

U4 Expert Answer



Overview of corruption and anti-corruption in Bangladesh

Query

Please provide an overview of corruption, and its impact, as well as anti-corruption in Bangladesh. We're particularly interested in service delivery sectors (e.g. health and education), social protection, climate finance and construction.

Purpose

The report is to be used as background documentation to inform our agency's Anti-Corruption Strategy for Bangladesh.

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performance in most areas assessed by governance indicators. Political parties, public administration, the judiciary and the police are perceived as the most corrupt institutions of the country.

Bangladesh has made significant improvements in the fight against corruption in the last decade. However, patronage networks influence Bangladeshi public life and the malfunctioning of democratic institutions, dominated by the opaque ruling parties undermine the country's efforts to reduce corruption and poverty.

Caveat

In-depth research on the direct impact of corruption in Bangladesh in particular sectors is limited. However, some studies establish a link between corruption and growth, poverty alleviation and service delivery.

Summary

Corruption in Bangladesh is widespread and permeates all levels of society; the rule of law is weak and the most institutions lack transparency and integrity structures. This is reflected in the country's poor

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1 Overview of corruption in Bangladesh

Background

Bangladesh's current governance situation is deeply rooted in its recent history and political situation.

The country gained its **independence** from Pakistan in 1971 and has, since then, seen an alternation of civilian and military regimes. The success of the elections that brought current government to power in December 2008 can be partly attributed to the many institutional reforms initiated during the military-backed "**caretaker regime**" that lasted from 2007 to 2008. The technocratic "caretaker government" was established after months of violence and instability due to the deterioration of the rapport between the leading parties and their incapacity to reach an agreement on the formation of the government.

During those two years civil liberties were significantly curtailed in the context of the declared state of emergency. On a somewhat more positive note, the government also engaged in the fight against corruption with a host of measures including the ratification of the UNCAC, undertook a series of institutional reforms including the reconstitution of the Anti-Corruption Commission, of the Electoral Commission and the separation of powers. In what turned out to be a high-speed and high profile anti-corruption drive a large number of high profile officials, businesspersons and politicians were detained for alleged corruption.

Elections of December 2009 raised high expectations as strong stance against corruption was one of the five key electoral pledges of the ruling alliance led by the Bangladesh Awami League. The Right to Information Act was passed, which was subsequently followed by the Whistleblower Protection Act, adopted in June 2011. However, the parliament soon became a monopolized territory of the ruling alliance as the opposition started boycotting it on grounds that could be easily addressed given the political will. This unique culture of collective boycott of the parliament has become pervasive as by the 7th session of the present parliament the opposition parties stayed away from 74% of total working hours, which has rendered this key institution of democratic accountability ineffective. (Report on Parliament Watch, Transparency International Bangladesh).

The current political situation, with two far-flung, dynastically-ruled parties (Awami League and Bangladesh Nationalist Party) opposing each other has, therefore further undermined prospect of effective control of corruption. Apart from the parliament, regularly paralysed by the lack of willingness to compromise, the stranglehold of the ruling party (Awami League) and the regular absence of the opposition party from parliamentary sessions, the other democratic institutions do not function properly, primarily because of growing partisan political influence that compromises their professional skill and capacity. (Bertelsmann Foundation, 2012).

Bangladesh's **economy** has steadily expanded in the last decade, with a 6% economic growth in 2010. It however remains one of the poorest countries in the world. In 2010 its GDP per capita only reached USD1,585 (France Diplomatie, 2012). Experts note that Bangladesh has made significant improvements in a number of social sectors such as gender parity in education, reduction of child mortality etc. However, corruption, patronage networks, misallocation and wasted funds have slowed down the economy and prevented the country from making a developmental leap (Bertelsmann Foundation, 2012). A study conducted by the University of Stockholm shows that corruption in Bangladesh shifts public resources to unproductive sectors, reduces the efficiency of the public administration driving officials towards rent seeking, impedes the government from implementing good policies and undermines public confidence in the state (Pulok, 2010).

Extent of corruption

Transparency International's 2011 Corruption **Perception** Index ranks Bangladesh 120th out of the 183 countries and territories assessed, with a score of 2,7 on a scale from 0 (highly corrupt) to 10 (very clean). Bangladesh is the 22^d most corrupt country in the region, out of 35 countries.

