POLICY BRIEFS SERIES

Bangladesh's Tax-to-GDP Ratio

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DECEMBER 2024

HARVARD Kennedy School
RAJAWALI FOUNDATION INSTITUTE FOR ASIA

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About the Author

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The Rajawali Foundation Institute for Asia is housed at the Ash Center for Democratic Governance and Innovation, one of twelve research centers at Harvard Kennedy School. In 2008, under the leadership of Anthony Saich, the Asia Programs at HKS (now the Rajawali Foundation Institute for Asia) joined the Ash Institute for Democratic Governance and Innovation. Two years later, the permanently endowed Rajawali Foundation Institute for Asia was established as part of the Ash Center to bring together academics and practitioners from around the world to enhance research, teaching, and training on public policy and governance issues of critical importance in Asia.

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The Bangladesh Public Administration Project is a multiyear initiative housed at Harvard Kennedy School's Rajawali Foundation Institute for Asia. The purpose of the project is to strengthen the institutional capacity of the Bangladesh civil service and the individual capacity of its civil servants. The project mainly focuses on three interrelated activities: curriculum review at the nation's civil service training institutes, training on interactive pedagogy and core competencies essential for the civil service, and policy research on Bangladesh's most pressing issues.

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Key Points

The tax-to-GDP ratio in Bangladesh has been exceptionally low, both absolutely and relative to the nation's peers, for the last five decades.

Multiple attempts since the early 1990s by various authorities have failed to enhance revenue mobilization by any significant margin.

Large amounts of financial and technical support from development partners have resulted in few of the planned reforms being adopted or sustained.

The low tax-to-GDP ratio has adversely affected Bangladesh's long-term growth and development. The impacts include a chronic budget deficit, persistent inflation, a shallow financial system, increasing income inequality, widespread waste of public resources, and erosion of confidence among citizens and the business community that the government can manage the economy.

None of Bangladesh's development ambitions—of the displaced government, the current interim government, or any government that succeeds it—can or will be achieved without substantively higher levels of domestic revenue than is currently being raised.

Remedies include the sustained implementation of the many revenue mobilization reforms that have been "on the books" for decades. An excellent starting point would be the World Bank's recent proposals for enhanced revenue mobilization, which build upon the long-delayed reforms.

Notwithstanding the above, the immediate task is to eliminate the budget deficit and reduce inflation to rates consistent with international norms. A cash budget would impose the necessary discipline. It would also illustrate, in stark terms, the need for and social benefit of raising the tax ratio.

Introduction

The share of tax revenue relative to GDP (i.e., the "tax-to-GDP ratio") in Bangladesh has been well below 10% for the last five decades. Despite multiple commitments to raise the ratio by various governments (military, caretaker, multi-party democracy, single party)—each with financial and technical assistance from the country's development partners—none has succeeded.

The last two budget speeches by the former government envisioned a "Smart Bangladesh" in 2041 with, among other things, a "revenue-GDP ratio . . . above 20 percent."[1] Since tax revenue averages 85 percent of total revenue,[2] the implied tax-to-GDP ratio for 2041 would be above 17%.[3]

The recently installed interim government may no longer view these projections as relevant to its goals. Yet, none of what it appears that the interim government wishes to accomplish—stabilize the economy, promote recovery, and "reform" (or "reset") the nation's development agenda[4]—will be achievable without substantively higher levels of *domestic* revenue than is now being raised. This will require a major increase in the tax-to-GDP ratio.[5]

This policy note reviews trends in that ratio and identifies some consequences for Bangladesh of its persistently low level. The note concludes with suggested remedies for moving forward.[6]

Background

There has been minimal change in the tax-to-GDP ratio in Bangladesh over the last four-plus decades. The relevant data have been widely tracked. From FY81 to FY02, the ratio averaged 6.3% per annum (p.a.).[7] World Bank data and recent International Monetary Fund (IMF) estimates reveal that from FY03 to FY24 it was 7.7%.[8] When accounting for shifts in net overseas development assistance (ODA) received by Bangladesh over time,[9] the overall share of revenue available to the public sector is currently lower than in earlier decades.[10]

Commentary on Bangladesh's low tax-to-GDP ratio, documented in the Annex, has been extensive in the local and international literature. Four points stand out.

