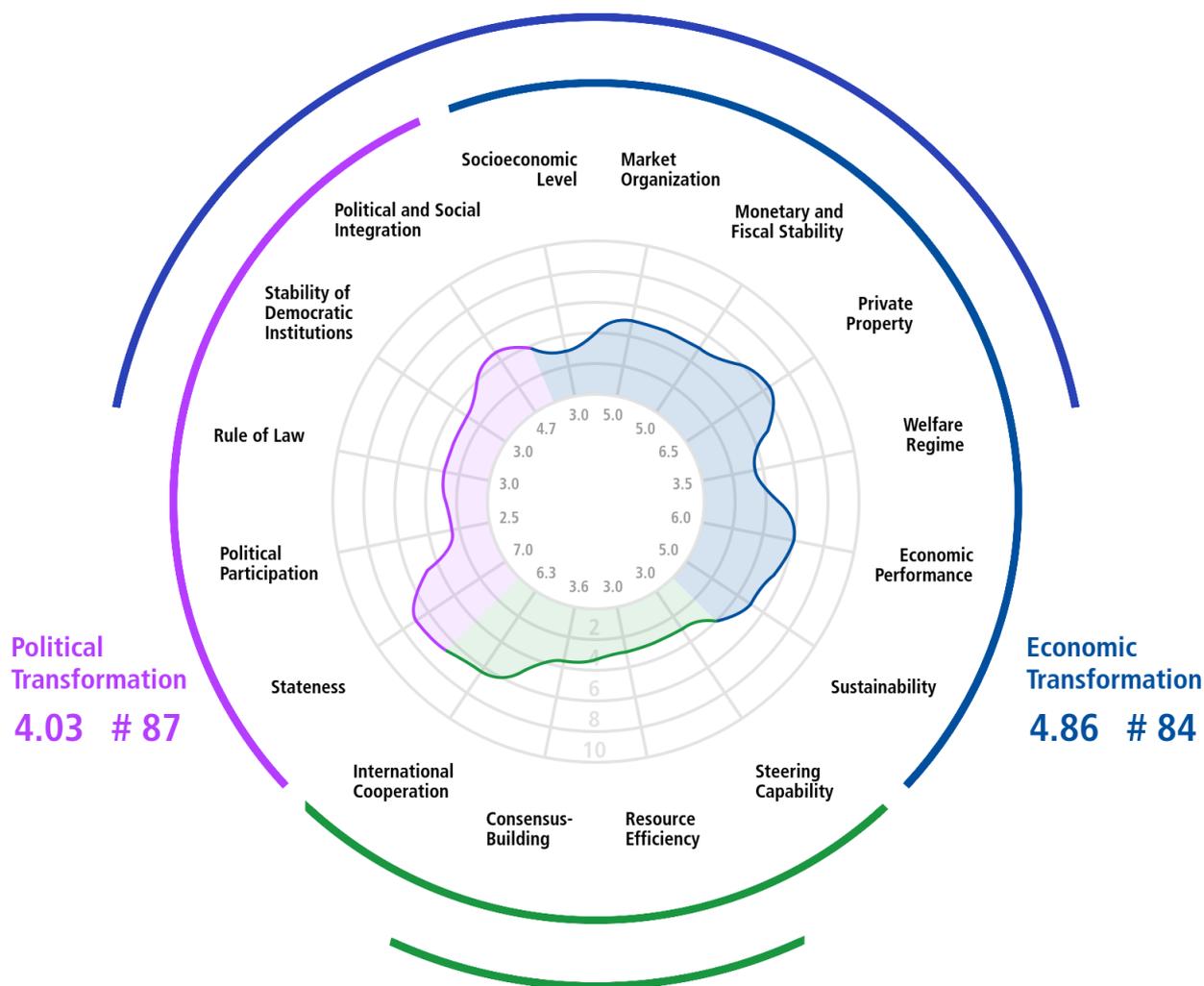


Bangladesh

Status Index

4.45 # 93

on 1-10 scale out of 137



Political Transformation
4.03 # 87

Economic Transformation
4.86 # 84

Governance Index

3.66 # 106

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2024 Country Report – Bangladesh. Gütersloh: Bertelsmann Stiftung, 2024.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	171.2	HDI	0.661	GDP p.c., PPP \$	7395
Pop. growth ¹	% p.a.	1.1	HDI rank of 189	129	Gini Index	31.8
Life expectancy	years	72.4	UN Education Index	0.592	Poverty ³	% 42.3
Urban population	%	39.7	Gender inequality ²	0.530	Aid per capita \$	29.8

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

During the period under review, Bangladesh suffered democratic backsliding and increasing authoritarian tendencies as it faced economic challenges. Furthermore, after years of inactivity, the opposition made a resurgence on the political scene with large-scale rallies and protests in mid-2022.

Following the contentious national election in 2018, the ruling Awami League (AL) government maintained a tight grip on power, resorting to severe human rights violations such as extrajudicial killings, torture, and enforced disappearances. By exploiting oppressive laws, the AL government silenced critics, journalists, and even minors who dared to voice their dissent. The draconian Digital Security Act (DSA) of 2018 granted law enforcement agencies the authority to carry out searches and arrests without warrants while criminalizing various forms of expression. From October 2018 to August 2022, at least 2,889 individuals were accused under the DSA, with 26 of them being under 18 years old.

On December 10, 2021, the United States imposed sanctions on the Rapid Action Battalion (RAB), an anti-crime and anti-terrorism unit of the National Police, due to severe human rights abuses. In January 2022, 12 international human rights organizations jointly petitioned the United Nations (UN) to prohibit the deployment of RAB. In August 2022, a Sweden-based news outlet unveiled the potential location of a covert detention facility in Dhaka, where law enforcement officials allegedly detained and tortured victims of enforced disappearances.

The legitimization of the ruling AL's authoritarian tendencies was largely based on promises of economic growth and infrastructure development. With inflation reaching its highest point in a decade and foreign exchange reserves dwindling, Bangladesh encountered economic difficulties during this review period. To tackle budget deficits and balance of payment issues, the country sought a \$4.5 billion loan from the International Monetary Fund (IMF) and a \$1 billion loan from the World Bank. Bangladesh also requested financial support for the budget deficit from other

international organizations, including the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA). Recently, the World Bank revised its economic growth forecast down for Bangladesh in the fiscal year 2022/23.

As was the case for all countries in the region, the review period was significantly impacted by the COVID-19 pandemic. Bangladesh detected its first case of COVID-19 in March 2020. By January 2023, the official records tallied 2.03 million confirmed cases and 29,443 deaths. Multiple waves of the pandemic brought about economic hardships for citizens and dealt a blow to the overall economy. To counteract these effects, the government unveiled 28 stimulus packages amounting to \$22.1 billion, equivalent to around 6.2% of the country's Gross Domestic Product (GDP) for the fiscal year 2021.

Under pressure from the international community, particularly the U.S. sanctions targeting the RAB, and fueled by public anger over soaring prices of essential goods and energy, the opposition found an opportune moment for its resurgence. The primary opposition party, the Bangladesh Nationalist Party (BNP), arranged 10 divisional rallies between July and December 2022. Despite government-imposed transportation disruptions and a crackdown on opposition activists, these rallies drew significant participation. On December 10, 2022, six BNP parliament members resigned. Over the final four months of 2022, 10 BNP members were reportedly killed by police gunfire during protests against inflation and in favor of elections under an impartial and nonpartisan government.

History and Characteristics of Transformation

Bangladesh emerged as an independent nation after a nine-month war with Pakistan in 1971. The country's new constitution enshrined principles of democracy, secularism, Bengali nationalism, and socialism. However, the nation's history over the past five decades has been marked by tumultuous periods, including one-party rule, military coups, and a gradual erosion of democracy under civilian governments. In the last two decades, this erosion escalated to the point where Bangladesh transformed into an authoritarian regime with a democratic façade.

Before the assassination of the incumbent leaders and the military intervention in August 1975, Bangladesh's system of governance had already shifted toward one-party authoritarianism under the founding leader, Sheikh Mujibur Rahman. This trend culminated in a 15-year period of military rule, which came to an end through a popular uprising in late 1990, marking the beginning of a new democratic era in the country. Since then, power has alternated between two parties in elections: the BNP, led by Khaleda Zia, the widow of the late military ruler Ziaur Rahman (1975 – 1980), and the AL, led by Sheikh Hasina, the daughter of Sheikh Mujibur Rahman. These elections, held between 1991 and 2008, operated under a caretaker government (CTG) system, where a nonpartisan administration oversaw the transition between elected governments. Alongside the BNP and the AL, the Jatiya Party (JP), led by former dictator General H.M. Ershad (1982 – 1990), and the Islamist Jamaat-e-Islami (JeI) also played significant roles in the political landscape.

In 1991, the country shifted back to a parliamentary system, but the personal charisma of the respective prime ministers, Khaleda Zia (1991 – 1996 and 2001 – 2006) and Sheikh Hasina (1996 – 2001 and 2009 – present), coupled with constitutional provisions, led to a concentration of power in their hands. Personal animosity between these leaders, a zero-sum mentality, and a lack of trust between parties fostered a detrimental political culture, while democratic institutions either remained absent or were significantly weakened.

In 2006, as the BNP tried to manipulate the CTG system to its advantage, the AL refused to participate in the scheduled 2007 election. This led to a soft coup by the military, which governed under the guise of a civilian CTG until the end of 2008. Both Hasina and Khaleda were embroiled in corruption cases that would disqualify them from public office. Faced with economic crisis and political pressure, the military eventually held an election that handed the AL a two-thirds majority. This substantial power allowed the party to abolish the CTG system in 2011, using a Supreme Court ruling as justification. The BNP refused to participate in the 2014 election unless the CTG system was reinstated.

Despite the boycott by all opposition parties, the incumbent AL proceeded with the election, which was marred by widespread manipulation. This resulted in a practically one-party parliament dominated by the AL and its allies. Violence and chaos ensued. The BNP's alliance with the JeI, which had aided them in securing victory in the 2001 election, increasingly became a liability, especially after the AL established a tribunal in 2010 to prosecute those responsible for war crimes during the 1971 war of independence. Numerous JeI leaders have been tried and executed since 2013. The current government seeks validation for its authoritarian tendencies by highlighting economic growth achieved in recent years.

The BNP participated in the 2018 election as the National Unity Front (NUF), led by former Law Minister Kamal Hossain (1972 – 1975). However, in the lead-up to the elections, the government intensified its persecution of opposition figures, imposed stringent media restrictions, including on social media, and disqualified opposition candidates. The 2018 election was the most manipulated in the nation's history, with the Election Commission, the ruling party, the administration, and law enforcement agencies, including the military, collaborating to ensure an AL victory. Ahead of the election, Khaleda Zia was convicted and imprisoned, while her son and "heir apparent" Tarique Rahman went into self-exile in London following convictions in multiple cases. In May 2020, Khaleda Zia's sentence was suspended due to her declining health, with the condition that she was not allowed to travel or engage in political activities.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state maintains its monopoly on the use of force nationwide. However, there are groups that challenge the state's monopoly externally and internally. In the past two years, Bangladesh has not witnessed any major attacks by terrorist groups such as al-Qaeda in the Indian Sub-continent (AQIS) or the Islamic State and their local affiliates. However, political instability, lack of trust in the existing authoritarian governance system, and widespread human rights violations have the potential to create fertile ground for the revival of terrorist groups. Secessionist and self-autonomy movements in the Chittagong Hill Tracts are ongoing but of low intensity.

