

PUBLIC SECTOR CORRUPTION IN BANGLADESH: POLITICAL AND BUREAUCRATIC

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INTRODUCTION

36 years after independence, it is unfortunate that Bangladesh is still known in the world as a country of floods, cyclones, disasters and corruption. It is also unfortunate that prior to 2007 nobody notable from the political/administrative domain, other than a former president, had been punished for the offence of corruption. Nevertheless, corruption is considered to be a key deterrent for development in Bangladesh. But, unlike natural disasters, corruption may be prevented and removed from a list of threats to human security and development in Bangladesh.

Bangladesh places at the bottom of many corruption and governance indexes. Transparency International (TI) ranked Bangladesh as the most corrupt country in the world for five consecutive years (2001-2005). TI considers both political and administrative corruption in its' index. The World Bank identified Bangladesh as the 12th and 17th among the most corrupt countries in 2004 and 2005 in the corruption index of the governance indicators (Kaufmann, Kraay and Mastruzzi 2006). Furthermore, the World Economic Forum identified Bangladesh as the most corrupt country among 125 in the corruption sub-index of the Global Competitiveness Report for 2006-07.

Corruption directly affects the cultural, political, and economic fabric of society; it damages vital organs of the state and poses a threat to national security. Corruption increases the transaction cost of business that negatively impacts international competitiveness of the state. Corruption also reduces the sense of security for foreign and domestic investors, as it often leads to extortion, protection rackets, delays in implementation, and rise in the infrastructure costs. The impediments to economic growth are considered a threat to national security. Corruption in political and bureaucratic system poses a risk to economic development. Establishing rule of law and a structure for good governance capable of curbing corruption are, therefore, necessary. A nation, where black money nurtures corruption through politics and bureaucracy, subverts democratic values to undemocratic governance. Klitgaard (1997: 492) commented, "when government agencies suffer from systematic corruption and inefficiency, most citizens lose, even though corrupt politicians, business and officials may gain." Kofi Annan, the former Secretary General of the United Nations, stated (Cited in GTZ 2004: 6):

Corruption hurts poor people in developing countries disproportionately. It affects their daily life in many different ways, and tends to make them even poorer, by denying them their rightful share of economic resources or life-saving aid. Corruption puts basic public services beyond the reach of those who cannot afford to pay bribes. By diverting scarce resources intended for development, corruption also makes it harder to meet fundamental needs such as those for food, health and education. It creates discrimination between the different groups in society, feeds inequality and

injustice, discourages foreign investment and aid, and hinders growth. It is, therefore, a major obstacle to political stability, and to successful social and economic development.

Corruption is creating barrier to access to education, health, and justice among others. Thus corruption is creating a threat to economic security, food security, health security, environment security, personal security and political security

This paper identifies the nature and extent of political and bureaucratic corruption and their effects on national, as well as, human security. This paper is structured into six sections. First, the concepts of political and bureaucratic corruption are discussed. Second, the meanings of human and national security are outlined. The nature and extent of political and administrative corruption in Bangladesh are analysed in the third section. The fourth section presents three examples of how corruption impacts livelihoods in Bangladesh. The fifth section discusses ways of tackling political and administrative corruption. The sixth section is about recommendations and conclusion.

POLITICAL AND BUREAUCRATIC CORRUPTION

Commonly used definitions of corruption are:

- Misuse of public office for private gain (Andvig et. al 2001)
- Abuse of public office for private gain (TI 2006)
- Misuse of office for unofficial ends (Klitgaard 1997: 500)
- Violation of rules of public office motivated by private gain (Kurer 2005: 225)
- Abuse of legal or social standard for private benefit (Johnston 1996 cited in Kurer 2005)
- A society or a state that has lapsed from a standard of goodness (Johnston 1996 cited in Kurer 2005)

Some examples of corruption are: bribery, extortion, influence-peddling, nepotism, fraud, speed money, and embezzlement (Klitgaard 1997: 500).

Corruption may be categorized as political, administrative or bureaucratic. Political corruption can be defined as corruption that happens at the highest levels of political authority. Political corruption occurs when the politicians and political decision-makers, such as heads of state, ministers and other top officials with mandates for formulating and implementing laws, are engaged in corruption. It also happens when policies are formulated to benefit the politicians and the legislators. In contrast, bureaucratic corruption occurs in the public administration and is often an impediment to service delivery. The citizens encounter this bureaucratic corruption, known as petty corruption, daily at hospitals, police stations, and public offices, among others. Bureaucratic and political corruption tends to go hand in hand and are mutually reinforcing. In

fact, there are a number of ways through which these two forms of corruption, i.e. political and administrative, complement each other.

