

## COMBATING CORRUPTION IN BANGLADESH: SOME STRATEGIES

**Md. Awal Hossain Mollah**

Lecturer, Dept. of Public Administration,

University of Rajshahi, Bangladesh

E-mail: [awalhossain76@yahoo.com](mailto:awalhossain76@yahoo.com)

&

**Md. Nizam Uddin**

M.phil Fellow

Dept. of Public Administration,

University of Rajshahi, Bangladesh.

E-mail: [mizanp2002@yahoo.co.in](mailto:mizanp2002@yahoo.co.in)

### ABSTRACT

Corruption is an international problem that requires international solution. It is a universal complex phenomenon. Corruption is one form or another existed since time immemorial. Its roots lie deep in bureaucratic and political institutions and its effect on development varies with country conditions. In a country such as Bangladesh, corruption and other forms of weak governance are an impediment to the reduction of poverty. Economic growth is essential to reduce poverty, and corruption slows economic growth. The poor suffer from corruption in many ways. Their access to services, such as public health and education, is reduced when drugs and textbooks are stolen from public facilities and sold privately and when doctors and teachers have high rates of absenteeism from their public jobs and sell their services privately. Corruption invariably channels public resources to the rich—the poor lack the funds to bribe or pay for the private provision of services that are supposed to be provided for free as public services. Almost everybody suffers from corruption, but the poor suffer more. As in most countries, corruption is not a new phenomenon in Bangladesh, and it arises from deeply rooted characteristics in the administrative and socio-political systems, which have evolved over centuries. The East India Company, which effectively seized power in Bengal in 1757, perpetuated a highly corrupt system, paying its employees sub-subsistence wages, thereby compelling them to resort to private business and extortion. Located in South

Asia, Bangladesh is one of the least developed countries in the world, with an approximate per-capita income of US \$350. Typical of any developing country, Bangladesh suffers from over-population, poverty, malnutrition, illiteracy and lack of resources. Similarly, Bangladesh has a backward economy, political instability, and corruption at all levels of society and government. Although Bangladesh achieved independence in 1971, it didn't begin to experience real democratic freedoms until 1991 (limited at that). The country is now run along parliamentary lines, but with low accountability and powerful governmental discretionary powers. The findings suggest that countries serious about improving governance and reducing corruption should redefine the role of government, overhaul the system of incentives, and strengthen domestic institutions to make sure the necessary checks and balances are in place. Such an approach to reform would help attract more investment—both domestic and foreign—and would accelerate economic growth and poverty reduction. This article is a contribution on causes, effects of corruption and strategies to combat corruption in Bangladesh.

## **INTRODUCTION**

Patterns of corruption vary from society to society and over time. This is particularly the case when we consider the "South", the "Third World" of the developing countries like Bangladesh. In order to understand the immense diversity of its origins, forms and effects across developing countries, we should examine the roles of both the internal 'stakeholders' in developing societies (such as politicians, business cliques and junior civil servants) as well as external actors (including western multinational companies and international Financial institutions). In addition, reform strategies should take account of widely differing economic, legal and political contexts. Effective anticorruption strategies need to be tailored to the social environment in which corruption occurs. As a result of this variety in patterns of corruption, there are problems in evaluating the current diversity of corruption and anti-corruption efforts; many advocate a single universal strategy to fight corruption. I want to discuss in this article in briefly some combating corruption strategies in Bangladesh.

## DEFINING CORRUPTION

Corruption is not identifiable as a single, separate, independent entity, which can be isolated and destroyed. Corruption is a complex set of process involving human behavior and many other variables, some of which are difficult to recognize or measure. (Almas, 2000:5) Even through corruption manifests itself as a force on its own and often generates its own momentum, it is linked to many other factors, and it is by understanding these factors that we can hope to understand corruption. The term "corruption" is used as a shorthand reference for a large range of illicit or illegal activities. Although there is no universal or comprehensive definition as to what constitutes corrupt behavior, the most prominent definitions share a common emphasis upon the abuse of public power or position for personal advantage (ADB, 1998). Corruption is in its simplest term, the abuse of power, most often for personal gain or for the benefit of a group to which one owes allegiance. It can be motivated by greed, by the desire to retain or increase one's power, or perversely enough, by the belief in a supposed greater good. United nation's Dictionary of social science define as " corruption in public life is the use of public power for private profit, preferment of prestige or for the benefit of group or class, in a way that constitutes a breach of law of standards of high moral conduct" (1978:43-). Corruption is a complex issue, grounded in a country's social and cultural history, its political and economic development, and its bureaucratic traditions and policies. To generalize, corruption tends to flourish, when institutions are weak and economic policies distort market place (World Bank: 1997). Klitgaard (1996) has developed a simple model to explain the dynamics of corruption, which is as follows:

$$C = M + D - A - S$$

Where, C=Corruption

M= Monopoly

D= Discretion

A= Accountability

S= Public sector salaries

In other words, the extent of corruption depends on the amount of monopoly power and discretionary power that official's exercise and the degree to which they are held accountable for their actions.

Form above on the discussions of corruption may be defined broadly to include misuse of public funds and evasion of public laws that result in unfair private gains, lower rates of economic growth and greater inequality of income and lower levels of material and spiritual welfare in a country infested with such corruption.

### **NATURE, FORMS AND CONSEQUENCES OF CORRUPTION**

Corruption is all-pervasive in Bangladesh. Though corruption has been a part of our politico-administrative heritage, there is little denying the fact that after independence the tentacles of corruption have engulfed the entire society. So strong and sustained is the influence of corruption that most people have come to accept it as a *fait accompli*. Not only do citizens have accepted it as a part of their daily life experience but also more frighteningly they feel themselves powerless to address the phenomenon at any level (Lewis, 1996). The reason for such helplessness is to the presence of corruption in almost all levels of government (World Bank, 1996). The changeover from an authoritarian to a democratic system of government in the 1990s has not had any effect on the nature and dimensions of corruption. Information obtained from the Finance Division of the Ministry of Finance show that over a period of twenty-two years, i.e. between 1971 and 1993, taka 18,000 crore were lost in the public sector due to misappropriation of public funds and theft (Alam, 1996). But this huge amount of money, which is substantial for a resource-poor and aid-dependent country, is only the tip of the iceberg if one takes into consideration all cases of corruption that have been reported by the Bureau of Anti-Corruption over the same period (Khan, 1997).

