

*Country Paper*

*Bangladesh*

*2026*

## **Poverty, Vulnerability and Social Justice in Bangladesh: Challenges and People's Alternatives**

Prepared by  
Professor Dr. Ainoon Naher  
&  
A. K. M Minhazul Abaden Denar



P.O Box 8130, 288 Gairidhara Marg, Gairidhara, Kathmandu, Nepal

Phone: +977-1-4004976, 4004985

Fax: +977 -1- 4004508, 4443494

[saape.network@gmail.com](mailto:saape.network@gmail.com)

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# 1. Introduction

The story of Bangladesh is often introduced through a lens of skepticism. Following the genocidal liberation war of 1971, the nation emerged with a decimated infrastructure and a poverty rate of 70–80%. Dismissed internationally as an 'international basket case,' Bangladesh faced the immediate challenge of basic survival. Yet, the subsequent five decades witnessed a radical transformation. Driven by the resilience of its peasantry, the labor of garment workers and a robust migrant diaspora, Bangladesh achieved a sustained 'growth paradox' maintaining high GDP growth despite political volatility, global supply chain disruptions, and frequent natural disasters. By the early 2020s, the nation celebrated its graduation from its Least Developed Country (LDC) status, marking a significant developmental milestone.

However, between 2020 and 2026, Bangladesh faced a convergence of crises: the COVID-19 pandemic, mounting economic instability, political regime changes, and the global disruptions caused by international conflicts. While aggregate poverty statistics indicate long-term decline, recent trends reveal a disturbing rise in economic disparity, relative inequality, and structural vulnerability. The wealth generated by high growth has failed to trickle down; instead, it has pooled the resources in the hands of a burgeoning elite, leaving the majority to navigate precarious labor markets and shrinking social safety nets.

The data from Bangladesh Bureau of Statistics (BBS) 2025 Health and Morbidity Status Survey (HMSS), corroborated by the 2026 World Bank Development Update, indicates that national poverty reduction has stagnated. Independent research by the South Asian Network on Economic Modeling (SANEM) in its 2026 report, *The Illusion of Recovery*, argues that the official poverty figures mask the reality of the 'vulnerable non-poor'. The food price inflation, which peaked at nearly 12% in late 2025, has severely eroded the purchasing power of the lower-middle class. The Gini Coefficient has widened significantly, signaling that Bangladesh is no longer merely fighting income poverty but, instead, is battling multi-dimensional vulnerability characterized by restricted access to quality healthcare, government services, and equitable resource distribution. The top 10% of the population now controls nearly 45% of the national income while the bottom 40% struggles with a shrinking share of the economic pie.

The challenges facing Bangladesh are compounded by a turbulent regional and global context. South Asia has been destabilized by overlapping crises including the economic collapse in Sri Lanka, political instability in Pakistan and the shifts in the political landscape of Nepal. The Asian Development Bank (ADB) 2025 Outlook identifies South Asia as the most climate-vulnerable region of the world with Bangladesh at its epicenter. Simultaneously, the global economic order, defined by high interest rates and a strong US dollar, has pushed Bangladesh into a debt trap. For the first time in decades, the government is prioritizing debt servicing over social sector spending, leading to reduced subsidies on fuel and fertilizer that disproportionately harm the poor while the wealthy benefit from tax exemptions and capital flight. This fiscal pressure has fundamentally altered the relationship of the state with its most vulnerable citizens, effectively withdrawing the developmental compact that sustained growth narratives for two decades.

The COVID-19 pandemic was not a temporary setback but a structural reset that decimated the informal sector, which employs nearly 85% of the Bangladeshi workforce. While the Ready-Made Garment (RMG) sector received government stimulus packages, workers faced wage theft, layoffs and a lack of health security. Post-pandemic, the 'New Poor' those who fell from the lower-middle class back into poverty have struggled to recover. The ILO (2025) labor market data indicates that real wages have stagnated while the informalization of work has intensified. Domestic workers, street vendors and day laborers exist in a state of working poverty, where a single day of illness can lead to household starvation. The structural informalization of labor has become a defining feature of the post-pandemic economy, creating a vast underclass with no social protection, no job security and no political voice.

Poverty in Bangladesh is neither gender-neutral nor geographically uniform. Despite high female labor force participation, women face systemic discrimination across all sectors of the economy. UN Women's 2025 Rapid Gender Analysis confirms that the gender pay gap remains a structural tool of exploitation. They are concentrated in the lowest-paid tiers of the RMG sector and bear a disproportionate burden of unpaid care work. In the rural economy, the women constitute the backbone of agriculture, yet they own less than 10% of the land, which renders them largely invisible to the decision-makers. The Hijra and Transgender communities represent a profound failure of social inclusion: despite the official Third Gender recognition in 2013, the UNICEF MICS 2025 findings show that 95% of these communities remains excluded from formal education

and employment. Budgetary allocations for their welfare remain negligible, focused on rehabilitation rather than rights-based empowerment.

Land remains the most contested resource in the country. The Association for Land Reform and Development (ALRD) 2025 report documents the systematic occupation of *khas* (state-owned) land by politically connected elites and industrial corporations. Rather than being distributed to the landless and the ultra-poor as mandated by law, vast tracts are being diverted to the special economic zones and private industrial parks. This displacement drives urban migration: as the peasants lose their land, they move to the cities like Dhaka and Chattogram, becoming slum dwellers facing the constant threats of eviction. The Centre for Policy Dialogue (CPD) notes that the majority agricultural subsidies are captured by middlemen rather than the small-scale peasants. The World Bank's Groundswell Report projects approximately 13.3 million internal climate migrants by 2050, placing enormous additional pressure on the already strained urban systems and deepening the structural connection between ecological crisis and socioeconomic marginalization.

The FY 2025–26 National Budget reflects these fiscal contradictions starkly. Despite the narratives of inclusive growth, Social Safety Net Program (SSNP) spending has contracted to just 1.87% of the GDP significantly below the international benchmark of 3%. Furthermore, roughly 45% of even this allocation is diverted to non-targeted expenditures such as civil service pensions. The fiscal framework relies heavily on indirect taxes like Value Added Tax (VAT), which accounts for nearly two-thirds of the total revenue and which disproportionately burdens the poor. The allocations for education and health remain critically low at 1.53% and 0.67% of the GDP respectively well below the international benchmarks and far below the investments required to address the growing inequality, youth unemployment and a deteriorating public health system. The underfunding thus forces the poor households to pay out-of-pocket for essential services, acting as a primary driver of household impoverishment.