Bangladeshis have a strong sense of belonging to and identification with their nation. The legitimacy of the nation-state is rarely questioned. However, the description and character of national identity are contested. The ruling AL promotes a national identity based on language and culture and calls it a “Bengali” identity. The opposition BNP emphasizes ethnic and religious identities and advocates for a “Bangladeshi” national identity. However, identity-making is fluid and changes with regard to political gains. Both the BNP and AL maintain good relations with Islamist and leftist groups.

The differences in the offered definition of national identity do not create any major division between people, as the country is essentially ethnically homogeneous. The Bengali ethnolinguistic group comprises 98% of the population. A small number of indigenous and tribal groups live in the Chittagong Hill Tracts, Mymensingh, Sylhet, and North Bengal regions. Access to citizenship and naturalization without any discrimination is codified in and ensured by the Bangladeshi constitution. Although there are issues related to structural and class-based inequality, all citizens obtain citizenship rights.

Question
Score

Monopoly on the
use of force

8



State identity

9



Religion plays a crucial role in the politics and society of Bangladesh, a country with the third-largest Muslim population in the world. In Bangladesh, the judiciary system is predominantly secular and inherited from British colonial laws. Only in the two fields of marriage and property inheritance does religion play an important role.

In recent years, the interference of religious dogmas has increased as Islamists have influenced education policies and spoken out against women's empowerment. The increasing influence of religion is fueled by the incumbent government's attempts to acquire legitimacy. In contemporary Bangladesh, the most influential religious organizations are Hefazat-e-Islam, Islamic Shasantantra Andolon, and a few other Pir-based groups. Hefazat-e-Islam, a Qawmi-madrassa-based conservative group, organized mobilizations against women's education and empowerment, amendments in textbooks, and the removal of statues. In an attempt to appease this Islamist group, the incumbent government recognized the degrees of the Qawmi madrassas. The increasing trend of wearing Hijabs and the swelling popularity of online preachers are visible changes that show religion's growing presence in public life.

The appeasement of Islamists by the ruling party creates a fertile ground conducive to the impact of religious dogma on Bangladeshi politics. The Sheikh Hasina government has been playing a balancing game to keep both secular and Islamist groups happy and to remain in power. On the one hand, the Hasina government has been employing an ultra-nationalist narrative based on the 1971 war against Pakistan, which ensures loyalty from its secular base. On the other hand, the incumbent government has repeatedly insisted that it will not allow any "anti-Islamic" activities and takes steps to appease Islamists, allegedly through financial and other material benefits.

Basic administrative structures exist in Bangladesh, which has a strong bureaucracy and local government system. The state apparatus provides basic amenities, including health care and education. Particularly, Bangladesh has witnessed a significant improvement in access to electricity. Between 2010 and 2020, the share of the population with access to electricity increased from 55.3% to 96.2% by 2020. As of 2020, 97.7% have basic access to water, but it is not safely managed (58.5%). The situation is even worse in terms of sanitation; only 54.2% have access to basic sanitation, and as few as 38.7% have access to safely managed sanitation.

There is also a deep divide between urban and rural areas regarding the availability of basic amenities. Government-operated sources of drinking water are available in few and limited areas. Health care facilities, intensive care, and doctors are scarce in rural areas. Politicization and corruption in basic administration make it difficult for public services to reach the general population, which was evident in the health sector during and after the COVID-19 pandemic. Several NGOs cooperate with the government to provide basic amenities. The quality of education, due to corruption, partisan politics and the absence of comprehensive planning, is dismal. For example, in 2022 misinformation and plagiarism were detected in textbooks of primary and secondary levels, evoking widespread uncertainty over the quality of education in Bangladesh.

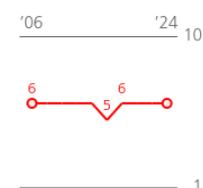
No interference of religious dogmas

5



Basic administration

6



2 | Political Participation

The credibility, fairness, and freeness of elections in Bangladesh were severely questioned in 2014 and completely eroded in 2018. All the major opposition political parties boycotted the election in 2014, and in 153 constituencies out of 300, the ruling party won uncontested. Between 2014 and 2018, the incumbent AL government weakened the democratic institutions and took absolute control of the state branches to ensure a systemic and well-planned vote rigging mechanism. The Election Commission is neither impartial nor effective. The activities and statements of the Election Commission favor the incumbent so openly that it cannot be distinguished from the ruling party.

Before the 2018 election, the AL regime created a climate of fear, neutered opposition candidates through imprisonment and confinement, disqualified opposition candidates using flimsy and unsubstantiated allegations, limited the effective oversight of the electoral process by excluding international observers, and established total control over the media before the election day. Furthermore, ballot stuffing occurred on the day and even the night before the election. The AL won the 2018 election in a landslide, winning 288 of 300 available seats with its alliance partners. At least 17 people were killed, hundreds were injured, and thousands of opposition leaders and activists were harassed, attacked, or arrested. Besides national elections, local government elections were also marred with widespread vote rigging, ballot stuffing, and blatant voting irregularities. The electoral manipulation almost always occurred with active participation and concerted efforts of government employees and incumbent party loyalists. The Election Commission, civilian administration, and law enforcement agencies either participated in various stages of vote rigging or turned a blind eye.

According to a news report published in the New Age, an English-language daily in Bangladesh, on February 7, 2022, at least 115 people were killed and dozens injured in the seven phases of local government elections between June 2021 and February 2022. The next parliamentary election is scheduled to be held in early 2024, and the incumbent government has been showing tendencies toward vote rigging measures again, including recruiting key loyalist bureaucrats and law enforcers in important positions, which preclude any possibility of a credible, fair and free election. In September 2022, the Election Commission finalized a \$0.5 billion project for purchasing 200,000 electronic voting machines (EVM) and their management. This happened in spite of the opposition from almost all the major political parties, except the ruling AL, to using the EVMs. The reason for this aversion among oppositional parties is that EVMs can make vote rigging quicker, easier, and almost untraceable. Later in January 2023, the government decided not to proceed with the EVMs, probably in order to tackle the dollar crisis the country was experiencing. However, the procurement project has only been suspended, not canceled.

Free and fair elections

2



The independence of the Election Commission (EC) and its ability to deliver fair elections have remained questionable. This has been demonstrated in the by-elections held in early 2023. In one constituency, the EC halted voting on voting day as ruling party activists captured polling stations. In February, six by-elections were held after the resignations of BNP members. All election cases were marred by various irregularities, which the EC failed to address.

The incumbent prime minister and a small circle close to her, including ministers, ruling party members, her relatives, allies, and allegedly the intelligence agencies, hold power to govern the country. Policy fields in which the prime minister and her allies maintain power include high-profile appointments, budget allocations, and foreign policymaking. As the last two elections in 2014 and 2018 were widely rigged and people could not fully exercise their voting rights, political representation is to some extent distorted. The ruling AL sets the policies of the government, and there are no veto powers or political enclaves in policy and decision-making. The police, military, and big businesses have developed a close relationship with the small ruling elites, and big businesses have the capabilities to protect their interests and business enterprises. This has further entrenched the current situation, as these groups have provided unqualified support to the political incumbents.

Although the rights of assembly and association are enshrined in articles 37 and 38 of Bangladesh's constitution, the government frequently denies permission to hold assemblies, rallies, and demonstrations if it suspects that organizers will criticize the government. In the last two years, law enforcement agencies have frequently refused requests for numerous rallies and meetings by the opposition parties despite them following due process. In some instances, law enforcement agencies clamped down on opposition parties even after approving the meetings in the first place. Opposition activists were attacked, injured, and killed by the police. Excessive use of force by police and other state actors has been rampant and has never been investigated by authorities.

In March 2021, in the wake of the visit of Indian Prime Minister Narendra Modi, rallies and demonstrations were held throughout the country by leftist and Islamist parties. Police used heavy-handed measures, including live ammunition, to stop these demonstrations, with at least 14 people being killed. The government blamed Hefazat-e-Islam for these demonstrations and arrested scores of its leaders and supporters.

Between July and December 2022, the main opposition party, the Bangladesh Nationalist Party (BNP), organized 10 divisional rallies to protest price hikes and demand an election under a neutral and nonpartisan government. Although the government permitted these protests, there were considerable crackdowns. In total, the police killed at least 10 BNP activists during these gatherings.

Effective power to govern

2



Association / assembly rights

3



During the period under review, freedom of expression declined to an all-time low in the country's history. Citizens from every walk of life, including journalists, politicians, students, writers, cartoonists, and academics, became victims of oppression for expressing their views and opinions. A culture of fear permeated many tiers of society.

Legislation to access information, known as the Right to Information Act 2009, is in place. However, there are 20 exemptions under the act, aiming to protect wide-ranging state interests. The government refers to these exemptions frequently, rendering the legislation ineffective.

The draconian Digital Security Act (DSA) 2018 allows law enforcement agencies to conduct searches or arrest individuals without a warrant and criminalizes various forms of speech. According to the Center for Governance Studies, a Bangladeshi research organization, in 1,119 cases between October 2018 and August 2022, at least 2,889 individuals have been accused under this act. Besides political activists and journalists, who are the most common victims of this law, 26 minors were also accused of criticizing the government between October 2018 and August 2022. The DSA has enabled the incumbent government to increase censorship and surveillance of online content and social media users. The government has obtained high-end surveillance technologies and hacking equipment.

3 | Rule of Law

The separation of power is institutionally differentiated, and the separation of powers according to functions among the branches of government is established. However, as the government has been gradually embracing authoritarianism, the separation between the legislative, executive, and judiciary has become blurred. The checks and balances among the state branches and a working separation of power are practically nonexistent. With a weak and ineffective opposition, the ruling party enjoys an absolute majority in the parliament and complete control over the legislature. Instead of discussions and debates on policies and the formulation of laws, parliament has become a place for praising the government's policies and the ruling party's leadership.

The executive branch, especially the PMO (Prime Minister's Office), controls many aspects of the state power. Ministers, ruling party leaders, and even government employees unabashedly affirm their allegiance to the prime minister and seek intervention if any dispute arises, regardless of the nature and type of the issue and branch of the government. The Cabinet Division, an executive office of the prime minister, directed that no lawsuit could be filed against a government employee without the government's approval.

Freedom of expression

3



Separation of powers

3



This authoritarianism under the façade of democracy demands almost unquestionable loyalty from the government branches, and state power is not subject to the law. Law enforcement has become an extension of the ruling party and has participated actively in vote rigging and muzzling dissent, including extrajudicial killing, harassment, and filing unsubstantiated cases against opposition activists, journalists, and civil society members.

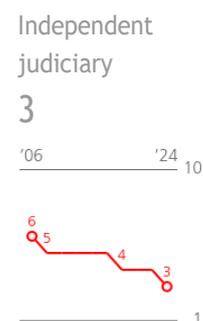
The judiciary is independent by law. Article 22 of the constitution states that “the state shall ensure the separation of judiciary from the executive branch of the government.” The judicial branch of the government consists of an apex court, named the Supreme Court with the Appellate Division and the High Court Division, and two sets of subordinate courts: the civil courts and the criminal courts. Some special courts have specific judicial responsibilities, such as familial issues, financial loans, and special tribunals.

According to Article 95 of the constitution, the chief justice shall be appointed by the president, and the president shall appoint the other judges in consultation with the chief justice. However, there is currently a lack of transparency in the appointment of High Court judges, and most of the judges are appointed according to political considerations. There are 95 High Court judges of whom 80 were appointed by the current AL government since it came to power in 2009. In the subordinate courts, judges are appointed by a government commission called the Bangladesh Judicial Service Commission. The commission is responsible for the recruitment and examination of judges.

