

**AN ASSESSMENT OF AN ANTI-CORRUPTION CAMPAIGN IN
BANGLADESH**

by

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B.Sc. SFU 1986

PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

by Special Arrangements

in the
Faculty of Arts and Social Sciences

In the
School for International Studies

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SIMON FRASER UNIVERSITY

Summer 2008

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ABSTRACT

The public service is the most important front in the conflict between integrity and corruption in any country. A literature review explores models for the understanding of causes and consequences of corruption there, and appropriate measures against it. That probably no two countries have the same situation or could be improved by the same interventions indicates the complex nature of the phenomenon. A case study of Bangladesh public service corruption presents the historical and cultural context of a nation perceived in 2002 - 2005 most corrupt in the world, and compares an on-going anti-corruption campaign there with ideas in the literature. In that complex and volatile political environment a direct anti-corruption approach based squarely on legislation, institutional reform, deterrence and public education is problematical. An evaluation of the state strategy for reducing public service corruption suggests useful, less useful and neglected interventions and proposes areas for research.

ACKNOWLEDGEMENTS

I am grateful for the encouragement and wise counsel of my advisors, Professor Steven Easton and Professor John Harriss, in the conception and execution of this paper. The kind correspondence of Professor Nasreen Khundker in the Department of Economics of Dhaka University and Saiful Islam who operates a website at <http://nocorruptionbd.org> has reduced my geographical, temporal and cultural distance from the subject. My colleague Tao Jin's perceptive review improved the paper. I also thank my wife for her support especially during the period of my preoccupation with it.

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ACRONYMS

ACC	Anti-Corruption Commission
AL	Awami League
BAC	Bureau of Anti-Corruption
BNP	Bangladesh Nationalist Party
BPDB	Bangladesh Power Development Board
CPI	Corruption Perception Index
FY	Fiscal Year
GDP	Gross Domestic Product
NGO	Non-Governmental Organization
PMO	Prime Minister's Office
PSC	Public Service Commission
RHD	Roads and Highways Department
SFU	Simon Fraser University
TEC	Technical Evaluation Committee
TI	Transparency International
TIB	Transparency International Bangladesh
UN	United Nations
UNDP	United Nations Development Programme
US	United States of America

“There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to institute a new order of things.”

Niccolò Machiavelli

1: INTRODUCTION

Corruption, the misuse of public power for private benefit¹, is at best an indicator of governance problems and at worst the bane of civilization. Through this continuum, it bleeds the public good, retards development and offends justice. During the last three decades, academics, development institutions and ultimately governments have become increasingly conscious of the significance of corruption in the big picture of global stability and are taking action to constrain it. In these times of diminishing energy reserves, rising food prices, increasing conflict over water and land among growing populations, and the worrying uncertainty of climate change, reducing corruption offers efficiency gains that everyone needs.

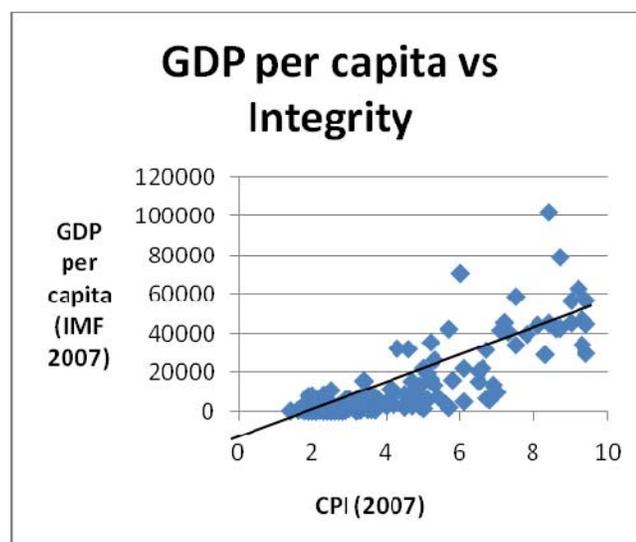


Figure 1 GDP per capita vs Integrity

Corruption deserves close attention for many reasons. Among them, Figure 1 shows the strong positive correlation between integrity, indicated by Transparency International's Corruption Perception Index (CPI)², and GDP per capita³ in a large sample of countries.

¹ Johann Graf Lambsdorff, *The Institutional Economics of Corruption and Reform: Theory, Evidence and Policy*, University Press, Cambridge, 2007

² http://www.transparency.org/policy_research/surveys_indices/cpi/2007, accessed 18 June 2008

³ <http://www.imf.org/external/pubs/ft/weo/2008/01/weodata/> accessed 18 June 2008

The CPI is a composite of corruption indicators which ranges from 0, most corrupt, to 10, least corrupt. In the regression the causal direction arguably goes both ways, but the relation motivates action for both corruption reform and economic growth.

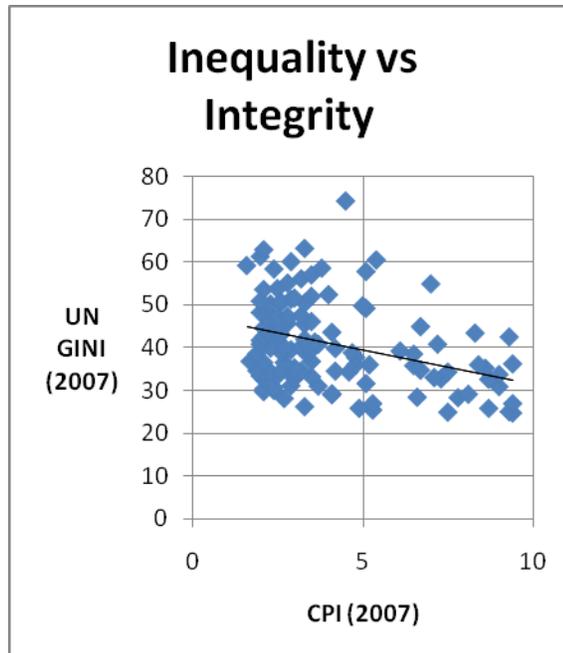


Figure 2 Inequality vs Integrity

Figure 2 demonstrates a significant negative correlation between economic inequality as indicated by the Gini index⁴ and integrity as indicated by the CPI. The Gini index is a measure of economic inequality in which 0 indicates uniformly distributed income and higher values are a degree of inequality. Again probably causal both ways, the linkage suggests that the poor suffer corruption disproportionately and that corruption and inequality reinforce one another.

⁴ Human Development Report 2007/2008, UNDP

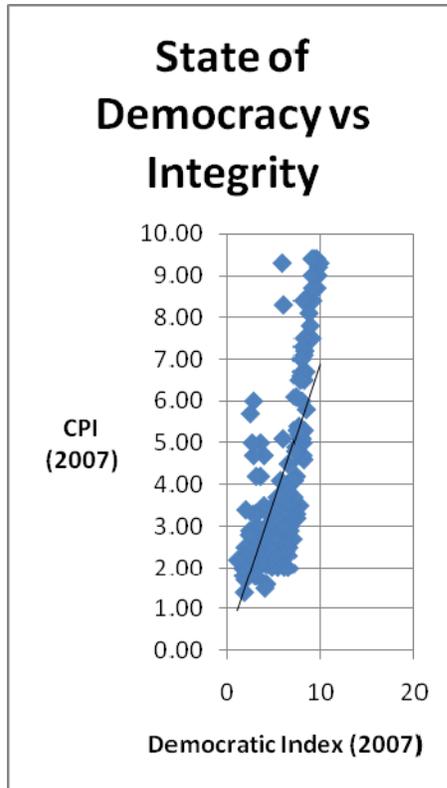


Figure 3 Integrity vs State of Democracy

The Economist data⁵ plotted in Figure 3 shows a strong positive correlation of the state of democracy and integrity. The Democratic Index is a cross-country measure that increases with a country's score for positive democratic attributes that include pluralism, electoral process, effective governance, political participation and civil liberties. Healthy democratic process depends on characteristics that corrupt societies lack, principally trust in the rule of law and selection of public servants on merit. On the other hand, corruption thrives in their absence. Democratic maturity is therefore a state that disfavours corruption.

⁵ Laza Kekic, *THE WORLD IN 2007 Democracy index*, The Economist, December 2006

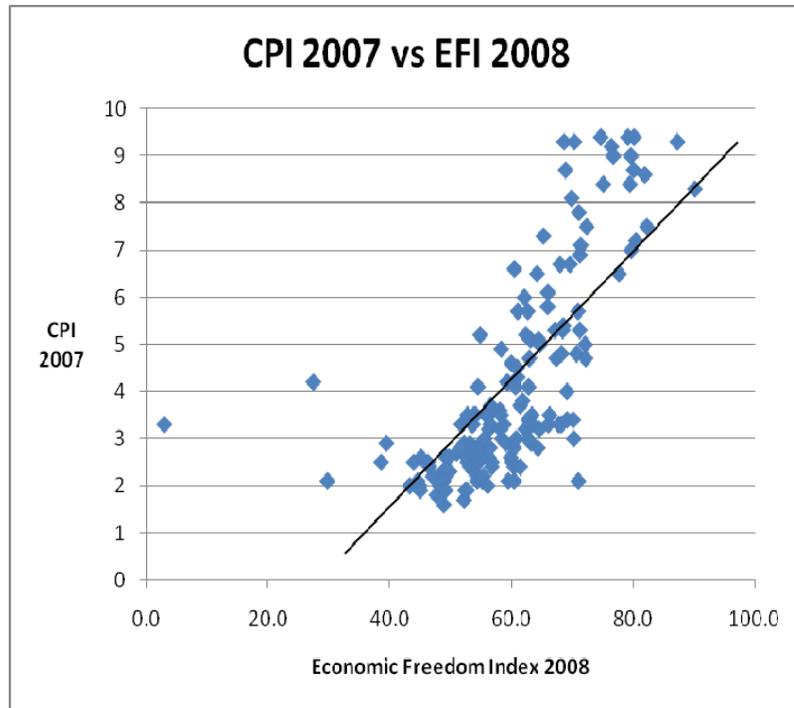


Figure 4 Integrity vs Economic Freedom

Figure 4 plots the CPI against the Heritage Foundation’s economic freedom index dataset⁶ in 157 countries. A country’s economic freedom index is a composition of quantified business conditions: business freedom, trade freedom, fiscal freedom, government size, monetary freedom, investment freedom, financial freedom, property rights, freedom from corruption and labour freedom. The robust positive correlation of integrity and economic freedom should encourage policy to strengthen both conditions, since many studies confirm the intuition of close bi-directional causality.

These causes and consequences of corruption are among others discussed later in the paper to support the view that integrity in governance is critically interdependent with positive development changes.

⁶ 2008 *Index of Economic Freedom*, The Heritage Foundation, 2008
<http://www.heritage.org/Index/countries.cfm> accessed July 25 2008

1.1 Objectives and Scope

This paper examines recent thought about public service corruption and exercises it in an assessment of the anti-corruption campaign currently under the direction of the Government of Bangladesh. Common wisdom maintains that the nature of corruption is unique to the society that it infests and that an approach effective in one is unlikely to be so in another. Consequently its institutions and norms must be examined closely to tailor the changes that ultimately should result in a more honest, and if the correlations are causal, more prosperous and equal society. The Bangladesh situation during the period January 2007 to the present offers a remarkable opportunity to examine the process in action.

