National Budget 2025–26
What is There for the Left-behinds?

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এসডিজি বাস্তবায়নে নাগরিক প্ল্যাটফর্ম, বাংলাদেশ

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Setting the Context

Core expectations from the Budget for FY2025

Continue to strengthen macroeconomic stability

Promote employment and private investment

Safeguarding the marginalised citizens from the macroeconomic adjustments and their interests

Informed by national reform aspirations, including in the area of public finance management

Five questions related to assessing the National Budget for FY2026

- Has the macroeconomic framework for the budget matched reality?
- Is the fiscal framework credible?
- Have the fiscal measures upheld economic and social justice?
- Have the budget allocations related to the left-behind citizens received better attention?
- Have the budget taken cognisance of the reform agenda?

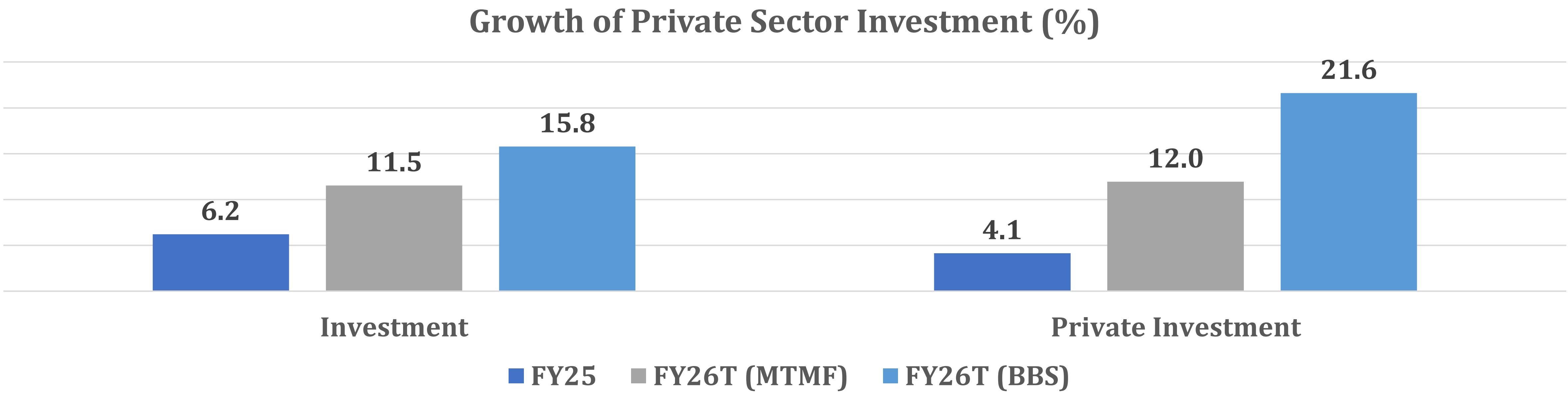
Has the macroeconomic framework for the budget matched reality?

Macroeconomic framework did not consider the reality

Indicator	FY24 (Actual)	FY25 Budget Target	FY25 Provisional Estimate by BBS	FY25 Estimate by MTMF, MoF	FY26 Budget (MTMF, MoF)
GDP growth (%)	**4.2**	**6.8**	**4.0**	**5.0**	**5.5**
Gross Investment (% of GDP)	30.7	33.4	29.4	30.0	30.3
Private Investment (% of GDP)	**24.0**	**27.3**	**22.5**	**24.0**	**24.3**
Public Investment (% of GDP)	6.7	6.1	6.9	6.0	5.9

- **The budget ignored the provisional estimates of BBS and relied on their overestimated targets for the ongoing fiscal year (FY25) to establish the benchmarks for the budget**
- Indeed, to achieve the 5% target, the GDP would need to grow by 6.7% during the H2 of FY25 – too ambitious!
- While reaching 4% target would require the economy to grow by 4.7% during the second half.

Macroeconomic framework did not consider the reality



- If the BBS's provisional estimates are considered, **private sector investment needs to grow by 21.6%** in the next fiscal year, with only an 11% private sector credit growth target (currently, 7.5%)
- **With an aspiration to bring down inflation from 9% to 6.5% within a year, the conservative monetary policy is likely to continue with the high levels of policy rates and interest rates, making private investment costly**

Macroeconomic framework did not consider the reality

- **The proposed medium-term macroeconomic framework also aspires to enhance the foreign exchange reserve USD 7.4 billion in a year**
- **It also targets a 4% depreciation for BDT in FY26 against USD**
- ***The ongoing middle-east conflict further put the framework at risk – since the budget global petroleum price has increased by about 10%***

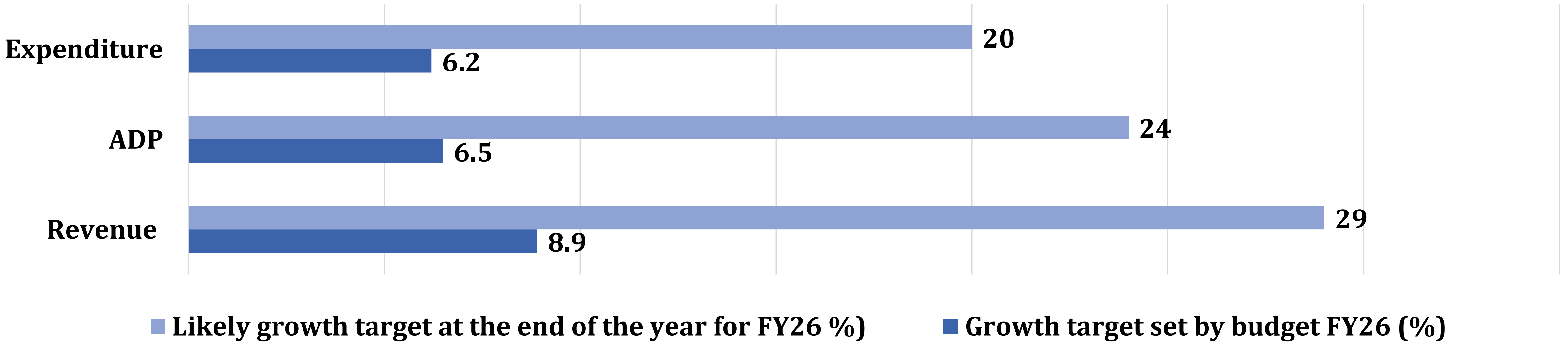
- Number of employment **in Jul- Dec of FY25 was 2.1 million (21 lakh) less compared to the same period of FY24, of which 1.8 million are women**
- In October to December of FY25, **labour force participation of women declined** to **18.6% from 22%** in the same period of last year
- BBS did not publish the full data (based on improved 19th ICLS), but it is more likely that job losses took place in the industry and services sectors
- ***Curiously, the macroeconomic framework completely ignored employment as an indicator – no mention at all!***

Is the fiscal framework credible?

The fiscal framework is inflated

- *As before, the revised budget did not take the budget implementation status of the ongoing fiscal year seriously*
- **Both revenue mobilisation and expenditure growth targets will be ballooning when the final implementation status is made available**
- **It is more likely that the government will anchor on the level of budget deficit and adjust expenditure accordingly, and revenue mobilisation will determine the fiscal framework at the margin, taking a leaf from the old playbook!**

How the budget framework may look like at the end of this fiscal year



The fiscal framework is inflated

- Some of the weaknesses in budget allocation for FY26 may be highlighted:
- The government is to invest **Tk. 14,841 core in 'share and equity'**
- Provide **Tk. 55,407 crore loan to autonomous bodies**
- There will be **no increase in foreign interest payment** – very unlikely!
- Some of the old fund continues without reporting if these are at all utilised: *Public private partnership initiatives (with Tk. 5,040 crore), Integrated Health-Science Research and Development (with Tk. 100 crore), Mitigating health risk' (with Tk. 2,000 crore), Mitigating Impacts of Economic and Natural Disaster (with Tk. 8,000 crore), and climate change related risk management fund (with Tk. 100 crore).*
- New funds are also introduced: Women Entrepreneurship and Empowerment *(with Tk. 125 crore) and* Startup Fund *(with Tk. 100 crore)*
- ***Tk. 100 crore has been allocated to organise Tarunyer Utshob (Youth Festival)* to engage youth in national development**
- **Much of these allocations will not be used**

Is Subsidy Budget Adequate?

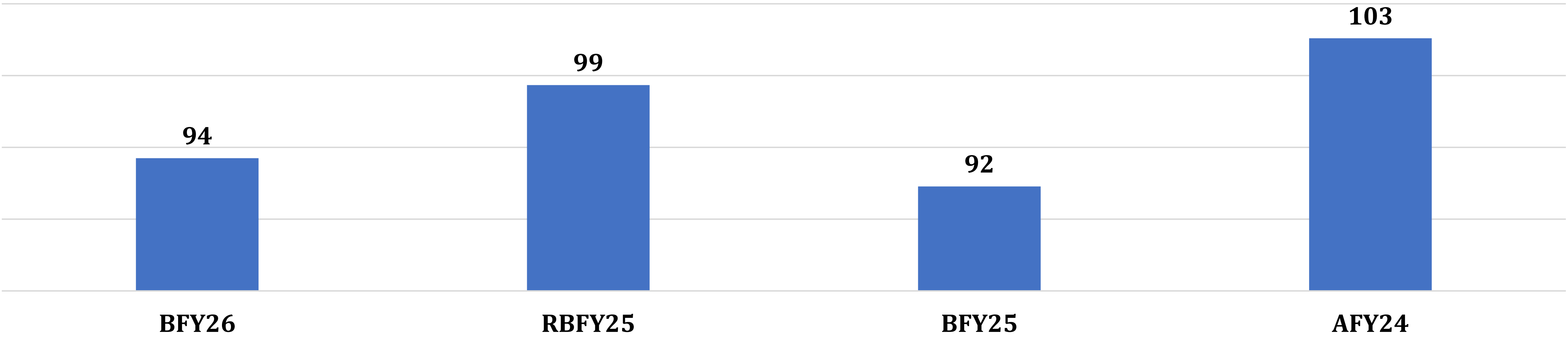
Cash Loan and Subsidy (Billion BDT)									
Items	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25 B**	**FY25 RB**	**FY26B**
Total Cash Loan	34	54	21	43	22	64	120	90	120
Subsidy									
Food	66	42	37	46	68	70	73	81	95
PDB	**80**	**74**	**89**	**120**	**230**	**330**	**400**	**620**	**370**
Gas & Others	25	35	53	115	213	82	235	218	250
Total Subsidy	171	151	179	281	511	482	708	918	715
Total Cash Loan and Subsidy	**205**	**206**	**200**	**324**	**533**	**545**	**828**	**1008**	**835**
Fiscal Incentive (Billion BDT)									
Agriculture	73	73	76	119	260	82	170	170	170
Export	40	60	58	78	78	74	78	78	78
Jute Goods	5	50	8	10	10	8	12	12	12
Remittances	-	31	40	44	53	60	62	62	62
Total Fiscal Incentives	**118**	**214**	**183**	**251**	**401**	**224**	**322**	**322**	**322**

- ***Budget seeks to reduce subsidy for electricity (PDB) drastically (by Tk. 25000 crore) – Is an upward price revision on cards?***
- No change in budget for remittance and export – with increased target and depreciation, it appears not to be realistic

Fiscal space is limited

- **Expenditure for Pay and Allowances, Goods and Services, Debt Servicing Liability (interest payments and foreign debt repayment) and Subsidies and Current Transfers eat up the entire revenue mobilised**
- **It is important to note that making adjustments in these areas may not be easy**
- **The ability of the government to make any notable shift in public expenditure is limited without making significant strides**

Revenue Mobilisation as a share of the five major expenditure heads (%)



Fiscal space is limited

Revenue Surplus and ADP financing (Crore Tk.)