Similarly, the World Bank's Worldwide Governance Indicators (WGI) place Bangladesh in the lowest quarter of the percentile ranks, with a score of 16,1, on a scale from 0 to 100, in terms of **control of corruption**. Bangladesh's score dropped significantly between 1998 (39) and 2002 (4,9) but there are indications of progress made in recent years as reflected by a slight improvement of the country's performance since 2006. The country's score on **rule of**

law has improved slightly between 1998 (19,6) and 2011 (28,6) but remains alarmingly weak.

Consistent with these findings, Bangladeshi **citizens** also perceive corruption as an increasing problem in their country, as reflected by Transparency International's Global Corruption Barometer 2011: almost half of the respondents consider that corruption has increased in Bangladesh in the past 3 years and adding those who think that the level of corruption stayed the same brings the number to 64%. Moreover, 72% of the surveyed citizens reported having experienced bribery in the last year.

Consistent with these findings, the World Economic Forum's Global Competitiveness Report 2012-2013 states that **business executives** perceive corruption as the second most significant obstacles to doing business in Bangladesh (16,7% of the respondents), just after insufficient supply of infrastructure.

Forms of corruption

Petty and bureaucratic corruption

The Bangladeshi administration is **burdensome** and ineffective due to corruption, **politicisation** and lack of resources (Bertelsmann Foundation, 2012). According to the WEF Global Competitiveness Index, inefficient government bureaucracy has always been high up on the list of obstacles for doing business in the country (4th in 2012 and 3rd in 2011), which can encourage the use of bribery to speed up or "grease" administrative processes.

According to Transparency International's Global Corruption Barometer 2011, 72% of the surveyed citizens admit having paid a bribe in the previous year, with the police, the judiciary the registry and permit service and the land services being the top recipients. The household survey conducted by Transparency International Bangladesh in 2010 shows that the average amount of annual per household bribe is 3,1846 taka (about USD40), compared to 1,818 taka (\$22) in 2007. The total loss due to petty corruption in the 13 selected service delivery sector was estimated as 1.4% of GDP or 8.4% of annual national budget. The report showed higher loss in terms of disposable income for the lowest income category (4.11%) compared to higher income households (2.5%). The report also demonstrates that bribery is more common in rural areas and affects the poorest sections of society the most. More importantly the report revealed that

highest proportions of respondents suffered from one or other form of corruption in the key institutions of accountability and rule of law, e.g., justice sector (88 %) and law enforcement agencies, particularly police (76%).

Business people perceive bribery to be a major problem in Bangladesh as well. The World Bank/IFC Enterprise Survey 2007 indicates that more than 85% of the respondents claimed it was expected to make gifts to civil servants to "get things done" or "grease the wheel", and two thirds report having experienced at least one demand for a bribe in that year.

Political corruption

Political corruption is widespread in Bangladesh: citizens perceive political parties (62%) and the Parliament (40%) as some of the most corrupt institutions of their country (Transparency International, 2011).

The main **political parties'** internal governance frameworks are inadequate; there is a lack of internal democracy and their practices are insufficiently transparent. A 2011 U4 report indicates that there are too few checks and balances for the head of party in whose hands the decision-making power over nominations and finances is concentrated (Hechler, 2011). The principal political parties are further characterised by the dominating influence of a small number of families and their functioning has been qualified as dynastic (Bertelsmann Foundation, 2012). The legal safeguards guaranteeing the integrity of political party financing are not sufficient. A 2009 study on political party financing by Transparency International Bangladesh showed that while Bangladesh has a reasonable set of legal provisions to promote transparency in political finance compared to other regional countries, enforcement of the legal provisions is the weakest (see section on national legislation). Although the electoral law provides that in course of nomination of candidates for national election, preferences of party leaders and supporters at the local level should be taken into consideration, the candidate selection system of the main parties tends to favour wealthy individuals who can buy their nomination through covert financial contributions to the party (Bertelsmann Foundation, 2012).

According to Freedom House 2011, Bangladesh is an electoral democracy, and it has adopted universal suffrage and the right to campaign. The 2008 **elections** were considered free and fair (Bertelsmann Foundation,

2012). Bangladesh's Electoral Commission is in charge of ensuring democratic and free elections in the country. Experts report that although the Commission recently underwent significant reforms, particularly during the caretaker government, including full separation of the Commission Secretariat from the control of the Government, it is often subjected to heavy political influence and lacks independence in practice. Much also depend on the composition and particularly leadership of the Commission. The Commission that is credited for the delivery of the nationally and internationally commended election of December 2008 developed an electoral roll with photographs, making it easy for citizens to register on voters' lists. It has developed an electoral roll with photographs, making it easy for citizens to register on voters' lists. Results can be challenged through the judiciary by candidates but the appeal mechanism is slow (Global Integrity, 2010). Experts further report having observed instances of vote buying and undue influence, especially at the local level (Hechler, 2011).