This paper focuses on how the politicians of Bangladesh contributed to the spread of corruption in the administrative arena through both (i) the process of recruitment to the public service and (ii) by the practice of corruption in cases of service delivering to the poor. Of these two, encouraging civil servants to be involved in corruption is not new in Bangladesh. In fact, each successive government since early 1980's used it as an effective instrument to build partnership with the bureaucracy. On the other hand, controlling the recruitment process is a new instrument of political corruption which has enabled the recent spread of administrative corruption within the bureaucracy (Annexure 1).

NATIONAL AND HUMAN SECURITY

The scholars of the realist and neo-realist school defined national security in terms of external threats lead by armed aggressions. In early 1990s, with the dominant explanatory paradigm of Cold War shifting, concept of national security gradually expanded beyond the narrow scope of territorial security, external aggression, interest in foreign policy, or global security threat of due to nuclear weapons. The new understanding of security, in terms of human security, encompasses protection from the threat of disease, hunger, unemployment, crime, social conflict, political repression, and environmental hazards. The UNDP Human Development Report 1994 listed several components of human security: economic security, food security, health security, environment security, personal security, and political security (UNDP 1994).

In Bangladesh, there is an acknowledged gap in the empirical evidence on human insecurity, which impedes advocacy and policymaking on these issues¹. Major assessments of the state of human security to date have not contributed significantly to the knowledge of the levels or dimensions of human insecurity.

The first major assessment of human security was UNDP's *Human Security in Bangladesh: In Search of Justice and Dignity* (UNDP 2002), which treated human insecurity in Bangladesh as firmly rooted in failures of the justice system, exploring the legal and institutional framework, including attitudes and experiences of victims, stakeholders and service-providers – police, *shalishkars* (customary legal authorities) and the judiciary.

More recently, the *State of Governance in Bangladesh 2006* report which reviewed the evidence on the conditions of governance over the period 1991-2006 also noted the weakness of the

¹ For full discussion of human security in Bangladesh see, *State of Governance in Bangladesh 2007*, forthcoming

empirical evidence and reliance on problematic official statistics for assessments of how rule of law failures were impacting on wellbeing in Bangladesh.

The DFID-funded *Bangladesh Human Security Assessment 2005* (or BHS 2005, published in 2007) attempted to analyse the dimensions, trends and 'drivers' of human insecurity in Bangladesh, and to develop a conceptual framework and methodology for monitoring and assessing human security levels and trends (Khan 2006). Recognising that economic insecurity is already adequately addressed, particularly through poverty monitoring activities, the focus of BHS 2005 was on adding value to policy development and economic assessments of wellbeing in Bangladesh by recording and monitoring aspects of human security that are usually excluded. Based on stakeholder consultation and literature review, six dimensions of human insecurity were identified as relevant to the Bangladesh context: the impacts on insecurity of 1) politics and the political system; 2) conflicts over land and assets; 3) the administrative and judicial system; 4) violence and discrimination against women; 5) violence and oppression of minorities; and 6) crime. This paper focuses on the impact of political and administrative corruption on human security.

POLITICAL AND BUREAUCRATIC CORRUPTION IN BANGLADESH

Since the independence of Bangladesh in 1971, the political leaders have used their position or power to grant undue favours or benefits to their friends, relatives and supporters. In the post independence period, the country saw a growth of "...a class of nouveaux riches...who receive[d] government patronage (Maniruzzaman 1975: 895)." The political activists were also awarded with licenses to distribute locally produced and imported goods. However, most of these permit holders were 'fake' importers and they simply sold permits at higher prices to traders and merchants. Money thus earned was safely deposited in foreign banks (Maniruzzaman 1975).

From 1975 to 1990, the country experienced institutionalization of corruption. The patronage system continued during that period with almost 40% of resources allocated to development wasted due to corrupt practices (Kochanek 1993). The practice continued later under subsequent regimes. Khan (1999) commented '...corruption prevailed in each and every section of national life and the forms of corruption included petty corruption, project corruption and programmatic corruption.' The decade of 1980 was also 'credited' with the institutionalization of 'electoral corruption' (Zafarullah et al. 2001). The entire electoral system became a farce and money was widely circulated for vote buying, vote rigging or taking control of vote centres. During the same period we saw the emergence of a politics-business nexus that added further corruption to the already heavily corrupt environment.