Particular	BFY26	RBFY25	BFY25	BFY24	AFY24	AFY23	AFY22
A. Total Revenue Receipt	**564,000**	**518,000**	**541,000**	**500,000**	**409,812**	**366,658**	**334,641**
B. Recurrent Expenditure	498,783	482,876	468,983	436,247	397,961	357,098	307,725
Of which, Foreign interest	22,000	22,000	20,500	12,376	*14,984*	9,437	*4,554*
C. Revenue Surplus (A-B)	**65,217**	**35,124**	**72,017**	**63,753**	**11,851**	**9,560**	**26,916**
D. Other public expenditures except ADP	53,465	36,753	55,392	54,552	11,086	17,653	19,369
E. Revenue Surplus after all expenditures other than ADP (C-D)	**11,752**	**(1,629)**	**16,625**	**9,201**	**765**	**(8,093)**	**7,547**
F. Foreign Debt Repayment	*39,000*	*33,500*	*36,500*	*24,700*	22,449	*17,491*	13,302
G. Revenue Surplus after all expenditures and foreign debt repayment other than ADP (E-F)	**(27,248)**	**(35,129)**	**(19,875)**	**(15,499)**	**(21,684)**	**(25,584)**	**(5,755)**
H. Net Domestic Borrowing	**125,000**	**117,000**	**160,900**	**155,395**	**121,390**	**124,361**	**115,216**
Borrowing from Banking System (Net)	104,000	99,000	137,500	132,395	123,846	118,025	75,533
Non-Bank Borrowing (Net)	21,000	18,000	23,400	23,000	(2,456)	6,336	39,683
I. Total Foreign Borrowing for ADP	**132,249**	**134,129**	**123,973**	**123,104**	**95,915**	**93,604**	**74,716**
Project Loan/Grant	86,000	81,000	100,000	94,000	95,915	93,604	74,716
Special Support/Credit for Development	46,249	53,129	23,973	29,104	-	-	-
J. Total ADP financing (G+H+I)	**230,001**	**216,000**	**264,998**	**263,000**	**195,621**	**192,381**	**184,177**

- **In FY24, the government had to borrow Tk. 21,684 crore to repay the principal payment for external loans, which is set to increase Tk. 27,248 crore, at a time when foreign project loan/grant is declining !**

Have the fiscal measures upheld economic and social justice?

Income Tax Structure: Tax Burden Rises to Middle-income Groups

- **Tax-free income limit has been revised upward**, incentivising individuals earning up to **Tk. 40,400/month**. However, this adjustment brings **no relief** to existing taxpayers
- **Middle-income earners (Tk. 74,100–98,080/month)** face the **sharpest tax burden increase**
- **High-income earners (Tk. 250,000–600,000/month)** experience **a gradual decline in tax increase**
  - Tk. **600,000/month earner's tax increases by just 2.5%**
- The highest effective tax burden is **concentrated among middle-income earners**, highlighting a disproportionate impact on those with limited capacity to pay

Monthly Gross Income (BDT)	Net Tax (Fin. Act 2024) (BDT)	Net Tax (Finance Bill 2025) (BDT)	Change in Net Tax (%)
40,400	5,000	Below tax limit	N/A
43,300	5,000	5,000	0.00
51,950	5,000	5,000	0.00
70,050	5,000	5,000	0.00
74,100	**5,000**	**7,454**	**49.08**
77,900	**7,260**	**9,767**	**34.53**
90,000	**14,601**	**22,351**	**53.08**
98,080	**19,504**	**30,754**	**57.68**
121,150	52,494	57,744	10.00
138,465	79,508	96,008	20.75
159,620	126,260	142,763	13.07
176,920	164,493	192,241	16.87
250,000	373,503	401,253	7.43
313,470	555,024	582,780	5.00
330,750	604,445	643,433	6.45
400,000	847,503	886,503	4.60
500,000	1,198,503	1,237,503	3.25
600,000	1,549,503	1,588,503	2.52

Source: Estimated by Snehasish Mahmud & Co. (SMAC)

Regressive Real Estate Taxation - Who Bears the Burden?

Special tax treatment in respect of investment in apartments: Effective tax rate (%)

Category	ETR Finance Act 2024 (%)	ETR Finance Bill 2025 (%)
Area 1: High End Dhaka (e.g. Gulshan 2)	1.99	7.15
Area 2: Middle End Dhaka (e.g. Mirpur 10)	6.20	**34.31**
Area 3: Metropolitan Cities Outside Dhaka - (e.g. Khulna Nirala R/A)	1.93	**14.53**

- **Middle-income buyers in Dhaka** face the steepest burden, **from 6.20% to 34.31% more than the highest marginal tax rate!**
- **Buyers in smaller metropolitan cities** (e.g. Khulna Nirala R/A) are also hit hard, **from 1.93% to 14.53%**, even in lower-value markets
- In contrast, **high-end zones like Gulshan-2** remain relatively protected, as their ETR rises only from **1.99% to 7.15%,** keeping the effective burden low despite higher flat values
- **The new provision continues to enable the legitimisation of black or undeclared money**, as reduced real estate tax rates offer a deeply discounted path to asset declaration
- For example, a **Tk. 12 crore flat in Gulshan-2** incurs only about **Tk. 86 lakh** in tax under the current ETR, compared to **Tk. 3 crore** at a 25% rate, leaving with a **tax incentive of over Tk. 2.14 crore**

Unequal Tax Pressure on Small Businesses: Rising Costs, Limited Relief

The FY26 budget intensifies the tax burden on SMEs through increased minimum and turnover taxes, without offering corresponding fiscal reliefs or formalisation incentives.

This approach amplifies compliance pressure while doing little to support resilience or growth among informal and low-margin businesses

- **Minimum tax rate on turnover increased** from **0.25% to 1% (individuals)** and **0.6% to 1% (companies)**, disproportionately impacting **low-profit, high-turnover SMEs**, especially those just formalising
- **Turnover tax increased from 0.6% to 1%**, taxing gross receipts rather than income, **regressive for small traders and service providers** with thin margins
- **Advance Income Tax (AIT) for commercial importers raised from 5% to 7.5%**, tightening liquidity for small import-dependent businesses despite the provision for final settlement
- **VAT on construction services increased from 7.5% to 10%**, yet disqualifying them from input tax rebate eligibility (which requires a 15% rate). This effectively taxes public investment and raises cost pressures without relief for contractors
- **VAT on online sales platforms raised from 5% to 15%**, making them rebate-eligible only with full documentation. In reality, **small digital sellers may shift this burden to consumers,** as they may not have adequate documentation, shrinking their market competitiveness and growth potential

Skewed Policy Focus: Strong for Exporters, Weak on Domestic Resilience

While the FY26 budget maintains continuity for exporters, it falls short in structurally and strategically preparing for post-LDC risks and evolving global trade threats, such as the Trump-era tariffs – the budget does not lay out a medium-term approach in response to the LDC graduation

- **Export sectors benefit from broad continuity** in fiscal support, but without differentiation by sectoral need or vulnerability
- **Tariff rationalisation across 84+ product lines** in view of LDC graduation, though its link to competitiveness or employment is unclear
- **Reduction in customs duty on 110 imported items** (e.g., cotton, fibre, iron & steel, capital machinery) in response to Trump tariff – may not meaningfully narrow Bangladesh's bilateral trade gap with the US
- ***Long-term resilience requires shifting focus toward export diversification, productivity growth, and institutional strengthening rather than relying on input-side tariff adjustments***
- **Several incentives for the capital market were introduced (tax cuts on capital gains and reduced IPO/trading costs)** though in the absence of broader structural reform, their impact may remain **premature or limited**

Strategic Direction or Missed Depth?

- **There is no change in the structure of the tax collection target – no intention shown to make a shift from indirect to direct tax (including the estimations reported in MTMPS)**
- **Direct tax design now mimics indirect taxation**, relying on **fixed rates, turnover, and transaction triggers**, disconnecting tax liability from actual income capacity
- **Small business taxation** signals an attempt to bring coherence; however, the underlying objective appears to reflect a **shift toward indirect-style revenue collection**, **with limited relief or differentiation**
- **Several fiscal measures lack clear justification** - many tax proposals are **not supported by transparent evidence or data – following the old method!**
- **No estimates of tax exemption reported,** neither for direct nor indirect taxes, despite a sharp rise in exemptions

Strategic Direction or Missed Depth?

- **Reform progress remains untracked;** the budget speech does **not reference timelines or updates** on key institutional reforms
- **Advisory committee not mentioned in budget**, raising questions about the **transparency and inclusivity** of the fiscal policymaking process
- **PFM reform framework under World Bank support** is **absent from the budget narrative** - it's unclear whether **NBR's internal report (due to be released)** has informed fiscal decision-making
- **No indication of forward-looking reform areas**, such as **digital economy taxation**, despite its growing relevance
- **Structural inequality is overlooked,** the budget does not explore options like a **modern property or inheritance tax**, even as wealth concentration rises

Have the budget allocations related to the left-behind citizens received better attention?