1.2 Argument

Integrity is an edifice constructed deliberately with interdependent elements. Since some are prerequisite to or co-requisite with others, reform planning should consider the order of anti-corruption initiatives, an order which may be evident in the nature of the institutions to be reformed. For example, laws, an independent judiciary and rule of law lead cumulatively to institutions and norms that disable rent-seeking structures. A reform is premature when its necessary basis is under-developed. Some kinds of petty corruption of net benefit to society at a development stage, such as bribery for services that would be otherwise slow or not available, are tolerable until institutions make them unnecessary. Corrupt practices with net damage to society have to be addressed according to the capacity of the state to correct them. Following from these ideas, the path to reducing corruption in Bangladesh should be through the possible, according to a design that orders and prioritizes its parts according to dependence and feasibility.

1.3 Structure

In the next section, the paper reviews literature that explores public service corruption phenomena and anti-corruption approaches to assemble a framework for thinking about the problems and solutions. The third section describes the Bangladesh civil service and its relationship with government, politicians and citizens using the theoretical framework, and analyzes the Bangladesh Anti-Corruption Commission's (ACC) plan. The paper concludes with a discussion of the effectiveness of actions that the ACC is

taking and actions the ACC is not but should be taking, and suggests aspects of the Bangladesh situation which with further research may extend understanding of public service corruption.

2: LITERATURE REVIEW

2.1 Definitions and models of public service corruption

Discussion of corruption usually begins with definitions although many writers find absolute definition to be difficult or even unproductive. Cultural conditions can make one person's gift another person's bribe.⁷ In the western view, government serves the people but in the east it leads the people. K. Acham⁸ framed a social dimension in his definition: "Corruption is an action which deviates from the normative expectations of the whole society and is combined with personal gains to the detriment of the public." This implies that practically, a society that does not regard a behavior as wrong, even though it abuses public trust for personal benefit, will not support change to correct the behavior. Remedial action will be effective only by first changing public perception about the acceptability of the behavior.

The UN Anti-Corruption Toolkit⁹ distinguishes grand and petty corruption. Grand corruption pervades the highest levels of a national government, in which each instance is of significant economic value. Petty corruption is the exchange of small amounts of money for granting minor favours and nepotism for low-level employment positions.

Transparency International Bangladesh (TIB) borrows its working definition of public service corruption from Gray and Kaufman¹⁰: abuse of entrusted power for personal gain. The TIB 2008 Household Survey¹¹ examines corrupt public servant behaviors in a typology composed of bribery, extortion, embezzlement, fraud, nepotism and negligence of duties. These terms take on nuances which simple dictionary definitions might not express. For example, in the public service context, embezzlement usually involves the

⁷ Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform*, Cambridge University Press, 1999

⁸ K. Acham, *Formen und Folgen de Korruption* in C. Brunner (ed.) *Korruption und Kontrol*, Wein, 1981

⁹ *UN Anti-Corruption Toolkit*, United Nations Office on Drugs and Crime, Vienna, September 2004

¹⁰ Gray, Cheryl W. and Daniel Kaufman. *Corruption and Development*. Finance and Development, March 1998

¹¹ National Household Survey 2007 on Corruption in Bangladesh, Transparency International Bangladesh, June 18 2008

misappropriation of resources nominally allocated for a legitimate purpose but instead used to benefit a corrupt person, as in the misuse of relief materials. Even though “negligence of duties” cannot enrich civil servants beyond their allegedly unearned salaries and therefore does not strictly qualify as corruption, the term reflects a public perception that undeserved tenure allows civil servants to shirk their work with impunity, in effect defrauding the public purse.¹²

Khan and Jomo¹³ disassemble corruption into rents and rent-seeking to examine economic implications of corruption. Rent is the payment received for a factor of production such as labour or machinery in excess of the amount needed to produce a good. Rent-seeking is the activity which seeks to create, maintain or change the rights and institutions on which particular rents are based. These ideas clarify and can be used to quantify the damaging macro-economic effects that corruption accumulates through increased transaction costs, productivity losses, regulatory process uncertainty and consequent stifling of investment motivation.

¹² Nasreen Khundker, *Demystifying the TIB report*, The Daily Star, July 13 2008
<http://www.thedailystar.net/story.php?nid=45377>, accessed July 13 2000

¹³ Mushtaq H. Khan and K.S. Jomo, *Rents, Rent-seeking and Economic Development*, Cambridge University Press, 2000

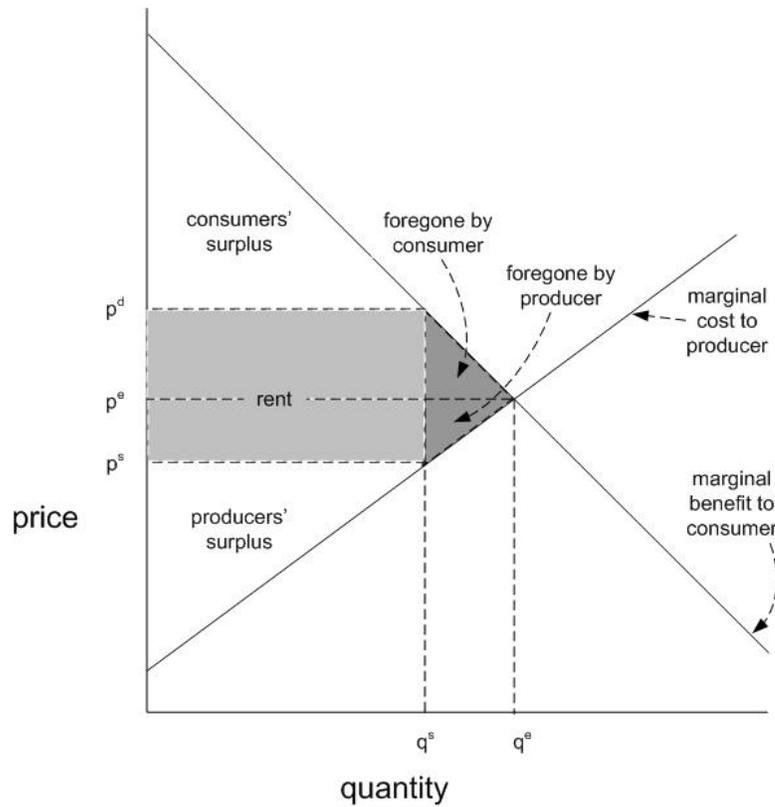


Figure 5 Corrupted supply and demand model

Figure 5 demonstrates the costs of rent-seeking in supply and demand terms. If at a supply and demand equilibrium a service has a lowest price p^e , and rent-seekers manipulate the market by, for example, creating a monopoly to reduce supply to q^0 , the price will rise to p^d . This produces a rent of $q^0(p^d - p^s)$ which diminishes the producers' surplus by $q^0(p^e - p^s)$ and the consumers' surplus by $q^0(p^d - p^e)$, so the consumer pays more for the service and the producer gets less. Furthermore, the reduced production $q^0 - q^s$ causes additional surpluses to be forgone by both consumer and producer, with a negative impact on productivity. Ultimately the corrupt behavior costs society the amount represented by the areas in the two shades of grey.¹⁴

¹⁴ Thanks to Professor Stephen Easton, SFU, for this explanation.

Lambros Pechlivanos¹⁵ anatomizes a corrupt public service system in three elements: principal, agents and clients. The principal is the state with laws and institutions sincerely committed to effective governance; agents are public servants entrusted with administering the will of the state; and clients seek government services from agents. Pechlivanos describes agent-client relationships which perpetuate corruption in the absence of enforceable contracts by creating commitments between the parties motivated by, for example, economic advantages and threats of retaliation on betrayal. With appropriate information the principal may subvert these by reducing the economic advantages and encouraging betrayal.

Khan¹⁶ distinguishes clientelist and patrimonial corruption systems in terms of the balance of power in bargaining for share of rents between state agencies and their clients. In clientelist states, private interests dominate the weak state but in patrimonial systems, state legitimacy and its strong control over property rights give public officials power to allocate rights to the private interests that will pay most in bribes. Furthermore, Khan differentiates between efficient and inefficient exercise of rights, in which corruption has a beneficial effect when it causes allocation of rights to clients who use them more productively and a detrimental effect otherwise. He concludes that patrimonial systems have more potential for efficiency and net social benefit because in an initially inefficient situation clients, in their weak position, cannot effectively oppose allocation of rights to the more productive of them.

These distinctions in the kinds and nature of corruption provide a basis for thinking about its causes, particularly in the Bangladesh context discussed in Section 3.5.

2.2 Causes

Researchers report that many causes of corruption also seem to be consequences, in feedback loops that frustrate isolation of root causes. Distinguishing causal factors that can be manipulated to reduce the incidence of corruption from the general background factors that characterize the environment has been the focus of recent research.

¹⁵ Lambros Pechlivanos, *Self-enforcing corruption*, in *The New Institutional Economics of Corruption*, Johann Graf Lambsdorff, Markus Taube and Matthias Schramm (editors), Routledge, 2005

¹⁶ Mushtaq H. Khan, *A Typology of Corrupt Transactions in Developing Countries*, IDS Bulletin 27(2), 1996

Lambsdorff¹⁷ reviews nine possible causes, which are discussed below: the size of the public sector, the quality of regulation, the degree of economic competition, the structure of government, the amount of decentralization, the impact of culture, value and gender, and the role of invariant features such as geography and history.

Intuition suggests that a large public sector in a self-serving government has more grabbing hands. In the neo-liberal view, smaller government has better integrity. However, empirical findings show little support for this proposition. Some researchers in cross-country studies even find that corruption increases as the government budget relative to GDP decreases. This may be a reverse causality, in the sense that corrupt governments have difficulty obtaining funds, through taxes or loans.

Ill-conceived regulation can create corrupt incentives for policy-makers, bureaucrats and the public in general. Excessive or complex regulation provides opportunities for agents to misrepresent the obligations of clients to their advantage and too little good regulation contributes to proliferation of corrupt deals. "Good" regulation is a fine balance which closes opportunities for corruption yet enables socially-benefiting development.

Lack of economic competition can raise rents by introducing arbitrary scarcity and encouraging monopolistic supply of services that creates opportunities for corrupt behaviour. The causal logic runs both ways.

Government structure is fertile soil for integrity and corruption. Many researches associate democracy with the former, with its provisions for selection of leaders by perceived merit and removal of poor performers. Some studies show that democracy reduces corruption, but not immediately; it must transcend a threshold of institutional maturity before benefits manifest. Others indicate that duration is more significant than degree of democracy for lowering corruption. In general, authoritarian states have higher levels of corruption than democracies, but among those, leadership not institutions is the key source of exceptions when integrity flourishes.

Forms of democracy may bear on integrity outcomes. Some researchers associate better integrity with parliamentary over republican systems because they see the

¹⁷ Johann Graf Lambsdorff, *Causes and Consequences of corruption: What do we know from a cross-section of countries?* in *International Handbook on the Economics of Corruption*, Susan Rose-Ackerman and Henry R. Luce (ed.), Edward Elgar Publishing Limited, 2006

independence of the legislative body limiting the power of the executive. In contrast, they perceive systems with powerful presidents to be more corrupt.

Central administration may be a predictor of higher corruption. Single-point concentration of fiscal power gives coherent control over the whole economy, raising temptations to exploit it for rents. It distances the application of power from the people that it affects, contributing to failure of transparency and accountability to them and to the impunity of the corrupt elite.

Culture is an active area of research for corruption causality. Researchers perceive countries with high levels of generalized trust, a large share of Protestants and little acceptance of hierarchy to be less affected by corruption, and they support the converse proposition that countries with strong family/tribal and authoritarian traditions are more prone. The stability of cultural variables suggests that superficial reforms are unsustainable and that culture is an important precondition in consideration of anti-corruption action.

Gender may play a role in corruption. Some authors have tested, with equivocal results, hypotheses that women are intrinsically more or less corrupt than men. A better mix of sexes in governance than male dominance appears to lower corruption.

