

Volume: 2.0



NewVision Solutions Limited

# BANGLADESH 2.0: THREE MONTHS OF TRANSITION

EVALUATING THE EARLY IMPACT AND DIRECTION OF  
BANGLADESH'S INTERIM GOVERNMENT-2024

12 November, 2024





NewVision Solutions Limited

# REPORT HIGHLIGHTS



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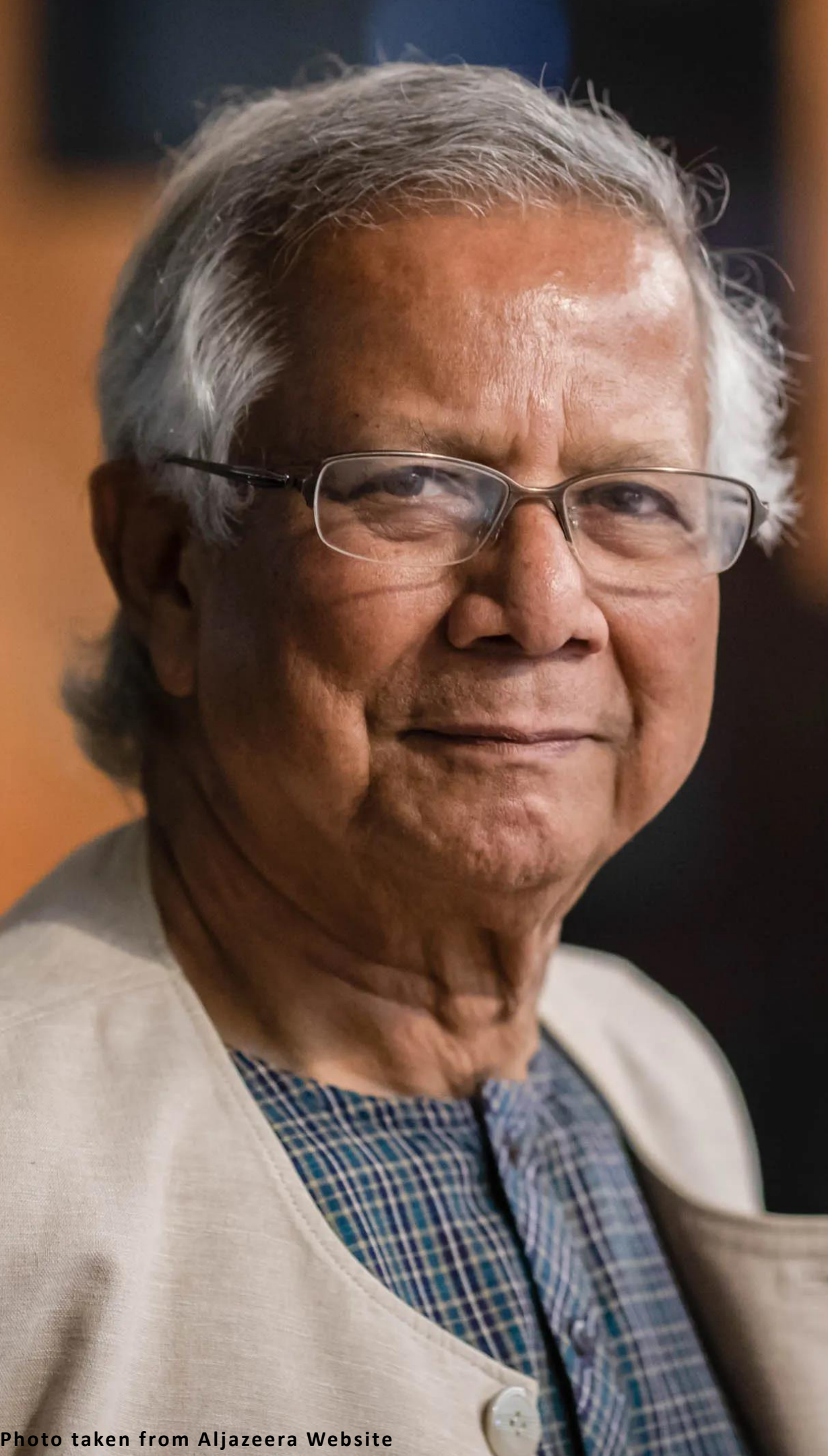
# RECAP

On June 5, Dhaka University students launched the “Anti-Discrimination Student Movement 2024” against the public sector job quota system, which reserved 55% of positions for various groups, leaving only 45% for merit-based selection. The quota’s expansion over the years, especially the inclusion of Freedom Fighters' grandchildren, had been a longstanding issue. A similar protest in 2018 was halted when Prime Minister Sheikh Hasina promised to remove the Freedom Fighter quota; however, the High Court reinstated it in 2023, sparking renewed opposition.