Social Protection: Programme Pruning

- We have long been categorising the SSNPs into three categories
  - Acceptable (i.e., those that should naturally be included in the social protection list)
  - **Quasi-acceptable** (i.e., those that fall somewhere in the 'grey' area – mainly includes loan and training programmes)
  - **Non-acceptable** (i.e., those that should be excluded from the list of social protection)
- **It has been partially reflected in the SSNP allocation of FY26**

Summary of programme cuts across SSNP categories

Programme Category	No. of Programmes	FY25 Allocation (in crore BDT)	Share of Total Allocation (%)	Share of BFY25 (%)
Acceptable	3	3897.50	**15.26**	**10.27**
Quasi-Acceptable	5	3939.91	**15.43**	**66.38**
Non-Acceptable	36	17702.32	69.31	20.76
Total	**44**	**25539.73**		**18.77**

- Within the acceptable category, the **Primary Education Development Programme (PEDP),** which previously held a major allocation, has **reached the end of its extension period and is no longer included in the FY26 allocation**
- In the case of quasi-acceptable programmes, the food subsidy accounted for a substantial share of the FY25 allocation; although it has been excluded from the SSNPs in FY26, **the subsidy itself continues**
- Several of the non-acceptable programmes that **were pruned in FY26 had already reached the end of their implementation period by FY25**

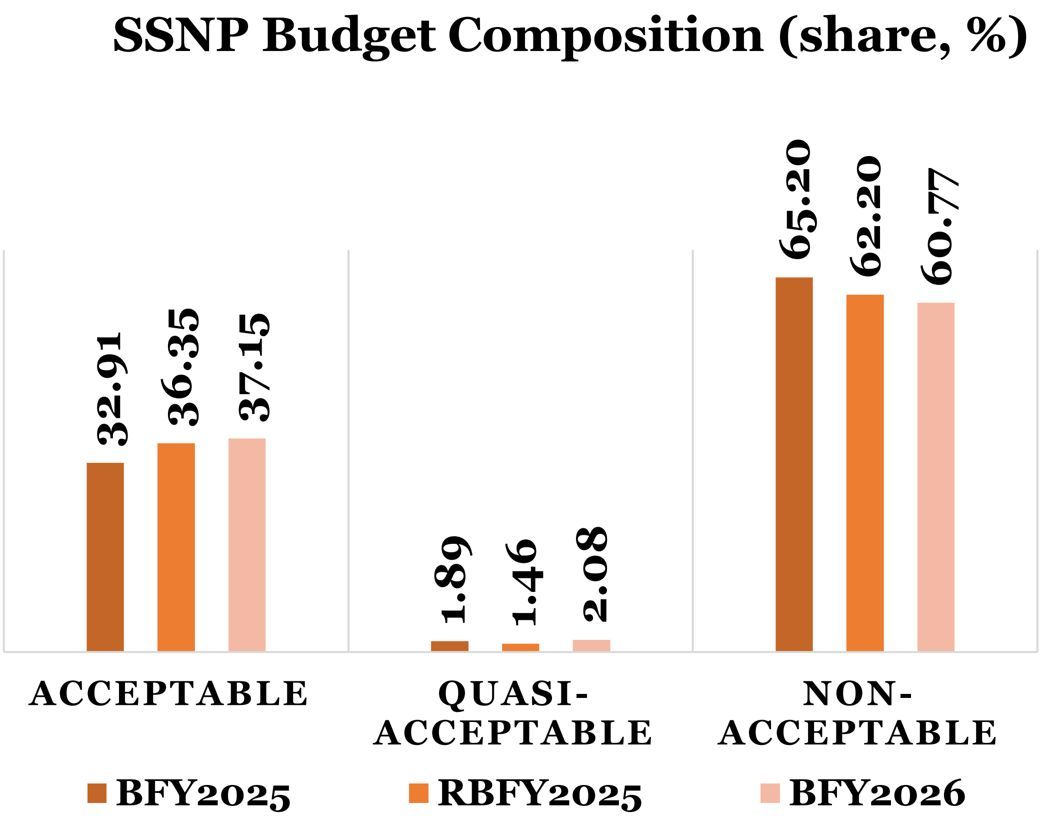
Social Protection: Programme Pruning

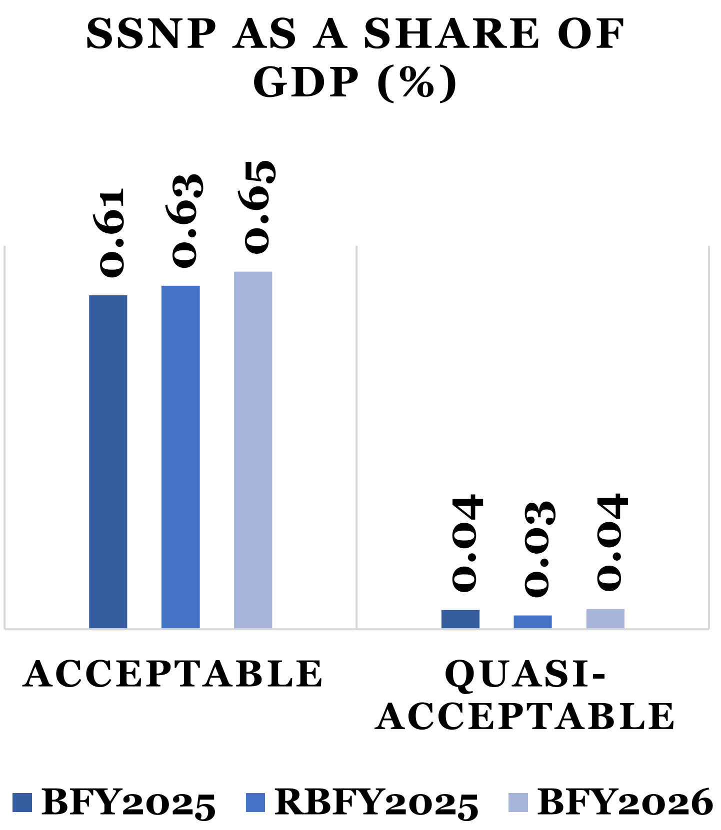
➢ There are still 40 non-acceptable programmes - a**mong those, top 10 with highest allocations are:**

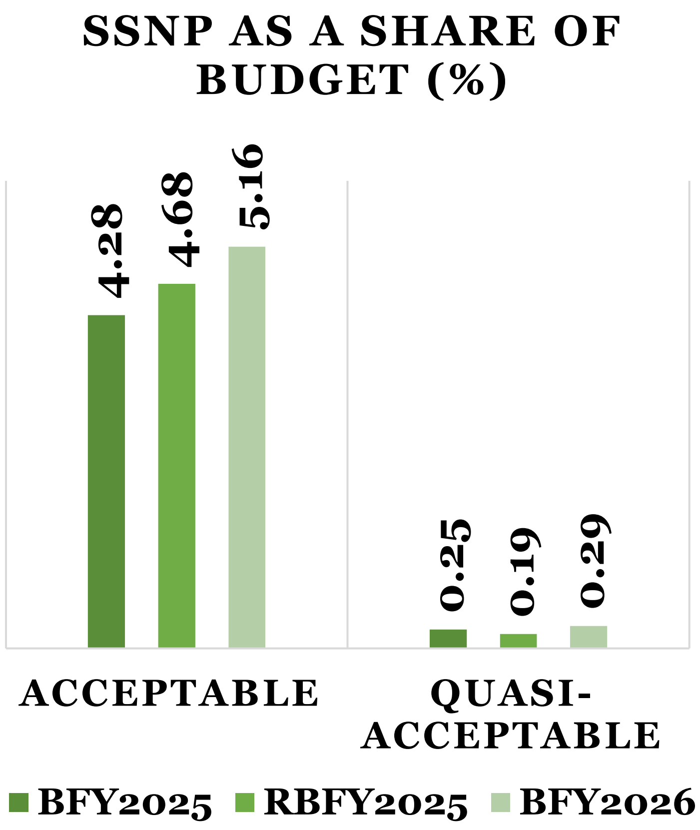
Non-Acceptable Programme	Allocation in FY26 (In Crore BDT)
Pension management	35,282.50
Agriculture subsidy management	17,000.00
Fund for mitigating impacts of economic and natural disasters	8,000.00
Free textbook distribution among students	1,570.00
Rural Water Supply, Sanitation and Hygiene Projects for Human Resource Development	647.54
Printing and distribution of free textbooks	622.76
Maternal Neonatal Child Health (MNCH) and health System improvement Project	437.90
Ministry of public administration (welfare grants)	353.50
Water supply project in coastal area through rainwater harvesting system	236.20
Establishment of multipurpose disaster shelter center	205.80
Total top 10 allocations	**64,356.20**
Total allocation for Acceptable and Quasi-Acceptable Programme	**43,019.60**
Top 10 Non-Acceptable Programme as a share (%) of Acceptable and Quasi-Acceptable Programme	**150%**

➢ Allocation for ‘Pension Management’ **decreased by 3.54% from FY25** but the allocation remains the highest with **BDT 35282.5 crore (0.57% of GDP),** which is **86.53%** of the total acceptable programme of FY26

Social Protection: Budget Composition







*Note: The programmes related to the Ministry of Liberation War Affairs are not considered in the analyses presented in this report

- *Acceptable SSNP allocation increased broadly:* thanks to the inclusion of some major new programmes, such as, "School feeding Programme of Government Primary School" and increased allocations for some other major programmes

Social Protection: Built around major programmes

SSNPs	Allocation in Crore BDT	
	BFY25	BFY26
Old Age Allowance	4350.97	4791.31
Mother and child benefit program (MCBP)	1622.75	1849.24
School feeding Programme of Government Primary School	45.11	2164.05
Open Market Sale (OMS)	2004.22	3433.08
Food Friendly Program (FFP)	3257.98	4531.90
Disability Allowance and Education Stipend Programme	3435.48	3845.04
Six Major Programmes	**14716.51**	**20614.62**
Other Acceptable and Quasi-Acceptable Programme	**21341.73**	**22404.98**
% Share of Acceptable Programmes		
Six Major Programmes	40.81	47.92
Other Acceptable and Quasi-Acceptable Programme	59.19	52.08

- The nominal growth rate for the **six major programmes stood at 40.08%,** whereas the combined growth rate for all other acceptable and quasi-acceptable programmes was significantly lower, at just 4.98%
- The exclusion of the six major acceptable programmes significantly lowers the overall share, it indicates that the SSNPs, predominantly the "acceptable" programme, **are largely dependent on a few flagship programmes**

Social Protection: Upward revisions of allowances

Name of the Programme	Allowance (In BDT) FY25	Allowance (In BDT) FY26	Targeted Number of Beneficiaries (In Lac.) FY25	Targeted Number of Beneficiaries (In Lac.) FY26
Old Age Allowance	600	650	60.01	61.00
Allowance for the Widow and Husband Deserted Destitute Women	550	650	27.75	29.00
Mother and child benefit programme (MCBP)	800	850	16.55	17.71
Disability Allowances and Education Stipend Programme: Disability Allowance	850	900	33.34	35.31
Employment generation Programme for the poorest (EGPP)	Daily wage of BDT 200 (2 cycles, 40 days each)	Daily wage of BDT 400 (2 cycles, 40 days each)	**5.18**	**4.00**