Geographical and historical parameters affect corruption. Abundance of natural resources, high levels of corruption in neighbouring states and distance from global trading centres significantly increase it.

Klitgaard¹⁸ finds that corrupt behaviour occurs when public office holders in a monopoly position have discretion in interpreting, applying or changing the law, and lack accountability.

Enabling environments and root causes of corruption lead to consequences.

2.3 Consequences

“Corruption undermines democracy and the rule of law. It leads to violations of human rights. It erodes public trust in government. It can even kill – for example, when corrupt

¹⁸ Robert Klitgaard, “Controlling Corruption”, University of California Press, 1988

officials allow medicines to be tampered with, or when they accept bribes that enable terrorist acts to take place.” – United Nations Secretary-General Ban Ki-moon¹⁹

Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice, and discouraging foreign investment and aid. Corruption is a key element in economic under-performance and a major obstacle to poverty alleviation and development .²⁰

Corruption retards economic development and contributes to government instability. It attacks the foundation of democratic institutions by distorting electoral processes, perverting the rule of law, and creating bureaucratic quagmires whose only reason for existence is the soliciting of bribes. It stunts economic development because it discourages outside direct investment. Small businesses within the country often find that overcoming the corrupt "start-up costs" is impossible.²¹

Susan Rose-Ackerman²² challenges the notion that some kinds of petty corruption should be tolerated because they contribute positively to economic growth. For example, many writers have suggested that bribes paid to motivate faster processing of bureaucratic transactions or to make resources available reduce the opportunity cost of some economic activities, encouraging development that might not otherwise take place. She points out that in the long run, however, the resulting conflict between self-interest and public good erodes public confidence. Tolerance undermines effort against other, clearly harmful kinds of corruption and maintains unjust and ultimately inefficient systems. If these kinds of bribes are necessary they should be legalized by charging them as fees.

Lambdorff²³ argues that corruption destroys trust. In a corrupt environment, a government may decide that because it cannot trust its officers it should not risk a

¹⁹ Secretary-General Ban Ki-moon at the inauguration of the Stolen Asset Recovery (StAR) Initiative, 17 September 2007

²⁰ Kofi Anan addressing the Assembly of the UN Convention against Corruption, November 1, 2003

²¹ <http://www.unodc.org/unodc/en/corruption/index.html>

²² Rose-Ackerman, 1999

²³ Johann Graf Lambsdorff, *The Institutional Economics of Corruption and Reform: Theory, Evidence and Policy*, University Press, Cambridge, 2007 (A)

potentially beneficial action, and consequently its society loses that benefit. Corrupt officials are more likely to base decisions on anticipated rents than potential public benefit. They will choose the wrong projects and the wrong bidders, with lower quality outcomes and wasted public wealth. Investor confidence suffers from the failure of credible commitment of corrupt governments. There is no trust in the legal enforcement of agreements; sunk cost investments are vulnerable to expropriation; tax collectors can impose arbitrary burdens; bureaucrats can threaten arbitrary application of law; customs authorities can randomly apply trade regulations; judges may favour the disputant with the larger bribe; and there is no reliable due process for adjudication of disputes or appeals. Empirical results show an inverse correlation of corruption and foreign direct investment, especially on the long term. Once corruption becomes established in a government, laws may be enacted for the specific purpose of maximizing the bribes available.²⁴ The search for personal gain can itself importantly influence the level and type of government intervention in the economy.²⁵

Mauro observes that corruption reduces economic growth by lowering investment incentives.²⁶ The relative unpredictability of behaviour and bribe price of corrupt agents and the cost of bribes de-motivate domestic and foreign investors. He notes a correlation between corruption and reduced spending on education and health, and increased military spending, suggesting that corrupt bureaucrats choose projects according to the rents they can extract. Education and health do not involve development of huge infrastructure or the massive procurement of equipment, as in the transportation and military sectors with their extensive opportunities for rents.

Mauro²⁷ describes a regression analysis that indicates that the amount of corruption is negatively linked to the level of investment and economic growth. Analysis further shows that if the corruption index improves by one standard deviation, 2.38 in the study sample, the investment rate increases by more than 4 percentage points and the annual growth rate of per capita GDP increases by over a half percentage point. Effectively, he says, a country that improves its standing on the corruption index from, say, 6 to 8, will

²⁴ Tullock, "Controlling Corruption ... ", 1989:659

²⁵ Jacqueline Coolidge and Susan Rose-Ackerman, *High-Level Rent-Seeking and Corruption in African Regimes: Theory and Cases*, The World Bank, 1997

²⁶ Paolo Mauro, *Corruption: Causes, Consequences, and Agenda for Further Research*, International Monetary Fund, 1998

²⁷ Paolo Mauro, *Why Worry About Corruption?* International Monetary Fund, February 1997

enjoy the benefits of an increase of 4 percentage points of investment, with consequent improvement in employment and economic growth.

Gupta et al.²⁸ find a significant positive impact of corruption on income inequality, as measured by the Gini coefficient, with causality running from corruption to inequality and not vice versa. An observed independent correlation of corruption with inequality of education and land ownership compounds the effect to disadvantage the poor. They found that corruption exerts a significant and negative impact income growth of the bottom 20 percent of the population.

Understanding of causes and effects of corruption provide insights into how it should be reduced, and assessment of changes in public service behaviour toward less corruption requires measurement.

2.4 Measurement

Those concerned with the control of phenomena have long understood the essential role of measurement. Deliberate improvements come in increments in many situations attributable to control inputs; measurement of an increment feeds back the effectiveness of the input. Thoughtful institution-builders assess the outcome of their interventions by comparison of measured baseline and aftermath conditions, and reinforce or abandon an approach according to its empirical success. Corruption is clearly a realm for measurement.

However, the clandestine nature of corruption makes it difficult to measure. Like cosmologists studying black holes, investigators have contrived a variety of schemes that examine proxies of corruption, or its visible effects, to fashion facsimiles of the phenomenon itself. Corruption ratings from Transparency International, the Global Competitiveness Surveys and expert polls such as Economist Intelligence Unit, and Global Insight, or Multilateral Institution ratings such as the World Bank's Country Policy

²⁸ S. Gupta, H. Davoodi and R. Alonso-Terme, *Does Corruption Affect Income Inequality and Poverty?* Economics of Governance, Vol.3: 23-45, 2002

and Institutional Assessments are examples, among which high correlations support confidence in validity.²⁹

Transparency International publishes the most widely used country-comparative corruption measurement called the Corruption Perception Index (CPI). It is the result of an annual analysis developed by Johann Graf Lambsdorff³⁰ that combines peer-reviewed perceptions of independent international and domestic experts and the surveyed experience of bribery by business people and householders in country-wise assessments. Sources span the last two years, introducing a smoothing effect with some delay in feedback. The report tables the typically 180 countries assessed by rank and index score. The ranking has name-and-shame value and the index gives an indication of general progress or backsliding year-by-year. Since the CPI aggregates many characteristics of corruption, it is not useful for isolating specific causes or consequences. TI's Global Corruption Barometer and Bribe Payers Index³¹ focus annually on individual features of corruption and its local offices prepare country-specific reports of household surveys and analyses.

2.5 Anti-corruption approaches

The nature of corruption and its causes discussed in the previous sections suggests approaches to controlling it. Most authors agree that corruption cannot be eliminated absolutely. As in the extermination of rats, that objective suffers diminishing returns. When the cost of reducing corruption approaches the cost of the harm of corruption, further effort is unproductive in economic terms. In some situations, over-enforcement might even create incentives for corruption, as in the sense that policing the police adds more scope for police malfeasance.

Lambsdorff³² describes an environment for integrity in public service, characterized by arms-length service with no personal relationships between agents and clients; citizen involvement and participation; transparent decision-making; limited discretion; and competition among office-holders to hire on merit and to replace non-performing agents.

²⁹ Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, *Measuring Corruption: Myths and Realities*, The World Bank, Draft, May 1st, 2006

³⁰ Johann Graf Lambsdorff, *A short methodological note: Transparency International Corruption Perception Index*, TI, 2007 (B) <http://www.transparency.org/content/download/23966/358199>

³¹ http://www.transparency.org/policy_research/surveys_indices/

³² Lambsdorff, 2007 (A)

Limiting discretion has to be traded-off with complexity of regulation, a condition which fosters corruption by enabling agents to deceive clients who are unsure of the rules.

Mauro³³ reasons that since government intervention is the source of much public corruption in an economy, policies aimed at liberalization, stabilization, deregulation and privatization can sharply reduce the opportunities for rent-seeking behaviour and corruption. Where government regulations are pervasive, however, and government officials have discretion in applying them, individuals are often willing to offer bribes to officials to circumvent the rules and officials are tempted to accept these bribes. Identifying such policy-related sources of corruption is a step toward bringing it under control. He lists trade restrictions, government subsidies, price controls, multiple exchange rate practices and foreign exchange allocation schemes, low wages in the civil service, natural resource endowments and sociological factors as offenders.

Rose-Ackerman³⁴, in recognition of the role of government size in corruption, recommends a liberalizing regime of anti-corruption actions that includes elimination of corrupt programs and privatization of state enterprises without strictly governance missions. The elimination rationale reflects the view that a corrupt program cannot fulfil its social benefit mandate, if it ever had one, and that its rehabilitation is not feasible. State sponsorship of massive infrastructure projects that are too large or complex is a sign of corrupted policy in which the cost of inefficiency might even exceed the graft. The motivation of a state to create an enterprise should be to secure an essential service or benevolently operate a necessary monopoly such as an electrical power network. When unscrupulous government agents exploit the enterprise for rents, privatisation can restore its operating efficiency and accountability to the public if the terms of the conversion to private ownership oblige them. When the conversion itself is corrupt, agents of the government sell the enterprise to cronies for kickbacks, at a loss to the public purse. Even if the deal is legitimate, the danger remains that the private operator or employees will later find opportunities to take illicit rents.

A civil service bloated by nepotism and patronage is inefficient and should be downsized to remove dead wood. However, such reform is politically painful so a prudent approach

³³ Mauro, 1997

³⁴ Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform*, Cambridge University Press, 1999

relies on attrition rather than mass layoffs, with encouragement of early retirement. Improvement of private sector employment opportunities will attract people from an over-manned public service.

Deterrence aims to discourage corrupt behaviour by raising its opportunity cost with increased risk of prosecution and penalties. Prosecutions attract public support and raise awareness of corruption issues, and are useful for changing public attitudes and social norms. Effective deterrence depends on rule of law in a justice system that will not be suborned.

Institutional reform is an essential means to counter corruption. Anti-corruption laws are merely a basis to institutionalize integrity. To survive changes in regime and staffing, reforms must be profoundly institutionalized so that they become embedded in agency mission, policy, procedures and inter-agency relationships. An on-going communication campaign should convince the public of the government's sincerity to reform and mainstream the integrity ethic. The anti-corruption agency should conduct surveys to identify how corruption affects citizens' daily lives and understand the real impact of large numbers of attempts to circumvent the rules. Public education about the evils and modes of corruption can change attitudes about acceptable practice and advocate activism. A reform should start with the demand for and supply of corrupt services in one or two key agencies, where corruption is most harmful and most effectively attacked, and ultimately propagate throughout the public service. It should redesign structure and business rules to reduce opportunities for rents, simplify bureaucratic processes, improve oversight, reward integrity and efficiency, minimize officials' discretion, bring transparency to their work and make them accountable for their performance. Pay scales in the public sector should be comparable with the private sector; if they are low, corruption control efforts are likely to be ineffective. However, in some situations, such as judicial corruption, simply raising salaries may just increase the cost of bribes.³⁵

³⁵ Paddy Ashdown. *Swords and Plowshares: Bringing Peace to the 21st Century*. Weidenfeld and Nicolson, 2007

Bardhan³⁶ examines the issue of an incentive pay structure in public administration as a way to fight corruption. He notes that developed countries which have largely beaten the corruption problem pay their civil servants salaries many times higher than public employees of corrupt developing countries. In some countries, like Singapore, a wage premium above the private sector has been effective, particularly combined with the malfeasance disincentive of job loss. The sad irony is that, even if elevated civil service pay scales do contribute to reduced corruption, poor countries do not have the means to raise them sufficiently. In this sense, economic growth is a prerequisite to corruption reduction.