The executive branch of government exercises great influence over the parliament (Hechler, 2011) and the legislative accountability was deemed "very weak" by Global Integrity in 2010. Patronage networks and widespread corruption have significantly weakened the institution (Bertelsmann Foundation, 2012). Party discipline is strong and a member of parliament can be asked to vacate her/his seat if she/he votes against the party that nominated her/him. Lastly, there are near to no safeguard against conflicts of interest in the parliament: candidates are required to disclose their assets when running for a parliamentary seat, though the submitted statements are considered rarely credible. There are no rules governing the asset declaration of MPs. The present ruling party committed to disclose income and assets of MPs, Ministers and senior officials, which remained unfulfilled (Global Integrity, 2010).

Grand corruption

Corruption is common in the awarding of contract, as the World Bank/IFC Enterprise Survey 2007 shows, with more than one fourth of the firms polled saying that it is expected to offer gifts to secure government contracts and more than half considering corruption as a major constraint for doing business.

Global Integrity notes that, despite the Public Procurement Act and the recent establishment of e-procurement system, bidding processes are very often influenced by political affiliations and networks.

Bangladesh does not have a mechanism to monitor the assets and earnings of public procurement officials. Moreover, patronage networks also influence the sanctions against companies for acts of bribery and the Business Anti-corruption Portal states that some influential companies might be able to avoid by debarment.

The most prominent corruption scandal in 2012 featured the construction of the 6 km-long World Bank-funded Padma Bridge to link the less-developed south-western region to Dhaka. After corruption allegations involving high-level Bangladeshi officials and two former executives of a Canadian engineering company surfaced, the World Bank and the Asian Development Bank decided to suspend the USD1,2 billion loan to Bangladesh (The Guardian, 2012)¹.

Sector-specific corruption overview

Public administration and service delivery

Bangladesh's public administration lacks adequate resources and is considerably underperforming due to widespread corruption, politicisation of the bureaucracy and dominant patronage networks (Bertelsmann Foundation, 2012). Transparency International's Global Corruption Barometer 2011 reports that 74% of respondents consider the Bangladeshi public administration to be corrupt or extremely corrupt. The regulatory framework for protecting the public administration against corruption, conflict of interests and nepotism is solid, except for the absence of regulations regarding post-employment of civil servants. In practice however, the public administration is deeply influenced by political considerations at all levels of operation and recruitment (Global Integrity, 2010).

Intimidation, bribery and extortion are common in citizens' interaction with **state services** and the poor are the most vulnerable because of their dependence on basic services such as education and health (Transparency International, 2011). The politicisation of the administration combined with the absence of appropriate rules regarding service delivery, low salaries and staff morale has resulted in corruption taking root in the public service sector (NORAD, 2011).

¹ In September 2012, the World Bank decided to reinstate its credit to Bangladesh, after the government decided to cooperate in the investigations (Wall Street Journal, 2012)

One fourth of Bangladeshi citizens perceive the **education sector** as a corrupt institution and one third report having paid a bribe to the education administration. According to a 2010 Transparency International Bangladesh survey, incidence of bribery at the service delivery level in the Bangladeshi primary education has showed a decline from 39.2% to 15.3% in 2010. However, corruption in education still manifests itself in a variety of ways, including negligence of duty, bribery, misuse of resources etc. (NORAD, 2011). At the school level, students are often asked by their teachers to pay operational fees (admission fee, sports fee, promotion fee etc.) even though primary education is completely free of costs. Irregularities have also been observed in the distribution of stipends with nepotism dominating the selection process and money being taken from students by local officials. At the administrative level, the *Upazila Education Office* (county-level administration) asks schools and teachers for bribes to provide basic administrative assistance. It also uses its influence to make schools buy material from favoured vendors, highlighting the lack of appropriate safeguards in public procurement. Corruption and nepotism have also been observed in the recruitment and training of teachers and the latter are asked to pay bribes to the *Upazila Education Office* (Transparency International Bangladesh, 2008).

Corruption is pervasive throughout the **health sector**. It is present in medical colleges, regional and subregional clinics and public hospitals, offices of the civil surgeon and population planning delivery offices (Zaman, 2005). Experts argue that the health sector is particularly vulnerable to corruption because of the high demand and the nature of the service, the diversity of services offered and the scale and cost of procurement. Taryn Vian, cited by Knox in a study conducted for the University of Ulster, notes that corruption in the health sector is a reflection of general governance problems in Bangladesh's public sector (Knox, 2009).