Social Protection: Boost in training programmes

Training Programmes

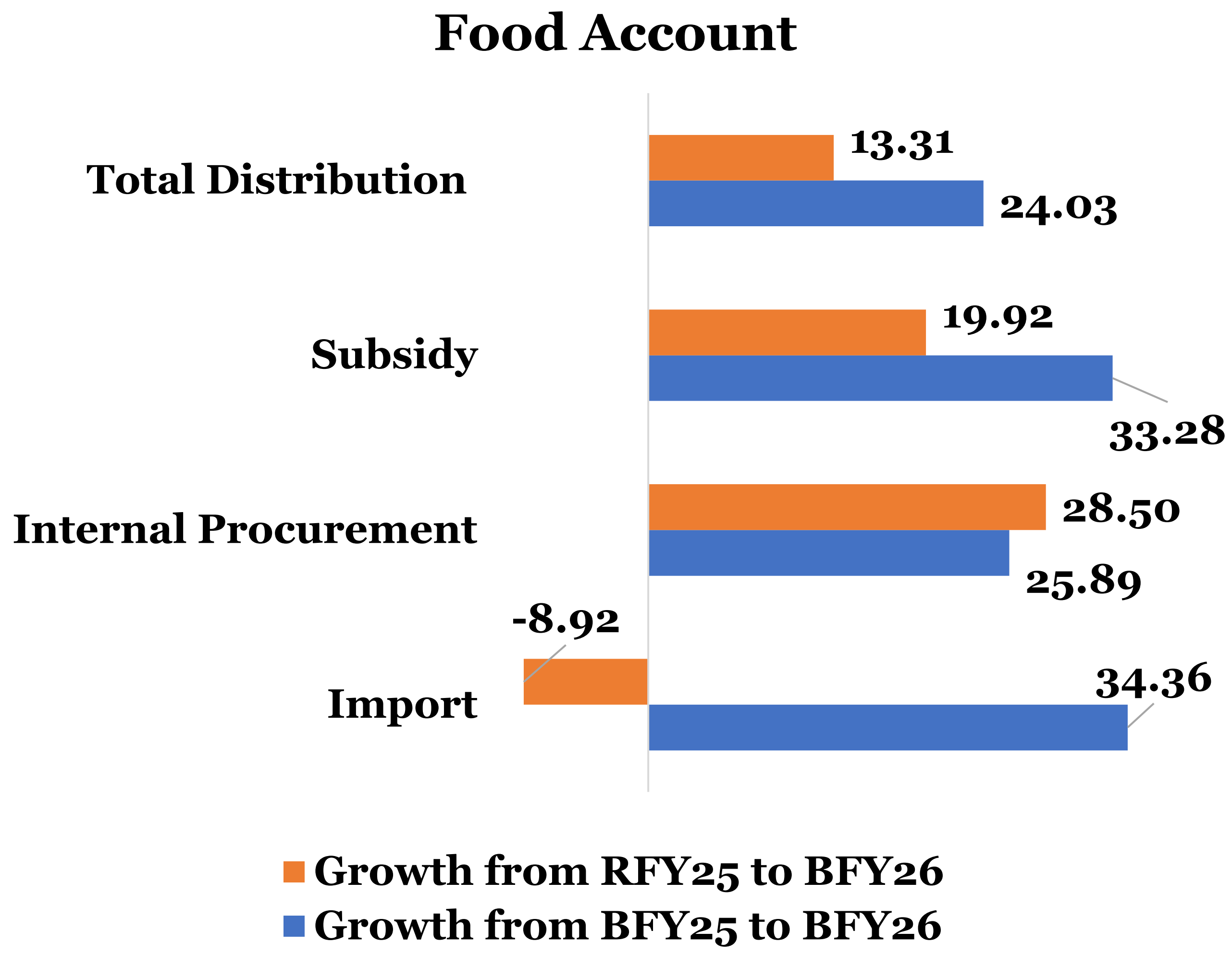
Training Related Programme	BFY25	BFY26	Increment in FY26	Growth in FY26 (%)
	Allocation in Crore BDT			
Rural Social Service (RSS) Programme : Revolving Small Loan	30.00	30.00	0.00	0.00
Urban Community Development (UCD) Programme : Revolving Small Loan	15.00	14.40	**-0.60**	**-4.00**
Rural Mother Centre (RMC) Programme: Revolving Small Loan	25.00	25.00	0.00	0.00
Promoting gender responsive enterprise development and TVET systems (ProGRESS)	**55.00**	**31.98**	**-23.02**	**-41.85**
To provide driving training for employment at home and abroad	40.00	50.00	10.00	25.00
Improvement of socio-economic and livelihood development of tribal/minor races people through integrated livestock project	**89.00**	**50.00**	**-39.00**	**-43.82**
Employment creation through freelancing training for educated job seeker	**17.32**	**105.78**	**88.46**	**510.74**
Economic acceleration and resilience for NEET (EARN)	**722.81**	**1053.64**	**330.83**	**45.77**
Total Allocation for Training Related Programme	**994.13**	**1360.80**	**366.67**	**36.88**

Social Protection: Ignoring public works and employment programmes

Public Works and Employment Programmes

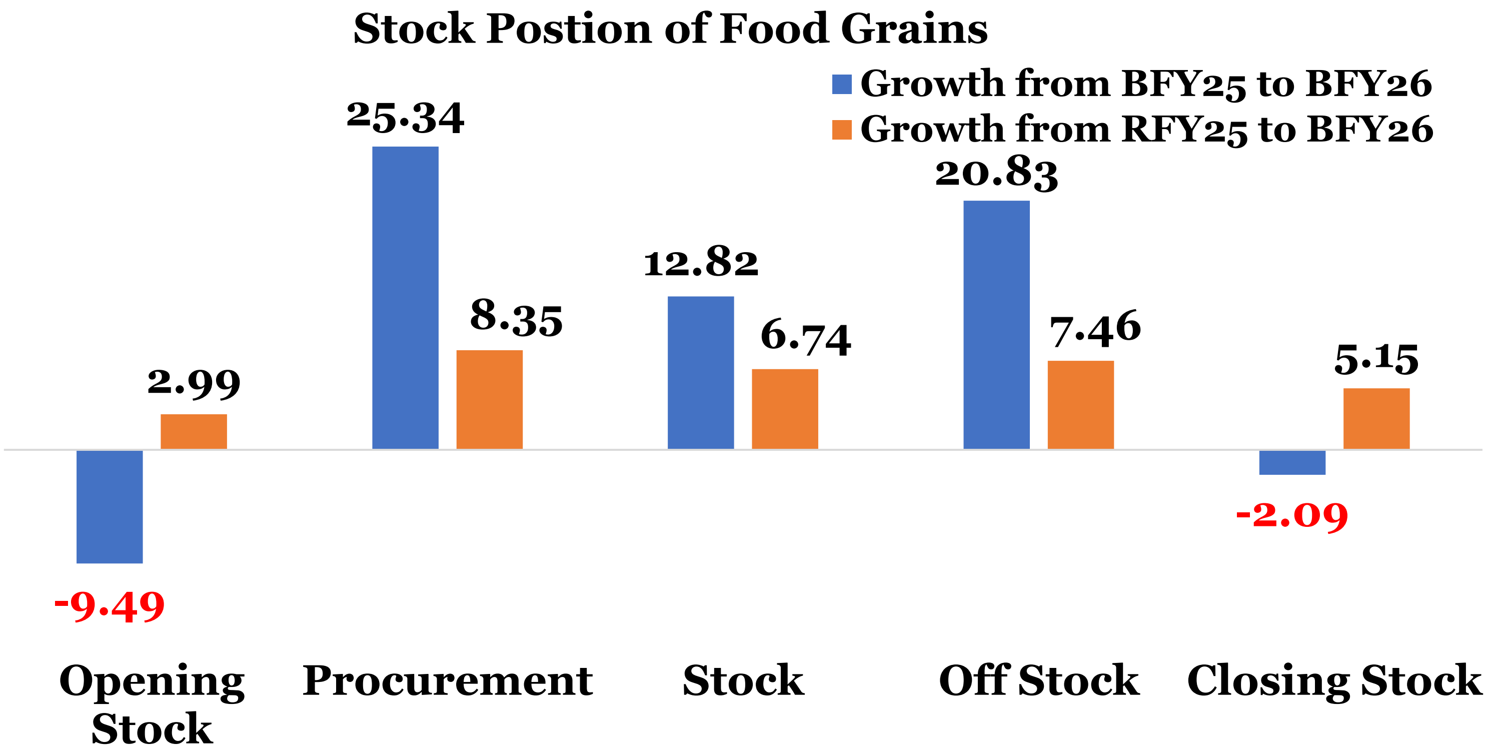
Public Works and Employment Related Programme	BFY25	BFY26	Increment in FY26	Growth in FY26 (%)
	Allocation in Crore BDT			
Livelihood Development Programme for the Tea Labors	**126.48**	**223.05**	**96.57**	**76.35**
Rehabilitation and Alternative Livelihood Programme for the Persons Engaged in Begging	12.00	12.00	0.00	0.00
Food for Work (FFW)	**1024.01**	**928.41**	**-95.60**	**-9.34**
Development of Rural Infrastructure (Earth work)	1510.00	1510.00	0.00	0.00
Employment generation Programme for the poorest (EGPP)	**1504.50**	**1650.63**	**146.13**	**9.71**
Employment generation Programme for the poorest plus (EGPP+)	**264.47**	**100.00**	**-164.47**	**-62.19**
Leaving no one behind: Improving skills and economic opportunities for the women and youth in Cox's Bazar, Bangladesh	45.87	48.22	2.35	5.12
Integrated Rural Employment support project for the poor woman (IRESPPW)	100.00	105.90	5.90	5.90
Total Allocation for Public Works and Employment Related Programme	**4587.33**	**4578.21**	**-9.12**	**-0.20**

Social Protection: Food security prioritised



- Import of food grains stats indicates a **potential overestimation** or reliance on external sources in BFY25, which was scaled back
- Internal procurement increased steadily, **a shift toward domestic sourcing**, which is more sustainable but may be vulnerable to domestic shocks such as crop failure or natural disasters

Social Protection: Food security prioritised



- While **procurement and off-stock movement** both show growth, the **closing stock actually declined by 2.0%** compared to BFY25, suggesting that the increased distribution may be **outpacing replenishment**

- **The Middle East war situation may escalate global commodity prices. It is critical for Bangladesh to ensure food security by bolstering agri/food production, maintaining adequate public stocks through domestic procurement, and, if necessary, securing supplies through imports**