The ruling triggered mass protests, compounded by public dissatisfaction with inflation, unemployment, and restricted voting. Violent crackdowns led to over 440 deaths, causing national unrest that led to the Awami League government’s fall on August 5, with Ex-Prime Minister Sheikh Hasina resigning and leaving for India. The Army Chief briefly took control until Nobel Laureate Dr. Mohammad Yunus was appointed Chief Advisor on August 8, leading an interim government aimed at restoring stability.

For More Please look into Volume: 1.0: NAVIGATING TRANSITION: THE ROLE AND CHALLENGES OF BANGLADESH'S INTERIM GOVERNMENT:  
[https://newvision-bd.com/Navigating\\_Transition\\_The\\_Role\\_and\\_Challenges\\_of\\_Bangladesh's\\_Interim\\_Government\\_August\\_en.pdf](https://newvision-bd.com/Navigating_Transition_The_Role_and_Challenges_of_Bangladesh's_Interim_Government_August_en.pdf)





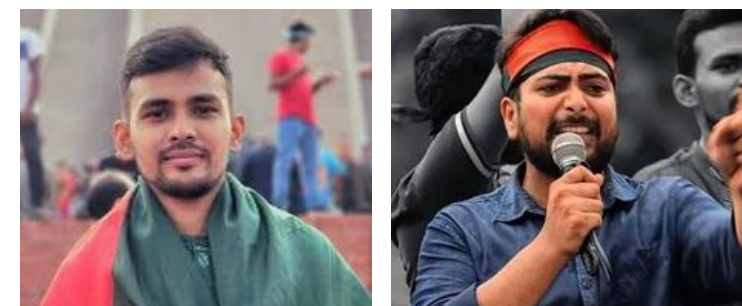
## INSIDE THE INTERIM GOVERNMENT PANEL

The interim government assumed office following the student-led movement, with students playing a pivotal role in shaping the administration. Their influence is evident in the advisory panel, with Chief Advisor Dr. Mohammad Yunus openly acknowledging that it was the students' activism that brought him into this role. As a result, students have a significant voice within the interim government.

Mr. Asif Nazrul, Honorable Adviser overseeing the Law and Justice Division, Ministry of Expatriates' Welfare, and Ministry of Cultural Affairs, is widely respected for his leadership during the anti-discriminatory movement. Other notable advisers, like Asif Mahmud (Youth and Sports) and Nahid Islam (Telecommunication and IT), are recognized for their activism and leadership roles. Mahfuz Alam, recently appointed Special Assistant to the Chief Adviser, was praised by Dr. Yunus for his involvement in the movement.

This coalition of advisers is driving key political reforms and preparations for upcoming elections, with a focus on addressing previous administrative failings and advancing institutional changes. Their commitment has made them influential figures in the interim government's transformative agenda.

The interim government's advisory committee, originally constituted with 17 members including the Chief Advisor, grew to 27 members with the addition of four new advisers on August 16th and three more on November 10<sup>th</sup>.



# ROLE OF BANGLADESH ARMY

- **Army Endorsement of Interim Government:** Chief of Army Staff General Waker-Uz-Zaman, assumed command of the country after the previous government's exit, collaborates closely with the President to form support the interim administration.
- **Recent Diplomatic Engagements:** General Waker-Uz-Zaman visited the U.S. and Canada from October 15-25, meeting UN peacekeeping and military officials to strengthen international ties.
- **Joint Operation for Weapon Recovery:** A joint operation was launched on September 4, 2024, involving the armed forces and internal security to recover stolen or unreturned weapons from the past 15 years.
- **Temporary Judicial Powers Granted:** Commissioned officers from the Army, Air Force, and Navy have been granted 60-day executive magistracy powers, allowing arrests and judicial functions to strengthen law and order.
- **Unified Effort for Reform:** This cooperation between the interim government and the military underscores a collective commitment to national security and reform, crucial for Bangladesh's stability and development.