In corrupt environments, public procurements are a font of embezzlement and graft. State sponsorship of massive infrastructure projects that are too large or complex is a sign of corrupted policy in which the cost of inefficiency might even exceed the graft. Such abuse of the public trust is unlikely with a transparent project approval process in place that has accountability in the highest levels of government.

Reforms that increase transparency and accountability are politically difficult. Facilitation of independent watchdog groups such as an auditor-general's office, ombudsman, anti-corruption commission and civil society organization must support them. Corruption scandals are a sign of civil society maturity.³⁷ The anti-corruption agency should listen to independent voices but should resist attempts to use an anti-corruption campaign to political advantage as, for example, in Iran:

“Some went even further, specifying that Palizdar's remarks were the first step in a bid by President Mahmud Ahmadinejad and his military supporters to smear rivals and prevent them from running in future elections by targeting them as corrupt.”³⁸

Many authorities recommend decentralization of administrative power to reduce corruption associated with centralized government. Since corruption flourishes with scarcity and centralized administrations tend to neglect the local level, decentralization could improve delivery of services there and consequently reduce corruption. In a country with moderate corruption and fair governance, the priorities would be

³⁶ Pranab Bardhan, *Corruption and Development: A Review of Issues*, Journal of Economic Literature, Vol. XXXV (September 1997)

³⁷ Rose-Ackerman, 1999

³⁸ Radio Free Europe <http://www.rferl.org/featuresarticle/2008/06/0ad6e0d8-a45e-486c-b07e-740066adeb8b.html>

decentralization and economic reform, results-oriented management and evaluation, and the introduction of incentives for competitive delivery of public services. However, in an environment of heavy corruption and poor governance, moving discretionary power to the local level may have the opposite effect by enabling lower-level civil servants to abuse it. The emphasis here should be on establishment of rule of law, stronger institutions of participation and accountability, government interventions focused on core mandates, and dismantling of corrupt institutions designed solely for rents. In a country with little corruption and strong governance, the priorities might be explicit anti-corruption agencies and programs, stronger financial management, increased public and government awareness, no-bribery pledges, and efforts to prosecute king-pins.³⁹

Decentralization helps to break the monopoly of power at the national level by bringing decision-making closer to people. It strengthens government accountability to citizens by involving them in monitoring government performance and demanding corrective actions. Decentralization as a means to make government responsive and accountable to people can help reduce corruption and improve service delivery. Efforts to improve service delivery usually force the authorities to address corruption and its causes. The institutional environment must be designed to reduce the risk of local capture by elites. In the institutional environments typical of some developing countries, when in a geographical area, feudal or industrial interests dominate and institutions of participation and accountability are weak or ineffective and political interference in local affairs is rampant, decentralization may increase opportunities for corruption.⁴⁰ This suggests a precedence order of anticorruption policies and programs where the rule of law and citizen empowerment should be the first priority in any reform efforts. Decentralization in the absence of rule of law may not prove to be a potent remedy for combating corruption.⁴¹

³⁹ Anwar Sha, *Corruption and decentralized public governance* (No 3824, Policy Research Working Paper Series from The World Bank Jan 1 2006)

⁴⁰ Richard I.C. Tumbulasi, Happy M. Kayuni, *Decentralization Opening a New Window for Corruption: An Accountability Assessment of Malawi's Four Years of Democratic Local Governance*, *Journal of Asian and African Studies*, Vol. 42, No. 2, 163-183 (2007)

⁴¹ Jeff Huther, Anwar Shah, *Anti-corruption policies and programs: a framework for evaluation*, The World Bank, Policy Research Working Paper Series No. 2501, 31 Dec 2000

On the principle that corruption would suffer from increased mistrust between its supply and demand sides, Khan⁴² proposes asymmetrical sanctions to encourage cheating and denunciation in a prisoner's dilemma sense. In this scheme, bribers would face severe punishment for offering bribes while the bribed would suffer a light penalty for taking them; and the bribed would be severely punished for providing a service while the briber would get off lightly for accepting it. This imbalance would weaken the motivation for mutual protection, to promote betrayal by one party of the other.

The case study that follows draws on these ideas about the nature of corruption, its causes, its consequences and ways to constrain it.

⁴² Mushtaq H. Khan, *Determinants of corruption in developing countries: the limits of conventional economic analysis*, in *International Handbook on the Economics of Corruption* (Susan Rose-Ackerman and Henry R. Luce, editors), Edward Elgar Publishing, 2006

3: CASE STUDY: BANGLADESH ANTI-CORRUPTION COMMISSION

3.1 Historical background

A historical view of Bangladesh⁴³ is useful for understanding its current political and social environment as a context for thinking about corruption there. Its bureaucratic tradition descends from the administration of British imperial India, which ended in 1947 with the partition of India into Hindu and Muslim parts, or in national terms, India and Pakistan.

The architects of the separation assigned the north-west and north-east corners of India to Pakistan, calling them West and East Pakistan respectively. On the one hand this design sought to minimize the displacement of the more or less homogeneously distributed Hindus and Muslims across the new borders, but on the other it separated the culturally distinct co-citizens of the new country by 2400 kilometres and established its capital in Islamabad to the disadvantage of the East Pakistanis. The west with a lesser proportion of Pakistan's total population took the greater share of revenue allocation, industrial development, agricultural reforms and civil development projects, provoking resentment and unrest in the east, to which the west responded repressively, further eroding the relationship. When the East Pakistani political party Awami League led by Sheikh Mujibur Rahman won a majority of seats in the National Assembly in 1970, West Pakistani political leader Zulfikar Ali Bhutto could not accept a national government headed by a party with an agenda of "full regional autonomy" for East Pakistan. He indefinitely postponed the convening of the National Assembly session, precipitating massive civil disobedience in East Pakistan.

A swift and terrible escalation of violence commenced. Reacting to a rising independence movement, the central government authorities arrested Sheikh Mujibur Rahman, on March 25 1971, sending many of the remaining East Pakistan National Assembly members in flight to India where they formed a provisional government.

⁴³ This section combines sources including Library of Congress Country Studies and articles from Wikipedia and Banglapedia.

The Bangladesh state came into existence when Major Ziaur Rahman led the Eighth East Bengal Regiment in a revolt against the Pakistan Army on the night of March 26 and declared independence on behalf of the imprisoned de jure president Sheikh Mujibur Rahman. Nine months of vicious civil war ensued, with Bangladeshi combatant and civilian death estimates ranging from 300,000 to 3,000,000. Eight to ten million people fled to relative safety in India. Hundreds of thousands of women endured rape and sex slavery at the hands of the West Pakistan army and local collaborators. Politically significant to this day, several Bengali Islamist militias associated with the Jamaat-e-Islami party supported the West Pakistani forces and contributed zealously to the persecution of non-Muslim minorities and executions of nationalists and intellectuals.

The West Pakistani forces mainly prevailed; although they had some successful operations, the Bangladesh forces could not take and keep strategic points. The turning point was the ill-advised Pakistani attacks on Indian air bases in the Indian northwest on December 3, apparently motivated by India's supply of arms and training to the Bangladeshis. India immediately declared war on Pakistan and invaded Bangladesh, forcing a Pakistani surrender on December 16. In a last spiteful gesture before defeat, the Pakistanis using elimination lists of Bengali intellectuals and with the assistance of the collaborating Jamaat paramilitary forces, slaughtered an estimated 991 academics, journalists, doctors, lawyers and artists, in an attempt to lobotomize the secular element of the new country.

Released by the Pakistanis, Sheikh Mujib Rahman returned to Bangladesh to resume his leadership and the establishment of a secular democratic state. In the face of economic and political difficulties he took greatly increased powers and reduced the polity to the one-party rule of the Awami League (AL). He was killed with most of his family in a military coup in August 1975.

Ziaur Rahman, now a major-general, founded the Bangladesh Nationalist Party (BNP) and assuming the presidency after a coup in 1977, won popular support by stabilizing the economic situation of the country with free-market policies. He amended the constitution to make Islam the state religion, pardoned the assassins of Sheikh Mujib and rehabilitated individuals who had supported the Pakistani Army, all of which effectively strengthened the coalition of the BNP with Islamic parties, including Jamaat. He was assassinated in 1982 in a failed coup. Lt. General Hossain Mohammad Ershad

ruled until, at the end of 1990, western aid donors forced his resignation and subsequent elections in 1991, in which the AL prevailed. Since its independence to this point, Bangladesh had had just four years of democracy.

Thenceforth the AL and BNP, led respectively by Sheikh Hasina, a surviving daughter of the deified Sheikh Mujib, and Begum Khaleda Zia, widow of the equally revered Ziaur Rahman, have alternated in power. They are more similar in their mutual distrust and almost single-minded development of predatory patrimonial governments than they are distinguished by philosophic stance. In the years 2001 to 2004, Transparency International assessed Bangladesh as having the highest level of corruption of the 170 countries that it surveys.

Historically, corruption has long plagued the civil service and bedeviled attempts to curtail it.⁴⁴ The Pakistan government responded to proliferation of corrupt practices during the Second World War with the Prevention of Corruption Act (1947) which established an anti-corruption branch in the Police Directorate at the provincial level. The East Pakistan Anti-Corruption Act (1957) provided a framework for a Bureau of Anti-Corruption (BAC) independent of the provincial police administration, but still supervised by the district police administration. In 1964 the Government formed anti-corruption commissions at the district and divisional levels, chaired by the Deputy Commissioner and Divisional Commissioners respectively, and controlled by the President's Secretariat and Prime Minister's Office with the changes in the system of the Government, to provide a second stage "check and balance" scrutiny of corruption cases.⁴⁵ In spite of these measures, BAC remained a submissive institution hobbled by weak political will, self-serving direction from high levels, ineffective regulatory instruments and internal corruption. The Anti-Corruption Commission Act (2004), introduced by the BNP-led Bangladesh Parliament, legislated its replacement by the ACC. The Act improved on previous law by making the ACC nominally independent and financially autonomous, providing for Special Judges for corruption prosecutions and enabling prosecution of members of the Government without the permission of the Government. However, throughout the remainder of the BNP-led government term, the ACC achieved little in the

⁴⁴ Begum Nasreen, Bangladesh: The Present Situation, Problems and Solutions in the Legal System Related to Corruption Control, *International Review of Penal Law* (Vol. 74)

⁴⁵ Abdul Matin, *The Anti-Corruption Laws of Bangladesh*, Dhaka, 1990

face of pervasive high-level obstruction and continuing weak political will for practical results.

This most recently-elected government, from October 2002 to October 2006, was a coalition led by the BNP, supported by Jamaat-e-Islami, Jatiya (Ershad's party) and Islami Oikya Jote, and led by the Prime Minister, Khalida Zia. Conventionally when a government completes its constitutional four year term, the mainly ceremonial President appoints a non-partisan caretaker government to administer the country during the election period. However, the BNP's politicization of the civil service, puppet caretakers and suborned Election Commission strongly favoured their return to power and continuing kleptocratic rule. In August 2006, months before the end of the Government's term, an analysis of the voter list by The Daily Star showed that it contained several million more voters than could be reasonably expected to exist⁴⁶. The Election Commissioner, deeply compromised to the BNP, refused to make a new list. The AL, desperate to come in from the cold and wrest from the BNP the exclusive right to plunder the country, marshaled its constituency to shut down the country with general strikes protesting the steep electoral playing field. The Government responded with mass arrests and police actions that restricted movement of demonstrators to the capital to participate in political meetings. Conditions for dangerous manifestations of political dissatisfaction escalated, resulting in national economic paralysis, destruction of public transport buses and some deaths. The AL threatened to boycott the election and the UN and European Commission cancelled their election monitoring programs.