The beginning of the democratic era, since 1991, showed no indication of reduction in corruption. The extent of corruption actually grew and the allegation of illegal acquisition of wealth by high public officials became quite rampant. Since 11 January 2007 a number of stories captured public's attention and showed how political positions were utilized in making money from shady businesses, through opaque procurement decisions, and by making partisan appointments to public posts. The presence of corruption became so evident that nothing seemed immune from it. In a number of cases the donors openly criticized the former democratic governments for their involvement in corrupt practices. A notable example was the allegation made by the Danish government accusing a cabinet minister of corruption. When no action was taken against the accused minister, the Danish government decided to withdraw a significant amount of aid money.

Another significant feature of the corrupt practices of the politicians during the democratic period was that the political elites were not only engaged in misappropriating money but they were sending the plundered money abroad. This reflected their lack of intention in associating their future with that of the country that they were looting.

Through recruitment of 'party bureaucrats' irrespective of their qualifications, the democratic governments took control of the bureaucracy. The ongoing process of politicization of bureaucracy effectively utilized its participation in corruption by the successive governments (Jahan 2006). During the last elected democratic government, it crossed all limit as the government initiated a new process of politicization. With the consent of Prime Minister's Office (PMO), an unofficial cell was created to ensure that no civil servant who is or was sympathetic to the previous regime was promoted (Khan 2003). The Superior Selection Board (SSB) became dysfunctional due to the decisions made by the PMO; the SSB's only duty was to approve the list supplied by the PMO (CGS 2006). This process of politicization had a significant impact in curbing the 'thinking capacity' and independence of the bureaucracy (Jahan 2006).

Through partisan influence, a new 'accountability mechanism' was introduced: the civil servants' performance was measured for their 'political loyalty'. This further accelerated the process of administrative corruption. The civil servants' 'partnership' or nexus with the politicians provided a win-win situation for both the parties where the patrons (politicians) succeeded in satisfying their clients (party loyalists or supporters) and the civil servants gained from their own patron-client relationship.

Furthermore, recruitment within the civil service became a major source of corruption. The immediate past government actually facilitated the process as it served their partisan interest. A study conducted by IGS pointed out how the Public Service Commission (PSC), a constitutional body, was used by the political leaders in making recruitment within civil service a private business. Recruitment for certain cadres was decided by money and those who were recruited

considered it an investment which they were supposed to recover once in the civil service (IGS 2007).

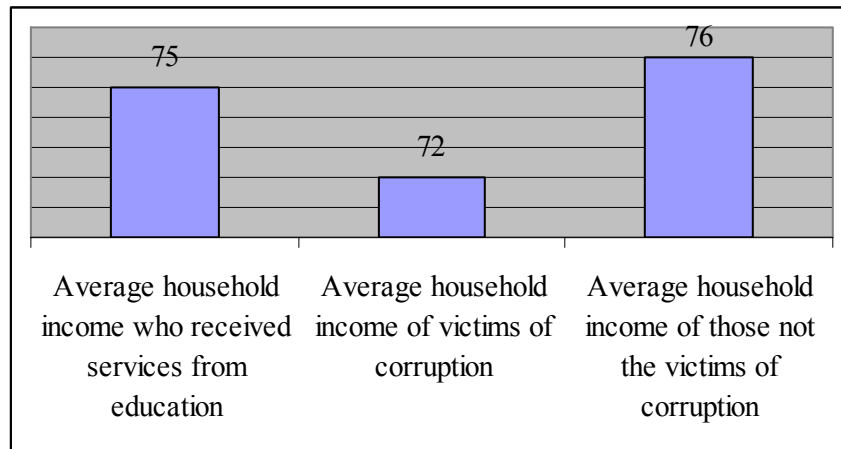
The politicians and the administrators of Bangladesh actually worked hand in hand in order to continue the corrupt practices (Haque et al 2003; Jahan 2006). Corruption nexus between the politicians and administrators was not random: the political leaders used their power and position to control the recruitment procedure and also to encourage civil servants to be engaged in corrupt practices. Thus, people who entered the civil service in exchange of money found it 'necessary' to make profit through abuse of the existing service delivery systems. Further, it was complemented by the bureaucrats whose propensity to corruption laid the foundation for a politician-bureaucrat partnership. When these two factors were combined the cost for the poor to get the services, which they were supposed to receive free or almost free of charge, increased. It also hindered access by the poor to basic necessities which the state is constitutionally bound to provide. The poor found that no place existed to submit their grievances as the public institutions, supposed to receive them and take necessary actions on receiving their complaints, were not immune from corruption either.

HOW CORRUPTION IMPACTS LIVELIHOOD: THREE EXAMPLES

Corruption poses a threat to human security as this tends to hinder access of the poor to resources and, at the same time denies them to access to justice. Studies conducted by Transparency International Bangladesh (TIB) provide examples of impact of administrative corruption on incomes of poor households. These studies reflect on people's suffering, deprivation of basic necessities (health and education) and access to justice.