# THE ROAD TO CHANGE: A JOURNEY WITH THE INTERIM GOVERNMENT

The interim government, led by Dr. Mohammad Yunus, has outlined six priority areas for reform, targeting systemic improvements essential for national stability and transparency. These key areas include: Judiciary, Electoral System, Administration, Police Force, Anti-Corruption Commission (ACC), the Constitution

To drive progress, restructured commissions for each of these areas began work in October, with a three-month deadline to deliver their initial findings and recommendations. Dr. Yunus and his advisory council believe that timely reforms in these sectors are critical to restoring public trust and ensuring a robust governance framework.



# INSTITUTIONAL REFORMS AND STRENGTHENING PUBLIC SERVICES

Despite these extensive changes, the interim government is still working to secure full administrative support, underscoring the ongoing challenges in achieving a unified administrative front.

- **Widespread Transfers:** Hundreds of senior officials have been reassigned or retired across civil administration, law enforcement, and education sectors.
- **Judiciary Overhaul:** The Chief Justice and five Appellate Division judges appointed under the previous government resigned.
- **Local Governance:** City mayors were replaced by administrators; Division Commissioners now oversee most city corporations, where two additional secretaries have been appointed to manage operations of Dhaka North and South.
- **Administrative Challenges:** Of 55 ministries, 34 are still led by Awami League-appointed secretaries, with 15 appointed by the interim government and six ministries yet to appoint a secretary.
- **University Leadership Changes:** Amid student demands, most vice-chancellors and pro-vice-chancellors at public universities resigned, with new appointments underway.

# ECONOMIC STABILITY AND GROWTH

Bangladesh is currently grappling with an economic crisis attributed to political instability. There are three significant challenges that must be addressed to restore economic stability and foster growth.

01

## High Inflation Rate

Bangladesh's middle and lower-income classes have been significantly impacted by inflation, which has surged since 2022

02

## Unemployment Rate

Unemployment, especially among educated youth, remains a pressing issue.