Social Protection: Food security prioritised

Food Support Programme

Name of the Program	Allocation in Crore BDT BFY25	BFY26	Increment in FY26	Growth in FY26 (%)
Foods support to residents in Government orphanages and other institutions	102.40	108.73	6.33	6.18
Mother and child benefit program (MCBP)	**1622.75**	**1849.24**	**226.49**	**13.96**
Vulnerable women benefit (VWB) Program	2195.46	2334.13	138.67	6.32
School feeding Programme of Government Primary School	**45.11**	**2164.05**	**2118.94**	**4697.27**
VGF Program	1184.02	1224.70	40.68	3.44
Relief Operation-General	2390.62	2333.84	-56.78	**-2.38**
Food for Work (FFW)	1024.01	928.41	-95.60	**-9.34**
Relief activities	80.12	85.00	4.88	6.09
Open Market Sale (OMS)	**2004.22**	**3433.08**	**1428.86**	**71.29**
Food Friendly Programmes (FFP)	**3257.98**	**4531.90**	**1273.92**	**39.10**
VGF program for fisherman	563.82	583.19	19.37	3.44
Total Allocation for Food Program	**14470.51**	**19576.27**	**5105.76**	**35.28**

- The allocation to food support programmes reflects the government's effort to prioritise vulnerable groups and strengthen food security

Social Protection: Health SSNPs rides on foreign support

Health Programme

	Allocation in Crore BDT			
Name of the Program	**BFY25**	**BFY26**	**Increment in FY26**	**Growth in FY26 (%)**
Financial Support Programme for Cancer, Kidney, Liver Cirrhosis, Paralyzed by Stroke, Born Heart Patients and Thalassemia	300.00	300.00	0.00	0.00
National Foundation for the Development of Persons with Disabilities	44.73	47.19	2.46	5.50
Cochlear Implant Activity	40.00	40.00	0.00	0.00
Mother and child benefit Programme (MCBP)	**1622.75**	**1849.24**	**226.49**	**13.96**
Distressed Women and Children Welfare Fund	0.00	5.00	5.00	
VGF Programme	1184.02	1224.70	40.68	3.44
Installation of Water Source/Tube well in the Homes for Landless/Homeless	26.00	10.00	-16.00	**-61.54**
Total Allocation for Health Programme	**3217.50**	**3476.13**	**258.63**	**8.04**

- The increment in health-related SSNPs (driven by MCBP) is somewhat dependent on foreign support

Social Protection: Health SSNPs rides on foreign support

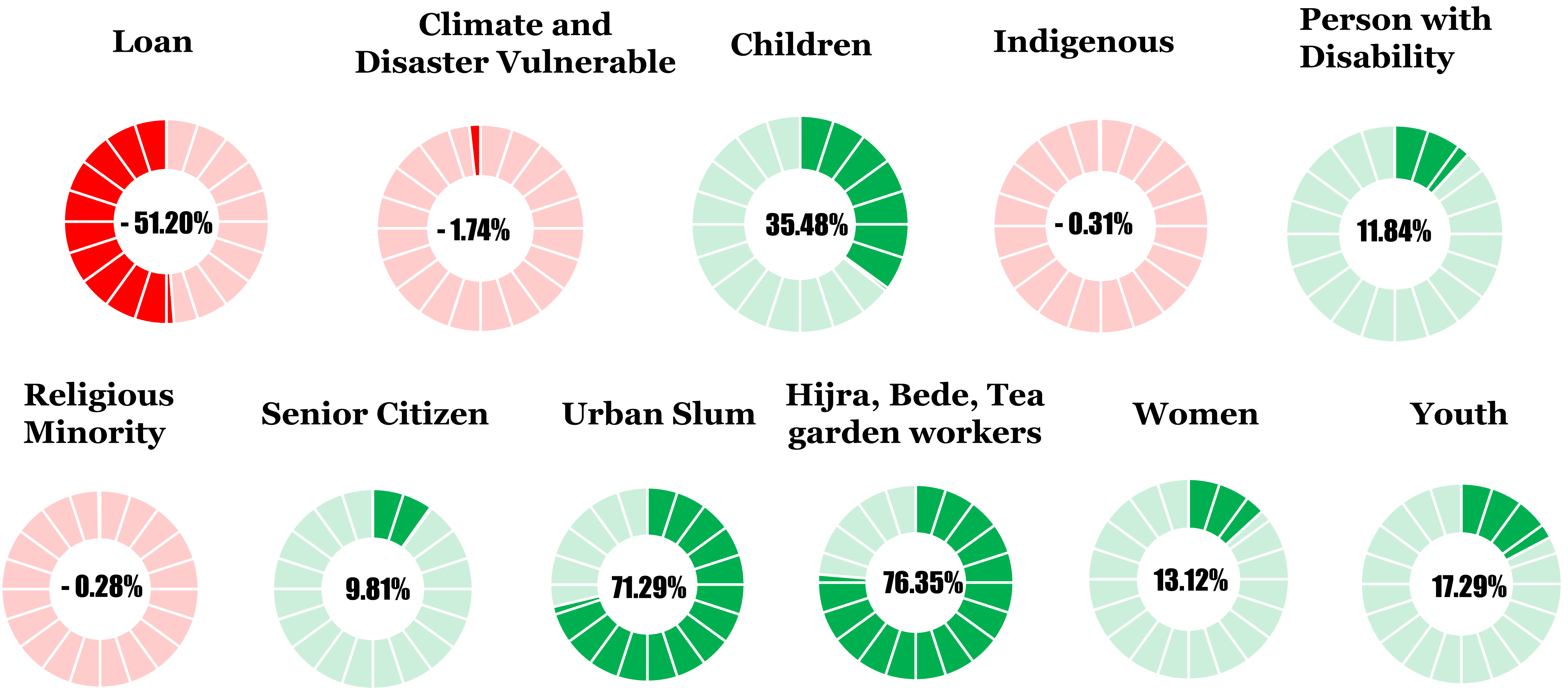
Allocation in Education Programme

Name of the Program	BFY25	BFY26	Increment in FY26	Growth in FY26 (%)
	Allocation in Crore BDT			
Disability Allowance and Education Stipend Programme	3435.48	3845.04	409.56	11.92
Stipend for primary school students	1785.00	1675.73	-109.27	-6.12
School feeding Programme of Government Primary School	**45.11**	**2164.05**	**2118.94**	**4697.27**
Improving access and retention through harmonized stipend Programme	2617.24	2732.45	115.21	4.40
Stipend under technical and Madrasa education division	**488.69**	**657.12**	**168.43**	**34.47**
Promoting gender responsive enterprise development and TVET systems (ProGRESS)	55.00	31.98	-23.02	-41.85
Total Allocation for Education Programme	**8426.52**	**11106.37**	**2679.85**	**31.80**

- The School Feeding Programme is now the primary driver of growth in education-related allocations. Without it, the **overall increase in education programmes would have been just 6.69%**
- **Major programmes** targeting primary education development programme (PEDP-stipend part) and the accelerating and strengthening skills for economic transformation (ASSET) project are discontinued in FY26
  - These programmes were around **36% of the total allocation of FY25 (BDT 4754.77 crore),** of which **primary education development programme alone had an allocation of BDT 3804.77 crore**
- **Is the School Feeding Programme intended to replace the PEDP-stipend part programme, or is there a possibility that the stipend will be reinstated separately?**

Social Protection: Targeting LNOB groups

Change in Allocation targeting LNOB groups from BFY25 to BFY26



Social Protection: Health SSNPs rides on foreign support

Change in Allocation targeting LNOB groups from BFY25 to BFY26

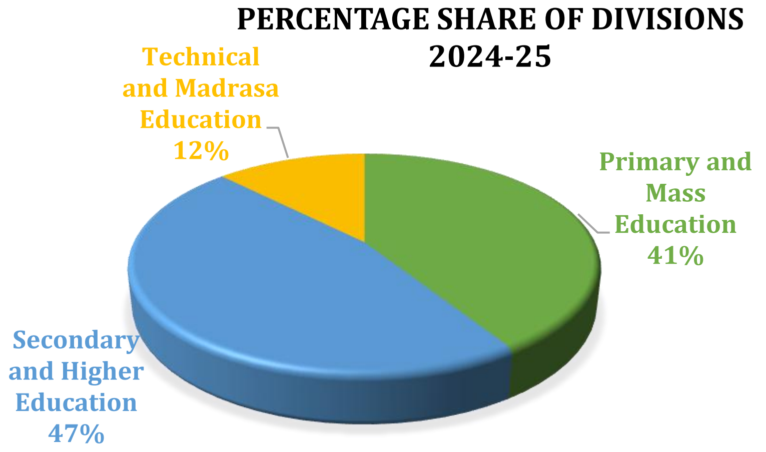
LNOB Group	Major contributors to the change
Loan	The Rural Livelihood Project saw a reduction of BDT 135.09 crore in allocation
Climate and Disaster Vulnerable	Allocation for most programmes remained unchanged; however, the "Relief Operation – General" programme was reduced by BDT 56.78 crore
Children	Major contributors include the School Feeding Programme in Government Primary Schools and the Mother and Child Benefit Programme (MCBP)
Indigenous	The four targeted programmes received a combined allocation BDT 1.74 crore lower than in FY25
Person with Disability	The Disability Allowance and Education Stipend Programme received an increased allocation of BDT 409.56 crore
Religious Minority (including dalit)	The four targeted programmes collectively received BDT 1.74 crore less than in FY25
Senior Citizen	The Old Age Allowance programme received an increase in allowance
Urban Slum	The Open Market Sale (OMS) programme received an increased allocation of BDT 1,428.86 crore in FY26
Hijra	In FY25, there was a specific programme for the Hijra community. In FY26, four such targeted programmes were merged under the "Underprivileged People's Livelihood Development Programme". However, the specific allocation for the Hijra community is not clearly indicated
Women	Programmes such as the Allowance for Widow and Destitute Women, Mother and Child Benefit Programme (MCBP), and Vulnerable Women Benefit (VWB) Programme received a combined allocation increase of BDT 798.67 crore
Youth	Key contributors include the stipend under the Technical and Madrasa Education Division and the Economic Acceleration and Resilience for NEET (EARN) programme

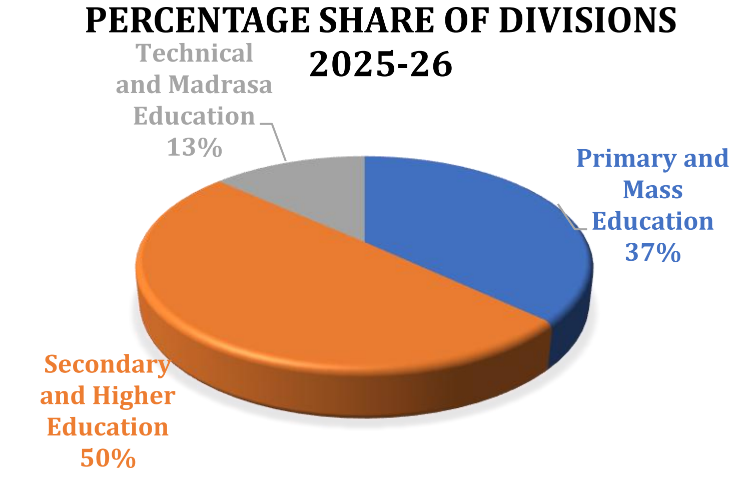
Social Protection: What lies ahead?