A government Task Force Report identified a few years back a number of areas where corruption was likely to manifest itself. These areas include: procurement of goods and services including award of contracts by the government; administration of taxes and prevention of smuggling, disposal, sale and allotment of government property including disinvestments of industries and other commercial units; administration of loans by

public financial institutions, outright embezzlement of government fund and all kinds of shop-floor malpractices (Ahmed, 1992).

It is usually known that almost all kinds of corruption perpetuate in politics and administration in Bangladesh. The most common form of corruption is pecuniary bribes (Taslim, 1994). Other forms of corruption are: abuse of authority, nepotism, favoritism, fraud, patronage, theft and deceit. In many cases forms of corruptions are intertwined with their consequences.

As one scholar noted:

"Petty corruption takes many forms. Payments are required simply to obtain an application form or a signature, to secure a copy of an approved sanction, to ensure proper services and billing from telephone, natural gas, electric power and water employees.

Project corruption permeates both public and private sector contracting. A substantial commission must be paid to secure large public sector contracts in Bangladesh.

Programmatic corruption involves Food For Work and relief programmes" (Kochanek, 1993:259,263).

The consequences of these three forms of corruption included among others: high losses suffered by public-sector utilities; forcing donor countries and agencies to hire lobbyists to clear their projects by bribing officials at different levels and failure of Food For Work and relief programmes to reach their targets due to massive theft and huge misuse of resources (Kochanek, 1993).

Other baneful consequences of corruption on the economy include: siphoning away a large chunk of public resources which could have been productively employed somewhere in the economy; undermining of productivity, efficiency and effectiveness of the government; diminishes efficient mobilization of resources and management of development activities; gains through corruption used either in conspicuous consumption or transferred to foreign bank accounts; generates allocative inefficiency by permitting the least efficient contractor or most costly supplier with the highest ability to bribe; bribes and payoffs instead of expediting decisions and facilitating movement of files encourages civil servants to hold back all papers until some payment is made to them;

money gained from bribes becomes a part of the expected income; and over-invoicing and under-invoicing of imports and exports and smuggling increases lead to distortion in investment decisions and to capital flight (Ahmed, 1992). Some other equally damaging consequences of corruption are: undermines public confidence in government; engenders wrong economic choices and constrains government's ability to implement policies; makes the poor pay the price; and threatens government's strategy of private-sector-oriented growth (World Bank 1996a: 66).

A recent report of the United Nations Development Programme (UNDP) titled "Corruption and Good Governance" found that bureaucratic corruption and inefficiency are taking a heavy toll on the Bangladesh economy, causing hundreds of millions of dollars' worth of loss in terms of unrealized investment and income (Mustafa, 1997). The report pointed out: "If Bangladesh were to improve the integrity and efficiency of its bureaucracy, its investment would rise by more than five percentage points and its yearly GDP rate would rise by over half a percentage point" (Mustafa, 1997).

On the basis of the index of the International Country Risk Guide (ICRG) Bangladesh's average score is over 1.76 during 1991-97 and ranked the sixth most corrupted nations of the 123 countries of the world under study. According to survey conducted by of organizations such as Transparency International (TI INDEX), political Risk Service (ICRG Index), and the World Economic Forum (GCR Index), Bangladesh rank among the most corrupted nations in the world (Hossain - 2002).

The corruption rooted deep in the country that drained down the government wealth estimated at TK 11,534,98 core or US\$ 2.1 billion during the first half of 2000(January - June), The report was made on the basis of the news scan Database which include 9 national and 6 regional and dailies published during the study period. The report analyzed 1345 reports which were scanned during the period of which 655 were related to financial loss, Including 211 in different sectors of the government involving TK 111,534,98 cror (observer, 5th November, 2000) the X- prime Minister Sheikh Hasina was frank enough when she related here better experience of fighting against corruption and irregularities which plague the administration and society as a whole. In her valedictory address in parliament the prime minister said that in the long absence of democracy the cancer of

corruption was spreading into every sphere of national life and it was very different to red of it (Independent, 11th July). According to a recent study conducted by the transparency international Bangladesh mentioned the most corrupted country in the world (August-2002).

According to Corruption Perception Index (CPI) Report 2002, Bangladesh is the most corrupted country out of 102 countries in the world. According to this report top ranking 10 countries are shown by the following table No: 1

**Note:** 2002 CPI score relates to perceptions of the degree of corruption as seen by business people and risk analysts, and ranges between 10(highly clean) and 0 (highly corrupt)

**Table -1**

Serial	Name of country	Score (10)
1.	Bangladesh	1.2
2.	Nigeria	1.6
3.	Paraguay, Madagaskes and Angola	1.7
4.	Kenya and Indonesia	1.9
5.	Azarbijan	2.0
6.	Uganda and Moldavia	2.1
7.	Haiti, Equator, Cameron and Bolivia	2.2
8.	Kazakhstan	2.3
9.	Vietnam, Ukraine and Georgia	2.4
10.	Venezuela, Nicaragua, Guatemala and Albania	2.5

According to this Report sector-wise corruption in Bangladesh is as follows:

<b>Police</b> -----	<b>20.67%</b>
<b>Local govt.</b> -----	<b>11.67%</b>
<b>Education</b> -----	<b>10.93%</b>
<b>Health</b> -----	<b>7.8%</b>
<b>Others</b> -----	<b>48.92%</b>
<b>Total</b> -----	<b>100%</b>

*Source: T. I. B. Dainik Snag bad, 6th October 2002 & Internet Centre for Corruption research.*

We can see that according to TIB report police is the most corrupted sector of Bangladesh. It is also very painful for us that education is the 3<sup>rd</sup> corrupted sector of Bangladesh.