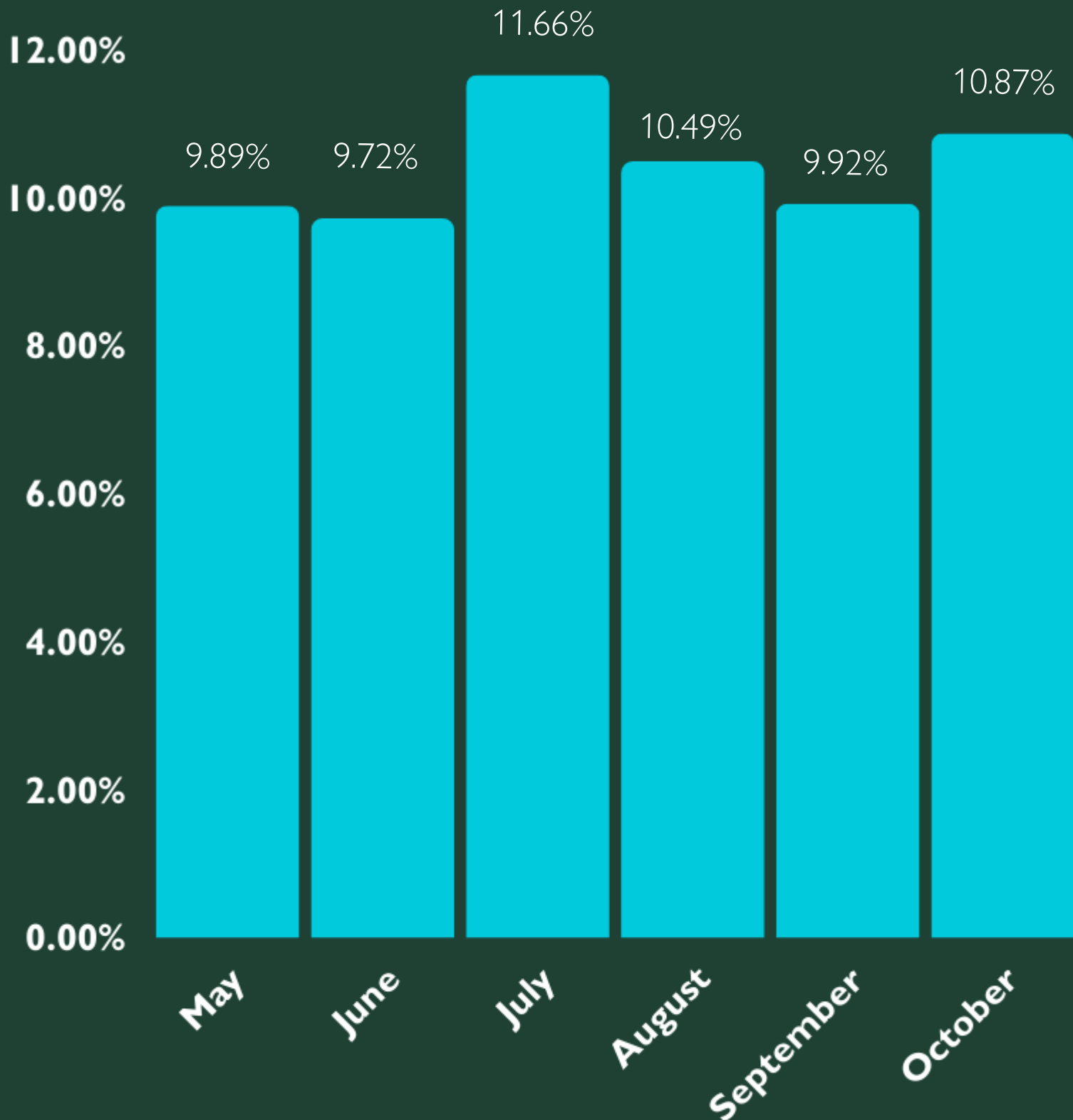
03

## Foreign Exchange Reserve

Extended economic mismanagement has been a major factor in Bangladesh's current foreign currency reserve crisis.