First, Bangladesh's tax-to-GDP ratio is low in absolute *and* relative terms. It averages around 7% and is regularly less than half that of other developing countries, especially those in the immediate subregion. Second, over time, all of Bangladesh's governments have made commitments to take policy, administrative and technical measures that sustainably would increase the tax ratio. Respectively, they include the introduction of a value-added tax, restructuring the revenue agency to streamline its operations and enhance accountability, and the digitization of tax records and procedures.

Third, Bangladesh's development partners have provided large amounts of financial support, technical assistance, and training to stimulate, and provide incentives for, many of these changes. Recent examples include the technical assistance and training provided under the Asian Development Bank's (ADB) Country Partnership Strategy and conditions/benchmarks in the ongoing IMF credit facility arrangement. Each of these represents the continuation of the partners' long-standing assistance to Bangladesh to boost revenue.

Fourth, all of Bangladesh's Five-Year Plans (FYPs)—dating from at least from the 4th—and its annual budgets have been based on higher rates of revenue mobilization than have subsequently materialized. Each of them is a reminder that what the authorities have intended, even if they have regularly failed.

The outcome has been that none of these measures, which span more than four decades, has resulted in a sustained increase in the tax-to-GDP ratio. The optimism continues that they might. As noted above, the previous government anticipated having revenue above 20 percent of GDP by 2041. The current IMF program has specific conditions for raising the tax ratio to 9.5% by FY29.[11] The World Bank devoted its most recent

Development Update to "strengthening domestic resource mobilization."[12] More recently, ADB officials affirmed that its staff "will continue to work with the interim government toward macro-fiscal sustainability, including a focus on fiscal consolidation and domestic resource mobilization."[13]

Consequences of a Low Tax Ratio

Three consequences of Bangladesh's persistently low tax-to-GDP ratio are noteworthy. The first is the obvious failure of governance.[14] To function responsibly, all governments have an obligation to effectively manage the affairs of State. This requires the mobilization of revenues adequate to support public activities in ways that avoid periodic disruptions due to debt distress, elevated inflation, and the need for extraordinary measures such as those described below. Based on the data presented earlier, governance in Bangladesh has been weak. Since the early 1990s, the annual budget and the FYPs have projected levels of expenditure well above the revenue levels that the authorities can generate. The outcome of has been chronic budget deficits, sustained inflation, and an annual cycle of expenditure compression to control national debt. This habitual response has created widespread inefficiency and waste in public spending and in the process undermined the programs and processes that, if implemented, would promote sustained, inclusive growth and development. The most obvious example of these adverse effects was the need in 2022 for the former government to seek emergency assistance from the international community (including the IMF) to help "stabilize the macroeconomy."[15]

A second consequence of a low tax ratio has been that it renders ineffectual the processes and procedures which contribute to longer-term planning (especially the FYPs) and the annual budget. Bangladesh regularly devotes massive amounts of scarce resources—human capacity, finance, facilities, and time—to exercises that are largely futile because the revenue projections upon which they are based cannot be achieved. As the Annex shows, there have been major proposals to reform taxation and raise additional domestic revenue in the national plans since the early 1990s. None of these reforms has succeeded, nor has any been sustained.[16]

A third consequence of the low tax ratio is that successive governments have been inexorably grinding down the country's potential for sustained development. Any viable program to meet whatever development objectives the current and subsequent governments may set—minimal poverty, high-income status, and/or environmental sustainability—will require major increases in public investment and recurrent spending to support the necessary transitions.[17] Six of the most obvious are an energy transition away from fossil fuels, the transformation of agriculture to reduce poverty in Bangladesh,[18] effective financial reform,[19] the expansion and upgrading of infrastructure so that urban areas become and remain livable, the enhancement of strategies to diminish disaster risks, mitigate pollution, and protect the environment, and the upgrading the workers' skills and competences so they can adjust to emerging economic opportunities. A critical dimension of the last point will be the special effort required to boost the quality of public administration so that the above changes can be made.