In the last two years, there have been several incidents that highlight the judiciary’s questionable position. According to human rights organizations, thousands of cases have been filed against opposition activists for criticizing the government and participating in protests. Between August and December 2022, increasing imprisonments of and attacks on opposition activists raised concerns about the impartiality of the judiciary. Political activists and other suspects are regularly subject to extortion, arbitrary detention, and physical abuse by law enforcement.

While criminal cases against AL activists are often withdrawn through undue influence and due to political consideration, the general public’s access to justice is compromised by case backlogs and a high level of corruption.

In his autobiography, published in 2018, the former Chief Justice Sinha claimed that he had been forced to retire at gunpoint because of the rulings he had made, which went against the government’s position. The harassment continued after he left the country in 2017 as a corruption case was filed against him in 2019.



In the absence of trial and punishment for public office abuse, there is an increasing trend of corruption in public offices. In January 2023, the Cabinet Division issued a directive that no lawsuit could be filed against a public servant without the government's approval, although a case regarding this was pending in the appellate division. This de facto renders charges against individuals affiliated with the government impossible.

According to a survey conducted by Transparency International Bangladesh (TIB) in 2021 and published in August 2022, 70.9% of households in Bangladesh have experienced corruption while engaging with public services. The survey found the law enforcement agencies most corrupt, followed by the Passport Issuance Office and Road Transport Authority. 56.8% of respondents experienced corruption in the judicial service and 48.7% in public health services. TIB claims that the rate of corruption in the public service sector increased to 70.8% in 2021, compared to 66.5% in 2017. TIB estimated that people paid BDT 1.83 billion in bribes, representing 5.9% of the government budget for the fiscal year 2020/21.

During the period under review, the government filed cases against thousands of opposition activists. Incidents of enforced disappearances and extrajudicial killings were instrumentalized to spread fear and muzzle criticism.

According to Odhikar, a human rights organization based in Bangladesh, there were 2,757 extrajudicial killings committed by law enforcement agencies between 2008 and 2021. The number of extrajudicial killings typically increases before national elections. In the year of the most recent national election, 2018, the number of extrajudicial killings increased to 466, up from 155 during the previous year. At least 781 were reportedly killed using extrajudicial measures between 2008 and September 2021.

Enforced disappearances have become a hallmark of the AL government. In 2009, when it came to power, there were only three cases of enforced disappearances. In the next five years, Bangladesh witnessed 135 enforced disappearances. After the controversial 2014 election, the number increased drastically. In the election year of 2018 alone, 98 incidents were reported. Between 2009 and 2021, a total of 605 were victims of enforced disappearances; some are dead, and a significant number are still missing.

On December 10, 2021, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) imposed sanctions on the Rapid Action Battalion (RAB) and high-up individuals of the RAB for their involvement in human rights abuse and repression in Bangladesh. Subsequently, the number of extrajudicial killings appeared to decrease.

Prosecution of office abuse

3

'06 '24 10



1

Civil rights

3

'06 '24 10



1

In 2009, the government enacted the National Human Rights Commission Act by establishing the National Human Rights Commission of Bangladesh (NHRC). The NHRC can exercise the power of suo motu and request reports from law enforcement agencies. However, the NHRC is de facto ineffective as it has not taken any measures so far to prosecute, punish, or redress human rights violations.

The civil rights of ethnic minorities and indigenous people were repeatedly infringed during the period under review. Rohingya refugees were deprived of their rights as the government placed tighter restrictions on the mobility of refugees within the camps. There were several attacks on the minority Hindu community, mostly by influential local political leaders. In December 2022, police and ruling party activists randomly checked mobile phones to identify opposition activists and to prevent rallies organized by the opposition.

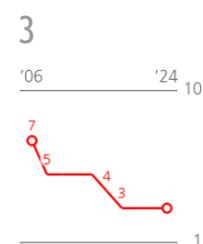
4 | Stability of Democratic Institutions

Democratic institutions in Bangladesh have been weak and ineffective for a long time. However, they have been further weakened by the creeping authoritarian rule of the incumbent AL government. The national parliamentary and local government elections are held regularly, but the current regime controls the voting outcome. In recent years, elections have become competitive and participatory only when multiple candidates from the ruling party competed or the ruling party wanted a particular election to appear fair to external observers, in what can be seen as a bid to increase legitimacy.

Local government elections were held in seven phases between June 2021 and February 2022. At least 115 people were killed and dozens injured in these elections. Most of the actors in these incidents of electoral violence were activists of the ruling AL and rebel candidates. The main opposition party, BNP, and other major political parties boycotted the elections protesting the Election Commission's inefficiency and pro-AL, partisan position. Representatives elected in these controversial elections in national and local government act in favor of the ruling party in most instances. The ruling party leaders and members are prioritized in the distribution of government-funded benefits, services, and facilities.

The ruling party dominates the parliament with an absolute majority, following the electoral manipulation in 2018. Policies introduced by the prime minister are passed by parliament without any meaningful debate or deliberation. A very small number of opposition lawmakers, who were vocal against corruption and irregularities, resigned from the parliament in December 2022 to express their solidarity with the movement against the government that calls for free and fair elections under a neutral administration.

Performance of democratic institutions



The democratic process and values in other institutions, such as the judiciary and public administration, have also been eroded at an alarming speed through politicization and endemic corruption. AL-affiliated individuals receive benefits from these institutions, while the broad population is deprived.

The current AL government has cemented its power following two controversial elections in 2014 and 2018. The ruling AL party has reduced democratic institutions to mere symbols, stripping them of appeal and de facto influence. While the AL abuses power by exploiting these democratic institutions, the institutions have lost their credibility with the people and other relevant political actors. Instead of strengthening these institutions, increasing credibility, and developing a framework for conducting free and fair elections, the ruling party leaders and supporters persistently prioritize infrastructure development over democracy and reveal their inclination for an authoritarian model of governance. The absence of an effective opposition has rendered parliament almost superfluous. The partisan position of many public officials, judges, and law enforcers has contributed to the erosion of public confidence in the government branches.

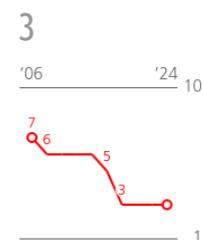
Despite the government's repression of freedom of expression, the media and of members of civil society, there are a few civic organizations, think tanks and research groups that have been campaigning for more democratic institutions, such as the Shushahoner Jonno Nagarik (SHUJAN, i.e., "the Citizens for Good Governance"), the Centre for Governance Studies (CGS), Odhikar (Rights), and Ain o Salish Kendra (ASK). The major oppositional political parties, including the Bangladesh Nationalist Party (BNP), have been organizing rallies and protests against the government demanding a fair and credible election under a neutral government.

5 | Political and Social Integration

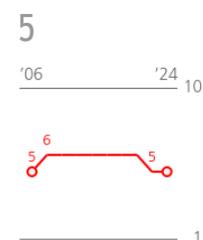
The party system in Bangladesh revolves around two main political parties, the AL and BNP. These two parties are socially rooted in the sense that they have organizational capability down to the grassroots level. Rather than party ideology or democratic internal structure, party loyalists function as clients of the patrons. The patrons can be regarded as the party leaders. Loyalty to the party leaders makes the party structure functional, but democratic practices are nonexistent.

Both parties are dynastic in nature. AL is currently led by Sheikh Hasina, a daughter of Sheikh Mujibur Rahman, who was the independence movement's leader. Some years after his assassination in 1975, his daughter Sheikh Hasina took charge and has controlled the party ever since. The opposition BNP was founded by General Ziaur Rahman, who became president in 1977. He was killed amid a failed coup in 1981. His widow Begum Khaleda Zia and his son Tarique Rahman lead the party now.

Commitment to democratic institutions



Party system



In Bangladesh’s political landscape, the absolute majority in parliament, rather than political fragmentation, poses challenges for democracy as the political parties exploit their majority to retain power. The absolute majority of AL in parliament helped it to scrap the caretaker government system, which had previously proven effective as a means for conducting fair elections in Bangladesh.

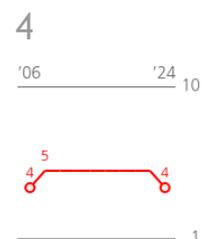
Bangladesh has a history of a vibrant civil society. The country is home to some of the world’s largest non-governmental organizations, such as the Bangladesh Rural Advancement Committee (BRAC) and the Grameen Bank. However, as the incumbent government’s authoritarian tendency has increased, the interest groups’ operations and functions, particularly if active in the areas of human and labor rights, and trade union sectors, have faced arduous restrictions. The 2016 Foreign Donations Regulation Act made it compulsory to receive clearance from the government-controlled NGO Affairs Bureau. In June 2022, the government canceled the registration of Odhikar, one of the country’s top human rights organizations, for “spreading propaganda” and “tarnish(ing) the image of the state.” Odhikar is well-known for its documentation of human rights violations in the country. The executive director of the Centre for Governance Studies, an organization working on democracy and governance in Bangladesh, was also reportedly harassed by the police in December 2022. The organizers of Mayer Daak, an organization for the relatives of the victims of enforced disappearances, experienced intimidation and harassment from law enforcement agencies.

Besides the organizations that are working on human rights, democracy, and governance, trade union and labor rights activists have also faced arrest and harassment. Ruhul Amin, a labor activist who campaigned to reopen the jute mills, was arrested by the police several times between 2018 and 2021. Exploiting the draconian Digital Security Act, Bangladeshi authorities have restricted the democratic space and created a culture of fear among civil society members, including writers, artists, cartoonists, academics, and researchers.

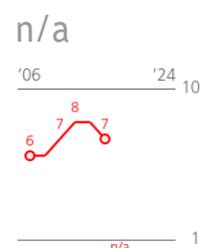
The aspiration for democracy of the Bangladeshi people is evident in the country’s history. The independence struggle of the country and the consequent nine-month war with West Pakistan in 1971 were triggered by the election outcome of 1970, where the AL from East Pakistan (now Bangladesh) was denied the ability to form a government despite their comprehensive win. In the five decades following independence, people participated in pro-democracy movements in large numbers against military dictators and authoritarians.

A survey conducted by the Asia Foundation and published in 2019 found that approximately 75% of the population thought the country was going in the right direction. This high approval was based on the perception that Bangladesh was improving in terms of economic growth, infrastructure development, and an uninterrupted supply of electricity.

Interest groups



Approval of democracy



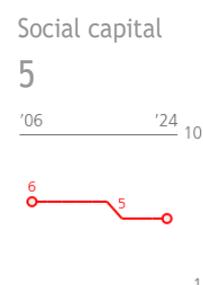
Approval of the government is high and reflects a steady increase since 2016 due to a general perception that the government is delivering on key issues such as economic growth, job creation, transport infrastructure, and education. According to the survey, respondents with higher education disagree most with the notion that the country is going in the right direction. However, in the second half of 2022, the government's economic promises were shattered by foreign reserve depletion, severe inflation, and an energy crisis.

Social capital and trust between citizens are low in Bangladesh due to a lack of social cohesion between different religions, political beliefs, and ethnicities. Although the country is ethnically homogenous and only 2% of the population does not speak the local vernacular, tensions regarding ethnicity exist in regions like the Chittagong Hill Tracts, where a small population of indigenous people live. Over the years, the majority ethnic Bengali community has been ruling the country, and there is an unwillingness to implement the 1997 peace accord, which was supposed to give some minorities greater control over their lands.

The increasing role of religion in society and the condoning of Islamist groups by the ruling authoritarian regime have reduced inter-religion cohesion and undermined bridging social capital in society. Compared to low bridging social capital in Bangladesh, experts argue that interpersonal trust exists to a much greater extent among citizens. The latter compensates for generally low levels of cohesion between citizens and public offices.