## Comparison of monthly inflation rate, 2024

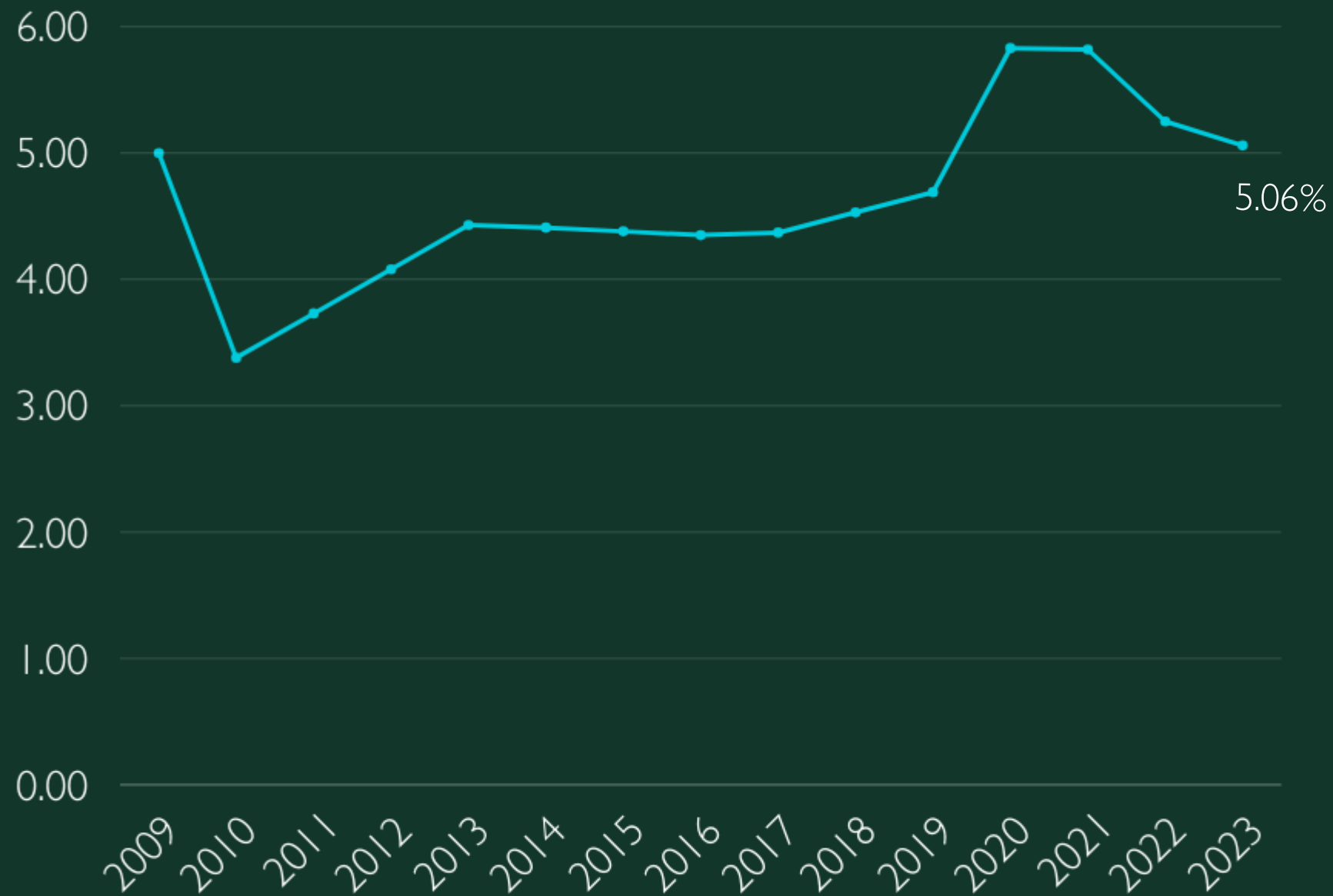


## INFLATION RATE:

- **High Inflation Rates:** Inflation surged from around 5% pre-2022 to over 9% since mid-2022, reaching 11.66% in July 2024.
- **Recent Inflation Trends:** The interim government brought inflation slightly down to 9.92% in September, but it rose again to 10.87% in October; food inflation remains high at 12.66%.
- **Measures to Curb Inflation:** Bangladesh Bank raised the repo rate for the fourth time this year, most recently on October 27.
- **Proposed Actions:** To address inflation, the government has to reduce indirect taxes, optimize spending, manage reserves, support Open Market Sales, improve supply chain stability, and increase transparency to ease the burden on lower-income households.

# LABOR FORCE AND UNEMPLOYMENT LANDSCAPE

Unemployment Rate in Bangladesh (% of Labor Force)