Each transition is fundamental to Bangladesh's future development. None of them will be achieved without significant amounts of additional domestic revenue.

Remedies

For the interim government to induce Bangladesh to approach—let alone achieve—its core development objectives, mobilizing additional revenue will be essential. There are plenty of places to start. One will be to ensure that the National Board of Revenue, without fear, favor, or leakage, collects from every eligible taxpayer the revenue that, by law, is owed. Another is for the authorities to rationalize the tangle of cascading revenues, relief, exemptions, and indulgences provided under the various chapters of the tax code. An associated, and complementary, change would be to insist that the nation's exchange rate floats freely. This would allow most, if not all, of the tax indulgences currently offered to the ready-made garment sector and other "insiders" to be eliminated. That change would raise additional revenue while removing multiple areas for rent-seeking discretion in the administration of the tax code. A constructive exercise would be for the authorities to revisit chapter 9 of the 2024 budget speech, which is an impenetrable and counterproductive jumble of tax rates, special relief, exemptions, and exceptions. The recent World Bank's *Development Update* provides a detailed reform program with these and other measures that could be usefully followed.[20]

A further positive change would be for the government to put itself on a cash budget until the economy stabilizes. By forcibly adjusting public expenditure to match the available revenue, this mechanism would eliminate the budget deficit, sharply reduce inflation to rates consistent with international norms, remove the perennial concern over national debt distress, and provide ample evidence on why long overdue improvements in the efficiency of expenditure across government departments and ministries would be in the national interest.

Concluding Comments

The discussion in this note affirms two points. First, Bangladesh's long-standing institutionalized weak capacity to mobilize revenue, evident in the country's persistently low tax-to-GDP ratio, has been widely discussed and extensively analyzed. It is no secret that the matter is a major problem that remains to be addressed. Second, over the last four decades (at least), government officials from different administrations have recognized the problem and made commitments to raise the tax ratio. None of them has.

There are plenty of remedies. The challenges for the interim government, and those that follow it, are to apply them and sustain their outcomes.

Annex: Commentary on the Tax Ratio

In a review of Bangladesh's economic performance from 1980 to 2002, a renowned local scholar referred to enhanced "revenue mobilization" in the 1990s following the introduction of a value-added tax. The improvement notwithstanding, the review was highly critical of Bangladesh's comparative revenue performance. He wrote the following:

> In spite of an appreciable improvement in revenue collection in the 1990s, the revenue-to-GDP ratio in Bangladesh remains very low by international standards. Even within the sub-continent, the revenue-to-GDP ratios of Pakistan (15 per cent), India (17 per cent) and Sri Lanka (19 per cent) exceed that of Bangladesh (10 per cent) by a wide margin. Particularly appalling is the state of direct taxation, which accounts for only about 15 per cent of total revenue and 1 per cent of GDP.[21]

Official statements echoed this assessment. The 5th FYP highlighted the improved revenue performance during the 1990s, noting that during the 4th FYP period (FY91–FY95), while tax and nontax revenues "exceeded their respective Plan projections . . . current expenditure overshot its target by about 3.7 per cent,"[22] requiring cuts in planned expenditures.[23] The 5th FYP also reviewed performance during the "Plan Holiday" (FY96–FY97). The revenue yield was close to the budgeted amounts, but because of expenditure "overruns," some "underspending" occurred, particularly on development.[24] These references underscore the pattern that has been repeated ever since. Each year, planned expenditures (both recurrent and capital) have been cut or "compressed."

With respect to the projections for the 5th FYP period (FY98–FY02), it was noted that

> present tax/GDP ratio in Bangladesh is one of the lowest among the developing countries. The Fifth Plan projects that . . . [the] . . . tax/GDP ratio [will rise] from around 10 per cent in 1996/97 to 11.98 per cent in the terminal year of the Plan. This will still be lower than that in other neighboring South Asian countries. Since [the] early 1990s, there have been some erosion and weakening of the tax base as well as tax efforts, resulting in stagnation and sometimes decline in tax/GDP ratio.[25]

The plan described how this issue would be addressed:

> Adequate reform measures will be undertaken to bring about desirable changes and improvement in the tax structure and tax administration. The main objectives will be to: (a) attain a steady increase in tax/GDP ratio, (b) make major taxes elastic, (c) ensure progressivity in incidence and (d) provide incentives for income, savings, exports and production. Reform measures in tax administration will aim at strengthening its functioning in order to cope adequately with tax evasion.[26]

All subsequent attempts to reform Bangladesh's tax system have been along similar lines.