On January 11 2007, 11 days before the scheduled election, when the Advisors constituting the Caretaker Government and the functionaries of the Election Commission had completely lost the confidence of everyone but BNP coalition partisans, Lt. General Moeen U Ahmed, chief of the armed forces, instructed the President and self-appointed Chief Advisor, Iajuddin Ahmed, to replace the Advisors of the Caretaker Government with eminent citizens of principle that he named, or face imposition of military government.⁴⁷ The President complied, declared a state of emergency and resigned from his Chief Advisor position. The new Chief Advisor, Fakhruddin Ahmed,

⁴⁶ Zayadul Ahsan and Shakhawat Liton, *Gaping hole in voter list*, The Daily Star, 12 May 2006, <http://www.thedailystar.net/2006/05/12/d6051201011.htm> accessed 29 July 2008

⁴⁷ UN Security Council officials told the Bangladesh Armed Forces that funding for their participation in peace-keeping missions would be withdrawn if they did not put a stop to the BNP's rigged election. <http://www.thedailystar.net/2007/01/19/d70119020326.htm>

immediately sacked the venal Election Commissioner and his staff, replacing them with functionaries who examined the voter list situation and declared that practically a flawless list could not be available until late 2008. He banned all political activity and set the election date as “early December 2008” amid protests from political parties alarmed by the effect of the hiatus on their operations and from the diplomatic community concerned by the prolonged suspension of democracy. Public sentiment expressed in letters to the editor and statements from civil society groups was of relief at the prospect of an end of the electoral farce and associated violence.⁴⁸ The Chief Advisor also ordered the re-constitution of the Anti-Corruption Commission, launching the radical anti-corruption campaign described in Section 3.3.

3.2 Public service institutions

Elements of the Bangladesh public service are consistently but not uniformly corrupt. This section examines the nature of some of the significant government agencies in Bangladesh to understand their corruption modes.

3.2.1 Bangladesh Bank

The Bangladesh Bank performs the function of a national central bank, including regulation of the private banks in Bangladesh. A TIB report⁴⁹ found that supervision of the banking sector by the Bangladesh Bank was weak. In the absence of effective regulation and enforcement, corruption manifested in many modes. Senior bank managers overlooked bad lending practices under government programs for industrial development guaranteed by the central bank. Borrowers suborned bank officials with bribes and benefits to approve loans with inadequate collateral. Complex procedures provided the banking officials with rent-extraction opportunities. Contributions to the ruling political party facilitated issuance of licences for new banks and bank branches to exploit the central bank guarantees. Banks took inadequate legal action against defaulters, who were mostly socially elevated and powerfully connected. The quality and pay of bank officers was low. Trade unions, patronized by the ruling party, pressured the banks for loans and employment, and resisted bans on union activities.

⁴⁸ For example, “Editorial: Opportunity for a new beginning”, <http://www.thedailystar.net/2007/01/13/d70113020127.htm>

⁴⁹ *Corruption in Public Sector Departments: Its Manifestations, Causes, And Suggested Remedies*, TIB, 2000

Local level officials dispersed agricultural loans with poor control, favouring ruling party members. The international donors ignored corruption in the execution of their projects.

Corruption in the banking sector continues because of inadequate and ineffective controls within the banks and weak supervision by the central bank. Management is unable to take disciplinary action against delinquent staff because authority to do this rests in an external body, and politicians and trade unions protect them. The Anti-Corruption Bureau and later for a time the Anti-Corruption Commission were corrupt and inefficient.

The TIB report recommends remedial measures that include implementing judicial improvements to try defaulters, down-sizing and professionalizing staff, reducing union activities, recovering assets, establishing an annual bank audit regime, disallowing borrowing from the bank by its directors, disallowing contributions to political parties from defaulters and autonomy of the Bangladesh Bank.

3.2.2 Public Service Commission

In a study⁵⁰ of the Bangladesh Public Service Commission (PSC), Transparency International Bangladesh describes it as one of the most important pillars of integrity in the country, with a key role in promoting excellence in the public service and administration. Its political neutrality, transparency, accountability, integrity and effectiveness are fundamental prerequisites for carrying out functions that include competitive examination for recruitment to the public service, recommendations for recruitments and promotions, and discipline. Lack of credibility and integrity of this vital constitutional body not only leads to undermining of merit-based appointment in the public service, but also has significant negative impact on the prospect of efficient, professional, transparent and accountable governance.

Partisan influence through politically biased appointment of Chairmen and Members of the Commission, recruitment of ruling party activists and supporters, leakage of question papers for examinations, selection by bribery and various other forms of irregularities and corruption have led to erosion of trust in this agency. The extent of corruption and

⁵⁰ *Bangladesh Public Service Commission: A Diagnostic Study*, Transparency International Bangladesh, March 2007

governance failure in the country may be attributed to a significant extent to the failure of the PSC to ensure a credible process of appointments to the public service.

The study identified structural and operational limitations of the PSC that include: politicized administration; vulnerability to influence from other constitutional bodies; weak accountability of Chairman and Members; corrupt network of officials too strong for internal disciplinary action; officials' demands for bribes to leak examination content, allocate seats in examinations and modify examination results; and irregularities in selection of candidates for employment.

Recommendations include: PSC re-constitution and punishment of the corrupt; administrative reform for independence, accountability and transparency; criteria for selection of Chairman and Members; examination and recruitment process reforms; at least 75% merit-based appointments, allowing for affirmative action on the basis of gender, ethnic and religious identity; and freedom of information.

Just as corruption corrupts, integrity propagates. Rose-Ackerman⁵¹ describes how personal relationships developed in public service cohorts that advance members together, institutionally connected throughout their careers, can reinforce both integrity and corruption in their "small world". The PSC could and should be the framework for integrity for the public service and the country.

3.2.3 Election Commission

The Election Commission is a constitutional body responsible for preparation and control of election rolls for elections to the office of President and to Parliament, holding those elections, and delimiting constituencies for those elections.⁵² It has authority also for local level government elections taking place in sub-districts and municipalities.

Politicization and patronage cloud its recent history. At the centre of controversy in the last year of the BNP four-party alliance government, it was generally perceived to be controlled by the BNP to assure their continuing rule after the 2007 national elections. The subsequent replacement of the partisan Caretaker Government with one composed

⁵¹ Rose-Ackerman, 1999

⁵² *Clause 73(1) in the Constitution of the People's Republic of Bangladesh, as modified up to 30th April, 1996*

nominally of honest eminent citizens led to its reconstitution. The current Caretaker Government has proposed reforms, some in implementation and others awaiting the attention of an elected government with a mandate to realize them. They include: independence from partisan influence; electoral roll integrity; operational oversight by polling officials, the electoral enquiry committee, party polling agents, election observers, and civic and voter education agents; transparency; registration of political parties to ensure transparency, accountability and democratic process within each party; financial accountability of political parties; political party internal democracy without nepotism; democratic nomination and selection of electoral candidates; disqualification of convicted persons and loan defaulters for public office; and disclosure of candidates' income, election finance sources, record of social service and criminal history. The crucial objective of the Election Commission is free and fair elections.⁵³

3.2.4 Roads and Highways Department

With its mandate to maintain the highway communication infrastructure of the country, the Roads and Highways Department (RHD) has huge budgets. In FY 1999-2000 RHD's allocation was US\$270M, of which 55% was foreign aid. The TIB report⁵⁴ describes corruption as rampant in this agency. It is grossly over-staffed as a consequence of the patrimonial relation of the Government with the politicized civil service. Politics, not cost-benefit analysis or rational needs assessment, motivate projects. The interests of landowners and local politicians corrupt engineering decisions. RHD officials take kickbacks from contractors, share surpluses from over-billing and substandard work, share contractors' gains from fraudulent earthwork and supply-and-repair claims, and take the salaries of ghost-workers. 37-47% of contract value is lost to fraud. Although competitive bidding is mandatory, it is not often implemented; instead covert negotiation with a contractor syndicate distributes work. Without the constraint of competition and independent estimation, contractors consistently over-estimate work and materials, and schedules usually over-run with compensation to the contractors.

These conditions flourish because of the centralization of decision-making in bidder-selection which dilutes the accountability of the Ministry officials to the local beneficiaries of road works. There is too much discretion of lower-echelon RHD officials in the

⁵³ TIB, 2000

⁵⁴ TIB, 2000

alignment of feeder roads and of senior RHD officials in project and contractor selection criteria. Anti-corruption measures remain unimplemented and few cases are referred to the Anti-Corruption Board/Commission.

The TIB report proposes remedial measures that include more participation of donors in the definition of bid evaluation criteria and on the Technical Evaluation Committee (TEC), the body that evaluates bids and selects the winning bid. Short-listing criteria should be made public before decisions, to improve public visibility into the process. TECs should look for signs of collusion between bidders and RHD officials such as family or business connections. The deeply entrenched corruption in the RHD may be so incorrigible that the agency should be reduced to a policy making body, with the road-making work being planned and implemented by local government authorities.

3.2.5 Bangladesh Water Development Board

Corruption in the water sector in Bangladesh manifests in: inequitable delivery of water to households and agricultural irrigation; under- and over-billing for water consumption; corrupted procurement of services and execution of contracts for construction and maintenance of water infrastructure; and corrupted observance of regulations for sewerage facilities and effluent discharge by industrial units. These practices cause revenue losses, unnecessary expenditure in public works and environmental degradation of water bodies.

All of these elements interact to impact the humanitarian rights of individuals and societies to access clean drinking water, with consequently degraded health outcomes. The creation of sub-standard storage and delivery infrastructure due to corruption increases facilities maintenance costs.⁵⁵

3.2.6 Power corporations

Several public utilities provide electricity in Bangladesh: The principal among them is Bangladesh Power Development Board (BPDB); others are Dhaka Electric Supply Authority, Dhaka Electric Supply Company, Rural Electrification Board.

⁵⁵ Mike Sidwell, Interview of the Month: Muhammad Zamir, former Bangladesh Secretary of Foreign Affairs and Ambassador, Transparency Watch, July 2008

Corruption pervades the Bangladesh Power Development Board. TIB⁵⁶ analysis attributes the condition to the scarcity of the commodity and the services that support it, centralized procurement concentrated in the hands of politicians and high-level bureaucrats, poor demand management with high tariffs for some customers, an overly complex service connection process designed to create graft opportunities, over-staffing with strong politicized union influence, and ineffective government action to curb abuses. The justice system is inadequate to deter corrupt practices with prosecutions. Strong vested interests sustain a status quo that affords high rents which are easy to extract. Lack of political will and fear of union action hamper anti-corruption activities.

Petty corruption abounds. Clients steal electricity with the connivance of BPDB officers, by bribing them to accept underpayment. Technicians will not make electrical connections without payment of speed-money. Labour union protection and political patronage have established BPDB staff's "right to steal". Staff are under-employed and in some cases exist only as ghost workers, their salaries taken by higher-level management. New employees bribe managers to enter the service.

The Ministry of Power, Energy and Mineral Resources manages the national provision of electricity. Procurements offer opportunities for rent extraction amounting to 15 – 20% of the value of contracts. High-level officers and ministry people take very large payments for approving contracts. Senior staff take large payments for manipulating tender specifications and evaluation criteria to favour bidders, and junior staff take smaller payments for leaking information for bidding advantages. Bidders approach officials to lobby for their selection.