Incidents of repression against ethnic and religious minorities have increased significantly. Between 2008 and 2021, there have been 4,007 incidents of repression against religious and sectarian minorities, mostly against Hindu, Christian, Ahmadi, and Buddhist groups. The attacks on religious minorities have also coincided with land seizures. In July 2022, a group led by a local AL leader attacked a temple in Tangail and vandalized three effigies.

Several NGOs are active in Bangladesh, providing diverse services to enhance social capital. Nevertheless, patterns in government repression suggest that autonomous and voluntary organizations such as NGOs are targets of repression. For instance, the NGO Odhikar is continuously and arbitrarily deregistered by authorities, preventing it from engaging in its core activity of documenting human rights issues in Bangladesh. Signs of repression have appeared in relation to the 2023 parliamentary elections.



II. Economic Transformation

6 | Level of Socioeconomic Development

According to the World Inequality Report 2022 by the World Inequality Lab of Paris, poverty and inequality exclude a significant portion of the population from society in Bangladesh. In 2021, just 1% of the population received 16.3% of the national income, and 10% of the population received 44% of the national income. This inequality is also apparent in access to the health sector. The report reveals that when the COVID-19 pandemic began, the United States had approximately 33 intensive care unit beds per 100,000 people, while Bangladesh had only two.

The country's growing economic challenges have reached an onerous level. According to the UN's Gender Equality Index, in 2016, the Gini Index was 32.4, while gender inequality was 0.530 in 2021. The overall Human Development Index (HDI) value for Bangladesh in 2021 was 0.661. According to a report by Wealth-X, a U.S.-based research organization, the number of millionaires in Bangladesh increased by more than in any other country in the world between 2010 and 2019. The report noted that the number of Bangladeshis with more than \$5 million or more in net worth swelled by an average of 14.3% each year over the last decade.

While the COVID-19 pandemic caused unemployment and significant economic losses in the large informal sector in the country, wealthy and influential individuals strengthened ties to the current government and subsequently managed to accumulate wealth through corruption, economic irregularities, and wealth inflation. As a result of low-income and high resource disparity, the share of the population classified as poor has been increasing since COVID-19 hit the country in early 2020. According to multisectoral research on inflation, 30.9 million, or 18.5% of the population, fell into poverty for the first time during the pandemic. Opportunities for improved health, employment, and education are primarily concentrated in urban areas. Centralization and dependence on the capital city, Dhaka, for most services limit access to basic citizen benefits for people living in rural areas.

Question
Score

Socioeconomic
barriers

3

'06 '24 10



1

Economic indicators		2019	2020	2021	2022
GDP	\$ M	351238.4	373902.2	416264.8	460201.0
GDP growth	%	7.9	3.4	6.9	7.1
Inflation (CPI)	%	5.6	5.7	5.5	7.7
Unemployment	%	4.4	5.2	5.1	4.7
Foreign direct investment	% of GDP	0.5	0.4	0.4	0.3
Export growth	%	11.5	-17.5	9.2	29.4
Import growth	%	0.5	-11.4	15.3	31.2
Current account balance	\$ M	-2948.5	1192.8	-15775.4	-14369.6
Public debt	% of GDP	32.0	34.5	35.6	37.9
External debt	\$ M	62427.4	73507.2	91429.3	-
Total debt service	\$ M	5933.9	4047.0	5693.2	-
Net lending/borrowing	% of GDP	-3.9	-3.9	-2.8	-
Tax revenue	% of GDP	7.6	7.0	7.6	-
Government consumption	% of GDP	6.2	6.0	5.9	5.7
Public education spending	% of GDP	1.7	1.8	1.8	2.0
Public health spending	% of GDP	0.5	0.5	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.2	1.2	1.2	1.1

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Bangladesh faces challenges related to market organization and economic freedom, according to a report from the Center for Policy Dialogue (CPD), a Dhaka-based think tank. The report highlights the high barriers to doing business in Bangladesh, including the need for 28 licenses to start a business. Furthermore, it reveals that 75% of businesses in Bangladesh find the monitoring of banking procedures by the central bank, Bangladesh Bank, to be insufficient. The report identifies a rise in corruption and bribery in obtaining government services, as reported by 84.3% of survey respondents. It also notes that 70% of respondents perceive the judicial system to be compromised.

The economic barriers in business include an undeveloped and undercapitalized financial sector, an inefficient and chronically loss-making public sector, illegal transfers of government funds, a decision-averse bureaucracy, and a generally inefficient judicial system regarding the resolution of business disputes. According to ILO data from 2010, the size of Bangladesh's informal sector is significant, with 87% of the labor force being employed informally. Examples of informal sector jobs are wage laborers, unpaid family labor, self-employed persons, piece-rate workers, and other hired labor.

Launching and withdrawing private investment is more difficult in Bangladesh compared to other similar countries in South Asia. For example, according to the World Bank World Development Indicator, it takes over three times as many days to enforce a contract in Bangladesh as it does in Vietnam. The capital account of the balance of payments is effectively closed, which restricts the cross-border mobility of capital. However, this discrimination is not based on ownership. Despite the difficulties faced by citizens who travel outside the country when using their passports, Bangladesh has a large expatriate labor force.

Bangladesh has institutions dedicated to fighting competition and maintains international memberships in the interest of competition. The country is a member of the International Competition Network. Bangladesh has a Competition Commission and a government statutory body responsible for monitoring competition in the market. However, most of the Commission's responsibilities are not pursued in practice.

Bangladesh's Essential Articles (Price Control and Anti-Hoarding) Act of 1953 states that the price of essential commodities is to be determined by the market. In several phases between mid-2021 and the end of 2022, Bangladesh's domestic market experienced soaring prices of essential commodities. Despite the government's claim that Bangladesh was self-sufficient in producing essential commodities such as rice and onion, people suffered from unusual price hikes of several commodities including rice, nutritional oil, sugar and onion. Market analysts claimed that a business

Market organization

4

'06 '24 10



1

Competition policy

6

'06 '24 10



1

syndicate was taking advantage of the government's inaction in market monitoring. Traders increased the prices of nutritional oil and sugar several times with the government's approval from mid-2021 to the end of the year. Although traders blamed the instability of the international market due to Russia's invasion of Ukraine, experts rejected this argument since the stock of the staple item was sufficient in the country.

Foreign trade has been liberalized since the 1980s. In 1982, the country embarked on strategies leading to greater market and export orientation by implementing the structural adjustment programs suggested by the World Bank and International Monetary Fund. The early 1990s saw positive developments in the economy, including a low rate of inflation and a significant increase in foreign reserves. Led by the ready-made garments and textile sectors, both finished products and manufacturing exports grew steadily with trade liberalization.

Bangladesh became a WTO member in 1995. In 2021, the simple average of the Most Favored Nation (MFN) applied total tariffs for Bangladesh was 14.0%. According to WTO tariff data, Bangladesh exports agricultural products to India, Saudi Arabia, the European Union, the United Arab Emirates, and China, and nonagricultural products to the European Union, the United States, Japan, Canada, and China.

The country removed trade barriers and quotas in all sectors, except for foreign investments in 17 different sectors. To boost domestically manufactured pharmaceutical products, Bangladesh controls the import of medicines. The government also provides tax incentives for agriculture and exemptions on agricultural equipment.

In August 2022, the government reduced taxes on diesel imports to 5% from the previous rate of 10%. Bangladesh also suspended all advance taxes on diesel imports. Currently, information and communication technology companies are granted tax exemptions, which will be in effect until June 2024.

However, the government's proposed Data Protection Act (DPA), which requires localization of data among various other stringent requirements, will have serious impacts on foreign businesses considering location determination schemes.

Among the 90 countries reviewed, Bangladesh ranked 79th in the Trade Barrier Index according to a Tholos Foundation report published in 2021. Bangladesh has high tariff rates and supplementary duties on various imported products. During the period under review, the Trade and Tariff Commission of Bangladesh increased duties and tariffs on 330 nonessential items, such as cars, air conditioners, refrigerators, foreign fruits, liquor and beer, gold, smartphones, and spices.

Bangladesh has registration procedures and other regulatory requirements that often impede market access. Foreign companies face restrictions entering the market, and the process of providing licenses is not transparent. Bureaucratic inefficiencies and a lack of transparency exist in regulatory and administrative systems. In some cases, the National Board of Revenue has arbitrarily reopened decades-old tax cases,

Liberalization of
foreign trade

7

'06 '24 10

7

1

targeting multinational companies. It is reported that businesses often face politically driven extortion. Foreign companies allege that they have been victims of fraudulent land sales. Lastly, widespread corruption is a serious barrier to investment in Bangladesh. While there are government bodies to combat corruption, effective enforcement is lacking.

Bangladesh's banking sector faced several challenges during the period of review. The financial sector was burdened with a significant amount of nonperforming loans (NPL), inadequate supervision, corruption, deficient policies, and severe irregularities. As of September 2022, nonperforming loans accounted for 9.3% of the total outstanding loans in the banking sector. In recent years, there have been numerous incidents of loan fraud committed by business groups and individuals, resulting in the misappropriation of billions from banks.

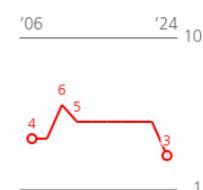
A combination of powerful business groups, lack of government oversight and reportedly close connections between the loan defaulters and the ruling party has made the banking sector in Bangladesh fragile and burdened with scams and irregularities. According to the annual reports of the Bangladesh Bank, the amount of nonperforming loans (NPL) was \$2.1 billion in 2009, which has since increased to \$12.6 billion as of September 2022.

Reportedly, in some instances, the Bangladesh Bank – the central bank responsible for overseeing smaller banks and financial institutions – assisted in irregularities. In 2010, an observer had been appointed by Islami Bank Bangladesh (IBBL) to oversee potential loan irregularities. The Bangladesh Bank withdrew the observer in 2020 without any clarification. The Bangladesh Bank's amended policies favored certain groups and individuals. For example, the number of members of the same family allowed on a private bank's board in Bangladesh was doubled from two to four.

Besides the formal banking sector, Bangladesh has a functioning capital market with two fully-fledged automated stock exchanges: the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The country also has a regulating institution dedicated to the capital market, the Securities and Exchange Commission (SEC). The SEC implements rules and regulations, develops the capital market, and monitors operations related to capital. The capital market also consists of the Central Depository Bangladesh Limited (CDBL), which provides facilities for the settlement of transactions of dematerialized securities in stock exchanges.

Banking system

3



8 | Monetary and fiscal stability

In recent years, Bangladesh has experienced various deficiencies in the field of monetary stability. The Bangladesh Bank and the Securities and Exchange Commission (SEC), in particular, have failed to effectively and consistently pursue and communicate a monetary stabilization policy during the period under review. As of October 2022, inflation was at a record high of 8.9%, compared to 5.7% in October 2021. Energy prices, such as gas, petrol, electricity and diesel prices, were raised multiple times in the second half of 2022 and early 2023.

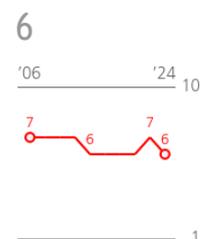
Despite the government's announcement that it brought 100% of its population under electricity coverage in May 2022, power cuts began to occur on a more regular basis in August 2022.

Another economic setback for Bangladesh was the depletion of the country's foreign exchange reserves in 2022. In June 2022, the foreign exchange was \$41.8 billion, followed by a decline to \$33.8 billion by November 30, 2022. The decrease continued in January 2023, reaching \$32.7 billion, mainly due to the payment of import bills worth \$1.12 billion. The International Monetary Fund (IMF) estimated that the reserve amount was still overestimated by about \$7.2 billion.