The 6th FYP stated that

> Bangladesh has one of the lowest tax-to-GDP ratios in the world and the ratio has not improved much over the last several decades despite the pickup in real GDP growth rate.
>
> While Bangladesh's legal tax rates are not low by the regional and international standards, because of inefficiencies in tax administration and inadequate coverage, the tax-to-GDP ratio has remained virtually stuck at below 10% level over many years. The introduction of the Value Added Tax (VAT) in 1991 boosted revenue performance for several years, but the momentum could not be sustained due to lack of modernization of tax administration and ad hoc arrangements put in place for political and administrative expediency.[27]

The 7th FYP focused on specific difficulties Bangladesh had experienced raising revenue over the period FY06 to FY15.[28] The evidence highlighted the "overall weak and erratic growth in revenues."[29] The plan projected that revenues would grow by 24% per annum, which represented a significant increase over the 6th FYP's revenue growth of ~18% p.a. To reach this target, the 7th FYP urged reforms that would prevent the tax-to-GDP ratio from "falling back to pre-SFYP [i.e., 6th FYP] levels . . . leaving the tax/GDP ratio of 11.4% by FY20." As shown below, the decline referred to materialized.

The 8th FYP covers revenue mobilization in several places. In its description of the 7th FYP's "progress with reducing poverty and income inequality," it stated that "the reform of income taxation into a modern system that taxes all income at progressive rates did not happen. Expenditure policies are broadly on . . . track but the planned expansion in public expenditure as a percent of GDP on health, education, rural development and social protection has not happened owing to tax revenue shortfalls."[30]

Later, when the plan discussed trends in investment and the role of fiscal policy, it was noted that "progress in tax revenue mobilization faltered in the 7FYP. Instead of growing, the tax to GDP ratio actually declined to 7.9% of GDP in FY20,"[31] adding that the "weak tax performance has become a major development constraint."[32]

Ignoring this evidence, the 8th FYP, like others before it projected that the tax ratio would rise. From an actual level of 7.9% of GDP in FY20, the corresponding expected levels in FY23, FY24, and FY25 would be 10.6%, 11.3%, and 12.3%, respectively. Estimates from the IMF (cited earlier) reveal that the actual ratio for FY23 was 7.3%, while projections for FY24 and FY25 were 7.9% and 8.4%, respectively.[33]

The evident underperformance of the tax ratio is a noteworthy, perennial feature of the above assessments and subsequent statements. Yet despite the evidence, the various plans always project that the tax-to-GDP ratio will increase significantly. It is these buoyant but unrealizable tax ratio projections that the 5th–8th FYPs use to formulate their expenditure estimates.[34]

Over the years, the IMF has commented on Bangladesh's tax-to-GDP ratio. Of the many examples, the following will illustrate the key themes. In 2012, Bangladesh approached the IMF for an Extended Credit Facility to finance a three-year adjustment program. The intention was to stabilize the economy, bring down inflation, raise international reserves, and promote structural reforms. One of these was "tax policy and administration reforms."

The IMF noted the following: "In support of the program's tax revenue targets, extensive efforts are under way in the National Board of Revenue (NBR) to strengthen revenue administration and broaden the tax base by automating systems, registering taxpayers, and improving voluntary compliance."[35] In its Memorandum of Economic Policies, the government asserted that "during the program period, we aim to increase tax revenue to around 13 percent of GDP in order to create adequate space to raise Annual Development Program (ADP) spending to at least 6 percent of GDP, in support of higher growth."[36]

A review[37] in 2013 of Bangladesh's program performance showed that the authorities had difficulty meeting the indicative targets agreed on tax revenue collections and, by their own admission, were "falling behind the implementation schedule approved by the Minister of Finance." One area mentioned was that revenue collected "undershot" the amounts budgeted.[38] This weak performance continued.[39]