For example, Transparency International Bangladesh conducted a study on the levels of corruption in a hospital in Dhaka and found that corruption and bribery are present at most levels of operation. Hospitals generally lack resources and recruitments are influenced by bribery, corruption and patronage networks. One third of surveyed patients report having had to pay a bribe to a *dalal*, who are middlemen in charge of making appointments with the doctors, assisting with the admission of patients and the attribution of beds. (Transparency International Bangladesh, 2006).

The **water sector** in Bangladesh is very complex and not less than 13 ministries are involved in the sector. Transparency International affirms that the Bangladeshi water sector is plagued by corruption which manifests itself mainly in the form of negligence of duty, asset-stripping, abuse of power and bribery (Transparency International, 2008). A report by the Bangladeshi Anti-Corruption Commission estimates the cost of corruption, between 2001 and 2006, in the project led by the Ministry of Water Resources to amount to USD1.5 billion (as cited by Transparency International, 2008). A study conducted by Transparency International Bangladesh in 2012 reports that a high number of members of parliament engage in various criminal activities and corruption, including the offense of "taking illegal possession of government lands and water bodies".

Corruption in service delivery results in unequal support from public assistance, putting health services, education and water out of the reach of the poorest (Sidwell, 2010). Because of corruption and bribery at all levels of society, the most vulnerable household are exposed to the risk of not being able to pay for food, of being deprived of medical facilities, of losing their business and of not being able to put their children in school (IDPAA, 2007). A study by Global Partners underscores the financial costs of corruption in the delivery of basic services, calculating that Bangladeshi households pay a total of about USD37 million in bribes to get access to electricity.

Social protection in Bangladesh is limited and concerns only a small section of society, mainly in the government and some parts of the business sector (Bertelsmann Foundation, 2012). The Bangladeshi government supports a number of "social safety net programmes" to alleviate poverty, but the total allocation to these programmes is very limited: less than 1% of GDP, according to the Bertelsmann Foundation. Bangladesh is one of the world's poorest countries and corruption critically undermines the impact of poverty alleviation programmes. A 2012 study by the Asian Development Bank examining Bangladesh's "safety net programmes", in particular the Old Age Allowance Programme, reports that the effectiveness of these programmes is negatively affected by malpractices, inefficiencies, leakages of resources, inappropriate targeting, abuse of power, and corruption connected with the implementation and management of these programs. The opaque selection of recipients seems to be one of the most important

issues since the programmes are often used to influence political decisions or for political gain.

Climate finance

The deltaic geophysical situation of Bangladesh, coupled with high population density, makes it particularly vulnerable to climate change and the country has evolved into an important beneficiary of climate finance initiatives.

In 2010, the Bangladesh Climate Change Trust Fund (BCCTF) was established by a budgetary provision to finance specific projects consistent with the Bangladesh Climate Change Strategic Action Plan 2009, with a particular emphasis on adaptation targeting the most vulnerable sections of the society. The Bangladesh Climate Change Resilience Fund (BCCRF) and the Pilot Project for Climate Resilience (PPCR) were also created the same year to finance climate change related projects. The BCCRF and the PPCR, raised by contribution from donor countries, are both managed by the World Bank and the lack of transparency and democratic process in the funds' allocation led to the protests of Bangladeshi civil society organisations against the related governance structure (World Bank, 2011). Climate finance in Bangladesh is characterised by inadequate policies and weak project selection processes without proper needs assessment and local participation; conflicts of interest in the enforcement of policies; lack of access to information; partisan political influence, enforcement deficit and weak monitoring and oversight (Transparency International Bangladesh, 2010).

Construction

Public procurement is one of the sectors most vulnerable to corruption in Bangladesh. Practices such as short bidding periods, poor advertising, non-disclosure of selection criteria, poor specifications, negotiations with bidders and rebidding without adequate justification create opportunities for corruption and bribery (World Bank as cited by Mahmood, 2010).

Bribery in particular is common practice in the construction sector. Major projects have been affected by corruption at all stages of the construction process. Half of the respondents to the Global Corruption Barometer Survey 2011 that had had contact with this institution said they paid a bribe to the permit authority in the last 12 months (Transparency International, 2011). The World Bank/IFC Enterprise Survey 2007 indicates that one fourth of the firms surveyed expected to have to pay a bribe to get a construction permit.