As of 2026, Bangladesh has entered a period of profound political transition. The youth-led movements are demanding a New Social Contract, challenging the crony capitalism of the past decade. The central question remains whether these new political dynamics will dismantle the structures of elite capture and extractive governance or the new administration will succumb to the same pressures of debt repayment and elite appeasement. This transition is not only fraught with risks but also presents a genuine opportunity of advancing the rights of the marginalized the Hijra,

the garment workers, the landless peasants, and the informal laborer. This report examines poverty, land rights, climate change, gender discrimination, social protection and economic justice through a rights-based analytical lens, presenting People's Alternatives not as the utopian aspirations but as the practical, evidence-based demands of a population that has survived war, climate disasters and global pandemic.

## **2. Thematic Situation Analysis**

### **2.1 Land Rights and Food Sovereignty: The Struggle for Resource Justice**

In Bangladesh's agrarian landscape, land is not merely a factor of production, it is a source of identity, social status and fundamental survival. As the nation navigates the mid-2020s, the intersection of land rights and food sovereignty has emerged as a frontline for social justice. The historical promise of redistributive land reform remains unfulfilled, while aggressive industrialization and climate-induced displacement are creating permanent precariousness for the rural and urban poor.

#### **2.1.1 Current Situation and Trends**

The current land situation is defined by a paradox of scarcity and occupation. The total fertile agricultural land is shrinking at nearly 1% per year due to urbanization, infrastructure projects and industrial expansion. According to ALRD's 2025 report, the systematic grabbing of *khas* (state-owned) land and water bodies by politically connected elites and industrial conglomerates has become entrenched. Historically, *khas* land was intended for distribution among the landless and the ultra-poor; instead, vast tracts are being diverted into special economic zones and private industrial parks. In the coastal regions like Satkhira and Khulna, the conversion of rice-growing land into intensive shrimp aquaculture (shrimp *ghers*) has fundamentally altered the social and ecological fabric. While shrimp exports generate foreign currency, they have decimated local food sovereignty. Salinity intrusion from these ponds prevents traditional vegetable and rice cultivation, forcing the local populations to depend on expensive market food systems. (Samui et al. (2024) This dependency became critical in 2025 when food inflation peaked at 12%. More than 60% households in Bangladesh spend at least half of their total income on food (BBS, 2025).

#### **2.1.2 Impact on People: The Human Cost of Displacement**

The erosion of land rights disproportionately affects the small-scale peasants, landless laborers and indigenous communities. Between 2024 and 2026, the prices of chemical fertilizers, high-yield seeds and diesel for irrigation surged by nearly 30%. Without secure land titles or institutional support, the peasants are forced into high-interest informal loans, leading to the cycles of debt that ultimately force the sale of land to industrial encroachers.

As the rural commons disappear, the landless laborers who once survived on seasonal work and communal grazing lands are being pushed into cities. These distressed migrants arrive in cities like Dhaka, Sylhet as slum dwellers, facing constant eviction threats and lacking both land and legal right to the city. In the Chittagong Hill Tracts (CHT) and plain lands, the indigenous communities such as the Santal, Hajong, Mro and Garo face existential land struggles. The Mro community in Bandarban is currently fighting against the alleged encroachment on 3,500 acres of ancestral land by Lama Rubber Industries Ltd. (The Daily Star, 2023) In March 2026, The Garo communities in Madhupur Sal Forest protested against a government-led eco-park project threatening hundreds of families.<sup>1</sup>

### **2.1.3 Policy Framework, Gaps and the Push for Reform**

The integration of the Digital Land Survey and the Krishok Card represents a significant attempt by the government to modernize land management and peasant livelihood, yet these flagship initiatives are currently undermined by a stark disconnect between policy intent and ground-level execution. While the Krishok Card project has successfully distributed cards among more than 21,500 peasants across various districts to facilitate direct subsidies and mobile banking, the underlying data collection process is fundamentally flawed. Investigative reports reveal a systematic exclusion of tenant peasants or *borgachashis*, who lack formal titles like peasants. State resources are frequently diverted to absentee landlords who do not participate in actual cultivation, creating a structural perversion where the policy serves the propertied elite rather than those who actually till the soil.

This exclusion is further exacerbated by a widening digital divide and the persistence of local patronage networks. Rather than acting as a rights-based entitlement, access to these digital tools is often mediated by the local political figures who use the cards as a resource for political loyalty. Furthermore, rural peasants who are functionally unlearned in digital processes find themselves trapped in a new era of exploitation, forced to rely on either *dalals* (middlemen) or local tech entrepreneurs who charge exorbitant fees to navigate the registration system. This "digital gatekeeping" ensures that the benefits of modernization remain out of reach for the most marginalized, reinforcing the very inequalities the technology was intended to solve.

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<sup>1</sup><https://www.ipmsdl.org/statement/condemn-the-forced-eviction-of-garo-indigenous-peoples-in-madhupur-sal-forest-bangladesh/>

The legal foundation of these digital initiatives is equally precarious, as the current framework remains anchored in the Registration Act of 1908, which is fundamentally ill-equipped for the complexities of a digital era. International Journal of Frontiers in Medicine and Reform (2025) notes that the 1984 Land Reform Ordinance has largely become a "paper tiger," with land ownership ceilings rarely enforced and millions of dispute cases languishing in courts for generations. This legal stagnation drains the financial resources of the impoverished households and reveals a pattern where modernization primarily benefits the empowered while deepening the dispossession of landless laborers and indigenous communities in areas like the CHT and plain lands.

To bridge these systemic gaps, the civil society organizations such as the ALRD and SAAPE have proposed a radical shift in policy that prioritizes social justice over mere administrative efficiency. Their demands focus on a transparent audit and immediate distribution of *khas* land among the landless families through joint titles for both husbands and wives, alongside the crucial decoupling of agricultural subsidies from land ownership to ensure they reach actual cultivators. By calling for an empowered Land Commission and a strict moratorium on converting fertile agricultural land into industrial zones, these movements seek to replace the current exclusionary model with one centered on food sovereignty, community seed banks and the restoration of ancestral lands, ultimately aiming to turn land management into a tool for genuine agrarian reform.