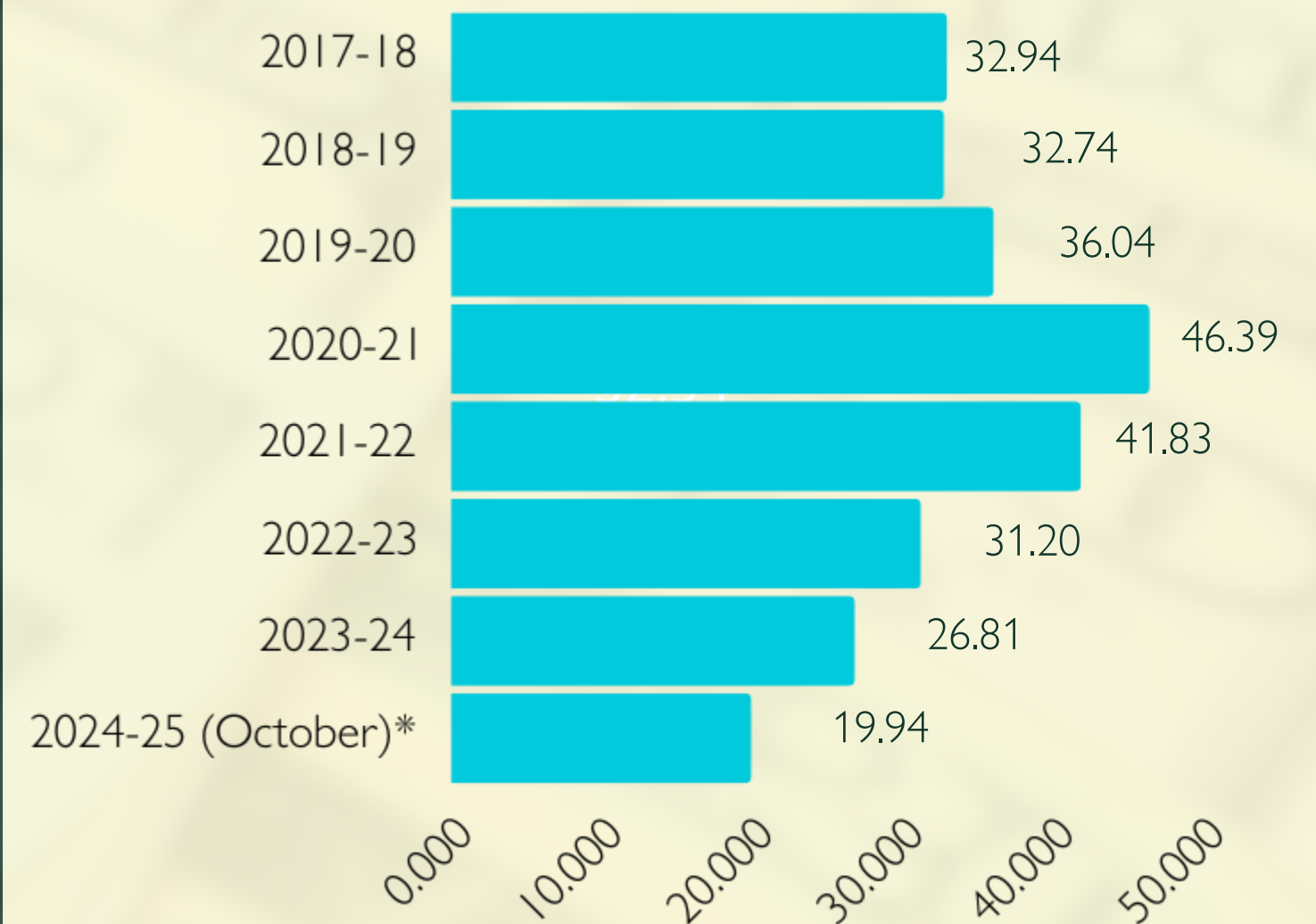


- **Unemployment Rate:** According to World Bank data, 5.06% of Bangladeshi People are unemployed.
- **High NEET Youth Rate:** 41% of young people (ages 15-24) are not in education, employment, or training (NEET), nearly double the global average, fueling social and economic challenges.
- **Unsustainable Low-Wage Economy:** Bangladesh's economy, based on low-wage labor, faces risks as other nations with lower wages may replace it, as seen in the global textile shift from Britain to Japan, and from China to Vietnam.
- **Need for Investment in Education:** Spending on education, especially for vulnerable populations, is critical. However, the current budget allocation for education in Bangladesh is only 1.69% of GDP (FY2024-25), which is insufficient to address these issues effectively.

# FOREIGN EXCHANGE RESERVE

- **Economic Mismanagement and Capital Flight:** Extended mismanagement and alleged outflow of around USD 150 billion over 15 years under the Awami League have contributed to Bangladesh's foreign reserve crisis.
- **Trade Deficits and Low Remittances:** Persistent trade deficits and low remittance inflows have further pressured reserves in recent years.
- **Improvement Post-Political Transition:** Since August's political transition, a surge in remittances through formal channels, along with lower import costs and foreign loan commitments, has helped stabilize reserves.
- **Central Bank's New Measures:** The central bank, under new leadership, has halted dollar injections into the market, helping stabilize the currency, with the dollar now trading at Tk 120 in banks. A 2% incentive encourages expatriates to use official channels, further boosting reserves. Currently, the dollar rates in the open market and official channels are nearly aligned, with only a minor discrepancy of about 1-2 taka.

## FOREIGN RESERVE (VALUES IN BILLION USD)



• According to BPM6 Calculation



# INTERNATIONAL RELATIONS AND DIPLOMACY



# INTERNATIONAL RELATIONS AND DIPLOMACY: BANGLADESH AND INDIA



## Strained Ties Due to Sheikh Hasina's Presence in India

Former Prime Minister Sheikh Hasina remains in India after fleeing Bangladesh amid protests, prompting calls from Bangladeshi prosecutors for her extradition. India has downplayed her return as unlikely, and there is speculation she may seek asylum in a Western country.