As part of poverty eradication strategy, the Bangladesh government has started compulsory free primary education. It also started providing stipends to poor primary school students to reduce their dropout rates. TIB (2002) found that poor people are the direct beneficiary of these programmes. But TIB (2005) revealed that 40% students paid for the admission, and 32% for enrolling in the stipend list. Five percent of those enrolled for the stipends reported that they were not receiving full amount of the stipend. To achieve the Millennium Development Goals, the government also initiated stipend programme for the secondary school female students. But TIB uncovered that this initiative was infected with corruption as well. Twenty two percent had to pay illegal tax for enrolling in the stipend programme and 38% of them reported to receive less money than the amount of stipend stated. TIB (2002) also disclosed that the average monthly income of victims of corruption was less than the income of household not victimized by corruption (See Figure 1.1).

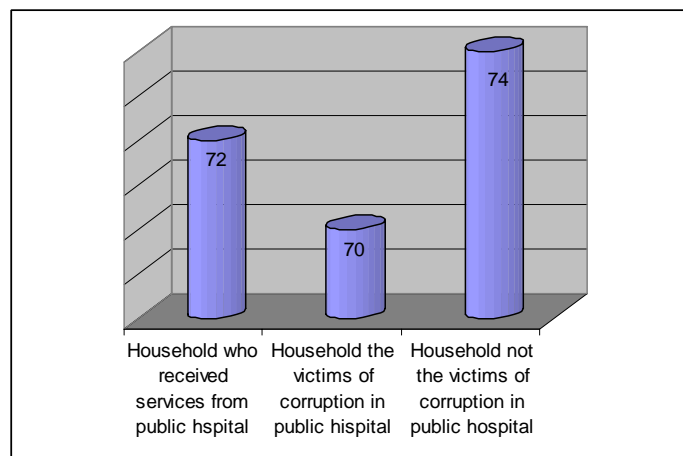
Figure 1.1: Economic condition of service recipient from education (Monthly income in US\$)



(TIB 2002)

The health sector is widely affected by corruption in Bangladesh. The poorest segments of the society use public hospital services as they do not have incomes to seek services of private doctors and hospitals (TIB 2002). TIB study (2002) found that the average monthly income of the corruption victims in public hospital was less than those who were not the victims of corruption. TIB (2005) uncovered that 26% patients paid illegal tax for treatment in the outdoor and 20% in indoor, 37% for surgery, 57% for X-ray and 60% for pathology test in public hospital. Therefore, the poor were paying illegal tax to get essential health services which are supposed to be delivered free of cost (Figure 1.2).

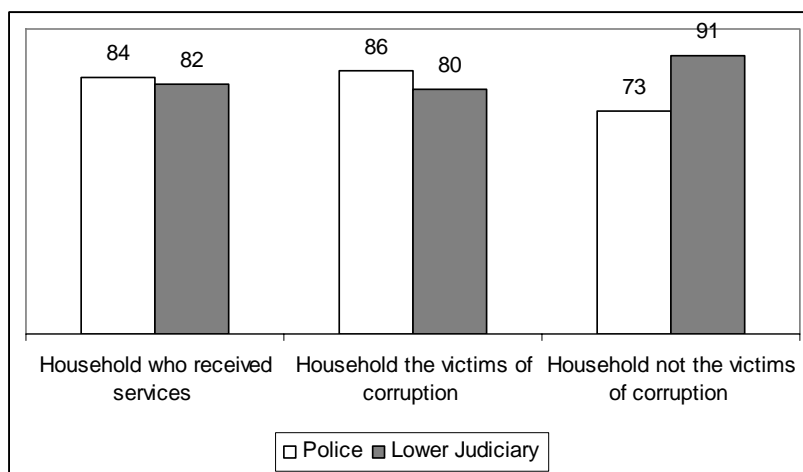
Figure 1.2: Economic condition of service recipient from public hospital (Monthly income in US\$)



(TIB 2002)

Finally, TIB (2005) showed that 92% of the households had to pay bribes for recording First Information (FIR) and 91% for General Diary (GD) in the police stations. Sixty six percent of plaintiffs and 65% of the accused had to pay bribes in the lower courts. In both cases, people with lower incomes had to suffer due to corruption (Figure 1.3).