## **2.2 Social Security and Social Protection: Navigating Fiscal Contraction**

Social protection in Bangladesh is caught between the ambitious goals of the National Social Security Strategy (NSSS) and the harsh fiscal realities of a debt-burdened economy. While the state narrative emphasizes expanded safety nets as a hallmark of its pro-poor orientation, a deeper analysis reveals a system plagued by budgetary illusions, targeting inefficiencies and a failure to protect the 'new poor' emerging from the polycrisis of 2020–2026.

### **2.2.1 Current Situation: The Budgetary Illusion**

According to the CPD Analysis of the National Budget FY 2025–26, the total allocation for Social Safety Net Programs stands at approximately 1.87% of the GDP significantly below the 2.5% to 3% benchmark recommended by the World Bank and International Labor Organization (ILO). However, this figure masks a deeper qualitative crisis. Nearly 45% of the social safety net

allocation is composed of non-targeted expenditures, primarily civil service pensions and interest payments on savings certificates as noted by SANEM (2026). When non-poor expenditures are removed, actual resources reaching the ultra-poor dwindle to barely 1% of the GDP (SANEM, 2026). The Daily Star reports the food inflation at 12% in 2024-2025 has effectively devalued nominal cash transfers: a monthly allowance of 600 BDT for either the elderly or the widows can now barely cover the cost of a few kilograms of rice and oil, with nothing remaining for either healthcare or emergencies. (The Daily Star, 2025)

### **2.2.2 Impact on People: The Protection Gap**

The 'vulnerable non-poor' who sit just above the official poverty line but lack insurance against financial shocks are growing in number. Informal workers, comprising 85% of the total workforce, are almost entirely excluded from formal social security. The social protection framework of Bangladesh maintains a bias toward rural areas, as increasingly problematic climate-induced migration accelerates and urban slums swell. According to the daily Prothom Alo (January 2026), the urban slum dwellers often pay more for basic services like water and electricity than the middle-class residents do, yet they have virtually no access to government food assistance or cash transfer programs. The 2025 HMSS confirms that out-of-pocket healthcare expenditure is the primary driver of medical poverty, immediately consuming the modest cash transfers provided.

### **2.2.3 Policy Gaps and Path to Reform**

The National Social Security Strategy serves as the guiding policy framework, aiming to transition the system from a discretionary model to a lifecycle framework that provides support from birth through old age. Although progressive on paper, its implementation has consistently faltered in practice across three critical dimensions. The World Bank's Bangladesh Development Update (April 2026) reports that inclusion and exclusion errors remain as high as 60–70% in some regions, with beneficiary selection frequently dictated by local political intermediaries, *matbars* or local politicians who prioritize political loyalty over genuine socio-economic need. This political capture of social protection allocation is not merely a governance failure but a structural feature of the system that persists because it serves the interests of those who control the allocation process.

The government's shift toward digital government-to-person payments, while intended to reduce financial leakage and corruption, has inadvertently created a new form of exclusion. The digital

divide prevents the elderly or functionally illiterate beneficiaries from accessing their own entitlements due to the biometric system failures, mobile literacy gaps or the absence of digital infrastructure in remote areas. This forces them to rely on fee-charging middlemen who charge a percentage of the monthly transfer to perform the withdrawal effectively, privatizing a portion of the social protection benefit and negating the efficiency gains the digital transition was meant to deliver. The absence of any institutionalized mechanism for urban social protection including rental subsidies or urban food rations further exposes the rural bias of the system in an era of accelerating climate-induced urbanization.

Civil society demands a fundamental reorientation toward a rights-based system that eliminates the structural power of intermediaries and brokers. Universalizing core schemes such as old-age pensions and child benefits removing the narrow targeting mechanisms that currently facilitate broker culture and that create stigmatizing selection processes would establish a social floor accessible to all citizens as a matter of right rather than political connection. The creation of a dedicated Urban Social Protection Directorate, with resources and institutional authority to address the specific needs of the slum dwellers and informal urban workers, is an institutional imperative in the light of the urbanization trajectory of Bangladesh. The legal indexation of all cash transfers to the Consumer Price Index is a minimum standard of protection against the inflation erosion that has effectively slashed the real value of benefits over the past three years. Finally, the community-led monitoring and participatory auditing mechanisms would return agency and accountability to the citizens whom the system is designed to serve.

## **2.3 Gender Rights and Marginalized Identities: From Recognition to Rights**

In 2026, gender justice in Bangladesh presents a striking contrast between the legislative progress and the structural stagnation. While the nation celebrates the Bangladesh Labour (Amendment) Act 2026 and maintains a high global ranking for female political empowerment, the daily lives of millions of women, domestic workers, and gender-diverse individuals remain defined by precariousness and systemic exclusion.

### **2.3.1 Current Situation: The Persistence of the Pay Gap**

Despite the narrative of women as the engine of the economy, the economic gap remains profound. A report by the daily Prothom Alo (March 2025) notes that full gender parity in the workforce

could boost the GDP of Bangladesh by nearly 40%. The current gender employment gap stands at 38.9%. Eight out of ten men are employed, while fewer than four out of ten women have formal jobs. UN Women (2025) reports that the women in Bangladesh spend approximately seven times more on unpaid domestic chores than the men do, a form of time poverty that prevents the pursuit of higher-skilled, better-paying opportunities.

The 2.5 million domestic workers in Bangladesh continue to labor without a minimum wage, regulated hours or protection against abuse. The Daily Star (2026) highlights that despite the Domestic Workers Protection and Welfare Policy 2015, the absence of a legally binding Act means thousands of women, many of them internal climate migrants, are essentially working in modern-day servitude. The Bangladesh Labour (Amendment) Act 2026 has introduced major reforms, including doubling the paid maternity leave to 120 days and alignment with ILO Convention 190, but the specific inclusion of domestic workers in the formal definition of worker remains ambiguous.