Corruption in the construction sector has major consequences on urbanisation patterns, as shown by a 2007 report by Transparency International exposing corrupt practices in RAJUK, the authority in charge of preparing land use plan and implementation, of controlling the development and managing the growth of Dhaka city. The report shows that corruption is present from the planning permission stage all the way to the final construction, through bribery or abuse of power. As a result, the report indicates that Dhaka has become an overcrowded, unplanned, polluted mega city (Transparency International Bangladesh, 2007). In 2012, Bangladesh witnessed a major corruption scandal in the construction industry (see section on Grand corruption).

Police

Police corruption is a very serious problem in Bangladesh. According to Transparency International's Global Corruption Barometer 2011, 82% of the citizens that have been in contact with the police see this institution as one of the most corrupt institutions in the country and 84% of respondents report having paid a bribe to the police in the last 12 months (Transparency International, 2011).

In Bangladesh, the police force is allegedly used by elected officials in a systematic manner to maintain their control of the political arena (Nawaz, 2012), through torture, physical abuse and arbitrary detention (Freedom House, 2011). Nepotism and political affiliations are common factors influencing recruitment in the police. Because of the heavy political influence and the inefficiency of the complaints and oversight mechanisms (Global Integrity, 2010), the police is often coerced to carry out illegal instructions. Extrajudicial killings by security forces, arbitrary detention, deaths in police custody as well as harassment and torture of opposition leaders, journalists and activists are still widespread in Bangladesh (Freedom House, 2011).

The police force lacks adequate resources to be able to properly undertake their duty. The lack of funds makes the institution more vulnerable to corruption and undue influence. Bribery is common within the police and it is widely used to recruit, transfer and promote police officers. It is also important to note that police officers have very low salaries and difficult working conditions (Nawaz, 2012), leading to high levels of bribe-taking and extortion (Freedom House, 2011).

Judiciary

An effective judiciary plays a key role in the overall integrity system of a country and judicial corruption undermines the rule-of-law. In Bangladesh, half of the citizens think the judiciary is corrupt and two thirds of the respondents report having paid a bribe to this institution in the last 12 months (Transparency International, 2011). These statistics are reflected in the findings of a household survey conducted by Transparency International Bangladesh in 2010 which found the judiciary to be the most corrupt sector of the state with 88% of the respondents admitting having been subjected to corruption in 2010. According to this survey, the level of corruption has increased between 2007 and 2010 (Transparency International Bangladesh, 2010).

Separation of powers and **judicial independence** is guaranteed by a law passed in 2009, but in practice the Bangladeshi judicial system is still subject to political interference (Bertelsmann Foundation, 2012). Most studies on the country report that the judiciary is not independent: the WEF's Global Competitiveness Report 2012-2013, for example, ranks Bangladesh 104th of 144 with regards to judicial independence. The judiciary is influenced by the executive power at all levels: recruitment and appointments, administration and decision-making (Bertelsmann Foundation, 2012).

Bangladeshi citizens do not have equal access to justice due to the bribery challenge and the burdensome and lengthy procedures (Global Integrity, 2010). The politicisation of the judiciary is coupled with a lack of resources, of appropriate working conditions and of training opportunities (Business Anti-corruption Portal, 2012). The disciplinary actions against misconduct are inadequate and performance assessment mechanisms are often used by senior judges to manipulate their subordinates (Nawaz, 2012). Collusion has been observed between members of the justice system: clerks and lawyers play a central role in the bribery scheme in Bangladesh (Transparency International, 2007). Lastly, safeguards against conflicts of interest in the judiciary are largely insufficient. Members of the judiciary are not required to disclose their assets but the code of judicial conduct states that "a judge should disclose his assets and liabilities if, asked for, by the chief justice". When disclosed, none of the information regarding the interests of the members of the judiciary is made available to the public (Global Integrity, 2010).

Banking system, money-laundering and financing of terrorism

Bangladesh is not a regional financial centre but its geographical location makes it vulnerable to drug trafficking, trafficking in persons and terrorism financing. Bangladesh has a cash based economy and the use of underground financial systems and black market money exchange are widespread in Bangladesh. These parallel systems are extensively used by criminal groups (APG, 2009).

Against this backdrop, it is important for the country to have strong safeguards against money laundering. The government made a high level commitment to work with the FATF to improve its anti-money laundering framework. However, Bangladesh still needs to adequately criminalise terrorist financing; establish adequate procedures to identify and freeze terrorist assets; ensuring an operational and effective Financial Intelligence Unit, among others (US Department of State, 2012).