### **How Does Corruption look from Newspaper Reports**

Newspapers everyday publish reports about corruption somewhere in some sector in the country. Newspapers do not publish ‘all that fits to print’. There is section and reporting bias at the reporters level as well as at the editorial level. Further information may be incomplete and there is often little follow up on the story. Hence inclusion of all reported incidents is not possible. Even with those limitations, Transparency International, Bangladesh has produced two news scan analysis of reported cases pertaining to January-March 1997 and January-June 2000. The picture is as follows

**Table: 2:**

Table-2, Distribution of Reported cases of corruption

Sector/Department	1997(January-March)	2000(January-June)
Police, BDR, Ansar etc.	46%	30%
Local Government	13%	17%
Education	10%	16%
Health	5.0%	11%
Taxation (Income, Customs VAT etc)	6.0%	6.0%
Financial Institution (Banks, on	7.0%	6.0%

formal micro credit)		
Forestry	4.0%	6.0%
Water (Including Water board)	4.0%	5.0%
Transport (Including Water transport)	4.0%	2.0%
Sub-Total	390(100%)	927(100%)
Others	(188)	(418)
Total (N)	578	1345

*Source: Transparency International, Bangladesh.*

Thus the reported case of corruption has increased overtime. Further it is important to note the reported corruption by type. The corruption reported are mostly petty ones or systemic in nature. These are more of a competitive bribery type than kleptocratic or bilateral monopoly. However the issue is structural adjustment program by passed these areas of civil society concern.

## **CAUSES OF CORRUPTION**

The causes of corruption are always contextual, rooted in a country's policies, bureaucratic, traditions, political development and social history (P. D. Dr Johann Grat Lambsdorff) April - 2002. It is a phenomenon that takes place due to the presence of a number of factors. An understanding of such factors requires among other things, a kind of general framework for a clearer understanding of the causes of corruption, especially from a broader perspective.

Looking at three levels-International, National and individual institutional can explain Genesis of Corruption levels (Goudie and strange, 1997). Competitive of international market provides multinational Companies of various sizes with an incentive to after bribes to gain an advantage over Competitors. At the national level basic development Strategy of any government moulds opportunities and incentives for Corruption. At the same level three relationships, between the government. and the

judiciary and between the government and the civil society-also affect the nature and discussion of corruption. Three areas of government activity-customs administration, business, regulation and management of foreign aid act as source of corruption at the level of individual institutions. An approach by the world development report (1997: 104 and 168) focuses on the quality of the judiciary. While controlling for other explanatory variables an index of the predictability of the judiciary from WB/UB significantly influences the level of corruption in 59 countries. A similar correlation between corruption and the independence of the judiciary system is proposed in Addis and Di Tella (1996). The impact of merit-based recruitment on corruption in 35 developing countries has been investigated by Evans and Rauch (1996). Higher values in the merit based recruitment index are associated with a greater proportion of higher - level officials in the core economic agencies to be enter in possession of a university degree or to enter the civil service through a formal examination system. While controlling for income this index is negatively associated with corruption. To what extent the level of public sector salaries is linked to the amount of corruption was examined by Rijckghem and Weder (1997). They argue that Low salaries force public servant to supplement their incomes illicitly while high salaries mean higher losses if public servants gets caught. In a small sample of 28 developing countries, they find a significant negative influence on the level of corruption of civil service wages relative to manufacturing wages i.e. e. From 1 to 2, will improve the corruption index by the order of 2 point on the Transparency International (T.I) index. By acknowledging the existence of more indirect effects, the impact might be even larger, yet the authors are very careful in addressing the problem of causality corrupt countries tend to have a poor budgetary performance or may subscribe to the view that civil Servants earn sufficient in come from corruption and may reduce civil service pay as a consequence (Lambsdorff: 1999)

Corruption also results from the presence of a number of factors. There include rapid economic and social change, Strong kinship and ethnic ties, new institutions, overlapping and Some times conflicting views about what is public behavior, governmental monopoly over economic activities, political softness, widespread poverty and socio-economic inequalities, ignorance, Lack of Knowledge about individual entitlements, communal bonds, ambivalence towards legitimacy of governmental organizations, asymmetric

relationship favoring those in control of state power, economic shortages in which public officials assume extraordinary control over scarce good and service, greed, patronage and systematic mal-administration (United Nation 1990) most of the above mentioned factors contributing to corruption can be categorized into "Six fold typology." This typology contains ideological, external, economic, political, Socio-cultural and technological variables (caiden, 1991)

Some of the major reasons as to why people "collude in different ways, rationalize corrupt practices and tolerate corruption in large scale" are because of the presence of number of factors. There are government act as monopolies in mono respects, discretion that government and its monopolistic public agencies enjoy in their decision making and allocative roles, Lack of effective accountability in government except in the nominal sense of presenting annual audited accounts and reports to parliament of answering questions in the parliament, citizens have limited information about the rules of the game and the standard of service they can expect from public agencies; and exposure of the average citizen to corruption in the public sector tends to be episodic (paul,1997a).