### **2.3.2 The Third Gender Paradox**

The vulnerability of the Hijra and Transgender communities represents one of the most profound failures of social justice. Although the government officially recognized Third Gender status in 2013, UNICEF Bangladesh (2025) findings are devastating: 95% of the Hijra community remains excluded from formal education and employment. The budgetary allocations in FY 2025–26 focus on rehabilitation rather than rights, treating marginalized identities as social burdens to be fixed rather than as citizens with rights to work in offices, schools and hospitals. Many are consequently forced into street-based income generation, exposing them to constant harassment and violence.

### **2.3.3 Climate Change and Gendered Vulnerability**

Climate change is not gender-neutral. In the coastal districts of Khulna and Satkhira, increasing salinity and deteriorating water infrastructure have created a water crisis that rests disproportionately on women. UN Women's (2025) Rapid Gender Analysis documents that coastal women now spend upwards of five hours daily fetching potable water, leading to physical ailments, including uterine health issues from the use of saline water and further reducing time for income-generating activities. When the disasters like Cyclone Remal strike, women are the last to receive aid and the first to suffer from inadequate sanitation in overcrowded shelters.

Cyclone Remal, which made landfall on the Khulna-Satkhira coast in May 2024, illustrates this gendered burden concretely. UN Women's (2025) Rapid Gender Analysis of the cyclone found that the women-headed households were disproportionately represented among those who lost homes and productive assets and that pregnant women and adolescent girls in emergency shelters faced acute shortages of privacy, menstrual hygiene materials and reproductive healthcare. Many women reported delaying evacuation until male relatives returned, exposing them to greater physical risk, while the women who did reach shelters described curtailed mobility and heightened exposure to harassment in overcrowded, poorly lit facilities. In the weeks after the cyclone, the women also carried the bulk of unpaid recovery labor, clearing debris, rebuilding homestead gardens and rationing scarce freshwater, while remaining largely absent from local disaster management committees where relief priorities were decided. The case demonstrates that climate disasters do not simply add to women's existing vulnerabilities; they compound them across health, safety, livelihood and voice simultaneously.

#### **2.3.4 Policy Gaps and Civil Society Demands**

Bangladesh maintains reservations on Articles 2 and 16(1)(c) of CEDAW, citing religious personal laws, preventing equal rights in marriage, divorce and inheritance and keeping women economically dependent. Fewer than 15% factories and offices have functional harassment redressal committees as mandated by the 2026 Labour Act (CPD, 2025). Civil society demands that the government include transforming the 2015 Domestic Workers Protection Policy into a legally binding Act guaranteeing minimum wage, weekly holidays and enrollment in social security; ratification of ILO Convention 189 shifting support for gender-diverse populations from rehabilitation to reservation in government jobs; withdrawal of CEDAW reservations to grant women full equal rights in inheritance; and ensuring that 50% of climate adaptation funds is managed by the women's cooperatives focused on local water security and community-led disaster management.

### **2.4 Economic Justice: Inequality, Progressive Taxation and the Debt Trap**

Economic justice in Bangladesh has reached a historical tipping point. The 'Bangladesh Miracle' is increasingly scrutinized as a Growth Paradox while macroeconomic indicators show resilience, and the structural distribution of wealth has become severely skewed. The current economic

landscape is characterized by a triple squeeze as stagnant real wages for the poor, a regressive tax system that burdens the consumers, and a mounting debt crisis hollowing out public investment in health and education.

#### **2.4.1 Rising Inequality**

SANEM's 2026 report argues that the wealth generated in recent years has been captured by a narrow elite. BBS HMSS 2025 data indicates that the top 10% of the population now controls nearly 45% of national income while the bottom 40% struggles with a shrinking share. This inequality is a byproduct of an economic model that prioritizes capital over labor: while export-oriented sectors received massive state incentives and bailouts, the New Poor who fell below the poverty line during the economic shocks of 2024 and 2025 received no comparable support.

Following the multi-billion-dollar loan programs of International Monetary Fund (IMF), the government has adopted fiscal consolidation measures amounting to austerity. The 2025 Budget Analysis of the CPD highlights that nearly 20% of the national budget is consumed by debt servicing. The government has drastically cut subsidies on fuel, electricity and fertilizer. The daily Prothom Alo reports that the 25% hike in electricity tariffs in early 2026 has triggered a domino effect, raising irrigation and transport costs and fueling the 12% inflation rate.

#### **2.4.2 The Regressive Tax Burden**

Nearly two-thirds of total tax revenue comes from indirect taxes, primarily VAT. Because VAT is applied uniformly, a garment worker pays the same VAT rate on essential goods as a billionaire. Meanwhile, the corporate sector and high-net-worth individuals benefit from tax holidays and exemptions and capital flight continues to drain the national treasury. Consequently, the health sector allocations stand at just 0.67% of the GDP, which is among the lowest in the world, driving out-of-pocket healthcare expenditure above 70%. The education sector investment at 1.53% of the GDP is insufficient to address the growing youth unemployment crisis.

#### **2.4.3 The Hidden Workforce and Demands for Reform**

The lack of economic justice manifests most tragically in the lives of the 'hidden workforce' of millions of domestic workers who sustain urban households while remaining entirely excluded from the Labor Act. The extreme vulnerability of this sector was starkly illustrated by the case of a 13-year-old child domestic worker subjected to systematic torture by the wife of a former

Managing Director of Biman Bangladesh Airlines, an incident that left the child with severe burn marks and physical injuries and that illustrates the extreme end of a continuum of exploitation that is systemic rather than exceptional (New Age, 2026). This child, like the estimated 2.5 million domestic workers across Bangladesh, faced a double exclusion: legally invisible to the state and physically isolated within private homes, where the absence of formal contracts, minimum wages and monitoring mechanisms transform labor into a modern form of servitude. The workers in this sector, many of them children or internal climate migrants from the coastal and riverine areas, endure abusive environments not by choice but because the high cost-of-living crisis, which has pushed 85% of the informal workforce into permanent economic insecurity, leaves them no alternative.

The civil Society and organizations like SAAPE propose a radical shift in fiscal policy rooted in redistributive justice as introduction of a progressive wealth and inheritance tax on the top 1%, capable of generating revenue sufficient to double the national health budget and universalize quality education; a comprehensive public audit of mega-project debts to ensure that public funds are not being drained by odious debts or high-corruption infrastructure projects at the expense of social utility; formal recognition of the domestic and informal workforce through a living wage legally indexed to inflation and full inclusion under the protection of the Labor Act; restoration of subsidies on essential agricultural inputs including fertilizer, diesel for irrigation and electricity to protect smallholder food production; and strengthened central bank oversight to combat the illicit financial flows that annually drain billions from the national treasury to offshore accounts controlled by the elite. These reforms, taken together, represent not a radical departure from development norms but a return to the basic principles of social contract governance that Bangladesh's own Constitution mandates.