- While the the government has undertaken some positive steps, such as **pruning non-acceptable programmes,** these efforts appear **half-hearted in the absence of deeper structural reforms or improved transparency mechanisms**
- The FY26 allocation reflects **positive growth in programmes targeting food support and education**, driven by the introduction of the School Feeding Programme and increased allowances in several major programmes
- **Despite repeated calls for transparency, no expenditure accounts have been published, which is beyond understanding**
  - **As a major portion of SSNPs are part of ADPs, and the actual ADP expenditure varies within 70-80% of the allocation**
  - **Thus, without an actual expenditure account, the SSNP implementation raises concerns**
- Given the absence of local government institutions in the current political climate, **the implementation and monitoring of SSNPs at the grassroots level may face serious challenges**
- Although selection bias in programme targeting has been acknowledged, no clear roadmap or mechanisms have been proposed to rectify it
- ***Politicisation of social protection remains a critical risk:*** Without institutional safeguards and participatory oversight, **SSNPs may increasingly be leveraged for political gain,** undermining their developmental purpose

Education Budget Remains Stagnant

Fiscal Year	Education (Taka in Crore)			
	Operating expenditure	Development Expenditure	Total Allocation	Budget as share of GDP (in %)
2024-25	59,465.56	35,245.49	94,711.00	1.69%
2024-25 (Revised)	61,429.00	22,881.00	84,310.00	1.52%
2025-26	63,453.43	32,191.57	95,645.00	**1.53%**
Change in Allocation FY26 over FY 25 (in crore Tk)	3,988.00	-3,054.00	934.00	
Change in Allocation FY26 over FY25 (in %)	**6.71%**	**-8.66%**	**0.99%**	





- **For FY2025–26, the combined allocation** for the Ministry of Primary and Mass Education and the Ministry of Education's two divisions—Secondary and Higher Education, and Technical and Madrasa Education—**stands at Tk 95,645 crore**.
- This marks a **marginal increase of just 0.99%** from the previous fiscal year.
- Although budget increased by a percentage, the **education budget as a share of GDP has come down from 1.69% in FY25 to 1.53% in FY26**

Development Budget for Primary Declined

Division	2024-25	2024-25 (Revised)	2025-26	Change in Allocation FY26 over FY25 (in Crore Tk)	Change in Allocation FY26 over FY25 (%)
Primary and Mass Education					
Total Allocation	38,819.00	35,124.00	35,403.00	-3,416.00	-8.80%
Operating Expenditure	22,683.75	22,360.00	24,004.84	1,321.09	5.82%
Development Expenditure	16,135.52	12,764.00	11,398.16	-4,737.36	-29.36%
Secondary and Higher Education					
Total Allocation	44,108.34	39,234.00	47,564.00	3,456.00	7.83%
Operating Expenditure	28,566.84	30,817.00	30,450.95	1,884.11	6.60%
Development Expenditure	15,541.50	8,417.00	17,113.05	1,571.55	10.12%
Technical and Madrasa Education					
Total Allocation	11,783.44	9,952	12,678	894.56	7.59%
Operating Expenditure	8,214.97	8,252.00	8,997.64	782.67	9.53%
Development Expenditure	3,568.47	1,700.00	3,680.36	111.89	3.14%
Total Education Budget	94,711.00	84,310.00	95,645.00	934.00	0.99%

- **Development expenditure decreased across all three divisions in the revised FY25, and while allocations for SHED and TMED were restored to the original FY25 levels in the FY26 budget, PME saw a further decline**

Decline in Primary Education Budget: Domestic resources could not compensate for the closure of foreign funding

- A new **school feeding programme will be launched in 150 upazilas with a proposed budget of Tk 2,164 crore.**
  - However, **the number of students to be covered** by the Feeding Scheme in FY26 **remains unchanged at 3.2 million**, *the same as the revised target for FY25, which is even lower than the initial target of 5 million for FY25.*
- An **additional TK 1,215 crore** will be allocated to **Government Primary Schools.**
- **Internet access will be introduced** in **814,596 Government Primary Schools and field-level offices** in FY26.

Primary and Mass Education Name of the Institutional Unit/Scheme/Project	Budget 2024-25 (Taka in Crore)	Budget 2025-26 (Taka in Crore)	Change in Allocation (Taka in Crore)	Change in Allocation (in %)
Food supplies	0	2,132.47	2,132.47	-
Government Primary Schools	19,390.20	20,605.40	1,215.21	**6.27%**
Pre-primary and Primary education Improvement Project in Cox's Bazar and Bandarban Districts and Bhasanchar of Noakhali	0	411.77	411.77	-
Training	628.61	91.07	-537.53	**-85.51%**
Professional services, honorariums and special expenses	919.57	482.20	-437.38	**-47.56%**
Repairs and maintenance	540.65	123.83	-416.82	**-77.1%**
Current grants	835.58	80.99	-754.59	**-90.31%**
Buildings and structures	8,116.78	2,014.45	-61.02	**-75.18%**
Machinery and equipment	967.08	864.79	-102.29	**-10.58%**

- The brunt of the major cuts in primary education division has been imposed on the allocation for- **training** *(reduced by Tk 573 crore)*, **professional services, honorariums, and special expenses** *(reduced by Tk 417 crore)*, **current grants** (reduced by Tk 754 crore), **buildings and structures** (reduced by Tk 61 crore), and **machinery and equipment** (reduced by Tk 102 crore).

Decline in Primary Education Budget: Domestic resources could not compensate for the closure of foreign funding

- The allocation for **Stipends for Primary School Students has been reduced by 6.12%** in FY26 compared to FY25
- The ***allocation priorities may not have been appropriately aligned with the critical needs-***
  - The allocation for the **Fourth Primary Education Development Program (PEDP4) has been decreased by Tk 9,518.48 crore in FY26, reflecting an 86.09% reduction – perhaps due to unavailability of foreign funding**
  - On the other hand, allocation has been increased by 150 crore for **Establishment and Infrastructure Development, including the Beautification of Government Primary Schools in Dhaka City and the Purbachol Project**, with its **allocation rising by 50%** compared to FY25.

Primary and Mass Education Name of the Institutional Unit/Scheme/Project	Budget 2024-25 (Taka in Crore)	Budget 2025-26 (Taka in Crore)	Change in Allocation (Taka in Crore)	Change in Allocation (in %)
Stipend for Primary School Students	1,785	1,675	-109.27	-6.12%
Fourth Primary Education Development Program (PEDP4)	11,056	1,537	-9,518	-86.09%
Establishment and Infrastructure Development including Beautification of Govt Primary Schools in Dhaka city and Purbachol Project	300	450	150	50%

- The Ministry of Education's **removal of the mandatory quota for recruiting female teachers** (40% of total teachers in urban areas and 20% in rural areas) under the MPO system for private schools and colleges **may negatively impact women's employment opportunities in the education sector.**

Stipend for Higher Secondary Education Increased

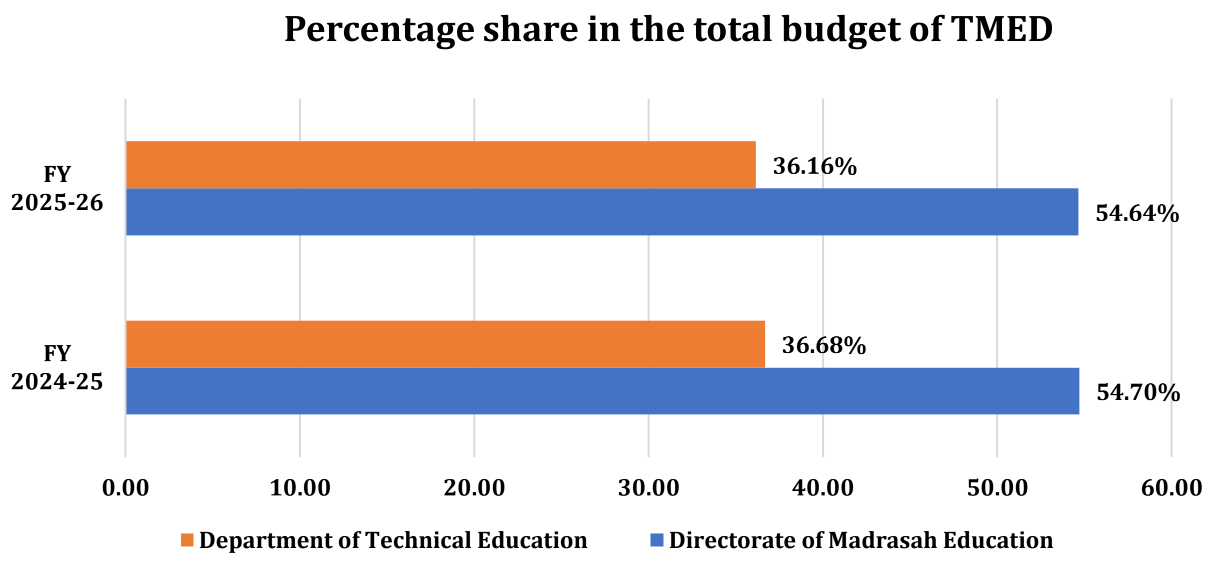
- In contrast to the Primary education division, **allocation has significantly increased for stipend programmes** in the Secondary division
  - The allocation for **Improving Access & Retention Through Harmonized Stipend Program** has increased by **Tk 116.54 crore.**
  - Allocation for **Secondary Education Development Program (SEDP)** has notably increased by **TK 180 crore.**

Secondary and Higher Education Division Name of the Institutional Unit/Scheme/Project	Budget 2024-25 (Taka in Crore)	Budget 2025-26 (Taka in Crore)	Change in Allocation (Taka in Crore)	Change in Allocation (in %)
Secondary Education Development Program (SEDP)	20.00	200.00	180.00	**900.00%**
Improving Access & Retention Through Harmonized Stipend Program	2,642.78	2,759.32	1,16.54	**4.41%**
ICT for Education at Secondary and Higher Secondary Level (2nd Phase)	400.00	800.00	400.00	**100%**
Fostering Opportunity of Science Education in public College	400.00	600.00	200.00	**50.00%**
Grants to Non-Government Schools	9,165.19	9,871.64	706.45	**7.71%**
Development of Government Secondary Schools	600.00	783.00	183.00	**30.5%**
Establishment of 10 Government Secondary Schools in the Peripheral Areas of Dhaka City	121.50	216.00	94.50	**77.78%**
Establishment of 9 Government Secondary School Project	100.00	125.00	25.00	**25%**
Government Colleges	2,501.17	2,794.67	293.50	**11.73%**
Teachers Training Colleges	586.50	60.50	-525.99	**-89.68%**
Higher Secondary Teachers Training Institutes	187.10	22.53	-164.57	**-87.96%**

- Allocation focus has been given to **ICT and Science Education programmes, the establishment of government and Non-government schools and colleges.**
- On the other hand, allocation has **significantly decreased for teacher training institutions.**

TVET and Madrasa Budget: Business as usual

- **At a time when unemployment is on the rise and skill-based education is lacking, is the TVET stream being deprioritised?**
- An allocation **of Tk 728 crore has been proposed for the inclusion of stipend at the Ebtedayee level and MPO enrollment of Madrasas**.
- The major allocation of the Department of Technical Education (DTE) will go to the "Accelerating and Strengthening Skills for Economic Transformation (ASSET)" project (24.53%) and Polytechnic Institutes (13.82%).