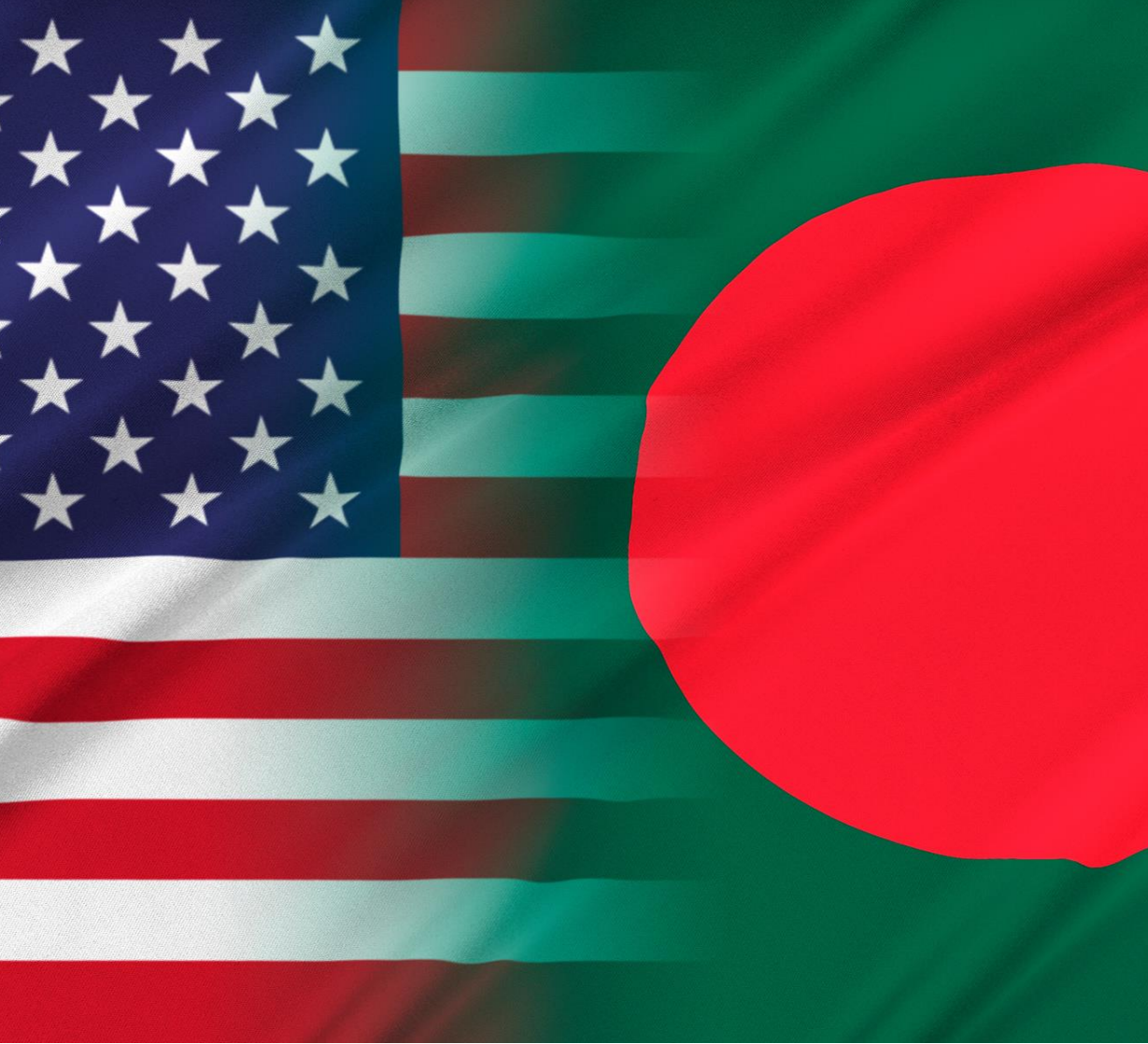
## Diplomatic Tensions Over Hasina's Statements

In August, Hasina issued a statement from India urging Bangladesh to observe August 15 as a National Day of Mourning for her father, which drew criticism from Interim Leader Dr. Muhammad Yunus, who suggested silence would have reduced tensions.



## Continued Cooperation on Key Issues

Despite tensions, Bangladesh and India continue cooperation on trade, investment, and major bilateral projects. Core economic ties remain strong, and both sides are committed to future collaboration, including a potential free trade agreement.



# INTERNATIONAL RELATIONS AND DIPLOMACY: BANGLADESH AND USA



## Strengthened Ties Under Dr. Yunus

Bangladesh-US relations have deepened with Dr. Yunus, respected in Washington, fostering support for Bangladesh's development, reform, and humanitarian efforts, emphasized by President Biden's engagement.