TIB recommends drastic action for remedial measures in the power utilities. The government should declare electricity an essential service and enact a law that bans trade unions in power supply organizations. It should downsize the utilities, paying off and retiring petty corruption actors, mainly meter readers, bill clerks and inefficient supervisors, and replacing them temporarily with non-commissioned military staff until permanent qualified staff can be hired. It should privatize the power corporations, regulate and audit them to ensure the protection of consumer rights, and give them freedom to make their own procurements without government approval. Staffing and pay rates in the power utility staff pay rates should be adjusted to relieve the cost-of-

⁵⁶ TIB, 2000

living pressure on integrity. Training programs should be established for skill improvement in all important functions.

3.2.7 Anti-Corruption Commission

The TIB Bureau of Anti-Corruption Fact-Finding Report⁵⁷ assesses the operation and effectiveness of the Bureau of Anti-Corruption, the body that preceded the present Anti-Corruption Commission, and was replaced in 2004 by the ACC perhaps according to the report's recommendations.

The report describes sincere efforts to make the BAC an effective tool to combat corruption, thwarted by self-serving external agencies and its dependence on the politicized executive. For example, the BAC had to obtain prior permission from the concerned government authority before commencing an investigation of a public servant for corruption. According to the findings of a survey, from inception of the BAC until March 2001 the duration of cases filed with the BAC and awaiting approval from the Prime Minister's Office for the commencement of investigation ran between 1 to 6 years even though the Prime Minister's Office (PMO) had a maximum of six months' limit to grant such permission. During the delay, evidence was often lost, resulting in charges dropped against the person under investigation. Once permission was granted, charge-sheets often showed the alleged offenders as absconding, with a further delay before effective legal action. Analysis of complaints and processing in the interval 1994-2000 shows an average of 10,029 pending cases each year. Among these cases, 9.2% were resolved with 4% convicted. This low conviction rate failed to discourage offenders.

Corruption charges were rarely laid against persons affiliated with the ruling party, due to the prior permission rule. When the government considered promotion of officials, it sent a list of their names to the BAC, which returned a report of cases filed against them. If a case existed, improper pressure was brought to bear on the BAC to report that there was no basis for and no possibility of proving it. However, as a new party assumed office charges were brought against Ministers and other Members of Parliament of the previous government.

⁵⁷ *Fact-Finding Report: Bureau of Anti-Corruption*, Transparency International Bangladesh, December, 2001

The report had many recommendations for BAC reform, and principal among them were: establish a public relations function; acquire more anti-corruption expertise and information technology to apply it; improve the honesty and quality of staff; improve cooperation with the High Court; appoint Public Prosecutors to the BAC; reduce delays and pending cases; and most important, establish BAC independence and autonomy.

The Anti-Corruption Commission, which succeeded BAC in 2004, benefited from many of these provisions but could do no better during the BNP four-party alliance government of Khalida Zia, which filled the public service with partisans intent on exploiting their patrimonial advantages to loot the country. The Government prevented access to banking, finance, money laundering, foreign exchange records and multi-national corporation activities, controlled budget and kept administrative power.⁵⁸ In 2005 a visiting World Bank vice-president termed the ACC “a joke”⁵⁹. The ACC remained an impotent agency until the current Caretaker Government Chief Advisor reconstituted it with new staff in February 2007. In spite of the many challenges it faces, described in the next section, a UNDP preliminary report⁶⁰ of a recent survey described its results as significantly positive and an extraordinary achievement. Recent news that the ACC is taking action against 28 of its staff found seeking or taking bribes warns against complacency.⁶¹

The public perceives that the ACC has not been effective against petty corruption.⁶²

3.3 Anti-Corruption Commission actions

The ACC has not whole-heartedly adopted the TIB recommendation to its predecessor that it make its operations transparent and information about them available to the public. This paper suffers from a lack of detailed information about how the ACC is pursuing its objectives, in terms of specific activities and timelines. The ACC has made public no plan of action but its website⁶³ presents a high-level platitudinous view of its approach. This may be a safe short-term strategy in a perilous political environment with

⁵⁸ Global Corruption Report 2008 Corruption in the Water Sector, Transparency International, 2008

⁵⁹ <http://www.asiantribune.com/index.php?q=node/143>

⁶⁰ <http://in.reuters.com/article/southAsiaNews/idINIndia-34524320080715> accessed 15 July 2008

⁶¹ http://afp.google.com/article/ALeqM5hIG9E7S7jug0MaYz_i463ric0u2g accessed 8 July 2008

⁶² Sidwell, 2008

⁶³ <http://acc.org.bd/>

a volatile populace easily manipulated into perceptions that the illegitimate Caretaker Government is mismanaging the country. Ultimately, however, the ACC's unwillingness to practice a core principle of governance integrity, freedom of information, weakens its basis for effective reform.

The ACC's detailed plan might be inferred from its actions, inconsistently recorded by the national press of Bangladesh. This paper uses English language dailies, mainly The Daily Star, as sources of this information. Arguably, this does not significantly skew the news relative to the Bangla press. The Daily Star has a liberal bias but it does not identifiably support any particular political party. Native Bangla speakers publish and staff it, not foreigners who might have an external point of view. English is the second language of a large number of Bangladeshis and the majority of The Daily Star readership.

The ACC's "strategic plan" has three elements: deterrence, institutional reform and public education. It does not view the fourth conventional pillar of an anti-corruption campaign, legislation, as within its mandate since law-making is the function of Parliament.

In deterrence mode the website lists corruption prosecutions in terms of offender, offender's function, prosecution status and penalty. The majority of the 170 persons charged to date are politicians and senior bureaucrats, but banks and business are represented also. Often whole families are arraigned: politician, wife and adult children accused of complicity. Examination of news reports reveals a consistent process. Typically a complaint of bribery or extortion or law suit alleging embezzlement or fraud initiate investigations. The ACC orders the plaintiff to declare his/her income and sources in a "wealth statement". If an acceptable and timely report is not forthcoming, the ACC orders the plaintiff's arrest and incarceration while the investigation continues. As a deterrent the sentences are frightening; the ACC website records 88 convictions to 3 June 2008, with one life sentence and typically 10 year hard labour sentences, large fines and forfeitures. 18 former Members of Parliament, 7 former State Ministers, 4 former Ministers, and 19 wives, 5 sons and 1 daughter-in-law of those men are among the convicted. The focus is evidently on grand corruption because only four of these persons appear to be low-level bribe-takers. Three former heads of state have been jailed awaiting trial on corruption charges.

Institutional reform has not been as sensational, but substantial all the same. After nine years of foot-dragging, a Bangladesh government has at last complied with the Supreme Court ruling on requirements for separation of the executive and judiciary branches. One final formality expected to be completed before the national elections is all that stands in the way of the end of executive control and the beginning of exclusive Supreme Court authority over magistrates and the lower court. The Caretaker Government's efforts to reform the Public Service Commission, Election Commission and Police Administration have significant implications for the improvement of national integrity. Legal and administrative changes under the Caretaker Government include amendment of the Public Procurement Act and the Micro-Credit Regulatory Authority Act. Some⁶⁴ fault the Caretaker Government's light hand in the Prime Minister's Office and suggest that it needs reform to keep political parties out of governance. The politicization of the public service and its role in patrimonial control of the country began in and emanated from the PMO during the past BNP 4-party alliance government, in which the BNP Party Chairman assumed the real power in the country.

Public education appears to be the short leg in the ACC tripod. Under the heading "Engaging the People", their website⁶⁵ reports progress in a public relations campaign of visits to district centres to consult with civil society groups, business leaders and local government for input and feedback on anti-corruption initiatives. They have visited about half of the 64 districts to date. The approach to corruption control described on that page lists four components: anti-corruption agency, laws, justice system, and administration. It neglects the attitudinal changes in the private and public sectors necessary to sustain progress in corruption reduction.

3.4 Analysis

The literature review in this paper presents contemporary thought on the nature of public service corruption, its causes, consequences and how it may be reduced. The case study that follows it describes the administrative environment in Bangladesh in which the public service has developed aspects of corruption. This section draws the two together

⁶⁴ M. Serajul Islam, *The Prime Minister's Office: A critical reform area*, The Daily Star, 31 May 2008, <http://www.thedailystar.net/story.php?nid=38903> accessed 16 July 2008

⁶⁵ <http://acc.org.bd/framework.php>

to discuss the country's propensity for corruption and to assess the Anti-Corruption Commission's remedial approach.

Transparency International (TI) and its local chapter Transparency International Bangladesh (TIB) have published useful analyses of corruption in Bangladesh. TI's annual Corruption Perception Index country score is a good indicator of year-by-year change in the extent of corruption. Citizens noted Bangladesh's bottom-most rank during the years 2002 – 2005 with shame, and investors and donors tightened their purse-strings in caution. In the 2007 result, measured over a period overlapping just partially with reconstituted ACC activity, Bangladesh rose marginally to 18th rank above the lowest performer, Somalia. This modest advance may presage a significant improvement in 2008, if the ACC program is effective.

Bangladesh, a small, extremely densely populated⁶⁶ country, bears out the correlation between public sector size and corruption. Its civil service governs 150 million people, and is necessarily large even without bloating from patrimonial hiring and state enterprises that include a national airline, energy utilities and communication systems. The Army operates a public golf course and a commercial hotel. The ACC has not forcefully advocated reduction of the size of government, for several reasons: the unelected Caretaker Government would be perceived as overstepping its mandate; large-scale restructuring with public service layoffs would upset the precarious political situation; and it cannot "do everything at once". Reduction of government size by privatization of state enterprises and non-core services might simply move corrupt rent opportunities to the private sector and even reduce their efficiency if the private operators have to pay more than the previous, better-connected public operators. Lambsdorff⁶⁷ suggests that the state's redistributive activities in the form of subsidies and transfers are more vulnerable to corruption and amenable to reform. In Bangladesh these corruption-fraught policies include the diesel subsidy⁶⁸, jute subsidies, and relief programs like Vulnerable Group Feeding, Food for Work and Money for Work.

⁶⁶ Excluding city-states (e.g. Hong Kong, the Vatican and others) and small island nations (e.g. Maldives), Bangladesh is the most densely populated country at 1,090 people/km². World Bank, 2008.

⁶⁷ Lambsdorff, 2006

⁶⁸ Shamim Ashraf, *Diesel subsidy going to wrong pockets*, The Daily Star, 2008-06-26, <http://www.thedailystar.net/story.php?nid=42882> Accessed July 21 2008

Good regulation is a complex balance of simplicity, to minimize fraudulent/extortionate bureaucratic behaviour, and precision, to preclude opportunities for illicit rent extraction without hampering legitimate activity. The Caretaker Government has taken some steps to improve regulatory quality. It brought an end to nearly a decade of stalling by previous governments to comply with the Supreme Court ruling to separate the judiciary and executive arms of government, by meeting practical requirements that will bring effective independence of the judiciary before the parliamentary elections in December 2008. It aims to tame the wild west NGO environment with regulations to reduce graft in micro-credit operations. Bangladesh ranks 131/147 in a cross-country survey of the number of days to start a business, with 74 days; Singapore ranked 6th at 5 days.⁶⁹ Bangladesh has close to the worst global ranking (167/175) for ease of registering property, with 8 procedures that take an average of 425 days to execute.⁷⁰ These are clear indicators of poor regulation. In its short mandate the Caretaker Government has not expressed a coherent position on regulatory reform.