In its 2018 Article IV consultations, the Fund noted that the FY17 revenue target in the budget was 10.7% of GDP, while the actual level was 9%. Noting that revenue was "below target," the IMF stated that "an urgent need to boost tax revenues remains," insisting that "tax reforms are urgently needed to increase the very low tax revenues."[40] The 2019 Article IV country report noted that for FY19, actual revenue yield was 8.8% of GDP relative to a budgeted level of 12.1%. An attached box provided international data illustrating Bangladesh's exceptionally weak comparative performance. The report asserted, "With a tax-to-GDP ratio remaining below 10 percent, raising tax revenue is indispensable to improve public infrastructure needed to sustain strong growth and make progress toward the SDGs."[41]

More recently, the IMF country report of February 2023 asserted that "Bangladesh's tax-to-GDP ratio is one of the lowest in the world, constraining critical spending."[42] That point was repeated in the 2023 December Article IV report: "Bangladesh's tax-to-GDP ratio is one of the lowest in the world and has fallen in recent years. The low tax revenue collection has constrained critical spending for longer-term economic development."[43] Data from FY17 to FY23 reveal that each of the budgeted revenue levels was not achieved. A caption summarized the matter: "Despite authorities' efforts, revenue collection continues to undershoot targets . . . in turn constraining social and development spending."[44] The most recent IMF report in June 2024 revealed that revenue had again fallen short of what was included in the budget for FY24—7.9% estimated yield versus 8.3% budgeted.[45]

Other international agencies ranging from the World Bank, the ADB, and numerous bilateral agencies have widely commented upon and criticized Bangladesh's incapacity to mobilize local resources. For them, this deficiency undermines the country's ability to meet its goals, such as the Sustainable Development Goals (SDGs), attaining middle- and high-income status, and environmental sustainability.

The World Bank's annual *Development Update* provides regular commentary. For example, in 2015, the Bank identified internal and external challenges confronting the economy. One of those was that "tax revenue has been weaker."[46] In its 2023 *Update,* the Bank referred to adverse fiscal trends, noting that "nominal tax revenues remained below target in FY22 and declined in the first half of FY23." Accompanying data showed that the tax-to-GDP ratio averaged 7.4% from FY17 to FY22.[47] As already noted, the 2024 *Development Update*, subtitled *Special Focus: Strengthening Domestic Resource Mobilization*, underscored the importance attached by the Bank to the matter. Explaining the emphasis, the Bank noted that "Bangladesh's revenue as a share of GDP is currently 8.2 percent of GDP (FY23), among the lowest in the world and significantly below peers. Critical public investments in energy, transportation, municipal infrastructure are significantly constrained by the very low levels of revenue."[48]

The ADB has also commented on Bangladesh's low level of revenue mobilization. Its Country Partnership Strategy (2021–25) discussed the country context, noting that "the low revenue-to-GDP ratio (which averaged 9.9% of GDP in FY2016–FY2019) is a major macroeconomic concern. Efforts to enhance domestic resource mobilization will be a key priority in the CPS period to meet the growing needs for public expenditure on physical and social infrastructure."[49]

In its 2023 fact sheet, the ADB described "domestic resource mobilization" as one of five "operational challenges" that Bangladesh would confront in realizing "the government's goal of becoming an upper middle-income country by 2031."[50]

Notes

1. See Kamal (2023, par. 9) and Ali (2024, par. 8).
2. IMF (2023b, Table 3b, p. 32). The data are derived from actual and projected values for FY23 to FY29.
3. The most recent estimate of FY24's tax/GDP ratio is 7.9% (IMF 2023b). The revised estimate in the 2024 budget speech is 9.5% (Ali 2024, Table 4, p. 181). The IMF and Ministry of Finance have the same revenue estimate, but the GDP data differ.
4. These are terms used on September 26, 2024, by Professor Md. Yunus in his discussions with the *New York Times* of the interim government's strategy for the economy (https://m.youtube.com/watch?v=P4G4rvAeOUA).
5. Other sources such as foreign aid will not be significant. Local media reported (September 2024) that additional support will come from the Asian Development Bank, the World Bank, the US Agency for International Development, and others. At best, this support will be temporary.