**Figure 1.3 Economic condition of service recipient from police and lower judiciary
(Monthly income in US\$)**



The three studies lead to a number of findings. First, in most cases, people with lower income suffered most due to corruption. Second, the poor were forced to pay to get services which are to be delivered to them free of cost. Third, the additional spending to get services may hinder the poor's access to these services. Finally, corruption deprives the poor of their rights: the poor had to pay to gain access to public institutions of justice.

TACKLING POLITICAL AND BUREAUCRATIC CORRUPTION

Political will and political capacity to govern are required to control administrative corruption. In many liberal democratic countries, administrative corruption has been curbed through legislation and institutional reforms. Political corruption may also be addressed by reforming, strengthening and vitalising the existing political, judicial and administrative institutions of accountability.

The experience of different countries informs us that broad social changes, supported by specific anti-corruption efforts, can make a difference to the fight against corruption. But the threat of exposure or exemplary punishment of corrupt officials is not enough to stop the abuse of power. All institutional incentives and disincentives for abuse of public office for private gain should be confronted. However, if the public officials do not have incentives to change, they would not stop abusing public power as they profit from the 'status quo' (Brinkerhoff 2000). Brinkerhoff (2000) suggested the following when designing an anti-corruption programme:

- Corruption is a complex issue with intricate linkages to other political and economic factors, both within a country and internationally
- Tackling corruption is not a one-shot endeavour, but a challenging, long-term undertaking
- Successful anti-corruption efforts depend upon political will to initiate the fight against corruption in the first place, and subsequently, the will to sustain the battle over time until results are achieved.

There are different approaches to fighting corruption that focuses on the role of the economy, the state, and the society in anti-corruption programmes (Michael 2004). **The universalistic approach** emphasizes political will and an overhaul of state institutions: parliament, executive, judiciary, supreme audit institutions, ombudsman's office, independent anti-corruption agencies, and local government. It requires engagement of media, civil society, private sector, and international actors. Further, changes may be necessary in the election processes, administrative law, public service ethics, financial management systems, competition policies, and laws. In the **state-centric approach**, fighting corruption requires reform of economic policy, public expenditure/financial management, administrative/civil service reform, legal and judicial systems, and public oversight mechanisms. This approach emphasizes increasing accountability and transparency of the public sector processes and services. The **Society-centric approach** stresses the role of 'civil society' and NGOs in the fight against corruption.

Klitgaard (1997) argued that minimising monopoly, clarifying discretion and ensuring accountability reduces corruption and that more democracy, limited state, and freer markets will help in curbing corruption. Privatization may also help, but it may re-install another monopoly. If fighting corruption is to be successful, the probability of being caught for corruption must increase and punishment must rise because corruption is a crime of calculation, not of passion. Klitgaard identified three steps for designing anti-corruption programme: **problem assessment, development of strategy and implementation**. The nature and extent of corruption in different sectors should be assessed first. The actors and victims of corruption and the conditions that are contributing to corruption would also have to be identified. The second step is the development of a strategy against corruption with focus on corrupt systems, not just corrupt individuals. Finally, initiatives should be taken for implementing the strategy.

Hart (2001) divided anti-corruption strategies into three categories: (i) reducing the scope for corruption through policy change, (ii) increasing the costs of corruption through external monitoring and sanctioning; and (iii) devising systems to induce self-restraint within government organizations.

RECOMMENDATION AND CONCLUSIONS

Addressing corruption in Bangladesh will require a comprehensive strategy because of the issues raised in this paper – the core reason being the collusive nature of political and administrative elites and their relationships, which in turn has maintained its debilitating hold on state institutions and process. Given the extent of the problem and its impact on economic and political life in Bangladesh, it is unrealistic to expect a reform agenda which will reduce the level of corruption in a few years. What the paper proposes is a two-step reform agenda: (i) reform of the state institutions with focus on the accountability of the executive (to prevent political corruption) and (ii) reform of the civil service recruitment process and a review of its norms and regulations to ensure greater accountability, transparency, efficiency and effectiveness.

Recommendations

In order to tackle political and bureaucratic corruption in Bangladesh, the following measures can be undertaken:

Bureaucratic and Political Corruption

- Making the Anti-Corruption Commission independent, effective, efficient and accountable (See IGS Policy Note)

Bureaucratic Corruption

- Increase horizontal accountability
- Transparent procurement systems
- Create public service ethics and standards
- Improve financial management systems
- Making Public Service Commission effective
- Creating transparency and simplifying administrative procedures

Political Corruption

- Making the executive accountable through strengthening the Parliament, assuring independence of the judiciary, and appointing the Ombudsman
- Making the Election Commission effective, efficient, accountable and independent for holding free and fair elections.

Further readings

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Annexure: 1

Nexus between political and administrative corruption