A recent story reported by TrustLaw demonstrate that corruption in the banking sector prevent small businesses from securing loans. The article says that corrupt bankers provide loans to businessmen backed by political leaders without the necessary due diligence, drying up the system and slowing down the country's economic growth (Islam, 2012).

2 Governance structure and anti-corruption efforts in Bangladesh

Overview of anti-corruption reforms in Bangladesh

Bangladesh has taken significant steps forward in the fight against corruption, through institutional reforms, accession to the UNCAC and the adoption of new legislation. Despite the high levels of corruption in the country, Bangladeshi citizens see their government as effective or even very effective in the fight against corruption, according to Transparency International's Global Corruption Barometer, 2011.

There are nevertheless several gaps and weaknesses in Bangladesh's anti-corruption institutional framework. One very important gap in Bangladesh's integrity system is the absence of an Ombudsman. The Bangladeshi Constitution contains a provision

encouraging the establishment of an Office of the Ombudsman the successive governments have failed to implement it (Transparency International Bangladesh, 2010).

Moreover, political considerations systematically influence the anti-corruption agenda. The existing legislation and entities are often used to harass political opponents and recent developments (see below) risk paralysing the anti-corruption system even more (Transparency International Bangladesh, 2010).

With regards to budget transparency, the government provides the public with some information regarding its **financial and budget activities**. The country scores 48 out of 100 on the 2010 Open Budget Index, which is slightly more than the average score (42) of the surveyed countries. Bangladesh does not perform too poorly in comparison to its surveyed neighbours, coming in third after India (67/100) and Sri Lanka (67/100). According to the International Budget Partnership, Bangladesh's budget transparency has improved since 2008.

Legal framework

International Conventions

Bangladesh became a party to the United Nations Convention Against Corruption (**UNCAC**) in 2007. The country expressed a reservation on Article 66 and thus the provision for referral to the International Court of Justice in the absence of agreement on arbitration is not applicable in Bangladesh (GTDT, 2012).

Shortly after accession, the government completed a gap analysis that concluded that Bangladesh's legal framework is largely compatible with the provisions of the Convention but that a number of weaknesses still had to be addressed. The "care-taker government" initiated many anti-corruption efforts in 2007-2008 but the implementation is generally lacking consistency (Transparency International Bangladesh, 2010).

National legislation

Bangladesh has criminalized domestic bribery but no law specifically addresses or defines foreign public officials nor is there a law categorically criminalizing **bribery of foreign public officials** (GTDT, 2012). There are a number of anti-corruption laws that could be extended to the bribery of foreign public officials but right now their scope is too vague (Transparency International Bangladesh, 2012): the Penal Code of

1860 prohibits offences by or relating to public servants (including gratification other than remuneration); the Prevention of Corruption Act of 1947 provides that the offenses under the Penal Code are "cognizable offenses"; the Money Laundering Act of 2009 criminalizes the "illegal transfer of assets earned through predicate offences from Bangladesh to any other country or from any other country to Bangladesh or conversion of such assets with the intent of nondisclosure of the source of the earnings". The Money Laundering Prevention Act of 2009 provides for **corporate liability**, thus both individuals and companies can be held liable for bribery. The anti-corruption legal framework lays emphasis on **criminal enforcement** but provisions for administrative sanctions exist as well. **Private commercial bribery** is covered by the Money Laundering Act (GTDT, 2012). The Extradition Act sets the basis for international cooperation in Bangladesh, with regards to corruption offenses. **Dual criminality** is a requirement under this act (OECD, 2007).

The Anti-Corruption Commission Act of 2004 criminalizes **illicit enrichment**, indicating that the "possession of (...) property in excess of the known sources of income" is an offense (UNODC, 2012). This provision is however weakened by the fact that most high ranking officials in Bangladesh are not required to declare their assets.

The executive branch of government is not subjected to any regulations limiting the risk of **conflicts of interest** and members of the executive power are not required to disclose their assets. Candidates running for Congress need to disclose their assets but once elected there is no legal requirement for their assets disclosure. Similarly, the code of judicial conduct requires that members of the judiciary disclose their assets but the code is only indicative, there is no law to strengthen this demand. None of the above has to submit to any limitation regarding **post-employment** activities, making the system vulnerable to the phenomenon of "**revolving doors**" (Global Integrity, 2010).

The judiciary is the only branch of government to have a **code of conduct**. This code includes provisions regarding gifts and hospitality. Neither the executive nor the legislative powers have guidelines on the acceptance of **gifts and hospitality**. In contrast, the legal framework providing safeguards against conflicts of interest in the public administration are strong: only

provisions on post-employment activities are lacking (Global Integrity, 2010).