The shortage of U.S. dollars in the economy was severe. The depreciation of the Bangladeshi taka (BDT) caused banks to halt opening lines of credit for importers. The government sought loans of \$4.5 billion from the IMF to address its declining foreign exchange reserves. This marked the largest amount requested from the IMF since the country's independence. An IMF team visited Bangladesh between October 26 and November 9, 2022, and presented its conditions for the loans. On February 8, 2023, the IMF Executive Board approved \$3.3 billion under the Extended Credit Facility/Extended Fund Facility, and \$1.4 billion under the Resilience and Sustainability Facility.

As with most of the rest of the world, Bangladesh faced an inflationary shock in the wake of Russia's invasion of Ukraine. Consumer price inflation rose from 6.2% in March 2022 to 9.3% in March 2023, according to official Bangladesh Bank measures. The Bangladeshi taka is not formally pegged to the U.S. dollar, but the central bank intervenes heavily to maintain exchange rate stability. The exchange rate was relatively stable until May 2022 at around BDT 85 to 87 per U.S. dollar. The central bank responded to the sharp appreciation of the U.S. dollar in mid-2022 with a range of parallel exchange rates and significant import controls. Nonetheless, the taka has continued to depreciate and currently trades between BDT 105 and 120 per U.S. dollar.

Monetary stability



In 2022, Bangladesh experienced a significant increase in its current account deficit, which rose by 308%. This represents a substantial increase from \$4.57 billion to \$18.69 billion. The challenges faced by Bangladesh, however, extend beyond fluctuations in the global market and the impact of Russia's invasion of Ukraine. The root causes of the balance of payment crisis can be attributed to a lack of diversification in both exports and imports of essential commodities, economic irregularities and money laundering.

Rising inflation, a depletion of foreign reserves, and a steady depreciation of the Bangladeshi taka suggest that the country may not be able to attain the forecasted real GDP growth rate of 7.2% in the financial year 2022/23, as projected by the Monetary Policy Review in December 2021. Additionally, in January 2022, the World Bank downgraded its forecast for Bangladesh's economic growth in 2022/23.

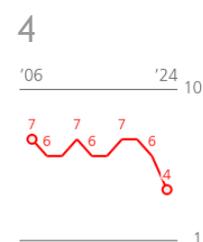
Bangladesh's trade deficit reached \$7.54 billion in the period between July and September 2022. During this time, the country imported products worth \$19.34 billion, while exports were valued at \$11.8 billion. Inward remittances fell to \$5.67 billion. In September 2022, remittances dropped by 11% to \$1.54 billion, the lowest in the past seven months. A recent study by the World Bank revealed that Bangladesh has one of the lowest ratios of private credit to GDP among structurally similar middle-income countries.

Bangladesh's debt accounted for 19.2% of nominal GDP in 2021, a value that increased to 20.6% in December 2022. According to Bangladesh Bank data, the total external debt of Bangladesh rose to \$95.86 billion at the end of the fiscal year 2021/22. Data obtained from a World Bank report suggests that the total foreign debt held by the country increased by 238% in the last 10 years, from \$27.05 billion in 2011 to \$91.43 billion in 2021. In 2022, the total debt service (percent of GNI) in Bangladesh was 1.3%. The public debt of the country was 35.5% of GDP in 2021, net lending/borrowing decreased by 3.9% of GDP in 2020, and government consumption was 5.9% of GDP in 2021. Bangladesh's foreign exchange reserves were estimated at \$28.4 billion in January 2023, increasing to \$28.6 billion by February 2023.

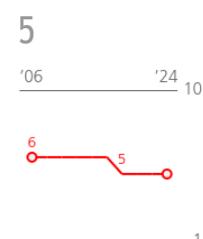
9 | Private Property

Property rights are de jure protected in Bangladesh, but difficulties in enforcement remain, particularly for religious and ethnic minorities. The country's score on the International Property Rights Index in 2022 was 3.6, slightly higher than the previous year's score of 3.4. However, this still indicates the country's inadequacy in protecting private property rights. The right to property is enshrined in Bangladesh's constitution. According to Article 42(1) of the constitution, every citizen has the right to hold, acquire, transfer, or otherwise dispose of the property they possess. In Bangladesh, there is no unified and permanent law for the inheritance of private

Fiscal stability



Property rights



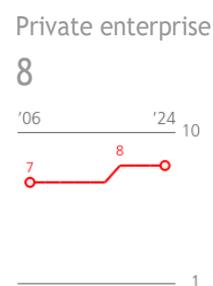
property, as it varies depending on religious and ethnic differences. The inheritance law for private property is determined by the customary law of ethnic minorities and the dictates of each religion. Unfortunately, these inheritance laws do not guarantee equal shares for women. Incidents of land-grabbing by influential locals, often connected with politicians from the ruling party and belonging to the ethnic majority, are increasingly affecting religious and ethnic minorities. The resulting land disputes are a major source of violence between ethnic minorities in the Chittagong Hill Tracts and Bengali settlers.

The private sector plays a significant role in economic development in Bangladesh. Bangladesh has also implemented various development projects under the Public-Private Partnership (PPP) model.

Due to uncertainty generated by the COVID-19 pandemic and continuing structural drawbacks, private investment in Bangladesh fell to its lowest level in 14 years in the fiscal year 2020/2021. According to provisional data from the Bangladesh Bureau of Statistics (BBS), the share of private investment-to-GDP declined to 21.3% in 2020/21, the lowest since 2007/08.

The investment-to-GDP ratio in the fiscal year 2020/21 was 29.9%. Industrial loan disbursement declined by 8.2% and SME loan disbursement by 8.6% in the fiscal year 2020/21 compared to 2019/20. The Bangladesh Bank targeted a 14.8% credit growth for the private sector in the fiscal year 2020/21, but the actual annual growth in private sector credit was only 8.4%.

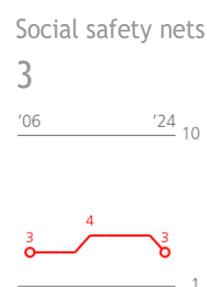
To address the economic setback caused by the COVID-19 pandemic, the government initiated several stimulus packages. However, only 9% of micro and small enterprises received funds.



10 | Welfare Regime

In the fiscal year 2022/23, the government allocated \$10.7 million for the social safety net. This amount constitutes 16.8% of the total budget and 2.6% of GDP. The government also extended social safety net allowances to all citizens aged 62 or above and to widows in 112 counties (upazilas) in the fiscal year 2020/21, extended to another 150 counties in 2021/22. These social safety benefits are only provided to Bangladeshi citizens.

Triggered by the outbreak of the COVID-19 pandemic, rice, relief (cash), and baby food were distributed to the poor and recently unemployed under the social safety net. The initiative to sell rice at a low price of BDT 10 (around \$0.10) per kilogram was put in place for low-income people across the country. In another initiative worth \$203.8 million, 660,000 low-income households across the country received BDT 2,500 (\$23.75) as a nonappropriated transfer for financial stability. The Ministry of Finance claimed that about 50 million low-income people, in total, would directly benefit from this initiative.



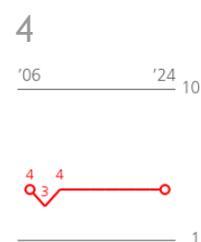
According to the Bangladesh Economic Review 2022, Bangladesh has made progress in improving average life expectancy and lowering infant and maternal mortality rates. In 2020, life expectancy increased to 71.2 years for men and 74.5 years for women, compared to 68.8 years for men and 71.2 years for women in 2013. The total fertility rate has seen a substantial decline, dropping from 3.0 in 2011 to 2.04 in 2020.

To help provide primary health care services to villages and remote areas, 14,141 community clinics offer primary health care services. From 2009 to 2022, these community clinics provided services for 1.11 billion visits, primarily by rural residents.

Notwithstanding the generally pervasive gender gap in society, emancipatory trends in Bangladesh are positive. Progress can be seen particularly in the education sector. In 2020, the literacy rate among females was 77.8%, higher than the rate among males at 74.9%. The male-female student ratio in enrollment was 49:51 at the primary level.

Both at the primary and secondary levels, the Gender Parity Index (GPI) for the gross enrollment ratio shows a higher participation of girls compared to boys. However, at the tertiary level, male students are enrolled more frequently than their female counterparts (0.8). According to the World Economic Forum’s Global Gender Gap Report 2022, Bangladesh was ranked 71 in the world, making it the most gender-equal country in South Asia. Regarding the labor force, while women’s participation is gradually increasing, their participation rate remains lower than that of men. Women’s share of the total workforce is projected to reach 30.4% in 2021.

Equal opportunity

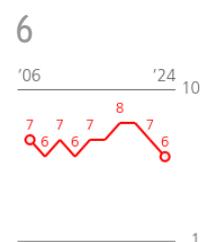


11 | Economic Performance

Until 2022, Bangladesh was known for its remarkable economic growth. However, a large part of its economic success began to unravel in the second half of 2022. Rising inflation, price hikes, depleted foreign exchange reserves, and the energy crisis have hampered the country’s economy.

In the fiscal year 2020/21, inflation was 5.6%, which was 0.09 percentage points lower than in 2019/20. It rose to a record high of 8.9% in October 2022. The exchange rate for the U.S. dollar reached a record high of BDT 12 in July 2022. Bangladesh faces a major economic challenge due to the depletion of its foreign currency reserves. In June 2022, the foreign exchange reserve was \$41.8 billion. It decreased in late 2022 and early 2023. By January 2023, the reserve had dwindled to \$32.7 billion. The International Monetary Fund (IMF) warned that the amount of foreign reserves is still overestimated by approximately \$7.2 billion. To address the declining foreign exchange reserves, the government sought \$4.5 billion in loans from the IMF. The IMF approved \$3.3 billion under the Extended Credit Facility and Extended Fund Facility, as well as an additional \$1.4 billion under the Resilience and Sustainability Facility.

Output strength



The steady economic growth of the country came to a halt at the end of 2022. According to the government's annual economic review data, GDP growth was 6.94% in 2020/21. Government-provided data estimated the GDP growth rate at 7.5% in 2022/23, 7.8% in 2023/24, and 8.0% in 2024/25. However, the World Bank recently lowered its forecast for the country's economic growth for 2022/23 by 0.6 points to 6.1%, indicating a less optimistic view than the government's predictions.

According to the World Development Indicators of the World Bank, the unemployment rate in Bangladesh increased to 5.2% in 2021, from 4.2% in 2020. In the first quarter of 2022, Bangladesh received foreign direct investment worth \$888.48 million. The trade deficit in the fiscal year 2020/21 was \$22.8 billion, and \$17.9 billion in the fiscal year 2019/20. In the first four months of the 2022/23 fiscal year, the trade deficit soared by 4.69% to \$9.59 billion.

According to the IMF's World Economic Outlook database (October 2022), Bangladesh's GDP per capita was \$2,850, with real GDP growth at 6%.

12 | Sustainability

Bangladesh's government has adopted several policies and action plans to address environmental concerns. The country has implemented the Bangladesh Climate Change Strategy and Action Plan 2009. To implement the action plan, the Bangladesh Climate Change Trust Fund (BCCTF) was created in 2010. The government approved 134 projects costing \$102.8 million to combat climate change and natural disasters and implemented 125 projects costing \$96.6 million between 2009 and February 2022. Another nine projects worth \$6.2 million are ongoing. The Bangladesh Biodiversity Act 2018, Environmental Crisis Management Rules 2017 and National Environmental Policy 2018, have been enacted to address environmental, biodiversity and management challenges.