6. The consequences are explored in more detail in a forthcoming paper "Macroeconomic Management in Bangladesh: Challenges and Opportunities." The remedies are being addressed by my colleague Dr. Jay Rosengard, who has been leading a team to understand better how the tax digitization can be used to improve the processes, policies, and procedures of the National Board of Revenue.
7. Mahmud (2004, Table 1).
8. World Bank, World Development Indicators (WDI) online, and IMF Article IV Country Reports starting from June 2012.
9. From 1980 to 2002, net ODA averaged 4.1% of gross national income (GNI) and 4.3% of GDP. It was ~1.2% of GNI (~1.3% of GDP) from 2003 to 2024. For reference, GNI is GDP adjusted for net income from abroad. From 1973 to 2022, GNI exceeded GDP by 4.9% p.a. due to inflows of foreign aid and migrant remittances (World Bank WDI online, accessed August 2024).
10. This change partly accounts for the gradual rise in the budget deficit over the last two decades and why budgeted expenditure has been subject to an intensified annual cycle of "budget compression," a topic examined in a companion policy note, "Budget Compression in Bangladesh" (November 2024).
11. IMF (2024a, Table 1, p. 29).
12. World Bank (2024b).
13. Fibre2Fashion (2024).
14. Mobilizing adequate revenue is an element of "good governance." Geoffrey Chaucer and Edmund Spenser used the term to denote wise public management/administration. The idea has carried over. For example, the United Nations specifically identified on "government effectiveness and efficiency" one of eight components of "good governance" (UN Office on Drugs and Crime 2018, Module 2). Neither is possible without an adequate revenue base.
15. Riaz (2022), like many other observers, rejected the government's assertion that the request for assistance was a "preemptive move." The reality is that the economy was then (and remains) in deep trouble, in large part due to the authorities' inability to raise levels of revenue that would adequately finance necessary public sector activities.
16. This presumes, perhaps naively, that the budget had not been "managed" strategically to support the multiple vested interests who prefer low revenue.
17. Basu (2021, p. 29) reviewed Bangladesh's widely praised achievements for the three decades leading up to 2020 and reminded his readers that: "all this good news is no guarantee of sustained development."
18. With approximately 38% of the labor force (agricultural employment) generating 12% of GDP, the agriculture/nonagriculture income and welfare gap in Bangladesh is wide. Major progress on poverty reduction cannot be made while this gap persists. As demonstrated in other relevant comparative contexts, the remedy is the complementary expansion of both agriculture and nonagriculture so that agricultural workers who wish to leave can transition out of the sector, and those who remain have access to the means to generate a rising standard of living.
19. Data (especially since 2015) show that Bangladesh's financial sector has been regressing under the dead weight of nonperforming loans of state-owned banks, Bangladesh Bank's ongoing (counterproductive) manipulation of the exchange rate, and chronic inflation. The recent turmoil has accentuated the generalized lack of confidence that citizens, particularly local asset holders, have in the financial system. As the IMF noted, "capital flight" has been (and is) a major issue (Varghese and Hul 2023, pp. 12–3, pars. 3.4; World Bank 2024b, Box 1, p. 17).