## **CORRUPTION AND ITS EFFECTS**

*"The corruption of government institutions threatens the common aspirations of all honest members of the international as community. It threatens our common interests in promoting political and economic stability, upholding core democratic values, ending the reign of dictators, and creating a level playing field for lawful business activities"* (President George W. Bush, Statement to the Second Global Forum, The Hague, May 2001) Corruption has a wide effect on economics, politics, administration, culture, and social life and over development of a country. When corruption and economic growth coexist in a country, pay off of corruption introduces additional costs and distortions that hit poor hard and worsen bureaucratic inefficiency (Modal: 2002). There have been claims that not everything is bad about corruption. Its effects can be positive too. Corruption, among other things, assists in capital formation; fosters entrepreneurial abilities, allows business interest to penetrate bureaucracy and permits the logic of market to insinuate itself into transactions from which public controls exclude it (Theobald,

1990). But overwhelming evidence in recent decades suggests that the impact of corruption has been and continues to be negative on all fronts. Corruption has a negative, deleterious and divesting influence on investment and economic growth, administrative performance and efficiency and political development. Continuance of corruption in a country leads to economic malaise and squandering of public resources, lowers governmental performance, adversely affects general morale in the public service, jeopardizes administrative reform efforts and accountability measures, and perpetuates social and economic inequalities (UN, 1990). Corruption reinforces political instability and underdevelopment (Ouma, 1991). In short, corruption impedes economic growth, stifles entrepreneurialism, misuses scarce national resources, weakens administrative capacity, contributes to serious political decay and undermines stability, democracy and national integration (Theobald, 1990). For better understanding of corruption and its effect I sketch some published report about corruption.

The following tables show some corruption published report in Bangladesh from January to June 2000.

**Table-3**

Affected class by corruption:(January-June, 2000)

Serially	Affected class	Published Report
	%	Numbers
1. Government	36.95	497
2. Citizen	31.08	418
3. Student	7.21	97
4. Traders	4.58	61
5. Govt./civil Service	2.75	37
6. Farmer	2.16	29
7. Teacher	0.82	11
8. Journalist	0.02	23
9. N.G.O	0.02	23
10. Doctor	0.01	52
11. Lawyer	0.01	52
12. Unknown	13.75	185
Total	100.00	1345

We can see that table- 3, indicate citizen are the most affected class of Bangladesh and the numbers of published report about its are 418 from jan-june 2000, though government. Is the number one in ranking position here its also highlighted that student is the 3<sup>rd</sup> number of affected class in Bangladesh that is very painful because most of the students are from rural areas whose main income depend on agriculture. It also notifiable matter that farmers also affected seriously by corruption. In this way traderers, civil servants, teachers, journalists, N.G.Os, Doctors, and lawyers also affected.

**Table-4**

Types of loss by published Report (January- June2000)

Types of loss	Published Reports	
	%	Numbers
Economic	48.70655	Govt: 211, citizen 172, unknown-212
Citizen right	16.73	255
Environment al	5.35	72
Low and order Situation	5.28	71
Human rights	2.01	27
Physical torture	1.12	15
Others	6.91	93
Unknown	13.90	187
Total	100.00	1345

We realized that table-4, indicates that various types of losses are occurs by corruption. Here economic loss is the most crucial factor. Citizen right is here second position. On the other hand law and order situation, human rights, physical torture, and others loss occurs by corruption and for this reason 1345 reports are published. So we should be aware about this and try to reduce corruption by various strategies that are discussed at the strategies paragraph the next.

**Table-5:** Sector-wise Loss (January-June, 2000)

Serial	Sector/Department	Quantity (Taka cror)
1	Education	2305.48
2	Local govt.	2111.23
3	Health	2051.42
4	Water resources	1978.83
5	Finance	993.25
6	Commerce & Industries	783.47
7	Water Transports	638.42
8	Forest and Environment	228.67
9	Direct & indirect Tax	119.32
10	Communication	106.08
11	Electricity	87.85
12	Food	12.09
13	Social Welfare	1.53
14	Passport & immigration	1.05
15	Law execution Agency	0.87
16	Others govt. Sectors	115.69
	Total	11538.98

*Source: Table 3,4 and 5 has taken Trai Mashik Patrika Bechaion May- July 2000, Res.: No: 2000-65, 1st year. 2nd shankha. (Page - 40-42)*

Table-5 indicates that within only six months educational sector has lost 2305.48 taka (cror) only that should have most fair, transparence and honest sector. And total sectoral loss is taka 11538.98 (cror). So we can easily understand that corruption has rooted deep into every sector of our country. In these circumstances we should have taken immediately effective steps against corruption.

## **COMBATING CORRUPTION STRATEGIES**

Combating corruption is not easy task. Still no one denies the need to check corruption effectively. It may not be possible to eradicate corruption completely but then vigorous and determined actions will go a long way to minimize it. It also requires courage and long-term commitment by a variety of anti-corruption actors. Political Leaders, champions amongst public servants, civil society, media, academics, the private sector and international organizations all play important roles in addressing corruption (World Bank group-2001). To reduce the corrosive impact of corruption in a sustainable way, it is important to go beyond the symptoms to tackle the causes of corruption. Since 1996, the World Bank has supported more than 600 anti-corruption programs and governance initiatives developed by its member countries.

We believe that an effective anti-corruption strategy builds on five key elements:

- 1. Increasing Political Accountability**
- 2. Strengthening Civil Society Participation**
- 3. Creating a Competitive Private Sector**
- 4. Institutional Restraints on Power**
- 5. Improving Public Sector Management**

### **1. Increasing Political Accountability**

Political accountability refers to the constraints placed on the behavior of public officials by organizations and constituencies with the power to apply sanctions on them. As political accountability increases, the costs to public officials of taking decisions that benefit their private interests at the expense deferent/disincentive to corrupt practices.

. Ensuring political accountability the following steps should be taken

Political Competition

Transparency

Party Financing

Rules and Legal Instruments

### **Political Competition**

Effective sanctions on politicians can be enhanced most effectively through a meaningful degree of political competition in the electoral process. Such competition increases the likelihood that alternative candidates and parties will seek to expose corruption in government or hold politicians accountable for the poor performance associated with high levels of corruption. Historically, anti-corruption and accountability measures were a by-product of these political struggles.

While perceived corruption of a particular party or candidate has shown to influence voters' decisions considerably and therefore exposure of cases of political corruption is an effective deterrent to corrupt behavior, there are limits to the benefits of political competition. Excessive political competition can become a destabilizing factor if it undermines the legitimacy of existing state institutions. Excessive political competition can undermine state capacity and thus create conditions especially conducive to administrative corruption.