Bangladesh developed the Bangladesh Delta Plan 2100. The plan identified six hotspots in drought-prone areas, flash flood-prone areas, and coastal areas. Bangladesh plans to invest \$37 billion by 2030, 80% of which will be administered by the Ministry of Water Resources. To implement the Delta Plan 2100, 2.5% of Bangladesh's GDP will be required by 2030. Facilities related to green initiatives have been allocated a total of \$5.02 million in the fiscal year 2021/22.

Some initiatives and measures in the area of environmental protection are promising. This includes a scheme to encourage local firms to manufacture solar panels and a draft plan to impose a green tax on older motor vehicles to reduce environmental pollution in the most polluted cities. Nevertheless, the environment is often secondary amongst government priorities. In recent years, a propensity to undertake grand infrastructure projects could be observed, such as the construction of dams, riverbank protections, highways in the middle of haors (waterbodies) and coal-based electricity plants near mangrove forests. These megaprojects are likely to damage the environment. They also offer more opportunities for corruption.

Environmental
policy

6

'06 '24 10



1

Free and compulsory education for all children is enshrined in Article 17 of the Bangladesh constitution. The government, as of 2019, allocated 1.3% of GDP to education. Research expenditure, in contrast, was as low as 0.3% of GDP. In absolute terms, in the fiscal year 2021/22, expenditure on education, science and ICT amounted to a total of \$8.9 billion. Free textbooks, midday meals, and stipends for female students are some of the initiatives that have proven effective in the development of education in Bangladesh, especially at the primary level. The number of primary schools increased by 168% between 1991 and 2020. Remarkable progress has been made in the enrollment of female students. The male-female student ratio was 49:51 in 2021.

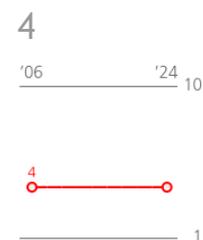
The U.N. Education Index, which is measured by average years of schooling for adults aged 25 years and expected years of schooling for children of school-going age, was 0.592 for Bangladesh in 2021.

The government has undertaken various programs at secondary and tertiary levels of education, including the construction of new secondary schools and postgraduate colleges. To enhance the quality of madrasa education, new buildings for 1,800 madrassas have been constructed and capacity-building of the madrasa teachers program has been undertaken.

The Bangladesh University Grants Commission (UGC) is responsible for expanding and enhancing the quality of higher education. The Strategic Plan for Higher Education in Bangladesh (2018 – 2030) has been undertaken to improve the quality of higher education and research activity.

Despite progress in the development of the infrastructure of educational institutions and increasing access to education, the quality of education still requires improvement. There are allegations that textbooks are politicized and sometimes amended according to the demands of conservative religious groups. Incidents of political violence are commonplace in public universities. The main political parties use their university and college-based student wings in domestic politics.

Education policy /
R&D



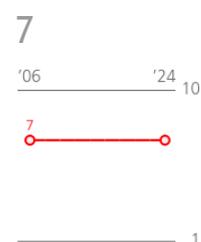
Governance

I. Level of Difficulty

In recent years, Bangladesh has performed well in Human Development Index rankings, including in literacy, infant and maternal mortality, life expectancy, and the implementation of the Millennium Development Goals (MDGs). However, structural constraints such as extreme poverty, a lack of an educated labor force, and infrastructure deficiencies are still major obstacles for the country. The number of people in poverty increased at an alarming rate in 2021/22. Due to inflation, price hikes, ongoing economic crises caused by the COVID-19 pandemic, fluctuations in the international market, and poor decision-making by the political leadership, the poorer strata of the nation became even more vulnerable. According to official estimates, the percentage of the population considered most vulnerable will remain high at 18.5% in 2022. An unskilled and uneducated labor force is another structural constraint for Bangladesh. Although remittances sent by migrant workers are the biggest source of revenue for Bangladesh, most of the workers are unskilled and vulnerable to dismissals in times of crisis, such as the pandemic. Only 60% of the labor force completed primary school.

The national infrastructure system is also a primary obstacle in steering the economy and development in Bangladesh. Despite undertaking several grand projects, including the Padma bridge, Karnaphuli River tunnel, and metro rail in Dhaka, there is still a huge infrastructure deficiency in the country. While the government is underscoring the necessity of infrastructure building, many projects are being approved without considering the far-reaching economic impacts and are generally based on political consideration. In 2022, the Bangladesh government formulated a plan to increase the budget for infrastructure building by 14% each year until 2024, mainly in the transportation and communication sectors. In 2022, \$6.77 billion was allocated for this plan, which will increase to \$7.4 billion in 2023 and \$8.1 billion in 2024. The Asian Development Bank (ADB) promised to provide over \$20 billion to finance Bangladesh's road and railway projects in 2022.

Structural
constraints



There are numerous NGOs and domestic and transnational civil society organizations in Bangladesh. According to the NGO Affairs Bureau (NAB) data from 2016, the number of local NGOs was 2,244, with an additional 251 international NGOs present in Bangladesh. As of December 2022, the NAB had approved 2,061 projects in the fiscal year 2021/22 and 947 projects in the fiscal year 2022/23.

Bangladesh has a long history of civil society activism. There is strong social trust within the population, and a civic culture of participation exists in the country. The civic associations actively participate in activities related to issues of governance, health, women empowerment, human rights and the environment. Several internationally renowned NGOs, including the Nobel Prize-winning Grameen Bank and BRAC, work on issues such as microcredit, climate change, education, and capacity-building.

However, despite the variety and history of civil society in Bangladesh, their activities are restricted. The Foreign Donations (Voluntary Activities) Regulation Act was promulgated in 2016 and was enacted to set guidelines for foreign donations and funding in order to counter the financing of terrorism and check anti-state activities. However, the government uses this act to muzzle dissent from civil society. Most recently, Odhikar, a renowned human rights organization that works closely with the United Nations and Human Rights Watch, gathered data on human rights violations in Bangladesh, including extrajudicial killings and enforced disappearances. In response, their registration was canceled with reference to the act and based on allegations of “anti-state activities.” Many of the human rights organizations have scaled down their work to avoid conflict with the government. The National Human Rights Council (NHRC) has remained a weak and toothless institution and serves the government’s interests. Another infamous law, the Digital Security Act 2018, enables the government to suppress and silence critics and hampers civil society activism. The law is instrumentalized to silence critics.

The politics of Bangladesh are confrontational, primarily shaped by bitter animosity between two main political parties, the AL and BNP, and many incidents of political violence in the country over the years. Rival political leaders perceive cooperation as zero-sum, which renders any form of convergence highly unlikely. In recent years, the incumbent AL government has maintained firm control of the opposition by using coercive measures such as arrests, the filing of legal cases, harassment, and torture by party loyalists and law enforcement agencies. These soft and hard acts of repression have marginalized the opposition political parties, the BNP in particular. As such, their capacity to engage in conflict with ruling party activists has been undermined significantly.

Interestingly, during the period under review, conflict and violence within the AL and among its activists have become increasingly common. In 2021, more than 400 incidents of intraparty violence were reported by Odhikar, with that number decreasing to 276 in 2022. The BNP also experienced incidents of intraparty conflict:

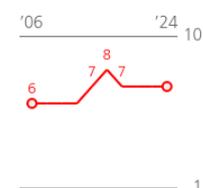
Civil society traditions

6



Conflict intensity

7



Odhikar observed 30 incidents in 2021 and 15 incidents in 2022. A national election is scheduled to be held in early 2024, and with no sign of political understanding between the AL and the BNP, an increase in political violence is likely in 2023.

Members of religious and ethnic minorities are frequently victims of discrimination and physical attacks. The majority of the communal attacks against the Hindu community are triggered by the spreading of false accusations against them regarding offensive social media posts. During and after the Hindu festival of Durga Puja in October 2021, mobs attacked and vandalized temples and homes of the Hindus after a Facebook post showed the Quran on the lap of the deity inside a Hindu temple in the city of Cumilla. As the post went viral, seven people died in the ensuing religious riots and clashes with the police between October 13 and October 24. In at least 19 districts, incidents of attacks on property and temples were reported. It is alleged that law enforcement agencies turned a blind eye and the local administration was complicit in the attacks. Ain o Salish Kendra, a human rights organization in Bangladesh, estimated that 3,769 attacks had taken place against Hindus between 2013 and 2021. In a separate incident, an indigenous man was killed on June 19 in Bandarban in the Chittagong Hill Tracts, reportedly for converting to Islam.

Members of other religious minorities and faiths, such as Christians, Buddhists, Shia, and Ahmadi Muslims, also face harassment and attacks on their places of worship. Ethnic cleavages are visible in the hilly areas of Chittagong, where indigenous groups are fighting for their land rights. Land-grabbing of indigenous community members' lands is commonly observed, primarily committed by the Bengali settlers with the involvement of influential political leaders and the administration. Although the current regime in Bangladesh portrays itself as secular, a large number of their local political leaders are blamed for involvement in, or at least tolerance of, the land-grabbing from the Hindu minorities.

II. Governance Performance

14 | Steering Capability

To maintain its power, the most important strategic priority of the Awami League government is to quell any challenges to its authority. This objective is reflected in its policies and actions. To retain its complete control over the political landscape, the AL uses all state institutions including law enforcement agencies and, allegedly, the judiciary. As the AL has been portraying itself as the key to economic development since 2011 and seeks to maintain this status, policies have focused on economic growth and infrastructure development. Prioritization of policies is largely guided by the direction of the prime minister, in concert with a very small cohort of the political elite and members of the civil administration.

Question
Score

Prioritization

3

'06 '24 10



1

Due to the absence of a long-term and sustainable strategy, the economic sector witnessed challenges in the middle of 2022, including record price hikes, inflation, foreign exchange reserve depletion, and an energy crisis. As these economic setbacks are likely to cause severe consequences in the coming years, the government is now trying to secure loans from multilateral bodies and shift its focus toward mitigating the situation. This happens primarily in anticipation of foreign loan payments for the several billion-dollar megaprojects that will be due in 2024.

The strategic priority of political stability is rendered more difficult as inflation and price hikes strike the poor and marginalized people in particular. The outrage against government policies is increasingly palpable in public protests organized by oppositional actors.

All factors considered, the government is facing a challenge prioritizing and balancing between the economic crisis and potential political instability, especially ahead of the election scheduled for early 2024.

Implementation capacities are highly concentrated in a small number of political institutions and depend on the respective policy field. The implementation of policy priorities, both in terms of nature and scale, largely depends on the will of the prime minister. A small cohort of political elites and members of civil administration are tasked with steering implementation. The parliament, which has experienced a de facto loss of relevance due to the AL's dominance and parliament's continued disempowerment, plays no role in the implementation process, nor does it have the ability to oversee implementation procedures. Implementation of political objectives faces some obstacles due to criticism from the international community, especially the West.

A serious challenge to the government will be the implementation of the reform conditions required by the IMF as a part of the \$4.7 billion loan it secured in 2022. This will require major shifts in dealing with subsidies in the energy sector and revamping the banking sector, as both have been used to date as sources of rents for the supporters of the incumbent AL. Thus, from a government perspective, a further difficulty will be to reconcile the satisfaction of its clients while weathering the economic crisis with support from the IMF.

Bangladesh's government has gradually taken steps to implement the conditions formulated by the IMF. It has reduced subsidies on the prices of fuel, gas, and fertilizers and increased prices at the retail level. The central bank, Bangladesh Bank, has planned to abandon its fixed exchange rates with the dollar. However, the government still needs to make major reforms in the banking sector, and it is yet to take meaningful measures to strengthen an Independent Election Commission and to develop a mechanism to ensure free and fair elections.