### **3. Budget and Economic Analysis: The Fiscal Frontline of Social Justice**

The national budget is more than a fiscal ledger. It is a moral document that defines whose survival the state prioritizes. In Bangladesh, the FY 2025–26 National Budget arrives at a moment of profound structural anxiety. While the official narratives emphasize macroeconomic stability and graduation from the LDC status, a critical analysis reveals a widening chasm between public finance and social justice. As the nation grapples with high inflation, mounting debt and political transition, the budget has increasingly become a tool for fiscal consolidation rather than equitable redistribution.

#### **3.1 The Debt Trap versus Social Sector Spending**

The most defining feature of current public finance is the crowding-out effect of debt servicing. According to the World Bank's April 2026 Development Update, debt interest payments now consume nearly 25% of the total government revenue. In the FY 2025–26 budget, for every one taka spent on the combined sectors of health and social protection, the government allocates nearly two taka to debt interest. This represents a fundamental shift from the developmental state model toward a debt-servicing state, where the rights of international and domestic lenders supersede the needs of the vulnerable.

#### **3.2 Social Protection and the Reality of Budgetary Allocations**

Beyond the headline allocation, the FY2025–26 budget reveals a broader challenge concerning the quality and effectiveness of social protection financing. While the government has introduced reforms such as program consolidation, expansion of digital Government-to-Person (G2P) payments and the Single Registry to improve transparency and administrative efficiency, these institutional changes operate within an increasingly constrained fiscal environment. The budget analyses by the Centre for Policy Dialogue (CPD, 2025) argue that limited revenue mobilization, rising debt obligations and continued fiscal consolidation have narrowed the government's capacity to expand meaningful social protection despite growing socioeconomic vulnerability. Similarly, the World Bank's 2026 Bangladesh Development Update identifies shrinking fiscal

space and persistent inflation as major constraints on protecting low-income households during a period of slowing economic growth.

Although recent budget measures include modest increases in beneficiary coverage and selected cash allowances, the real value of these benefits continues to decline as living costs outpace nominal adjustments. The Social Security Policy Support (SSPS) Programme observes that the social protection system of Bangladesh is undergoing important administrative modernization; however, persistent implementation challenges, inclusion errors and uneven urban coverage continue to reduce program effectiveness. Contemporary policy discussions likewise emphasize that strengthening delivery mechanisms alone cannot substitute for adequate fiscal commitment. As highlighted in both the CPD assessments and budget reporting by Dhaka Tribune, sustainable social protection requires not only efficient administration but also sufficient public investment to preserve the purchasing power of benefits and extend protection to the economically vulnerable populations. Without greater fiscal prioritization of social protection, budgetary reforms risk improving administrative processes while leaving the underlying protection gap largely unchanged.

### **3.3 Agriculture and Food Sovereignty**

Agriculture remains the primary livelihood and informal safety net for much of the rural population of Bangladesh, yet it is under increasing pressure from fiscal consolidation measures that have reduced public support for agricultural production. In FY2025–26, subsidies for chemical fertilizers, diesel and electricity the three most critical production inputs for small-scale farming, were reduced by 15%. Although the agriculture sector received an allocation of Tk 39,620 crore, its share of the Annual Development Programme (ADP) declined to 4.7%, signaling a gradual shift away from long-term agricultural investment. The World Bank (2026) notes that persistent inflation, estimated at 8.5% together with reduced input support, has significantly increased production costs for smallholder farmers operating on already narrow margins.

The effects of these budgetary changes are further intensified by the structural exclusion of tenant farmers (*borgachashis*) from major agricultural support programs. Access to fertilizer subsidies, irrigation assistance and *Krishok Card* remains largely tied to formal land ownership, preventing many tenant cultivators who undertake the actual production and who assume the associated risks

from receiving public assistance. This institutional design reinforces the existing inequalities in rural land relations while increasing dependence on informal credit to finance agricultural inputs. At the same time, the budget provides limited investment in community seed banks, post-harvest storage facilities, local food processing and market infrastructure, leaving domestic food systems increasingly vulnerable to international price volatility and intermediary market control.

Beyond these immediate budgetary constraints lies a deeper structural transformation associated with the gradual market-oriented reorientation of the agricultural policy of Bangladesh since the 1990s. Alongside the broader economic liberalization and the participation of the country in the WTO Agreement on Agriculture, the successive governments have increasingly emphasized commercial agriculture, private-sector participation and export competitiveness while reducing the direct role of the state in agricultural input provision, extension services and market interventions (McMichael, 2009). More recently, the fiscal reforms supported under the IMF stabilization programs have continued to prioritize subsidy rationalization and expenditure restraint as part of broader macroeconomic adjustment. As agricultural landscapes become increasingly oriented towards export commodities, rural households lose access not only to productive land but also to the ecological resources including homestead gardens, livestock and open-water fisheries that traditionally underpin household food security and livelihood resilience. The expansion of shrimp aquaculture in the southwest of Bangladesh has fundamentally transformed the local agrarian landscapes, reducing community control over productive resources while increasing dependence on global commodity markets (Paprocki & Cons, 2014). Food sovereignty is undermined as farming communities lose greater control over productive resources while the state faces diminishing fiscal capacity to invest in the public goods necessary to sustain resilient local food systems. Reversing this trajectory requires recognizing food sovereignty as both a constitutional commitment and a developmental priority. Budgetary policy should, therefore, expand public investment in community seed banks, agro-ecological extension services, local grain reserves, climate-resilient agriculture and inclusive subsidy mechanisms that explicitly cover tenant farmers. Such investments would strengthen local food systems, reduce dependence on volatile international markets and advance a more equitable and sustainable model of rural development.