Political competition is most effective in promoting accountability when it is channeled through organizations that provide broad constituencies with vehicles such as mass-based political leaders. Political parties that lack broad-based support are more likely to be dependent on powerful firms and financial interests for sources of financing and no electoral tactics such as vote-rigging, intimidation, and acquiring a monopoly over election coverage by the media. It is thus imperative that political parties be held to high standards of accountability.

### **Political Party Financing**

Many countries have established partial public funding, recognizing that political parties play a public interest role; they make an essential contribution to political contestability and the decentralized expression of diverse values and interests. Public funding reduces

the scope for private interests to "buy influence" and can also help reinforce limits on spending, because of the electorate's resistance to excessive public expenditure.

Ensure oversight. Set up an authoritative and independent Electoral Commission of Court to be responsible for the integrity of all issues regarding party finance and electoral rules, Such commissions have been set up in Canada, India, and South Africa.

### **Transparency**

Transparency via public scrutiny has proven to be one of the most powerful forms of monitoring public officials. Such transparency can be fostered by a number of measures, including: opening sessions of the parliament, government, and the courts to the public; registering lobbying activities; and publishing the voting records of parliamentarians, annual reports of government bodies, trial records, and the decisions of judges.

A free and vibrant media is another important factor in making transparency work for the general public.

### **Rules and Legal Instruments**

There is a range of legal instruments as well as agency-specific rules which can be effective in deterring corrupt behavior. Ethics codes, regulations on lobbying disciplinary committees, prohibitions on and disclosure of conflict of interest, including the receipt of gifts and other benefits received from private resources, asset declaration laws, procurement laws and party financing laws are amongst the most prominent ones. Freedom of information laws, whereby citizens can demand the disclosure of information regarding government activities and a whistle-blower protection law in order to encourage the reporting of corruption cases can further reinforce the impact of increased transparency on accountability.

## **2. Strengthening Civil Society Participation**

As stakeholders in good governance and institution mediating between the state and the public, the organizations that comprise "civil society"- citizen groups, non-governmental organizations, trade unions, business associations, think tanks, academia,

religious organizations and last media- can have an important role to play in constraining corruption. This is true at the country level as well as internationally. Civil Society Organizations (CSO), with Transparency International spearheading the fight against corruption is the most prominent example of what an international civil society organization can achieve in awareness- raising, pressuring government as well as international organizations for change and pressuring governments as well as international organizations for change and working with various sectors to implement innovative anti-corruption reforms.

Civil society as a third sector in a new governance structure can play a vital role in limiting corruption but they also have their limits. Without being elected democratically they lack formal legitimacy of political parties as well as accountability measures - a potential entry point for various civil society groups with questionable motives. A high degree of public scrutiny is thus important to hold civil society groups to the same accountability standards as the following steps:

Civil Society's Role in Fighting Corruption

The Role of the Media

Empowering Civil Society

A word of Caution: Accountability and Legitimacy Issues

### **Civil Society's Role in Fighting Corruption**

Since most cases of corruption involve public officials and private companies, Civil Society as an independent actor representing the interests of the general public is uniquely positioned to investigate and bring to light cases of corruption. This is achieved through various functions:

- (a) Creating public awareness about corruption
- (b) Formulating and promoting action plans to fight corruption
- (c) Monitoring government's actions and decisions in an effort to reduce corruption.

### **The Role of the Media**

A free and open media help expose levels of corruption by uncovering and shedding light on abuses. In transition economies on Eastern on Eastern and central Europe, greater openness felt by the media since the rail of communism has brought with it a plethora of stories of fraud, corruption, and criminal activity, making the media perhaps the most persistent institution in the fight against corruption. The Internet provides unprecedented opportunities of disseminating knowledge and increasing transparency across national borders in a timely fashion at low cost.

### **Empowering civil society:**

For Civil society to realize its full potential it requires an appropriate legal and regulatory framework, including basic human rights such as the freedom of expression, association and the freedom to establish non-governmental entities. Requirements for registering should be reasonable and not constitute a serious hindrance in setting up a new CSO.

In addition to the necessary breathing space, CSOs must further have the opportunity to mobilize funding. Tax exemption for donations is one way in effectiveness of CSOS is a function of access to information and knowledge as well as the ability to attract talent. Capacity constraints such as a lack of well-educated and highly motivated people can severely compromise the positive role civil society can play in combating corruption.

### **A Word of Caution: Accountability and Legitimacy Issues**

Civil Society Organizations (CSOS are not democratically elected. It should be in the interest of CSO to adhere to high standards of accountability, transparency and democratic management structures. The increasing availability if donor funding for CSO but it can also set wrong incentives. Some CSO are founded to attract donor funding for the personal benefit of founders and staff. It would further be naive to assume that CSOs are immune to corruption. If co-opted by businesses of powerful elite's they can be part of the problem, too.

The public as well as donors should apply scrutiny in funding and working with CSOs. A strong track record and transparent business practices are usually good indicator of serious commitment and trustworthiness.

### **3. Creating a Competitive Private Sector**

The degree to which powerful elite's influence decisions and policy-making of the state (state capture) constraints the implementation of a fair, competitive, honest and transparent private sector and thus hinders broad-based economic development. The ability of powerful economic interest to capture the state can be constrained by:

Economic policy liberalization

Enhancing greater competition

Regulatory reform

Good corporate governance

Promoting business associations, trade unions, and concerned parties

Transnational cooperation

#### **Economic Policy Liberalization**

Deregulation of process of other aspects of production of trade are important steps toward reducing opportunities for corruption. Implicit price subsidies, in the form of tax and utility arrears, provide politicians and bureaucrats with discretionary power that is highly subject to abuse. Liberalization can help to reduce this discretionary power, but only if reform is undertaken in a transparent and non-discriminatory way; otherwise there is a risk that the reform process itself will be corrupted.