The Representation of the People Order Act of 2009 provide that individual **donations to political parties** shall not exceed USD6,940 and USD34,702 for corporate donations. The Act also demands the disclosure of these donations. There is however no requirement for an independent auditing by a third party. Bangladesh does not have any limitations on donation to individual candidates but the donations have to be disclosed. The Representation of the People Order Act states that the **Electoral Commission** is in charge of monitoring the financing of political parties and individual candidates, and of the oversight of electoral spending (Global Integrity, 2010).

Bangladesh adopted the Disclosure of Public Interest Information (Protection) Act in 2011 to guarantee the protection of **whistle blowers**.

Bangladesh enacted the **Right to Information Act** in 2009, which gives people to the right to obtain documents and information from the government. It also provides for an appeal mechanism in the case that a request for information is denied. Global Integrity reports that, despite the positive step forward taken with the adoption of this Act, access to information is still **arbitrary** and depends on personal connections and influence. Potential benefits of this Act in terms of corruption control remain far from reaped because of a deep-rooted culture of secrecy and very low awareness and capacity in both demand and supply side. The same is true of the whistleblower protection act, according to Transparency International Bangladesh.

Institutional framework

Anti-Corruption Commission

The Bangladeshi **Anti-Corruption Commission (ACC)** was established according to the Anti-corruption Commission Act of 2004. The ACC is the entity in charge of combatting corruption through investigation, issuing of arrest warrant, and lodging cases against corrupt individuals including public officials. The ACC was very active during the mandate of the “care-taker government” and had filed cases against a number of top political leaders (Hechler, 2011) but the number of cases initiated by the Commission has significantly dropped since the election of the “Grand Alliance government” in December 2008 (Freedom House, 2011). By law, the Commission is independent and

impartial but in practice it is systematically subjected to **political influence** (Global Integrity, 2010). The Commissioners are appointed by and report to the President, who according to the Constitution acts in such matters only in consultation with the Prime Minister (Head of the Government). A set of amendments to the Act proposed in 2010 could have paralysed the Commission even more, as the amendments included provisions that would have required the commission to get prior approval from the government before launching investigations of state officials (Global Integrity, 2010). According to Transparency International Bangladesh, the issue remains open and the political and administrative pressure on the Commission has deepened even though the government eventually backed out thanks to campaigns by civil society and media.

Office of the Comptroller and Auditor General

The Office of the Comptroller and Auditor General is the body that works as the Supreme Audit Institution of Bangladesh. The Comptroller General is appointed by the President and responsible for the oversight of the expenses of all government bodies. However, the monitoring of project funded through foreign assistance does not fall under the mandate of the Office of the Comptroller and Auditor General (Business Anti-Corruption Portal, 2012).

The Constitution states that she/he shall not be subject to the control of any authority and she/he cannot be removed from office without a significant justification. The Office of the Comptroller and Auditor General lacks adequate resources to properly fulfil its mandate. Moreover, it has been observed that the majority of managerial staff do not have an accounting or auditing background, which questions the recruitment criteria and cast some doubt on whether the managers were not selected following political considerations (Global Integrity, 2010). More importantly, it is rare in Bangladesh that Audit observations contained in the reports get translated into any serious corrective action.

Anti-Money Laundering Department

The Money Laundering Prevention Act of 2002 criminalizes money laundering and in 2007 the Bank of Bangladesh received the status of financial intelligence unit, creating its Anti-Money Laundering Department. The duties of the financial intelligence unit are to analyse and archive the Suspicious Transaction Reports received by banks, assist reporting organizations, provide information and training on AML

etc. The timeliness and quality of the analysis and reports are limited due to the restricted access to administrative and law enforcement documents information, as well as the manual form of the documentation and the archaism of the archive system (APG, 2009).

Election Commission

The Constitution of Bangladesh provides for the establishment of an Electoral Commission (BEC) for the direction and oversight of the preparation of presidential and parliamentary elections, and the organisation of such elections in accordance with the Constitution. The BEC is independent by law but not in practice, as it is subject to heavy political interference at the recruitment, management and decision-making levels, despite the reforms undertaken under the “caretaker government”. Promotions and transfers depend on partisan affiliations (Global Integrity, 2010). The BEC is dependent on the Ministry of Finance for its financial provisions and budgetary allocations. This institution is generally seen as lacking the adequate resources and professionalism to conduct credible, free and fair elections (Transparency International Bangladesh, no date). Much also depends on the composition and particularly leadership of the Commission. The Commission appointed under the non-party caretaker government was credited for the delivery of the nationally and internationally commended election of December 2008, and for catalysing a series of changes in the Representation of People’s Order and preparation of digital voter. The credibility of the new leadership appointed under the political government remains an open question, according to Transparency International Bangladesh.