### **3.4 Climate Finance: Infrastructural Bias versus Community Resilience**

The FY 2025–26 budget allocates 10.07% of its development budget to climate-relevant sectors. However, a persistent hardware bias exists: funding overwhelmingly goes to large-scale embankments and sluice gates managed by politically connected contractors, with almost no fiscal provision for social insurance for the millions of climate migrants projected by the Groundswell Report (2026). The state treats climate change as an engineering problem rather than a social justice crisis, leaving the coastal communities to fund their own survival through high-interest microfinance loans.

### **3.5 Gender-Responsive Budgeting**

Despite the publication of a Gender Budget, its ground impact remains negligible. UN Women (2025) highlights that while various ministry funds are tagged as gender-relevant, they do not address the unpaid care burden or the gender pay gap. The domestic workers, the backbone of the urban middle-class economy, remain invisible in the fiscal framework. The budget for their protection and skill development is virtually non-existent, reflecting systemic disregard for feminized informal labor.

### **3.6 Revenue Mobilization: The Regressive Tax Burden**

Bangladesh's tax-to-GDP ratio remains approximately 8% which is one of the lowest in the world and the burden is disproportionately regressive. Indirect taxes, primarily VAT, account for nearly two-thirds of total revenue, penalizing the poor equally alongside the wealthy. The budget continues to offer generous tax holidays to corporate entities and the RMG sector. SANEM (2026) notes that effectively taxing capital flight and corporate profits could double the budget for health and education without increasing the fiscal deficit.

### **3.7 Comparative Analysis: Three Years of Fiscal Stagnation**

The following table compares key fiscal indicators across three consecutive budget years. The data confirms a strategic retreat of the state: the decision to prioritize debt repayment over social protection, healthcare and agricultural support is deepening the vulnerability of the bottom 40% of the population.

**Table 3.7: Comparative Budget Indicators FY 2023–24 to FY 2025–26**

| Indicator                    | FY 2023–24     | FY 2024–25     | FY 2025–26     |
|------------------------------|----------------|----------------|----------------|
| Total Budget Size            | ₳7.61 Trillion | ₳7.97 Trillion | ₳7.90 Trillion |
| Debt Interest Payments       | ₳940 Billion   | ₳1,135 Billion | ₳1,215 Billion |
| Social Protection (% of GDP) | 2.52%          | 2.52%          | 1.87%          |
| Health Sector (% of GDP)     | 0.76%          | 0.72%          | 0.67%          |
| Education Sector (% of GDP)  | 1.76%          | 1.69%          | 1.53%          |
| Agri-Subsidies (% of Budget) | ~3.2%          | ~2.9%          | ~2.4%          |
| VAT as % of Total Revenue    | 64%            | 66%            | 67%            |

*Source: Ministry of Finance, Bangladesh; CPD Budget Analysis 2025; SANEM 2026.*

## **4. Intersection of Vulnerabilities: The Compounding Crisis**

Poverty in Bangladesh is not the product of isolated shocks; it is a multi-dimensional syndemic where environmental, economic and social forces converge to create permanent precariousness. As of 2026, this intersectional vulnerability has intensified, triggering a domino effect in which climate disaster, systemic land dispossession and austerity-driven policy dismantle the resilience of the most marginalized.

### **4.1 Climate Disasters and the Erosion of Food Sovereignty**

Bangladesh is the global ground zero for the climate crisis, which functions as a threat multiplier for food insecurity. In the coastal districts like Satkhira and Khulna, sea-level rise has caused chronic salinity intrusion, forcing a shift from traditional rice cultivation to intensive, export-oriented shrimp aquaculture. While this generates national revenue, it hollows out local food systems. Residents purchase staple grains from distant markets at prices often 3–4% above the national average. This reliance on a cash-based food system, coupled with biodiversity loss, drives hidden hunger, a direct correlation identified in the 2025 BBS HMSS, which links climate-affected regions to the rising rates of childhood stunting and nutritional deficiency.

### **4.2 The Displacement-Precarity Chain: Land Loss to Urban Invisibility**

Land remains the primary safety net for the rural poor. When land is lost to river erosion, industrial encroachment or commercial land grabbing, it triggers a forced exodus that fundamentally fuels the informalization of the economy. The 2026 World Bank Groundswell Report projects 13.3 million internal climate migrants by 2050, transforming the already strained urban landscape into a pressure cooker of competing needs and inadequate infrastructure. Upon reaching the cities like Dhaka and Chattogram, these migrants fall into the Urban Poverty Trap with lacking formal documentation, stable shelter or social networks, they enter the informal labor market as rickshaw pullers, construction workers, vendors or domestic workers. They exist in a state of civic invisibility present in the city, essential to its functioning, yet absent from its administrative registers.

These internally displaced individuals are largely excluded from the social safety nets that remain anchored to the rural administrative structures and village-level identification systems. A rural

family that loses its land to a river and migrates to a city loses not only its home but also its eligibility for the government support it would have received had it remained in its village of origin. Investigative data reveals that a mere 4% of social safety net coverage reaches the urban poor, a figure that is tragically disproportionate to the actual poverty levels in the urban informal settlements. This structural exclusion effectively strips climate migrants and displaced laborers of institutional protection while they provide the essential labor that sustains urban economic growth, a profound contradiction at the heart of the development model of Bangladesh.

### **4.3 The CHT Context: Ethno-Political Marginalization and Ecological Dispossession**

The Chittagong Hill Tracts represent a distinct and critical nexus where ethnic identity, state-led development and environmental degradation collide. Vulnerability here is rooted in the systematic erasure of indigenous land rights. Top-down development projects, commercial plantations and tourism initiatives often proceed without the Free, Prior and Informed Consent of the Jumma people. The appropriation of *khas* land by the state for commercial use effectively criminalizes traditional *Jhum* (shifting cultivation), destroying the foundation of indigenous social and spiritual cohesion. High levels of military presence create a controlled form of development that disrupts local markets and that restricts population mobility, leaving the peasants vulnerable to debt traps. Climate-induced deforestation and soil erosion, exacerbated by unmanaged commercial logging, strip the indigenous communities, particularly the women who are primary stewards of forest biodiversity, of their ability to survive during the lean seasons.