Some see the absence of economic competition as the root of corruption. Open markets create competition which drives down prices. Restricted competition increases profits, so for a cut of the rent, bureaucrats limit market participation. State procurement practices in Bangladesh are an example. Ministerial department staff that control large infrastructure budgets manipulate tender terms to award contracts to graft-paying firms and connive with their contractors to share proceeds from the purchase of inferior materials and unexecuted work. Although the Public Procurement Act, passed on July 6 2006 to prevent corruption and promote competition, put the Public Procurement Regulations in place to control this behaviour, the rents and the network of beneficiaries are so large that they are not enforced. The threads of the corruption entangle politicians, bureaucrats, police, business people and gangs of thugs in a system that is difficult to penetrate. Initiatives to remedy the situation are beyond the capacity of the ACC to effectively implement until future governments make prerequisite institutional reforms that include reliable rule of law, merit-based public servant selection and high-level political/administrative accountability.

⁶⁹ *Index of Economic Freedom 2008*, The Heritage Foundation and the WII Street Journal, <http://www.heritage.org/research/features/index/downloads/2008FiscalBurdenData.xls> , accessed July 24 2008

⁷⁰ Country Survey: Doing Business in South Asia in 2007, World Bank, 2008 <http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1171300070514/bangladesh.pdf> accessed July 21 2008

In principle, Bangladesh's government structure favours public service integrity. However, its parliamentary democracy is very young, with just over twelve years in operation punctuated with periods of dictatorship and military rule. The institution has not yet adapted to prevent its capture by patrimonial political party structures that politicize the civil service to further their agendas to perpetuate their control and enrich themselves with public resources. The majority of the citizenry, victims of the predation, hope that in the current inter-regnum of the Caretaker Government the arrests and imprisonment of many of the most corrupt politicians will provide a space in which political parties devoted to the public good can establish themselves. International urging to return to democracy and internal pressure to end the state of emergency allowing political activity compresses that space, in which reforms of the electoral system must be made to favour free and fair elections. The Caretaker Government's often draconian methods to maintain order, with mass arrests of political activists and alleged torture and murder by the "joint forces"⁷¹, compromise its fragile legitimacy.

Governance in Bangladesh is structurally decentralized, in a hierarchy of national, division (6), district (64), sub-district (476) and union (4451) councils.⁷² The last government even proposed village councils (>80,000). However, the local levels lose considerable control to de facto assumption of power in sub-districts by Members of Parliament who have regulated roles for themselves in the councils there. The union⁷³ councils are too distant from the centre for specific representation for resources and feedback. At Bangladesh's current development state, reforms to decentralize real power might simply transfer opportunities for rents and consequent corruption to the local levels. Communication infrastructure improvement, institutional strengthening and public awareness of integrity issues are prerequisites for effective decentralization there. The legal framework is weak; local governments have little fiscal and administrative autonomy; and political violence cripples local level consensus.⁷⁴

⁷¹ Irene Khan, *Ending the downward spiral in Bangladesh*, Amnesty International, 23 January 2008

⁷² *Local Government in Asia and the Pacific: A Comparative Study, Country Paper: Bangladesh*, UNESCO, circa 1997
<http://www.unescap.org/huset/lgstudy/country/bangladesh/bangladesh.html>, accessed July 21 2008

⁷³ A "union" is an administrative entity in the sense of a county, not a trade union.

⁷⁴ *Decentralization in Bangladesh*, World Bank, 2008, <http://go.worldbank.org/ZQF7FFVB60> accessed July 21, 2008

Bangladesh demonstrates Lambsdorff's⁷⁵ assertion that cultural conditions contribute to a proclivity for corruption. He points to studies of the role of trust in social function that indicate its two-way causal relation with corruption. They conclude that generalized trust in property rights and the honest behaviour of fellow citizens correlates with lower corruption and that developing wide trust can reduce it. In Bangladesh, the family exerts the strongest cohesive influence, more than religiosity or nationalism, and family location is an important source of identity. A man is known as the son of another, from a place, as in "Saiful, son of Hasan of Daulatpur". These conditions turn the focus of trust inwards to the family, away from larger social institutions where consequently corruption thrives. On the other hand, Bangladesh is a moderate Sunni Muslim society, distinguished from more fundamentalist Islamic countries like Iran by its secular government and parliamentary democracy. Religious minorities comprise a small (just 18% counting Shias and other Islamic sects, Hindus, Christians, Buddhists and animist belief) portion of the population. Their largely common customs and social predictability should promote generalized trust that offsets to some extent the effect of family-centricity.

Lambsdorff's claim that hierarchy correlates with corruption has illustration in Bangladesh. The vast inequality there hints that the range would settle into hierarchical strata, and it has. Everyone has a sense of where he stands in the social order, addressing his superiors as "sir", standing deferentially when they enter a room, and treating his inferiors with stern condescension. Ambition to rise in this scheme must stress integrity. Graft proceeds pass upward and favours downward in the bureaucratic hierarchies.

A general sense of insecurity pervades all levels in Bangladesh. The very lives of the poor are at risk to natural, economic and social forces. The middle class struggles to maintain its income as costs rise. The elite are not certain that they will hold on to political power. Not surprisingly, academics find a relation between insecurity and corruption. "In failing circumstances no one can be relied on to keep his integrity."⁷⁶

⁷⁵ Lambsdorff 2006

⁷⁶ Ralph Waldo Emerson, 1803-1882

On an area of 143 million km² in the dry season⁷⁷, the population density of 1090 per km² can increase by as much as 60% during monsoon flooding, and much more in the long term of sea-level rise with climate change. This has complex and severe implications. The poor are the first affected. Land is scarce and coveted; to reuse a cliché, it is “the root of all evil” in Bangladesh. Property rights are weak and favour the powerful. Land-grabbers and corrupt land administration officials displace rightful owners and landfill water bodies essential for flood absorption capacity and environmental diversity. Government-owned land that can be allocated to rehabilitate people displaced by river erosion, the War of Liberation and persecution in Burma and India, is fast diminishing. The government should take immediate action to apply modern land registry and cadastre technology that will introduce transparency, accountability and timely service in land management, to avert or at least postpone the day when land pressure sparks a social or environmental catastrophe. Such a system has ancillary benefits for tax administration, utility management, land use zoning and many other governance advantages.

The recently published 2007 TIB household survey⁷⁸ conducted in the first half of that year coincided with the ACC restructuring and its consequent activities. Sensational reporting of the arrests of about 170 alleged offenders in mainly grand corruption cases centred public attention on the deterrence leg of the ACC plan. Consequently, after such apparent progress the TIB report was a disappointment because it indicated little improvement over the results of a similar 2005 household survey. As pointed out by several writers, the public had overlooked the petty corruption focus of those surveys. The results are indeed discouraging because they estimate the annual expenditure by households on bribery of public service officials to be 54 billion taka (US\$770M), comparable to some estimates of the annual cost of grand corruption. The survey showed the significant involvement (in decreasing order of total estimated amount received in bribes) of land administration, police, judiciary, banks, electrical utilities, local government, tax department, educational institutions, health providers and NGOs. In

⁷⁷ The land area can shrink by two-thirds in a bad flood year and remain so for months.

⁷⁸ *National Household Survey 2007 on Corruption in Bangladesh*, Transparency International Bangladesh, June 18 2008 <http://www.ti-bangladesh.org/research/HHSurvey07full180608.pdf>, accessed July 18 2008

Bangladesh, with GDP per capita of US\$1300⁷⁹, the average man, woman and child pays US\$25 annually in bribes for public services in every aspect of life. This is a significant burden on family income.

Transparency International's Global Corruption Report 2008⁸⁰ discusses Bangladesh's anti-corruption progress. It recommends mainstreaming the anti-corruption legislation into the public service and casts doubt on the effectiveness of the ACC's deterrence-oriented approach in a flawed judicial environment where the monopoly of power and influence has rarely been broken.⁸¹

Expectations that the 2008 TI CPI result will show marked improvement may be unrealistic. Just as running is not possible before learning how to walk, there is a precedence order in actions for progress toward public service integrity. Some elements depend on prior bases and others develop interdependently, in parallel. For example, legislation for honest governance and institutions to administer it form a basis for rule of law. Property rights depend on the rule of law. Generalized trust grows with confidence in property rights, along with integrity norms. All the while, self-interested people look for opportunities to exploit the system, some in ways that damage the public good. Institutions mature as they harden themselves to corrupt assaults and flex to accommodate change. This process is evident in the history of advancement of nations, and is evolutionary in the sense that in most cases, for a time at least, the fittest survive.

Bangladesh's success or failure to take advantage of this opportunity to make a large evolutionary step in its development will be apparent in the near future, during the terms of the next one or two governments. Will they sustain the anti-corruption campaign? Will corruption convicts with ties to succeeding governments be prematurely released? Will Khalida Zia and Skeihk Hasina be allowed to participate in parliamentary elections in spite of conviction for corruption offences? These imminent clues may foretell the long-term outcomes.

⁷⁹ CIA Factbook: Bangladesh. 2007, <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html> accessed July 21 2008

⁸⁰ Transparency International, *Global Corruption Report 2008: Corruption in the Water Sector*, Cambridge University Press, 2008

⁸¹ Transparency International, *Global Corruption Report 2007: Bangladesh: justice in disarray*, Cambridge University Press, 2007

3.5 Conclusion

The military-backed Bangladesh Caretaker Government and the Anti-Corruption Commission it reconstituted have opened a remarkable opportunity for the country's escape from the cycles of paternalistic politics that supported a feeding-frenzy by a corrupt tag-team of BNP- and AL-dominated predatory governments. The arrest, charging and in 70 cases, conviction with sentences of long prison terms, large fines and forfeitures, of king-pins and power brokers of the corrupt regimes has handicapped if not crippled their resurgence and chances for business-as-usual when democracy resumes in local elections in August of this year and in parliamentary elections in December. For some time to come, depending on the memories of the politicians and the public, these harsh punishments will give pause to people contemplating acts of grand corruption. Although a good start, deterrence is just one of the necessary elements of an anti-corruption strategy. Legislation to entrench anti-corruption policy, institutional reforms to implement it, and public education to establish norms that sustain it into the future also share the basis for social integrity. The country cannot expect the ACC to attend to every aspect of corruption and every measure to contain it, immediately. Some anti-corruption measures are premature, and depend on conditions that do not yet exist in the developing polity. Principal among them is rule of law, and Bangladesh in this respect is weak. Police, prosecutors and judges are not trustworthy yet. Information systems that reliably store data to support analysis and prosecution of corrupt behaviour are not in place. The analytical, investigative and judicial processes are so slow that years pass without progress and events overtake the issues, complicating them beyond hope of just resolution. The weak legitimacy of the Caretaker Government provokes accusations of political interference and suspicions of self-serving motivations that undermine its effectiveness.

This section of the paper evaluates the anti-corruption performance of the Caretaker Government and the Anti-Corruption Commission in terms of the actions being taken appropriately, inappropriately and neglected. It assumes for the purpose of the paper that all of the facts are available and considered here. Since this is clearly not true, as much because of the scope of research as of the opacity of ACC operations, the author apologizes for the injustice of errors of omission and inaccuracies.

3.5.1 Appropriate actions

The recent long-awaited steps to separate in law the judicial and executive arms of government have established the most significant prerequisite to public integrity in Bangladesh. Institutional reforms following from the legislation include moving the authority over magistrates from government ministries to the High Court, computerizing legal records to hasten process and enhance transparency, appointing special prosecutors who are experts in corruption law and developing cooperation between the ACC and the judiciary. In these early days the effectiveness of reform has yet to be seen, and to date reformers have afforded little visibility to verify performance. The replacement of partisan judges installed by the BNP-led government will take many years.