Fiscal Year	Directorate of Madrasah Education (Taka in Crore)	Department of Technical Education (Taka in Crore)	Share in Total Allocation of TMED 2025-26 (in %)
2024-25	6,445.55	4,322.38	**54.64%**
2025-26	6,927.86	4,584.28	**36.16%**
Change in Allocation Y-o-Y (in %)	**7.48%**	**6.06%**	

Gender focus in TVET is losing track

Technical and Madrasa Education Division (TMED) Name of the Institutional Unit/Scheme/Project	Budget 2024-25 (Taka in Crore)	Budget 2025-26 (Taka in Crore)	Change in Allocation (Taka in Crore)	Change in Allocation (in %)
Promoting Gender Responsive Enterprise Development and TVET Systems (ProGRESS)	**55.00**	**31.98**	**-23.02**	**-41.85%**
Accelerating and Strengthening Skills for Economic Transformation (ASSET) Project	950.00	1,124.43	174.43	**18.36%**
Grants to Ebtedayee Madrasas	16.00	21.00	-5.00	**31.25%**
Training for enhancing teaching skills of madrasah teachers	**20.00**	**15.00**	**-5.00**	**-25.00%**
Technical Teachers Training Colleges, Directorate of Technical Education	**12.55**	**10.29**	**-2.26**	**-18.00%**

- The **allocation for teacher training has declined for both divisions**: *18% for Technical Teachers Training Colleges and 25% for the Training for Enhancing Teaching Skills of Madrasa Teachers.*
- The allocation for the **Promoting Gender-Responsive Enterprise Development and TVET Systems (ProGRESS) project has significantly decreased by TK 23.02 crore (41.85%)**.
- Additionally, **the KPI for female student enrolment in technical education is no longer reported** in the FY26 Medium-Term Budget Framework (MTBF). **These may set back women's participation in technical education.**

Health Budget: Poor implementation is the Achilles' Heel?

Fiscal Year	Health Service Division (in Crore Taka)			Medical Education and Family Welfare (in Crore Taka)			Total Health Budget (in Crore Taka)	Budget as Share of GDP (in %)
	Operating Expenditure	Development Expenditure	Total Allocation	Operating Expenditure	Development Expenditure	Total Allocation		
2024-25	16,383.86	13,741.33	30,125.00	4,833.58	6,448.86	11,282.44	41,408.00	0.74%
2024-25 (Revised)	15,448.00	5,669.00	21,117.00	4,525.00	2,283	6,808.00	27,925.00	0.50%
2025-26	19,494.83	11,617.17	31,022.00	4,983.60	5,902.4	10,886.00	**41,908.00**	**0.67%**
Change in Allocation (in Crore Taka)	3,110.9705	-2,124.16	897.00	150.00	-546.00	-396.00	**500.00**	
Change in Allocation (in %)	15.96%	-18.28%	**2.98%**	3.01%	-9.26%	**-3.51%**	**1.21%**	

- The proposed allocation for the health sector is Tk 41,908 crore in FY26. This represents an **increase of Tk 500 crore, or 1.2%**, compared to the FY25 allocation.
- **As with the education sector, the budget was significantly revised downward in the revised fiscal year 2025 (RFY25), while the proposed budget for FY26 remains very similar to the original FY25 allocation.**
- The **Health budget as a share of GDP has also declined to 0.67% in FY26 from 0.74% in FY25.**

Health Budget: Poor implementation is the Achilles' Heel?

- A reading of the chapters relating to the Health Division and Family Welfare **does not reflect the fact that the Interim Government had constituted a Health Sector Reform Commission**, and the report is now available in the public domain.
  - **The activities planned and the targets set over the next three years have no systematic linkage with the Health Commission report!**
- **Allocation has increased in vaccination activities** including **Global Alliance on Vaccine and Immunization** ***(by TK 513.18 crore)*** and **Expansion of the coverage of the Expanded Programme on Immunisation (EPI)** ***(by TK 1,000 crore).***
- **No allocation has been proposed for COVID-19 EMERGENCY RESPONSE AND PANDEMIC PREPAREDNESS** (01/14/2020 - 30/06/2025) in FY26
  - ➢ Previously, under this project, infrastructure has been constructed in the hospitals, but there has been no purchase of equipment
  - ➢ Given the resurgence in the transmission of the virus, this could be a cause for concern.
  - ➢ **The government should be prepared to utilise the TK 2,000 crore Mitigation Health Risk Fund during this and the upcoming fiscal year to address this issue.**

Education and Health Budget: The Chicken and Egg Problem

- FY26 budget allocation for the Education and Health sectors closely mirrors that of FY25
- In recent years, ambitious allocations have been made, but the revised budget typically declines significantly, especially in development expenditure
- Despite this, similar high allocations are repeated in the following fiscal year
- Worse still, the allocated budget is rarely fully implemented, and trend analysis shows the rate of implementation declining over the years
- **If ministries fail to implement the budget, who should be held accountable?**

Rate of Budget Implementation (in %)

Division	2021-22	2022-23	2023-24
Primary & Mass Education	89.78%	**74.98%**	**75.55%**
Secondary & Higher Education Division	85.00%	**76.31%**	**75.34%**
Technical & Madrasa Education Division	87.37%	**94.65%**	**78.13%**
Health Service	79.12%	**60.33%**	**64.37%**
Medical Education & Family Welfare	66.40%	**64.08%**	**55.50%**

- How to break the jinx??? Even the Commission reports did not adequately prioritise this.

Education and Health Budget: The Uncertainty Ahead?

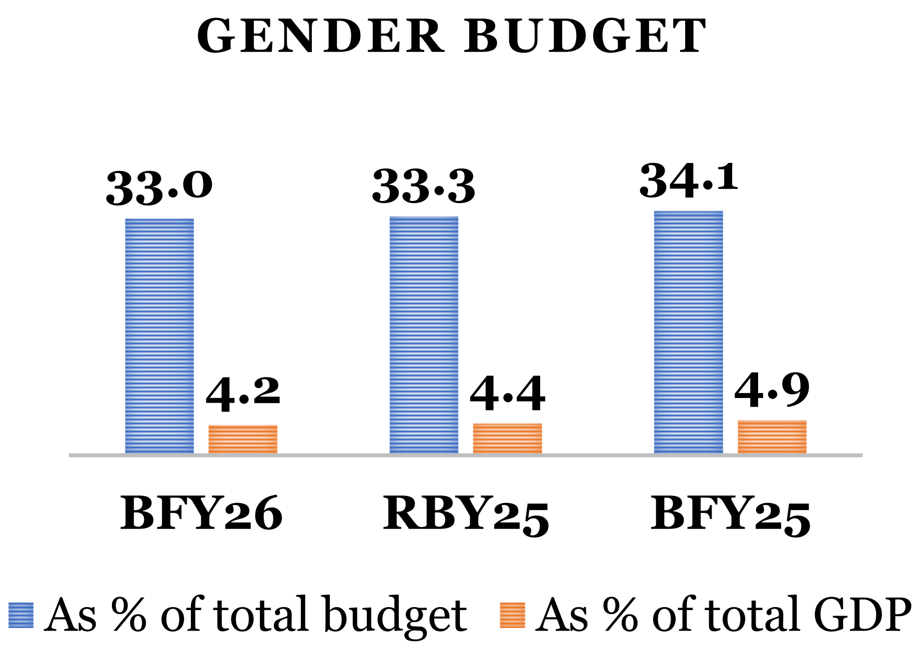
- **Several critical ADPs are nearing completion**, and the future of alternatives remains unclear
- PEDP-4 is scheduled to end on 30 June 2025 after the 2nd revision
- *In FY25, 42.5% of the PEDP-4 project cost was financed by IDPs* (ADB, EU, JICA, UNICEF, World Bank, others).
- In FY26, the entire cost will be carried by the GoB and consequently, allocation of PEDP-4 has been reduced by a whopping 86.09% in FY26.

- The design and securing funding for sector programmes under education and health should be of utmost priority –waiting for political transition may be costly – a catch 22 situation!
- The availability of foreign funding is declining, and IDP’s confidence in the government agencies’ ability to implement projects in a timely manner is eroding due to their capacity deficit
- **The Interim Government needs to ensure that the political parties are closely involved in this process as this should reflect the political manifestos of the political parties**

Gender budget: Promises made but priorities faded

❑*Shrinking share of gender budget in BFY26*

- Despite a Tk. 12,765 crore increase in **the gender budget** in BFY26, compared to RBY25, it **declined by Tk. 11,098 crore from BFY25**
- Overall share of gender budget as a percentage of both total budget and GDP declined in BFY26 compared to both BFY25 and RBY25



❑*Modest rise in operating budget, but volatile development budget*

- In BFY26, the operating budget increased by 2.4% and 3.6% from RBY25 and BFY25, respectively
- While **the development budget increased by 23.1% from RBY25** and **decreased by 15.9% from BFY25**

Gender budget: Promises made but priorities faded

Gender budget distribution

Gender budget (%)	BFY26	RBY25	BFY25
Ministry of Women and Children Affairs	**94.9**	93.0	90.0
Ministry of Primary and Mass Education	61.5	69.3	64.1
Medical Education and Family Welfare Division	50.2	48.8	48.6
Secondary and Higher Education Division	47.2	44.9	48.7
Ministry of Youth and Sports	42.6	38.2	42.0
Ministry of Social Welfare	42.5	53.1	52.5
Technical and Madrasah Education Division	42.0	42.9	41.6
Health Services Division	40.6	49.5	45.0
Local Government (LG) Division	39.9	40.0	39.4
Ministry of Agriculture	39.9	39.8	39.7
Ministry of Industries	39.5	41.8	39.5
Information and Communication Technology Division	36.9	41.8	40.1
Ministry of Labour and Employment	36.3	39.0	38.9
Ministry of Fisheries and Livestock	36.0	36.5	36.6
Rural Development and Cooperative Division	35.6	39.3	39.3
Ministry of Expatriates' Welfare and Overseas Employment	35.5	38.7	37.9