### **4.4 The Macro-Micro Disconnect: Debt, Austerity and Weak Protection**

At the national level, fiscal contraction driven by the necessity to service an expanding portfolio of external and domestic debt has translated directly into a micro-economic crisis for the most vulnerable populations of Bangladesh. Adhering to the fiscal consolidation conditions of the 2025 IMF Article IV Consultation and Staff Report, the government has reduced subsidies on fuel, gas and fertilizer as part of its deficit reduction strategy. These cuts constitute a deeply regressive transfer of burden as the rising energy costs spike the price of irrigation for smallholder peasants, raise transport costs for market vendors and day laborers and increase household electricity bills for the urban poor recently connected to the grid. These cost increases are passed directly to

consumers, operating as a de facto tax whose incidence falls disproportionately on the bottom income quintiles with the least capacity to absorb additional expenditure.

The crowding-out effect of debt interest payments on social protection is the most significant structural mechanism generating new poverty in 2025–26. For every taka added to debt servicing obligations and the total that has risen from Tk 940 billion in FY 2023-24 to Tk 1,215 billion in FY 2025-26, there is a corresponding constraint on what remains available for safety nets, healthcare, education and agricultural support. The New Poor who fell below the poverty line during the pandemic and inflation shocks of 2020–2025 and who have been unable to recover are the primary casualties of this macro-fiscal trajectory. They occupy an economic no-man's land that is too far above the official poverty threshold to qualify for existing targeted programs, yet too economically fragile to withstand further shocks. Their invisibility to both the market and the state represents the central, moral and governance challenge of the development model of Bangladesh in 2026.

#### **4.5 Gendered Fault Lines: The Invisible Shock Absorber**

Gender remains the fundamental fault line across every dimension of the crisis facing the country. When the state fails to provide essential services and effectively privatizes the cost of social failure, women bear a disproportionate burden through the intensification of unpaid care work. In the RMG sector, the intersection of inflation and stagnating real wages forces women to act as biological shock absorbers, often skipping meals or medical care to ensure their children's survival. This is exacerbated by pervasive asset inequality, as women own less than 10% of land and possess the fewest resources to pivot when disaster strikes. Whether fetching water in saline-affected coastal zones or assuming primary caregiver roles, when health budgets are slashed, women's unpaid labor remains the unacknowledged infrastructure preventing the total societal collapse.

Poverty in Bangladesh is not a failure of growth; it is a failure of distribution to ensure resource justice. Vulnerability is actively manufactured by the policies that prioritize industrial and macroeconomic stability over community land rights, food sovereignty and the protection of the marginalized. Breaking these chains requires moving from a logic of poverty reduction to structural redistribution of power integrating climate-resilient social protection, legal recognition

of indigenous land rights and gender-responsive budgeting that treats unpaid care as a core economic contribution.

## **5. People's Alternatives and Good Practices: The Path to Resource Justice**

While the national budget reflects a top-down, austerity-driven approach, the ground reality in Bangladesh is defined by a vibrant array of People's Alternatives. These are not merely survival strategies but grassroots innovations that challenge the extraction-based economic model and that offer a roadmap for a New Social Contract. As the nation navigates the post-2025 transition, these practices demonstrate that social justice is achievable when resources are managed as commons rather than commodities.

### **5.1 Community Food Systems: Reclaiming Seed and Soil**

Against the backdrop of rising input costs driven by the 15% cut in agricultural subsidies in the FY 2025–26 budget, communities across Bangladesh are turning toward food sovereignty, the right of people to define their own food and agricultural systems based on local needs, ecological conditions and cultural practices rather than the dictates of global commodity markets. Across rural Bangladesh, the movements like *Nayakrishi Andolon* have established an expanding network of community-based seed banks that preserve hundreds of indigenous varieties of rice, vegetables and pulses that are naturally adapted to local soils, resistant to endemic pests and tolerant to salinity stress. By maintaining these genetic commons, communities can bypass the need for expensive, patent-protected high-yield seeds and the chemical fertilizer packages they require, substantially reducing the cash cost of cultivation and decreasing dependence on volatile input markets.

The WFP 2025 Food Security Monitoring Report finds that the households practicing diversified organic farming demonstrate significantly greater resilience to food price inflation shocks compared to those locked into monoculture market dependence. In the wetlands (haors) of Sylhet and Sunamganj districts, the community-led fish sanctuaries that restrict commercial harvesting during the breeding seasons have proven more effective in maintaining local protein availability than the government-leased commercial fishing arrangements that divert catches to urban elite markets. These community food system initiatives are not romanticized returns to subsistence agriculture but sophisticated adaptations that blend indigenous ecological knowledge with modern organizational techniques, demonstrating that food security and food sovereignty are

complementary rather than competing goals. Their scalability depends on state recognition and support including legal protection for community seed banks and regulatory frameworks that enable community management of common pool resources.

## **5.2 Women's Cooperatives: Beyond the RMG Sector**

While women are often the first to bear the consequences of fiscal contraction, they have also emerged as the key agents of collective resilience through the locally driven initiatives that strengthen economic security and social solidarity. In urban Bangladesh, the projects working with women domestic workers have demonstrated that financial inclusion, collective organization and access to digital financial services can substantially enhance economic resilience. The **Shuchona** project, implemented by Manusher Jonno Foundation (MJF), enabled thousands of women domestic workers in Mirpur, Mohammadpur, Khilgaon, Kamrangirchar and Keraniganj to receive wages through Mobile Financial Services (MFS), improve financial literacy, develop regular savings habits and exercise greater control over their household finances. An independent evaluation of the project has found significant improvements in women's financial autonomy, participation in savings practices and ability to manage emergency expenditures, illustrating how collective capacity-building can reduce vulnerability among one of the most marginalized groups in the country. Likewise, the SUNITI (Securing Rights of Women Domestic Workers) project, implemented by Dushtha Shasthya Kendra (DSK) in partnership with Oxfam Bangladesh and other organizations, has organized thousands of women domestic workers into community groups, strengthened their leadership, and promoted collective advocacy for decent work, legal recognition and social protection. These initiatives demonstrate that women's economic empowerment extends beyond access to employment and depends equally on collective institutions that enhance financial security, social capital and bargaining power.

