangladesh's Voluntary National Review (VNR) process and organized stakeholder consultations, including a workshop on 7 October 2024 to review progress on SDG 17.

ERD supports the SDG Tracker by providing indicator data and is currently advancing work under the Integrated National Financing Framework (INFF), including preparation of a Development Finance Assessment and SDG Financing Strategy to address remaining financing gaps.