- **Sectors critical for employment, social welfare, digital inclusion, rural development, health, and education are witnessing reduced prioritisation in terms of gender responsive budgeting**

Gender budget: Promises made but priorities faded

❑ *Declining women's access to public services*

Thematic Areas	BFY26 (Tk. Crore)	RBY25 (Tk. Crore)	BFY25 (Tk. Crore)	Growth from BFY25 to BFY26 (%)	Growth from RBY25 to BFY26 (%)	Share of allocation in BFY25 (%)	Share of allocation in RBY25 (%)	Share of allocation in BFY26 (%)	Incremental change from RBY25 to BFY26 (%)
Women Empowerment and enhancing social status	62535.9	60503.3	64074.6	-2.4	3.4	23.6	24.4	24.0	15.9
Economic Participation and Equality	79185.2	78252.9	76841.7	3.0	1.2	28.3	31.6	30.4	7.3
Increasing women's effective access to public services	36177.9	34889.5	44054.4	-17.9	3.7	**16.2**	**14.1**	**13.9**	10.1
Education, Health and Wellbeing for women Dev.	82867.7	74356.5	86894.4	-4.6	11.4	32.0	30.0	31.8	66.7
Total Gender Relevant Allocation	260767	248002	271865	-4.1	5.1	100.0	100.0	100.0	100.0

- In BFY26, **Education, Health, and Wellbeing for women development dominates the gender budget** (31.8%)
- **However, access to public services declined by Tk. 4026.7 crore from BFY25 due to drastic reduction in several programmes-** Ensure cyber security and reduce violence and oppression against women by 30.1%, Ensure safety and movement of women by 25.6%, Access to law and justice for women by 25.1%, and Access to public properties by 7.4%

Youth budget: A significant increase?

❑ ***Overall expansion in budget, however, static in proportion***

- Despite a 53.3% (Tk. 842 crore) rise in the MoYS budget from RBY25 to BFY26, its share of the total budget (0.4%) and GDP (0.04%) remains unchanged
- Compared to the past five fiscal years, the budget allocation for the MoYS has seen a marginal increase as a percentage of the total budget. However, **its share relative to GDP remains stagnant and negligible**

❑ ***Operating costs skyrocketed, and development spending dropped***

- In BFY26, operating expenditure rose by 75.5% and 20.9% while the development expenditure decreased by 27% and 11.4% from RBFY25 and BFY25, respectively
- Top three drivers of operating cost increase include: Current transfers not elsewhere classified (3449.1%), Capital grants (253%) and Repairs & maintenance (241%), while the decrease in development spending is mainly driven by the 51.9% decline in the capital expenditure for project

❑ Despite the **proposed allocation of Tk. 100 crore for *Tarunyer Utshob and* Tk 100 crore for young entrepreneurs**, the core **challenge remains in the effective utilisation** of these funds

Youth budget: A significant increase?

❑ ***Budget shift reflects 'anti-equity bias'***

Agencies	**BFY25 (Tk. Crore)**	**RBY25 (Tk. Crore)**	**BFY26 (Tk. Crore)**	**Growth from BFY25 to BFY26 (%)**	**Growth from RBY25 to BFY26 (%)**	**Share of allocation in BFY26 (%)**	**Incremental change from BFY25 to BFY26 (%)**	**Incremental change from RBY25 to BFY26 (%)**
Directorate of Sports	20	20	22	10.6	11.9	0.9	1.0	0.3
District Sports Offices	19	19	20	6.2	6.6	0.8	0.6	0.1
College of Physical Education	17	17	18	2.4	3.8	0.7	0.2	0.1
Head Office, Department of Youth Development	**940**	**390**	**1340**	**42.6**	**243.5**	**55.3**	**189.6**	**112.8**
District Youth Development Offices	158	153	162	2.7	5.9	6.7	2.0	1.1
Upazila Youth Development Offices	291	270	289	-0.7	7.0	11.9	-0.9	2.3
Metro Thana Youth Development Offices	7	8	8	11.7	8.1	0.3	0.4	0.1
Youth Training Centres	112	101	102	-9.2	0.7	4.2	-4.9	0.1

- Head office of the Department of Youth Development (DYD) Budget soared by 243.5% (Tk. 950 crore) from RBY25, while the **local institutions, e.g., Upazila Youth Offices and Youth Training Centres, saw budget cuts of –0.7% and 9.2% from BFY25,** respectively
- Concerns remain regarding the **risk of inefficiencies or political misuse due to over-centralisation**

Allocation for Persons with Disabilities Growing in size, shrinking in scope

❑ ***Allocation remains marginal***

- Based on the available information in the budget that directly allocated to persons with disabilities, BFY26 saw an increase of Tk. 415 crore from RBY25. However, the **allocation remains stagnant as a share of the total national budget (0.5%) and GDP (0.1%)**

❑ ***Highly skewed budget composition***

- 94.3% of the allocation is consumed by the Disability Allowance and Education, while the remaining <6% is split among all other programmes (trusts, cochlear implants, centres). This indicates
  - Negligible support for structural and service-based support, e.g., support centres: 2%, national foundation for the development of persons with disabilities: 1.2%, cochlear implant: 1%, neuro-developmental trust: 1%, and welfare trust: 0.5%

❑ **Discontinuation of support for the National Academy for Autism and Neurodevelopmental Disabilities programme** raises concern

Support to July Warriors and Martyrs

- An allocation of **Tk. 232.60 Crore** had been made in the **FY25** for allowances, treatment, grants, and rehabilitation for the families of the martyrs and injured in the July Mass Uprising, which has been proposed to increase to **Tk 405.20 Crore** for **FY26 -** policy will soon be framed to provide allowances to the family members of July Mass Uprising martyrs and the wounded
- For Gazetted "July Warriors", injured in the July Mass Uprising 2024, tax-free income limit has been set at **Tk 525,000**
- The **'July Mass Uprising Directorate'** was established in **April 2025**
- An initiative of converting Ganabhaban as **'July Mass Uprising Memorial Museum'** is also underway

Support to July Warriors and Martyrs

- A total of **6 projects** have been proposed in the ADP that are not yet approved as shown below

Implementing Agency	Description	Allocation (Tk Crore)
National Housing Authority (2 Projects)	Providing multi-story residential buildings in Mirpur 9 and 16 as permanent housing facilities to the families of those who were injured and martyred in the July Movement	**2,721**
Department of Youth Development	Offer vocational training and startup support to ensure long-term economic rehabilitation for affected individual	**650**
Department of Women Affairs	Identify and support women who suffered during the July uprising and ensure targeted psychosocial support, health services, and reintegration opportunities	**250**
Department of Social Services	Provide social safety net support, financial aid, and empowerment services to victims who were injured or socially and economically affected	**75**
Department of Archives and Libraries	Establish a digital oral history archive	**47.3**

(If these ADP projects are approved, the direct budget allocation for the families of the July Warriors and Martyrs will be **Tk 4,194 Crore**)

Has the budget taken cognisance of the reform agenda?

Reflecting Reform Aspirations in the Budget: A missed opportunity

- It is not unexpected to assess the budget through the lens of the reform efforts of the interim government, including the White Paper, Task Force, and Reform Commission reports.
  - Though these reports **have been acknowledged**, neither **the budgetary allocations nor the fiscal measures were systematically designed to reflect the recommendations** extended through these reports.
- Key areas in public finance management remain unaddressed:
  - Notable absence of direct tax reform measures, and instead the **focus is on indirect taxation**
  - **No detailing of reforming NBR, which should not only include** the bifurcation but also digitisation, field operations, or data analytics, despite reference to increased manpower
  - **No mention of building trade negotiation capacity;** critical for post-LDC graduation competitiveness.
  - **No mention of data systems reforms, especially in terms of interoperability, modern data collection tools, staff training and frequent surveys**

Reflecting Reform Aspirations in the Budget: A missed opportunity

- There is reportedly a striking disconnect between budgetary efforts and reform efforts
  - The much-anticipated report of the NBR Advisory Committee is slated to **be shared in June 2025**
  - Curiously, changes in fiscal measures in view of LDC graduation, adjustments to Trump's Tariffs and other **measures mentioned in the Budget Speech have reportedly been formulated without taking cognisance of the proposed reform pathway to be proposed by the NBR Advisory Committee**
  - **The government is well advised to go for wider consultation on NBR reform involving 'other important stakeholders', i.e., business leaders, experts, and political actors**
- Consultations on the FY26 National Budget were notably weak
  - Due to the long Eid holidays, there are **reportedly just 7 working days left for meaningful discussion** and reflection on the budget
  - Allegedly, there were **no structured consultations with political parties** during the formulation of the budget, potentially undermining knowledge sharing, attaining political buy-in and the opportunity for influencing election manifestos

Reflecting Reform Aspirations in the Budget: A missed opportunity

- The Medium-Term Budgetary Framework (MTBF) also does not reflect reform commission proposals in any meaningful way
  - For example, the MTBF does not indicate that the health budget is expected to see any notable increase in the next two years
  - The **MTBF was essentially reduced to a futile exercise during the past regime, and this year's budget reflects a continuity of these past patterns.**
- Overall, the FY26 budget sticks to the old playbook, failing to capture the aspirations in the changed circumstances

Concluding Remarks

Positives from the Budget for FY2025: What did the citizens say?

Disliked from the Budget for FY2025: What did the citizens say?

Concluding Remarks

- **Macroeconomic realities are not fully reflected in the setting benchmark and economic policy –** ignoring the latest BBS data and employment as a policy anchor weakens the credibility and policy alignment
- **Fiscal framework remains unrealistic and expected to go through a significant change – the tradition of the past regime continues**
- **Fiscal measures lack transparency and are often not backed by evidence –** the legalising black money provision remains in place without justification
- Revenue mobilisation will continue to rely on indirect taxes, disproportionately putting a burden on low-income people – the budget signals no meaningful structural shift in revenue mobilisation
- **Limited fiscal space will continue to haunt Bangladesh**

Concluding Remarks

- **Limited fiscal space will continue to haunt Bangladesh**
- **There is no significant positive change in allocating resources for priority sectors for the LNOB groups – social protection has brought some positive changes**
- **ADP allocation mirrors past trends**, with no major shift in priorities or project quality improvements
- **The budget remains disconnected from the government's broader reform agenda** - key structural and institutional reforms are hardly reinforced
- **Budget process lacks inclusivity and rigour** - stakeholder consultations were limited, **political actors were completely ignored**, and data transparency remains poor

Thank You

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