Implementation

4



Rather than learning from past experience, the clientelist and rent-seeking nature of the ruling party leaders means their focus is on maintaining a political status quo that benefits them the most. Rampant corruption and impunity for people affiliated with the AL enable the incumbents on national and local levels to continue with policies and practices of the past. The absence of good practice, good governance, and accountability encourages ongoing corruption. For example, in the banking sector, large loan defaulters receive state patronage due to their political affiliations while others, who tend to be more critical of the AL government, are often treated unfairly. The government is unwilling to accept criticism of policies and alter its course, as it could be seen as a concession that previous policies had been faulty.

Policy learning

2

'06 '24 10



15 | Resource Efficiency

Bangladesh does not use public assets efficiently. The main obstacle to the efficient use of state resources in benefit of the citizens is the recruitment of government administrative employees based on political considerations. In addition to recruitment, promotions and other incentives, both material and immaterial, are distributed based on political allegiance to the ruling party. There are allegations that members of the Awami League's student wing, the Chhatra League, and family members of AL leaders received special privileges in government job recruitment. Corruption and bribery are both highly pervasive in the public sector.

Efficient use of assets

2

'06 '24 10



Government employees who cannot prove their political allegiance or are known to be supporters of the opposition party are either laid off or appointed as Officers in Special Duty (OSD). These OSDs are attached to government departments and receive their regular salaries without any job responsibilities.

In the last decade, Bangladesh's foreign debt has increased more than threefold. According to the Bangladesh Bank, the total external debt reached \$95.86 billion at the end of fiscal year 2021/22. International financial institutions, particularly the World Bank, have expressed concern that such high debt-service payments would divert Bangladesh's limited resources away from education, health, and infrastructure development. Another major economic challenge for the country is the budget deficit. In the fiscal year 2022/23, the total budget amounted to \$26 billion, equivalent to 6.2% of the country's GDP. The government's budget planning and implementation lack transparency, and there is a lack of independent, effective, and fair auditing.

The deviation between actual budget expenditures and planned expenditures is significant, particularly regarding large-scale infrastructure projects. For example, the Dhaka Metro Rail was projected to cost 50% more in July 2022, and the newly constructed Padma Bridge exceeded planned expenditure by \$240 million. The sharp rise in costs for these projects can be attributed to resource mismanagement, project delays, flawed designs, and corruption.

The local governments, functioning at the district and village levels, are dependent on central government funding. In the fiscal year 2022/23, allocations for local governments, rural development, and cooperatives totaled \$29.1 billion, which comprises 45.7% of the total budget.

The expenses for government employees' salaries are high in Bangladesh. Approximately \$7 billion was spent in fiscal year 2022 in this area, accounting for 11.8% of the total budget.

To modernize the administration, the government adopted the National ICT Policy of 2009. The objective was to expand and diversify the use of modern technologies in administration throughout the country. The government implemented this policy and digitized its ministries, departments, and government services. However, the digitalization of the administration has not yet led to a transparent, responsive, and accountable governance system. Corruption in public offices remains widespread and rampant.

According to the constitution, policy formulation and implementation in Bangladesh require coordination between the relevant ministries and the approval of the legislature. However, in reality, the prime minister and her office are the centers of all policy formulation and approval, at the expense of the constitutional provisions for this process. As the prime minister and the ruling party have complete control over the executive and legislature, accomplished through largely politically motivated recruitment and an absolute majority in the parliament, implementing policies according to party directives is a common practice in Bangladesh. Competition between various stakeholders among partisan bureaucrats, politicians and influential businesspersons occasionally delays or creates friction in policy implementation.

Corruption is pervasive in almost every sector in Bangladesh, including law enforcement, land distribution and acquisition, revenue, health, education, and banking. The Office of the Comptroller and Auditor General of Bangladesh is responsible for the auditing of state spending, but allegations of corruption against the audit office itself are well-known. This undermines the office's credibility. Public banks provide billions of takas (BDT) as loans to influential loan defaulters, and the Bangladesh Bank, the central bank responsible for monitoring irregularities, enacts policies that pave the way for corruption. The Anti-Corruption Commission (ACC) has been used as a tool to suppress rival politicians, as the majority of the corruption cases filed by the ACC are politically motivated and target the opposition.

Thus, the independence of the Anti-Corruption Commission (ACC) is highly questionable. It appears to be used as a tool to harass government opponents. In addition, the Government Service Act 2018 mandated seeking permission from the government to arrest civil administration employees on corruption charges. The order has faced challenges in court, but the culture of protecting government employees continues.

Policy coordination

5

'06 '24 10



Anti-corruption policy

2

'06 '24 10



No regulation or auditing mechanism for party financing is in place. Only at the time of election are candidates required to submit an income statement with sources. However, the right to access information as a citizen or as a media representative only exists on paper. Journalists are often harassed, arrested, and detained for investigating corruption. In May 2021, Rozina Islam, a journalist from one of the most influential dailies in Bangladesh, was harassed and detained for uncovering corruption in the health ministry during the COVID-19 pandemic. She was accused of stealing documents from the ministry.

There is little transparency in the public procurement system. Rules for cases of conflicts of interest exist but are seldom enforced.

16 | Consensus-Building

Political parties and leaders agree, at least verbally, on democracy as the preferred system of governance. However, Bangladesh has witnessed severe democratic backsliding in the past decade. This backsliding has resulted in a concentration of power in the hands of the prime minister and the executive branch. Given the weakness of democratic institutions – including a subservient Election Commission, a de facto one-party legislature, and a meek judiciary – the incumbent AL’s pledge to democracy appears to be mere lip service. Ruling party leaders and pro-AL intellectuals often attempt to justify the democracy deficit as the price for economic growth.

However, democracy remains popular among the people of Bangladesh, as shown by the participation of both common and oppositional individuals in recent protests to restore democracy. Despite repression from the government, some civil society members and organizations have repeatedly been raising concerns over democratic backsliding in the country. All active opposition political parties, pro-democracy civil society, and foreign diplomats have emphasized that a free, fair, and credible election could bring back political stability and democratic norms to Bangladesh.

Bangladesh initiated the process of trade liberalization in the late 1970s and early 1980s. Since then, there has been a consensus among the mainstream political parties on adopting a market economy as the primary economic framework. The policies of a liberal market economy are only opposed by the extreme left and radical Islamist groups, but their numbers are minimal.

Consensus on goals

5

'06 _____ '24 10



1

Despite the ostensible commitment to democracy that is observable among all major parties in the country, overtly anti-democratic actors exist in Bangladesh. Examples are terrorist groups like the Ansarullah Bangla Team (ABT), Harkat-ul-Jihad al-Islami (HuJI), al-Qaeda in the Indian Subcontinent (AQIS), Islamic State and other small Islamist groups that directly oppose the system of democratic governance and its values. Their publications, videos, and social media accounts in various formats and on various platforms propagate their interpretation of Islam and generally reject democracy, decrying it as a western imposition and system of subjugation. In the last two years, the presence of these terrorist groups has been limited in Bangladesh, but restricting their online activities has proven to be more difficult.

Although the ruling party often alleges that the opposition has connections with terrorist groups, these claims are more politically motivated than substantial. In reality, all the major and mainstream political parties reject terrorist ideology. Furthermore, terrorist groups consider the AL, BNP and JeI as their enemies, so affiliations between these parties and terrorist groups are implausible.

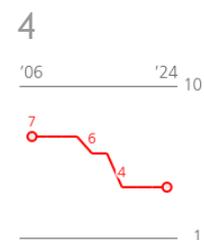
Conservative Islamist groups, such as Hefazat-e-Islam (HeI), have become powerful political actors in recent years, in part because the AL government condones HeI and has befriended them for political gains. HeI demands the imposition of several anti-democratic laws and values in society, including the initiation of a blasphemy law, as well as curbing women's freedom and gender equality.

However, the most crucial challenge to democracy in Bangladesh is not the visible actors, such as terrorist and Islamist groups, operating on the fringes of society. It is rather the behavior of the ruling political party, which presents itself as a champion of promoting democratic values but has been responsible for significant democratic backsliding. With two consecutive questionable and rigged parliamentary elections in 2014 and 2018 and hundreds of rigged local government elections, the basic pillar of democracy – a fair, credible, and participatory election – has been undermined. With draconian laws, media and critical voices have been muzzled, and democratic spaces for civil society actors have been closed. These are principal markers on the road to autocracy.

The government has allocated generous benefits to the military, police, and bureaucrats at the expense of common people, especially the poorer strata of society. Benefits, promotions and business opportunities encourage influential actors to tolerate the questionable democratic credentials of the government. Large businesses with political connections have benefited from the current noninclusive and nonaccountable political and economic systems. Mandates held by a large number of businesspeople in parliament hinder political reform initiatives and a more participatory system of governance from emerging.

Civil society groups, think tanks, student organizations, and coalitions of pro-democracy individuals have been working to bring democratic reforms to Bangladesh. The opposition political parties and individual dissidents also actively campaign for democratic reforms and regime change in the country, which often

Anti-democratic actors



manifests in protests. However, regular repression by law enforcement agencies and pro-government loyalists has made it difficult for pro-democracy groups and individuals to co-opt or counter the anti-democratic actors, not to mention the obstacles to mobilizing ordinary citizens that exist.

The current political leadership is either unable or unwilling to establish a consensus across the existing political, religious, and ethnic cleavages in Bangladesh. Rather, it appears as though the AL wants to consolidate power, neglecting a potential consensus among relevant societal and political actors. For example, even after more than five decades of independence, the parties are still struggling to agree on how elections should be conducted. Weak democratic institutions, corrupt law enforcement, partisan bureaucracy, and a fragile judiciary make consensus-building even more difficult. The most salient example of an ethnic cleavage in Bangladesh can be found in the Chittagong Hill Tracts, where the government's unwillingness to solve the problem politically, by respecting the peace accord signed in 1997, still causes sporadic violence. The instrumentalization of Islamist groups to gain political legitimacy by the incumbent government makes religious polarization more acute, as conservative Islamist groups such as HiL gain strength and make religious cleavage-based conflicts more likely.

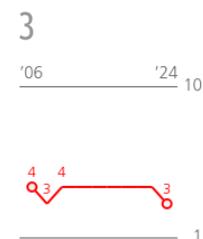
Bangladesh used to be known for its active and vibrant civil society and arena of non-government organizations. Nowadays, the ruling party has weakened this tradition by intimidating independent voices and co-opting finances through state funds. However, not only the AL but also the opposition parties have contributed to the politicization and partisanship of civil society organizations.

Public consultation processes, both formal and informal, are now nonexistent as the ruling party views any dissent as a challenge to its survival and portrays such dissent as "anti-state." It is also worth noting that a climate of fear has permeated society following instances of intimidation, harassment, arrest, even enforced disappearances of journalists, academics, photojournalists and former diplomats.

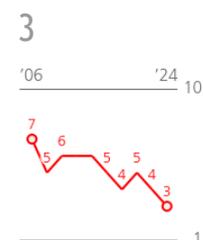
Media outlets are, in most cases, either controlled by the government through legal and extra-legal measures or through ownership by pro-government businesspeople. These operations have limited public discourse in their outlets. The media has been instrumentalized to shape the public agenda. Occasionally, social media platforms are used to raise issues of importance related to democracy deficits, freedom of speech, human rights violations, extrajudicial killings, enforced disappearances, and arbitrary arrests.

The Foreign Donations (Voluntary Activities) Regulation Act 2016 enables the government authority to cancel the registration of NGOs if they criticize the government. This can happen under the pretext of control by foreign interests. For example, on June 5, 2022, the government canceled the registration of one of the country's top human rights organizations.