#### **Enhancing greater competition**

Enhancing competition, especially in concentrated sectors, by lowering barriers to entry, requiring competitive restructuring and clarifying ownership structures are important elements toward creating a vibrant and corruption free private sector.

Competition can also be strengthened by introducing greater transparency in the ownership structure and operations of firms and banks, through requirements of financial

disclosure and arm's-length relationships, efficient registries, and better supervision of their operations by independent regularly bodies.

### **Regulatory Reform**

Proper regulation of utility companies and other industries in which competition remains. Imperfect is important to reducing corruption. The establishment of independent regulator agencies, both at the central and at the local level where regulatory capture is most pronounced, can be effective in promoting efficiency and limiting opportunities for corruption, as long as such institutions operate with transparency (public hearings), simplicity (well defined, rules-based principles), and accountability (election regulators or term limitations). Similar practices for regulating more routine aspects of business operations, such as registration (one-stop registration) and workplace safety (simple and clear rules for site inspections), are crucial limiting harassment of businesses by bureaucrats and promoting new entry and growth. For all types of regulation, firms should be provided with low-cost methods of disputing administrative decisions.

### **Good Corporate governance**

Weak institutions for corporate governance not only result in inefficiency they encourage corruption. Poorly governed managers often use their positions to extract favors from the state which they can later expropriate, rather than reinvest into restructuring their own firms, to avoid sharing their gains with other stakeholders. Corrupt behavior is often difficult to detect, especially in countries where transactions are obscured through the use of barter and other money surrogates as the means of payment. A wide array of corporate governance reforms have proven directive in curbing both incentives and opportunities for corruption, including: public disclosure of share ownership and cross-holdings; strong penalties for insider trading and pyramid schemes; the appointment of outsiders to boards of directors; the introduction of regular published independent audits of financial accounts based on standardized rules; the establishment of an effective legal framework for the exercise of creditors rights; and the strong enforcement of ethical standards.

## **4. Institutional Restraints on power**

The Institutional design of the state can be an important mechanism in checking corruption. Of particular importance is the effective development of institutional restraints within the state, which is most effectively achieved through some degree of separation of powers and establishment of crosscutting oversight responsibilities among state institutions. Effective constraints by state institutions on each other can diminish opportunities for the abuse of power and penalize abuses if they occur. For ensuring institutional restraints on power the following steps should be taken:

Independent and Effective Judiciary

Anti-corruption Legislation

Independent Prosecution and Enforcement

Audit Organizations

Legislative Oversight

### **Independent & Effective Judiciary**

" Obey justice and restrain reckless wrongdoing, for such wrongdoing harms the poor, and even the noble find it an unwelcome burden that weighs them down and brings them ruin." ( Hesiod, circa 800 BCE)

Corruption has a devastating effect on the legal system. It distorts law making, court ruling and law enforcement and in the end, erodes the rule of law. This has devastating consequences for the society as well as economic activity. The legal system is one of the fundamental Polaris of a market economy whose role as arbiter of the law encompasses both the formulation and implementation of public policy. In addition to deciding criminal cases the courts are responsible for upholding property rights enforcing coruscates, and settling disputes. Failure of any of these roles is costly, reducing incentives to invest or forcing firms to resort to more costly private means of contract enforcement and protection. In addition to these direct economic costs, a corrupt legal system has a wider impact, undermining the credibility of the state and making the implementation of public policy more difficult.

Paradoxically, any anti-corruption strategy needs a functioning legal system to build on if it is to introduce real change. The challenge is therefore to clean up the legal system and

turn it from being an arena of corruption into an effective tool for can be used as an effective first step within broader governance reform is outlined. An independent competent and clean legal system is key in every anti-corruption strategy.

### **Anti-Corruption Legislation**

While a well-functioning, competent and clean judiciary is key in upholding the rule of law on a day-to-day basis, anti-corruption laws turn out to be an effective means prosecute of an anti-corruption strategy. Anti-corruption laws work to deter corrupt actions, prosecute and resurrect a sense of justice, which has become a rare commodity in endemically corrupt countries.

Legislation supporting the transition towards a corruption free society includes a freedom of information law, whereby citizens can demand the disclosure of information regarding government activities; a whistle-blower protection law in order to encourage the reporting of corruption cases; conflict of interest law, procurement laws and party financing laws. Anti-money laundering regulations also contribute towards curbing fraudulent practices.

### **Independent prosecution and Enforcement**

Independent prosecution remains a crucial challenge for many developing countries. Often the legal framework for anti-corrupt acts is often difficult to obtain, many countries have criminalized activities that are often associated with corruption, such as laundering proceeds from corruption and other crimes.

### **Audit Organizations**

Audit organizations can also have an important role. For full effectiveness, State Audit Offices should be backed by parliamentary committees that review and follow up on their reports. By contrast, watchdog enforcement agencies have a mixed record and have too often been subject to capture themselves. A condition for their effectiveness is the prior establishment of a core of strong, independent and credible professionals in the judicial, prosecutorial, and police arms of the state.

## **Transparency and Recourse in Administrative Decision making**

A frequent complaint is favoritism of the state in cases brought by citizens. Government decisions are less prone to corruption when they are predictable, transparent, and accountable. Administrative procedure law provides the legal foundation for sound government decisions providing rules for the way government bodies behave. These procedures protect the rights of citizens by guaranteeing participation in government decisions by interested parties, openness and transparency of decisions, adequate responses to public inquires, and the availability of recourse. Mechanisms of recourse include appeal within government bodies, judicial scrutiny and ombudsmen. Explicit administrative procedures allow citizens who are affected by administrative decisions to know that decisions will be made according to predictable rules rather than the will of the administrator, *Cf, Galligan, Denis J. And Daniel M. Smilov, eds. 1999. Administrative Law in central and Eastern Europe, 1996-1998. Budapest; New York; Central European University Press: Ithaca, N.Y. Distributed in the U.S. by Cornell University Press Services.*

## **5 Improving Public Sector Management**

A fifth building block of an anti- corruption strategy consists of reforms in the internal management of public resources and administration to reduce opportunities and incentives for corruption. Reforming public sector management and public finance requires.