In rural Bangladesh, organizations such as the Association for Land Reform and Development (ALRD) have consistently advocated for joint land registration and joint *khas land* titles for husbands and wives as an important mechanism for strengthening women's economic rights. Evidence from the World Bank indicates that secure land ownership enhances women's decision-making authority, bargaining power within households and long-term economic security, while also contributing to improved investments in children's health, education and nutrition. The

ALRD's work further emphasizes that expanding women's access to land is fundamental to addressing structural gender inequality and strengthening rural livelihoods. Together, these experiences demonstrate that women's economic empowerment is not simply an outcome of participation in development programs but is rooted in secure access to productive assets, collective organization and rights-based institutional reforms. Scaling up community-based women's organizations alongside gender-equitable land governance therefore offers a practical pathway towards a more inclusive and gender-responsive social protection system.

### **5.3 Locally Led Adaptation: Resilience without Debt**

As the World Bank's 2026 Country Climate and Development Report notes, government climate spending often favors large-scale infrastructure that bypasses community needs. In contrast, locally led adaptation (LLA) focuses on nature-based, low-cost, community-governed solutions. In flood-prone districts like Barishal and Pirojpur, the revival of Baira traditional floating vegetable beds made of water hyacinth allows landless families to grow food even during prolonged waterlogging, representing a high-profitability alternative to conventional agriculture in vulnerable southern regions. In coastal Satkhira, youth-led volunteer groups have begun mapping embankment breach points using mobile technology. This proactive, community-sourced data enables rapid local repairs, preventing the catastrophic salinity intrusion that follows major cyclones like Cyclone Remal.

### **5.4 Social Movements: Defending the Commons**

The most potent alternative to crony capitalism is the organized defense of land and rights by social movements. In March 2026, a coalition of Garo and Mro communities successfully protested against the commercial encroachment on ancestral forest lands for eco-tourism. These movements are not merely fighting for land but for a decolonial ecology that views the forest as a life-support system rather than a profit center. Simultaneously, national networks are campaigning to reform the Government Card systems like *Krishok* Card, demanding that state support be decoupled from land ownership and linked to the act of labor. By reforming national policies for tenant peasants, these movements seek to ensure that the 2026 political transition results in a truly inclusive agricultural policy.

## 5.5 Youth-Led Resource Governance

Following the 2024 political transition, youth-led initiatives like The Youth Coalition for Climate Justice (YCCJ), Bangladesh Youth Environmental Initiative (BYEI) etc. have emerged as vital drivers of resource justice in Bangladesh. According to the UNDP's 2025 Youth Engagement Strategy, young activists are moving from passive roles toward active oversight of climate finance and social welfare programs. In vulnerable coastal areas, youth organizations utilize digital platforms to monitor infrastructure projects and promote climate-resilient agriculture, significantly enhancing local transparency. The reports also highlight that the youth-driven innovation funds are now successfully scaling nature-based solutions and community-led adaptation. By connecting technical data with grassroots needs, these movements ensure that public resources are managed as a shared commons. This involvement is fundamental to establishing a resilient social contract that prioritizes both ecological sustainability and economic equity for the future.

## 6. Conclusion

The development of Bangladesh stands at a critical crossroads in 2026. The historical narrative of transformation from an international basket case to a middle-income economy has met a point of exhaustion. As this report has illustrated, the growth paradox that sustained high GDP despite volatility has begun to fade, revealing that poverty in Bangladesh is not a failure of economic growth but a structural failure of resource justice. The miracle of the past five decades has failed to trickle down; instead, wealth has pooled in the hands of a burgeoning elite while leaving the vulnerable non-poor and the New Poor to navigate shrinking safety nets and severe 12% food inflation.

The thematic analysis identifies a convergence of manufactured vulnerabilities requiring urgent remediation. The systematic grabbing of *khas* land by politically connected conglomerates has stripped the landless of their primary safety net, while the shift toward export-oriented shrimp aquaculture has hollowed out local food sovereignty. Fiscally, the nation is caught in a debt trap where the prioritization of external debt servicing has produced a social protection budget composed largely of budgetary padding for civil service pensions rather than targeted aid for the

85% of workers in the informal sector. Climate change acts as a threat multiplier, turning coastal salinity and river erosion into a displacement-precarity chain that threatens to internally displace 13.3 million people by 2050.

Achieving social justice in Bangladesh requires a fundamental transition from the logic of poverty reduction to a structural redistribution of power. The People's Alternatives identified in this report from community-led food systems and women's cooperatives to the organized defense of the commons by social movements offer a concrete roadmap for this shift. Necessary reforms include the universalization of social security; the establishment of an empowered Land Commission for indigenous peoples; the decoupling of state agricultural support from land ownership to reach those who actually till the soil; a progressive wealth and inheritance tax to fund quality health and education services; and gender-responsive budgeting that treats unpaid care work as a core economic contribution.

As Bangladesh navigates the political transition of 2026, there is a profound opportunity to dismantle the crony capitalism of the past and forge a New Social Contract. This contract must prioritize the rights-based empowerment of the marginalized such as the Third Gender, garment workers, domestic laborers and the landless over elite patronage. The People's Alternatives documented throughout this report from community seed banks and women's cooperatives to youth-led fiscal monitoring and indigenous land rights movements demonstrate that alternative development pathways are not only conceptually coherent but practically operational. They are grounded in the lived experiences of the communities that have developed survival strategies and collective governance mechanisms despite systemic neglect.

The 2026 political moment demands that those alternatives move from the margins to the center of policy discourse. Reforming the social contract requires political will to challenge the powerful vested interests like the landowners who benefit from *khas* land occupation, the corporations that profit from tax holidays, the contractors who capture infrastructure funds and the elites who benefit from capital flight and debt-financed mega-projects. These structural reforms are not merely technical adjustments but require a fundamental reorientation of state priorities from macroeconomic stability for the few toward human security for all.

Ultimately, social justice in Bangladesh will be realized not through charity or incremental adjustments to a broken system, but through a rights-based transformation of the relationship

between the state, the economy and the citizens. As documented throughout this report, the voices of the marginalized such as the informal labor deprived from government services like allowances, the Hijra excluded from formal employment, the coastal woman walking five hours for clean water, the domestic worker laboring without legal protection, and the urban slum dweller remaining invisible to the safety net are not mere requests for charity. They are demands for the structural change that the Constitution of Bangladesh, its international human rights obligations and the aspirations of its people require. Meeting those demands is the defining challenge as well as the defining opportunity of this new political regime.

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