Cleavage /
conflict
management



Public
consultation



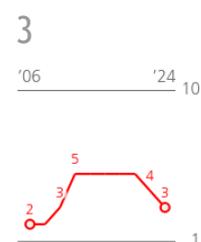
Despite challenges to their work, some think tanks, NGOs and civil society organizations continue to create and provide platforms for public consultations on various socioeconomic issues. Consultations on development issues such as progress toward Sustainable Development Goals (SDG) and Climate Action take place under the auspices of the government and foreign-funded NGOs. Such consultative processes are present at the national and grassroots levels. However, these positive tendencies in consultation are overshadowed by the otherwise restrictive environment for civil society actors.

Bangladesh's political leadership has been unable to effectively address prevailing conflicts and cleavages. It has been unable to reconcile the country's genocide-laden past or to implement the peace process in the Chittagong Hill Tracts. The initiative to establish the International Crimes Tribunal in 2010, which aimed to try those who committed war crimes during the war of independence in 1971, was hailed at home and abroad. Despite this praise, it became controversial for procedural flaws as the ruling party allegedly made political gains out of the tribunal procedure. In 2013, a social movement emerged when the tribunal passed a lifetime sentence of imprisonment to one of the leaders of the largest Islamist party in Bangladesh for his war crimes. Reacting to the verdict, the movement demanded that all war criminals should be hanged. Although the movement was directed against the ruling party and the tribunal's verdict at first, the incumbent government co-opted it for its own gain. As an Islamist countermovement emerged soon after, the country became more polarized instead of reconciled, fueling intense political tensions.

Lastly, the acute animosity and zero-sum rivalry between the ruling party and the opposition make it almost impossible to reconcile. The ongoing trend of authoritarianism makes it increasingly difficult to find a consensus among rival parties.

Due to the lack of willingness of the political leadership to implement the peace accord signed in 1997, the effective reconciliation between Bengalis and the indigenous communities in the Chittagong Hill Tracts appears unlikely under current circumstances.

Reconciliation



17 | International Cooperation

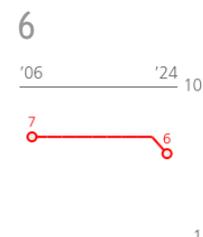
Despite the track record of human rights violations and democratic backsliding, the government has successfully built international support. Even after the widely rigged and visibly flawed election in 2018, international partners were unusually silent about the creeping authoritarianism in Bangladesh. However, the United States broke its silence in December 2021, when the Department of the Treasury's Office of Foreign Assets Control (OFAC) imposed sanctions on the members of the elite force RAB for their involvement in severe human rights abuse and repression in Bangladesh. Since then, the U.S. State Department and U.S. ambassador to Bangladesh have expressed their concern about human rights abuses and emphasized the need for a fair and credible election in Bangladesh.

In recent years, Bangladesh has received international support for fostering its economic growth, structural reforms, and humanitarian aid, particularly in response to the Rohingya refugee crisis.

The country receives assistance from major multilateral bodies, including the World Bank, International Monetary Fund (IMF), the Asian Development Bank, the European Union and the Islamic Development Bank. Bilateral support is provided by China, Japan, the United States, Russia and India through foreign aid and investment in infrastructure projects. According to the Economic Relations Division (ERD) data, Bangladesh received \$10.0 billion in foreign aid in the 2022 fiscal year and \$7.96 billion worth of assistance in the 2021 fiscal year. In the first quarter of the 2023 fiscal year, the Japan International Cooperation Agency (JICA) provided \$459.33 million, China \$274.79 million, the World Bank \$192.13 million, the ADB \$167.98 million, India \$101.59 million, and Russia \$74.68 million in financial support. In June 2022, Bangladesh sought a \$4.5 billion loan from the IMF over a three-year period, as well as \$1.0 billion from the World Bank. The IMF-determined conditions of the loan include a minimum level of net international reserves, domestic revenue collection, and a ceiling on the budget deficit.

The international partners also extended humanitarian support to Rohingya refugees and Bangladesh, for example, through food assistance, clean water, sanitation, health care services, education and shelter. For hosting more than 940,000 Rohingya refugees from Myanmar, Bangladesh received \$152 million from the United States and €45 million from the European Union in 2022. Since August 2017, total assistance from the United States in the context of the Rohingya situation has totaled more than \$1.7 billion.

Effective use of support



In international agreements and cooperation regarding climate change, trade, development and security contributions such as U.N. Peacekeeping Missions, Bangladesh has been able to gain the confidence and trust of the international community. However, in the areas of governance, democracy, and human rights, Bangladesh is increasingly under scrutiny from the international community, especially the United States, Japan and the European Union. After concluding her official visit to Bangladesh in August 2022, former U.N. High Commissioner for Human Rights, Michelle Bachelet, raised her concern about allegations of enforced disappearances, extrajudicial killing, torture, and the lack of accountability for such violations. In another instance, when the U.S. ambassador to Bangladesh, Peter Haas, visited the families of the victims of enforced disappearances in December 2022, he was forced to cut his meeting short following security concerns caused by a large crowd of incumbent party supporters.

Problematically for the government, Bangladesh's image of impressive economic growth has been called into question since mid-2022. The incumbent government portrayed the strong economic growth of Bangladesh as a poster child of development and a success story of a neoliberal economy. However, when Bangladesh started to experience an economic setback with price hikes, inflation, and foreign reserves depletion, the World Bank downgraded its forecast for the country's economic growth for the fiscal year 2022/23. It remains to be seen how these projections will influence Bangladesh's credibility on the international stage in the near future.

Bangladesh's relationship with its neighbors has been mixed in the past few years. Exchange with India has grown friendlier since 2009, after the Awami League victory, and has continued to do so, even in light of the democratic erosion in Bangladesh. Inversely, Bangladesh's relationship with Myanmar has been fraught with problems, especially since the beginning of the Rohingya refugee crisis in 2017.

During the period of review, the Indian and Bangladeshi heads of the governments, Narendra Modi and Sheikh Hasina, made several visits to each other's countries and signed various deals on energy and defense. The economic cooperation between these two countries has intensified, but the benefit has been perceived as skewed toward India. For instance, the trade balance favors India, which, as of 2021, has exported \$14.1 billion to Bangladesh in goods, while imports from Bangladesh amounted to \$1.72 billion (World Bank). This can be seen as a major dependency on India from a Bangladeshi perspective. In other contexts, Bangladesh has been unable to assert itself in bilateral relations with India. Its expectation that a water sharing treaty for the Teesta River will be signed has remained elusive due to India's unwillingness. In a similar vein, killings of Bangladeshi citizens on the border continue unabated. Bangladesh was unhappy with the potential impacts of the completion of the National Registry of Citizenship (NRC) in Assam in 2019 and the Citizenship Amendment Act (CAA, 2019), but these concerns didn't preclude further cooperation as the AL has grounded its relationship with India on political considerations. However, there

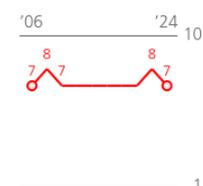
Credibility

6



Regional cooperation

7



are growing concerns among Bangladeshis regarding what they view as a lopsided relationship, which was reflected in the anti-Modi demonstrations in the wake of his visit to Bangladesh in 2022. India's failure to deliver the COVID-19 vaccines in 2020, due to the catastrophic outbreak of the pandemic in India, has also contributed to discontent. This initially provided China with an opportunity to pursue its assertive policy in South Asia, in particular to extend its sphere of influence in Bangladesh.

Myanmar has continued to drag its feet and defy the bilateral agreement signed in 2017, which aimed at the repatriation of Rohingya refugees. Bangladesh has adopted a policy of engagement with the new military regime of Myanmar, apparently to please China. However, in 2023, border tensions flared up several times when the Myanmar military fired mortars along the border where it has been fighting the insurgent Arakan Army. Although the bilateral agreement was signed at the prodding of China, which has repeatedly contributed to mediations amid the refugee crisis, there has not been any major development as a result of the bilateral agreement between Bangladesh and Myanmar.

China's assertive policy regarding Bangladesh continued throughout the period of review. Since 2021, China has warned Bangladesh more than once not to join the U.S.-led QUAD or the Indo-Pacific Strategy (IPS). Bangladesh joined the Belt and Road Initiative (BRI) in 2016 and was promised \$24 billion of investment during a visit by Xi Jinping, but as of the end of 2022, only 14% has been allocated to projects. Increasing interest and focus on Bangladesh by the U.S. administration in recent years has trapped the country in a tug-of-war between China and the United States. A strengthening of the Bangladesh-China relationship has occasionally created uncertainty in India, as these two countries are locked in a battle for regional influence.

Bangladesh is one of the founding members of the South Asian Association for Regional Cooperation (SAARC), the prime regional forum in the South Asia region. Since its inception in 1985 under extensive contributions from Bangladesh, it has been one of the dominant nations in forming and implementing the organization's policies. However, as mentioned before, a long-standing trade imbalance with India has been a challenge for Bangladesh, as it has been for other SAARC member states.

Strategic Outlook

With the next national parliamentary election expected to be held by early 2024, Bangladesh faces the prospect of following one of two trajectories. These paths are characterized by either a reversal of the ongoing democratic decline or the further consolidation of a closed system, in which the Awami League, as the sole ruling party, maintains de facto control through coercion, intimidation, and fear.

The ruling Awami League in Bangladesh has the option to persist in stifling dissenting voices, committing grave human rights violations, restricting freedom of expression, and undermining democratic institutions to secure victory in the upcoming election. This approach entails leveraging state institutions to reshape the very essence of the state itself. However, pursuing this course would likely result in Bangladesh evolving into a closed autocracy, where democratic values, whether symbolic or not, would lose their significance. On the other hand, the incumbent government could opt for collaboration with relevant political entities to facilitate a free, fair, and credible election. This could involve implementing reforms to establish a neutral civil administration and granting independent, state-mandated watchdog bodies the required authority to function. Emphasizing the rule of law and reinstating accountability mechanisms is essential for steering the nation toward a democratic future. These measures are crucial for unlocking the country's potential.

A free, just, and inclusive election has the potential to restore political stability and moral legitimacy, not only for the winning party but also for the government as a whole. Over the past decade, Bangladesh's democratic institutions have suffered from diminishing credibility and structural integrity due to gradual democratic backsliding. A government empowered by a people's mandate can help rebuild trust and confidence in both institutions and governance. The absence of democratic governance over an extended period might pave the way for nondemocratic influences, heightening the risk of instability.

In terms of the economy, Bangladesh encountered several economic challenges in 2022, with projections indicating their eventual resolution in the near future. Concerns over rising prices, inflation, depleting foreign reserves, monetary instability, and budget deficits have prompted a critical assessment of economic policies pursued over the last decade. The nation is poised to confront further economic hurdles, encompassing debt crises and substantial commodity price fluctuations in the years ahead. It is imperative for the government to revisit its economic strategies, optimize resource utilization, evaluate the viability of unsustainable infrastructure projects, adopt a long-term view on debt management, and embrace policies that foster inclusive development, thereby addressing mounting societal inequality.

Over the forthcoming year, the government should prioritize the restoration of democratic norms and the revival of economic growth. Realizing these goals necessitates genuine dialogues with political stakeholders and civil society organizations, followed by the swift cessation of repressive measures, including extrajudicial killings, unlawful detentions, enforced disappearances, and instances of torture. The elimination of draconian laws such as the DSA 2018 is also a crucial step toward fostering greater social cohesion and stability. In the realm of economic policy, the government should involve impartial research bodies and experts and demonstrate a willingness to embrace novel approaches.