## US and India's Diverging Approaches

Both nations are wary of Bangladesh's closer ties to China and Islamist influences; however, the US has renewed its relationship under Yunus, while India remains cautious amid Bangladesh's political transition.



## "Isosceles Triangle" Dynamics

Bangladesh enjoys strong ties with the US, and the US-India relationship is solid, but Bangladesh-India ties are currently fragile.



## Potential Policy Shifts with Trump

As President-elect, Trump may introduce new dynamics in US foreign policy, possibly affecting Bangladesh-US relations, though core American policies often remain stable across administrations.



# INTERNATIONAL RELATIONS AND DIPLOMACY: BANGLADESH AND CHINA



## Slight Cooling of Relations

Since the interim government took office, Bangladesh's ties with China have cooled slightly, though China has expressed a commitment to maintaining strong bilateral relations.



## Green Transition and Economic Collaboration

Dr. Yunus has encouraged China to relocate solar panel manufacturing to Bangladesh, supporting the country's green transition and export potential.



## China's Cautious Stance

China is wary of the U.S.'s growing influence in Bangladesh, especially with Washington's Indo-Pacific strategy potentially impacting China's Belt and Road Initiative projects in the region.

# BANGLADESH'S PATH TO ECONOMIC STABILITY WITH GLOBAL FINANCIAL SUPPORT

The Bangladesh government is expecting \$5.65 billion in budget support from the World Bank, IMF, and ADB in the current fiscal year to accelerate key reforms. The breakdown of funds is as follows: the IMF is likely to provide \$3 billion, the World Bank \$1.5 billion, and the ADB \$1.15 billion. These funds are intended to stabilize the country's depleted foreign currency reserves and promote stronger governance in banking and other sectors.

INTERNATIONAL MONETARY FUND (IMF)	WORLD BANK	ASIAN DEVELOPMENT BANK (ADB)
<p>Bangladesh is set to receive an additional \$3 billion loan from the IMF, supplementing the \$4.7 billion loan approved last year, of which \$2.3 billion has already been disbursed. The new funds will be provided in multiple tranches, with further details to be decided in upcoming discussions in Washington. An IMF team will visit Dhaka in November to review the existing loan program and establish conditions for the fresh funding.</p>	<p>The World Bank is anticipated to approve \$1.5 billion in funding for Bangladesh this fiscal year, with \$1 billion expected by December. Of this, \$750 million is dedicated to enhancing economic governance and reform initiatives, while \$250 million will support capacity building at key institutions, including the finance ministry, Bangladesh Bank, the National Board of Revenue (NBR), and the Bangladesh Bureau of Statistics (BBS).</p>	<p>The government expects to receive \$1.15 billion from the ADB by the end of the fiscal year, with \$650 million earmarked for economic management and governance programs. Additional funding requests include \$1 billion for the banking sector and \$1 billion for the energy sector. Progress has been made in securing \$1 billion for banking, with \$500 million potentially arriving by June 2025.</p>



# ROAD TO GENERAL ELECTION



## Election Timing and Constitutional Changes

The restoration of an elected government and constitutional changes, including law amendments, require a parliamentary body. Political parties initially called for an early election, but the interim government stressed the need for reforms first.



## Political Consensus on Election Timing

Political parties agreed to allow the interim government reasonable time for reforms to ensure a fair election process.



## Proposed Election Timeline by Army Chief

General Waker-Uz-Zaman recommended March 2026 as a feasible election date, with an 18-month timeframe.



## Dr. Yunus's Position

Chief Advisor Dr. Muhammad Yunus emphasized that the final election date will be a political decision based on consensus among all parties.



## Search Committee Formation

On October 29, Law Adviser Dr. Asif Nazrul announced the formation of a search committee for the Election Commission, which was officially constituted on October 31. The committee is tasked with recommending candidates for the Chief Election Commissioner and other commissioner roles within 15 working days, initiating the election process.

A white rectangular sign with the word "Vote" written in a large, bold, black sans-serif font. The sign is tilted slightly to the right and is set against a background of a red and green gradient. The sign is placed on a white surface.

Vote

# ACKNOWLEDGEMENT

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**Disclaimer:** This report has been prepared on secondary basis and Consultants understanding. For any clarification, please contact us.



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# THANK YOU

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