Deterrence is the strongest pole of the ACC tent. “Those who perpetrate injustice and those who tolerate the same, let both burn into ashes, my Lord, in your ever-wrathful flame.”⁸² Bringing corruption offenders to justice serves several worthy purposes. The first-order effect of prosecution is to discourage graft by raising the risk of the consequences of being caught. Examination of corruption sentencing since the reconstitution of the ACC shows very harsh penalties, typically a decade of hard labour in prison and in one case, life imprisonment. Prosecution encourages denunciation, increasing the risk and reducing bilateral trust in corrupt relationships. It is a strong message to the public that the government is taking action to lighten the bribe burden. However, consideration of whom the government is prosecuting reveals an almost exclusive bias toward politicians and very light attention to bureaucrats. Some observers⁸³ interpret this as a pogrom to prevent the recapture of the state by corrupt politicians of the previous regimes and to weaken the patrimonial power of political parties. Certainly, recalling the past year, future politicians will be more reluctant to abuse the public trust. For the time being, however, grand corruption consumes the bulk of ACC resources at the expense of progress against petty corruption.

The ACC district-level tour to inform local politicians, bureaucrats and business people about the measures being taken to combat corruption is a necessary initiative.

⁸² Rabindranath Tagore, 1861-1941

⁸³ Zafar Sobhan, *Crimes and misdemeanours*, The Daily Star, 2008-06-27
<http://www.thedailystar.net/story.php?nid=42993> accessed on 29 July 2008

The ACC's role of advocacy for institutional reform is an important mainstreaming influence that can propagate the ethic of honesty and efficient service in state agencies. Its support of civil society action is necessary and commendable, as in for example the attendance of the ACC Chairman at the inauguration of the nocorruptionbd.org website/NGO and his encouragement of student activism in corruption reduction.⁸⁴

Some observers fault the ACC for failure to take effective action to repatriate stolen assets⁸⁵ and others are sceptical that such action is possible.⁸⁶ This problem plagues all developing countries because of inadequate or missing bilateral agreements. The government has made efforts to have assets returned from Malaysia and Singapore by establishing agreements with the central banks there.⁸⁷ Success in this area would have some deterrent effect by making removal of stolen assets more difficult, with perhaps a useful discouragement of corruption. The Caretaker Government established a Truth and Accountability Commission with a temporary term of five months, to allow people exemption from prosecution in exchange for confession, surrender of ill-gotten wealth and denunciation of confederates.⁸⁸

3.5.2 Inappropriate actions

The Caretaker Government appears to be grandfathering policies by the previous government to tolerate possession of so-called "black money" if the possessors declare and pay taxes on it.⁸⁹ Since black money is mainly a product of corrupt transactions, how does the ACC distinguish it from the "illegally earned wealth" that has put so many people in jail on corruption charges? There should be zero tolerance of black money.

The promulgation of the Anti-Corruption Commission (Amendment) Ordinance 2007 that empowers the anti-graft body to arrest any person on assumption without laying charges

⁸⁴ *Anti-Corruption Drive: Stand against corruption, ACC chief urges students*, The Daily Star, 2008-07-25, <http://www.thedailystar.net/story.php?nid=47354> accessed 1 August 2008

⁸⁵ Abdullah A Dewan, *Repatriation of stashed assets*, The Daily Star, 2007-12-11, <http://www.thedailystar.net/story.php?nid=14979> accessed on 29 July 2008

⁸⁶ *Mirza Aziz sees bleak prospect of bringing back siphoned money*, The Daily Star, 2007-09-30, <http://www.thedailystar.net/story.php?nid=6032> accessed 29 July 2008

⁸⁷ *Move taken to bring back siphoned out money*, The Daily Star, June 21 2007, <http://www.thedailystar.net/2007/06/21/d7062101096.htm> accessed 29 July 2008

⁸⁸ *Truth Commission gets chief, members*, The Daily Star, 31 July 2008, <http://www.thedailystar.net/story.php?nid=48283> accessed 31 July 2008

⁸⁹ *Money whitening may stay in different way*, The Daily Star, 17-May-2007, <http://www.thedailystar.net/2007/05/17/d7051701096.htm> accessed 2 August 2008

and bars bail to the accused in the cases filed by the ACC was beyond the scope granted by the constitution to the Caretaker Government.⁹⁰ According to a High Court judgement, the unelected interim government cannot make policy decisions other than those in its mandate to ensure free and fair elections. The legislation violates the principle of habeas corpus, an important safeguard of individual freedom against arbitrary state action. The state of emergency declared by the President on January 11 2007 allows for arrests without charge and indefinite imprisonment, which the government has used frequently in the interval and many believe has led to abuse.

Draconian investigation techniques of the “combined forces”⁹¹ that support the ACC provoke fear in the populace and allegations by Amnesty International of human rights violations that include torture, other ill-treatment and impunity.⁹² Widespread failure of due process characterizes the improper use and/or loss of control of law enforcement resources by the government. For example, perhaps apprehensive that former law minister Moudud Ahmed might flee the country before better evidence could be found against him, the ACC arrested him for possession of 32 bottles of beer and 16 bottles of other alcoholic drink.⁹³

3.5.3 “To do” list

A discussion of neglected action should be prefaced with the recognition that the term of the interim government and its reconstituted ACC has been short and difficult. Their remarkable achievements in the brief interval necessarily displace other possible good works which a hopeful populace can expect to see executed with high priority.

If the Caretaker Government and the ACC have a detailed plan for developing the integrity of the Bangladesh public service and triumphing over corruption in general, they have not revealed it. They should prepare to leave a legacy to future governments in the form of a grand plan or roadmap to national integrity that anticipates obstacles to

⁹⁰ *Two sections of ACC challenged*, The Daily Star, 4 August 2008, <http://www.thedailystar.net/story.php?nid=48883> accessed 4 August 2008

⁹¹ A term used by the press for the collaboration of the military and police forces that include the National Police and the Rapid Action Battalion.

⁹² *AI chief terms HR record poor*, The Daily Star, 11 January 2008, <http://www.thedailystar.net/story.php?nid=18758> accessed 29 July 2008

⁹³ *Moudud sued for hiding wealth*, The Daily Star, 2007-09-17 <http://www.thedailystar.net/story.php?nid=4299> accessed 29 July 2008

sustainability and proposes how to surmount them. The plan should be flexible to allow for unforeseen contingencies such as significant macro-economic and political changes, and it should be public to encourage debate, demonstrate the state's sincerity of intention to relieve its citizens of the scourge of corruption, and support the accountability of the state for achieving its expressed goals, in detail and on schedule. The ACC is missing an important opportunity being uncommunicative about its detailed plans and progress, especially in this crucial and short window for apolitical action.

Freedom of information is a cornerstone of integrity that even advanced nations have difficulty inculcating in their public institutions because of the natural inclination of managers to reduce political risk by withholding information. The ACC is evidently no exception. It should be publishing the proceedings of corruption trials, to demonstrate the apolitical, impartial and independent execution of its mission. Many questions about the legitimacy of the ACC remain unanswered in the public mind. Is the prosecution of spouses and sometimes adult children of many of the grand corruption offenders charged to date justified by their criminal complicity, or is it simply consistent with the common practice of the police to persecute alleged criminals' other family members? Are the many apparently arbitrary arrests actually biased in some way, perhaps at the direction of the Armed Forces in de facto control of the country since January 11, 2007? Does a self-censorship relation exist between the prosecution of Atiqullah Khan Masud⁹⁴, editor of the Janakantha newspaper, and the curious failure of the domestic press to report on significant anti-corruption events, such as recent action by the ACC against 28 of its own staff for requesting or accepting bribes?⁹⁵ Transparent due process would answer these reasonable questions. The ACC should declare that freedom of information is a tenet of their mission, and practice it.

Property rights are essential for integrity and investor confidence. The ACC has shown no initiative to prosecute corruption supporting the illegal expropriation of land from public and private ownership. Land developers connive with land administration officials to steal properties by manipulation of land title records, to misuse land with respect to its planned purpose, and to create new land by filling water-bodies that are essential for flood absorption capacity and wildlife habitat. The ACC should enforce sanctions

⁹⁴ Sentenced to a total of 31 years on various charges related to being unable to account for wealth. <http://www.thedailystar.net/story.php?nid=30713> accessed 29 July 2008

⁹⁵ http://afp.google.com/article/ALeqM5hIG9E7S7jug0MaYz_i463ric0u2g

against offenders in these respects, and encourage strengthening of institutions to resist corrupt pressure to abuse the law. For example, e-governance offers powerful support of accountability, transparency, due process and timely execution, for integrity in property rights. The ACC should advocate for a modern land registration and cadastre system.

TIB's 2008 Household Survey Report provoked public expression of disappointment that the ACC has not been effective in controlling petty corruption. This is unfair since the reconstitution of the ACC and commencement of vigorous anti-corruption activities occurred in the middle of the survey period, long before they could be effective, but it should be a wake-up call to the ACC to give attention to petty corruption. Only 4 of the 77 convictions recoded to date on the ACC's website⁹⁶ are in that category. The ACC could lose public support critical for its sustainability if perceived to be unconcerned about the burden of bribes on citizens.

The ACC has taken little advantage of evidence of money-laundering in its prosecutions.⁹⁷ Officials explain that the process of proving money laundering charges is very complex under the Money Laundering Prevention Ordinance, 2008, and since most of the investigations were carried out in the light of the now repealed Money Laundering Prevention Act, 2002, proving cases in the framework of the new law is difficult. In the meantime the ACC fallen back for the time being to accounting for assets that may have been laundered in the charges laid for "making wealth through illegal means".

In the spirit of its commendable public relations visits to about half of the 64 districts to date, the ACC needs to put more resources into public education to change cultural norms. This is a long-term endeavour that may be already under way. As Bangladesh's hugely effective population control campaign⁹⁸ in the 1970s demonstrated, dramatic cultural changes can be feasible. Citizens' tolerance of corruption might be reduced by a media drive that appeals to their resentment of venal civil servants. Concepts of integrity and expectations of honest timely service from government

⁹⁶ <http://acc.org.bd/verdicts.php>, accessed July 29, 2008

⁹⁷ Julfikar Ali Manik, *Money Laundering by Top Graft Suspects*, The Daily Star, 2008-07-20, <http://www.thedailystar.net/story.php?nid=46536> accessed on 29 July 2008

⁹⁸ <http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1185396961095/4030558-1205418213360/ch1bdgender2008.pdf>

agencies should be mainstreamed in curricula at all education levels. The ACC should encourage penetration of anti-corruption issues in all development sectors, similar to the proliferation of gender sensitivity ideas in current development agendas. Ultimately the operational procedures and business rules of all organizations should reflect and encourage awareness of the issues.

3.6 Further research

These are still early days in the transformation of Bangladesh to a just society comparable with countries high in the CPI ranking. Much remains to be learned about corruption and how to reduce it. Bangladesh's low CPI rank should make it a subject of prolific research. In some aspects the country is unique in the world as a social laboratory with an environment of dwindling resources, swelling population and consequent pressure-cooker conditions that may characterize more developed countries in the near future.

The theoretical examinations of corruption, such as Lambsdorff's nine corruption predictors discussed in Section 2.2, could be tested empirically in large-N analyses and in case studies in contexts like Bangladesh. For example, as Bangladesh governance systems develop, analysis of the contribution of existing and proposed regulations to integrity and corruption could provide valuable independent input to policy, construct models for application elsewhere and expose phenomena never identified before.

Another useful area of research that could grow out of the Bangladesh situation is the design of an evaluation and monitoring regime, including methodology and human resource requirements, and tools for acquisition, organization and analysis of program performance data. Such a system would facilitate the command and control function of the government to steer anti-corruption interventions toward its goals on paths closer to optimal than the current apparently ad hoc approach.

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