Other actors

Media

The Bangladeshi Constitution recognizes the “the right of every citizen to freedom of speech and expression, and freedom of the press.” The Bertelsmann Foundation qualifies the Bangladeshi media to be diverse and vibrant, albeit often being affiliated to political parties. The Right to Information Act contributes to give journalists better access to government data and information, especially in connection with investigative reporting.

Experts indicate that lobbying the party in power is a necessary step to obtain a permit or license for establishing a print media entity. Global Integrity also

reports that the procedures for setting up a broadcasting media entity are burdensome, lengthy and influenced by the ruling party.

Bangladesh ranked 129th out of 179 on the Reporters Without Borders Press Freedom Index 2012. Freedom House 2011 states that the government showed signs of intolerance against the media in 2010. According to Freedom House, no journalist has been killed in Bangladesh for the past four years but harassment and threats are common. However, Reporters Without Borders reports several assassinations this year: a Bangladeshi reporter was assassinated on the 23rd of October 2012; in February a journalist couple was stabbed to death; and another journalist covering drug trafficking affairs was murdered in June. None of these investigations have reached a satisfactory conclusion (Reporters Without Borders, 2012). This situation is likely to discourage journalists to report on corruption involving senior officials or members of the ruling elite.

According to Transparency International Bangladesh, electronic media (private TV, radio and on-line), which has been growing fast in number and coverage, are generally free and vibrant, though often under political pressure. For these media outlets obtaining a licence often depends upon partisan considerations. The Government recently took an abortive attempt to introduce restrictive electronic and on-line media policy.

Civil Society

The right of association and assembly was restored in 2008, after being suspended during the interim government, and is guaranteed by law. According to the Constitution, the right of assembly is “subject to any reasonable restrictions imposed by law”. Freedom House says that NGOs can generally operate quite freely but those expressing strong negative views on the government are often harassed or denied permission to pursue projects. Global Integrity highlights the fact that anti-corruption and good governance NGOs are often subjected to pressures from various actors and face difficulty when implementing their projects due to the inefficient bureaucracy creating unnecessary barriers. Experts note that the court cases against the Grameen Bank and Transparency International Bangladesh show that the space for the civil society is shrinking in Bangladesh (Global Integrity, 2012). Moreover, the NGO Affairs Bureau of the Office of the Prime Minister, which is the regulating authority for over 2,500 NGOs that receive foreign donations, drafted a new NGO Act, the original version of which could have drastically curtailed the

independent and conducive space for civil society. The text is still being negotiated and civil society has expressed its concerns to the government (Transparency International Bangladesh, 2012).

According to Transparency International Bangladesh, registrations for legally mandated operation of a large number of NGOs have been recently cancelled by the Government for alleged links with militant activities (which has been a matter of concern some western development partner countries), allegation of corruption and inactive or suspicious existence.

International Community

International donors recognize the importance of good governance for the success of the Millennium Development Goals and poverty alleviation programmes in Bangladesh. As mentioned earlier, Bangladesh has made significant improvements in a number of social sectors such as gender parity in education or reduction of child mortality, with the support of foreign aid. Anti-corruption features in most aid plans and some donors have even periodically suspended their assistance on corruption grounds (see World Bank case developed above).

Good governance is one of the focal areas of the European Commission's partnership with Bangladesh. In its country strategy paper for Bangladesh 2007-2013, the European Commission highlights the need for reforms of the judiciary and the police, as well as the establishment of governance institutions, like an office of the Ombudsman and a Human Rights Commission. The paper also insists on the importance of better service delivery, of stronger local governance and better equipped oversight bodies (European Commission, 2007).

The World Bank, in its strategy for Bangladesh, highlights the importance of assessing corruption risks in all operations. It indicates that engagement will be reduced in areas where anti-corruption efforts are deemed insufficient. Lastly, it restates that four INT investigations have been completed and that the support of the Integrity Vice Presidency (INT) will be requested for all high risk operations (World Bank, 2010).

The Asian Development Bank is one of Bangladesh's main donors. Similarly to the European Commission and the World Bank, good governance is cited as one of the main drivers of its country strategy 2011-2015. The strategy document mentions the importance of

integrity and transparency in financial management, in procurement processes, and insists on the need to strengthen the Anti-corruption Commission (Asian Development Bank, 2011).

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