- A meritoric civil service with magnetized, adequate pay
- Enhancing transparency and accountability in budget management
- Enhancing transparency and accountability in tax and customs
- Policy reforms in sectional service delivery
- Decentralization with accountability

In most cases greater public oversight can play a key role in the reform process.

The practice of political patronage in public administration continues to be an important source of corruption in many development countries. Political patronage can be a source of accountability to the patron, but it can undermine continuity and the development of

standards, institutional values, and memory in the public sector. This opens the way to conflict of interest, misprocurement, and theft of public funds. The short-term and uncertain nature of many political appointments also decreases the time horizons of public sector workers, creating incentives for predatory behavior.

**A meritoric civil service with magnetized, adequate pay:**

A first step in reforming public sector management is to eliminate patronage by institution meritocratic system for appointment, promotion, and evaluation and where feasible, establishing an independent civil service oversight body. In parallel it will be important to increase salaries, relate them to skill and responsibility, and regularize the extensive non-salary benefit that provide broad scope for discretion and corruption.

**Enhancing transparency and accountability in budget management:**

To improve transparency and accountability in fiscal management it is crucial to ensure full budget coverage and control. This can be achieved by reducing the diversion of resources into off-budget accounts that typically lack oversight and transparency. These off-budget accounts that typically lack oversight and transparency. These of-budget transactions take different forms, from extra-budgetary funds to lack of integration of investment planning and external financing into the budget. A further challenge is the significant magnitude of contingent liabilities stemming from nontransparent off-budget commitments.

The effectiveness of external audit entities varies greatly. To be effective in reducing corruption, external audit must be independent and equipped with strong auditing and diagnostic skills, moving beyond individual faults to target systemic weaknesses. Internet audit also needs to be developed further parliamentary and public oversight needs to be strengthened, with public dissemination of audit findings and scrutiny by Parliamentary Audit committees, which too often do not exist.

**Enhancing transparency and accountability in tax and customs:**

Corruption in customs and tax administration lowers state revenues, creates a distorted private sector environment and is often linked with smuggling and organized crime.

Reforms to simplify tax policy and eliminate discretionary exemptions help, as does professional staff, standardization of forms and procedures, and transparent systems such as the use of computerized risk analysis at the borders. It is important to eliminate one-on-one contact between taxpayers and officials and ensure that operating and management systems are efficient and easily monitored, including through periodic taxpayer surveys.

**Policy reforms in sectoral service delivery:**

Finally, administrative corruption can be profoundly damaging to the level and quality of service delivery across key sectors. It is often deeply rooted in distorted policies, as illustrated in the energy and health sectors. Corruption, for instance, plagues the interface with customers and lies behind the low collection rates reported by many electricity, gas, and district heating companies. In Azerbaijan, the state-owned Baku Electricity Company reports a household collection rate of 12 percent despite employing 1,000 payment collectors. Sale of the Distribution Company of privatization/management contracts can help, as long as tendering and contracting processes are transparent and contract execution can be monitored. Reducing non-cash transactions including barter and arrears offsets can also reduce private rent seeking, as non-cash exchange at artificially inflated rates is a standard method of extracting private gains.

**Decentralization with Accountability:**

Decentralization of service delivery can in principle makes the state more responsive to the needs of the people and improves service delivery. However, in countries where the accountability and capacity of sub-national governments is weak and where there are few safeguards against the manipulation of municipal assets and enterprises for the private gain of local officials, decentralization can actually increase corruption, bias resource allocation, and adversely affect access and quality in basic social services. Improving accountability at the local level for local expenditures and to the central government in cases where expenditures are only administered by the local level (de-concentration) is a necessary first step. Reform efforts should strongly focus on creating regional/local

capacity in financial management and auditing, before (or while) the decentralization process gets underway.

## **RECOMMENDATIONS FOR**

### **Public Sector**

1. establish the office of Ombudsman for curving corruption fairly;
2. reform the anticorruption bureau of Bangladesh for active against corruption;
3. develop comprehensive national strategies for combating corruption;
4. strengthen law enforcement mechanisms, including the role of the judiciary and provide witness protection programmes;
5. increase transparency through the establishment of competitive public procurement procedures and encourage the adoption of international rules in this area;
6. improve conditions for international investment through simplification of government procedures,
7. improve transparency and accountability in budget preparation, execution, and oversight of expenditure,
8. develop codes of ethics in public administration to be enforced by strong sanctions;
9. strengthen procedures for an effective and merit-based civil service, particularly recruitment, promotion and pay,
10. adopt "Freedom of Information" laws and provide access to public information,
11. strengthen parliamentary oversight, independent audit and investigative bodies to be backed by sufficient human and financial resources.

### **Private Sector**

1. establishing public-private partnerships to develop anti-corruption strategies, goals and processes;
2. promoting good corporate governance on the basis of international standards and principles;

3. strong commitment by top management of companies to implement anti-corruption strategies;
4. developing and implementing codes of ethical conduct and ensuring their effectiveness through internal control mechanisms, training of personnel and sanctions;
5. accounting and auditing rules and standards to ensure transparency in business transactions;
6. building coalitions for business integrity, including business ethics centers.

### **Media and Civil Society**

1. mobilizing civil society (media, NGOs, business, labor, and professional associations) to monitor good governance;
2. creating an anti-corruption network of NGOs to share information on regional/country anti-corruption initiatives;
3. conducting surveys of businesses, consumers and public opinion to provide feedback for delivery of public services and fostering competition;
4. implementing education programmes aimed at fostering an anti-corruption culture in society;
5. enabling the media to effectively exercise public scrutiny;
6. improving ethical and professional standards of journalists and promoting training in investigative journalism.