20. World Bank (2024b).
21. Mahmud (2004, p. 2047 and Table 6).
22. Government of Bangladesh (1997, p. 5 and Section 4.2, p. 70).
23. In the 4th FYP, development expenditure was cut: "In spite of [expected revenue being raised], there was a shortfall in public development outlay as revenue [i.e., current] expenditures were more than planned" (Government of Bangladesh 1997, p. 5, and Table 1.12, p. 12).
24. 5th FYP (Government of Bangladesh 1997, Sec. 4.8, p. 74, Table 4.6, p. 75, Table 4.7, Table 4.8, p. 76). Nominal revenue targets met expectations, but *real* (i.e., inflation-adjusted) revenue declined by approximately 9% over the two years.
25. Government of Bangladesh (1997, Sec. 4.13.3, Tables 4.10, 4.12, pp. 78–9).
26. Government of Bangladesh (1997, Sec. 4.13.4, p. 79).
27. General Economics Division (2011, p. 99).
28. General Economics Division (2015, pp. 120–2).
29. General Economics Division (2015, Table 5.4, p. 120).
30. General Economics Division (2020, Sec. 1.3, p. 14).
31. IMF data show that the tax ratio in FY20 was 7% (2023a, Table 1, p. 36).
32. 8th FYP (General Economics Division 2020, Sec. 3.3.2, p. 59).
33. IMF (2024a, Table 1, p. 29).
34. The 5th FYP was quoted above (Government of Bangladesh 1997, Sec. 4.13.4, p. 79). The 6th FYP asserted that "the Plan projects an increase in the revenue to GDP ratio by 3.7 percentage points to 14.6% of GDP by FY15 (Table 4.2)" (General Economics Division 2011, p. 100). The 7th FYP had a revenue target of 16.1% of GDP for FY20, noting that this was "four percentage points higher than the 12% rate that has been achieved in FY14" (General Economics Division. 2015, p. 122). The 8th FYP did the same, arguing that "the fiscal framework for the 8FYP projects to increase tax to GDP ratio to grow from 8.9% of GDP in FY19 to 12.3% in FY25. Some increase in non-tax revenue is also projected that grows total revenues as a percentage of GDP from 9.9% in FY19 to 14.1% in FY25. This 4.2 percentage points increase in total revenues as a share of GDP is critical to build up public spending to a minimal level that is necessary to achieve the 8FYP growth and poverty objectives while addressing the human health challenges posed by COVID-19" (General Economics Division 2020).
35. IMF (2012, p. 7, para. 11). An interesting feature of this report is a summary of earlier efforts in "tax reform and administration" during an IMF Poverty Reduction and Growth Facility arrangement (2003–07) in which the "weak implementation capacity and governance issues" had "prevented decisive progress" (IMF 2012, p. 6, par. 7).
36. IMF (2012, p. 45). The reference to ADP followed an earlier comment by IMF staff (p. 4) that Bangladesh will need to "make a decisive break from its low tax revenue-low capital spending-low investment nexus." The point had been graphically depicted in Figure 1, p. 20.
37. IMF (2013, Fig. 1, p. 36, p. 44, and Table 2, p. 25).
38. As the IMF revealed, expenditure on ADP was not expected to increase to the level committed by the government, that is, 6% of GDP (IMF 2013, Table 2, p. 25). IMF Article IV documents from 2019 and 2022 and recent program reviews from 2023 and 2024 show that the ADP expenditure commitment has never been met.
39. This was confirmed by the IMF Article IV report for 2015 (IMF 2016, p. 8, par. 9), which noted, "Tax collections significantly underperformed in the past two years . . . already one of the lowest in the world, the tax-to-GDP ratio fell in FY14 and FY15, pointing to persistent weaknesses in tax policy and administration."

40. IMF (2018, pp. 10, 14, 22, and Table 20, p. 30).
41. IMF (2019, Table 4, p. 30 and p. 9, par. 17).
42. IMF (2023a, p. 12, par. 14).
43. IMF (2023b, p. 12).
44. IMF (2023b, Fig. 4, p. 27). This decline occurred in the context of the government's commitment to tax measures that would "add 0.5% of GDP in FY24."
45. IMF (2024a, Table 3b, p. 32).
46. World Bank (2015, p. 3).
47. World Bank (2023, Table 5, p. 18). In its April 5 feature story introducing the *Update*, the Bank noted, "At 8.2 percent, the country's revenue as a share of GDP is one of the lowest in the world." It noted that several "minimum necessary . . . steps" were need to "bolster domestic revenue generation" (World Bank 2024a). The 2024 *Update* (World Bank 2024b, Table 5, p. 18) reports the same data.
48. World Bank (2024b, p. 7).
49. Asian Development Bank (2021, p. 2, par. 6).
50. Asian Development Bank (2024, p. 2). The other four were the "need for greater climate resilience, quality education, improved infrastructure . . . and skills development."

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