### **CONCLUDING REMARKS**

Corruption is a complex multi-faceted social phenomenon with innumerable manifestations. It takes place as an outcome of deficiencies in the existing public administration apparatuses and systems as well as cultural, economic, political and social factors. Differences of opinion still exist as to the meaning of the term corruption. This is primarily because individuals look at corruption from their own vantage points influenced by surrounding environment. But what is heartening is that in recent years corruption is viewed from a much broader perspective rather than looking at it from moral and functional angles only. The causes of corruption are as varied as the

phenomenon itself. Corruption results from the presence of a number of factors. There are many forms of corruption. To understand the dynamics of so many types of corruption attempts have been made to classify different forms of corruption into broad categories. What transpires from such a categorization is that outsiders can sponsor corruption resultant of political scandal, institutionalized and administrative malfeasance. The government needs a well-coordinated, well-understood overall strategy that limits opportunities for abuse of public office, increases the likelihood that individuals will be able to profit from corrupt acts, whether they are giving and receiving bribes. Moreover, the civil societies of the country should come forward to establish the right of the people and to ensure the rule of law in Bangladesh. The professionals, the intellectuals through meetings and sittings, attending and participating the seminars and symposium and writing and contributing to the media can raise a general awareness to build up a corruption-free prosperous Bangladesh in future.

## REFERENCES

- ❑ Cline, Marshall B. (1986) "White-collar crime"
- ❑ David L. Gill (ed) *International Encyclopedia of the social Science*, vol, 3, USA: The Macmillan Company & The Free press p, 505
- ❑ World Bank (2000), Corruption in Bangladesh: Cost and curses.
- ❑ Abedin M. Jaynul (2000) "Dignity of Union: Civil society's Koronia" *Institute of Bangladesh studies Alumni Association*. Rajshahi University. p, 48
- ❑ *Transparency International (Bangladesh)(1996) Household Survey Report*
- ❑ Mandal M.S (2000) "Development and Corruption: Responsibilities of Civil Society" *Institute of Bangladesh studies Alumni Association*. Rajshahi University
- ❑ Hossain Abul (2000) Corruption and Development Role of civil Society. *Institute of Bangladesh Studies Alumni Association*. Rajshahi University. P. 65
- ❑ Anti-corruption policy (1998) Strategy and policy office. *Asian Development Bank (ADB)* Manila, Philippines.
- ❑ Klitgaard, Robert, Ronald Maclean- Abaroa and H. Lindsey Parris (2000) "Corruption cities" *World Bank Institute*. Washington D.C. USA
- ❑ *Report of the Public Administration Reform Commission* (2000) "Establishment of Effective Organization to curb corruption at all levels of Public Administration" public Administration for 21st Century. Volume-2.
- ❑ Report. *Public Administration Reform Commission* (2000) Combating corruption "Public Administration for 21st Century. Volume-1

- ❑ Islam Rakibul, S.M " Durnity 0 Bangladesh: Prasongik vobna" *Traim as kik Patrika* May- July 2001.
- ❑ Discussion Paper - 3 *Management Development and Governance Division Bureau for policy and program Support United nation Development Program New York.*
- ❑ *Seoul Anti-corruption Symposium Showcases New Municipal Technology, 2001*
- ❑ *United Nation Development of Economic and social Affairs (UNDESA) with co-operation of Asia foundation, (WWW Respondent. Com/English.)*
- ❑ Daniel Kaufmann and Paul Sieglbaum, (1997) " Privatization and corruption in Transition Economics," *Journal of International Affairs.*
- ❑ Lambsdroff Johann Graf (1999) in *Empirical Research - A Review Transparency International Work paper*, [http:// www. uni- goettingen. de /-UWVW](http://www.uni-goettingen.de/~UWVW).
- ❑ Henderson, D.R. (1999) " Power Corrupts Editorial Comment" *The wall Street Journal*, April 19.
- ❑ Zakiuddin Almas, 2000 " Corruption in Bangladesh An Analytical and sociological study " *Paper for Transparency International Bangladesh. Chapter*, [http:// www. ti- Bangladesh, org/ does/research/corBong1hfm](http://www.ti-Bangladesh.org/does/research/corBong1hfm).
- ❑ Khan. MM, political and administration corruption: Concepts, Comparative Experiences and Bangladesh Case " *T. I. - Bangladesh chapter - www. ti- bang.org*.
- ❑ Alam (1995) Bangladesh Artho samagik abakhiRodhy Durnity Domon Bureace; s vumika. *Durnity Domon Bureau*, Dhaka.
- ❑ World Bank, 1st July (1996) "government that works" *The University Press Ltd*, Dhaka, Bangladesh
- ❑ *The 2002 Corruption perception Index. Internet Centre for corruption Research.*
- ❑ "Curbing Corruption - Toward a Model for Building National Integrity. *Economic Development Institute of The Bank*. Edited by Rick Stapenhurst sahr J.kpundes
- ❑ Husein, s. (1988) Corruption in public offices: Some conceptual Issues in the Context of Bangladesh. *Kotbari, comilla Bangladesh Academy for Rural Development (BARD)*
- ❑ Pavarala, V (1996) " Interpreting Corruption: Elite perspectives in India" New Delhi
- ❑ Johnstone Michael (1997)"What Can Be Done about Entranced Corruption?" *Paper presented at the annual World Conference on Development Economics*, Washington, D.C., April 30-May 1.
- ❑ Shleifer A and Vishny R. (1993) "Corruption" *Quarterly Journal of Economics, 1993*
- ❑ Harper & Row, 1989. Heranndo de Soto's description of the informal sector in Peru in *The Other Path, New Research Working Paper 6030, 1997.*
- ❑ Shang-Jin Wei, (1993) "How Taxing Is Corruption on International Investors?" *National Bureau of Economic Research Working Paper.*



