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CORRUPTION AND INSTITUTIONAL INTEGRITY: THE CASE OF BANGLADESH

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Abstract:

This paper highlights the view that corruption can be combated if institutional integrity can be put into practice, i.e. 'institutional integrity' has been considered as a key strategy to curb corruption. Based on literature review, the authors explain argument in three sections: in the first section, the article focuses on conceptualization of corruption, corruption & institutional integrity. In the second section, the article examines integrity-governance-corruption nexus in Bangladesh. Finally, it outlines initiatives of Government of Bangladesh (GoB) for curbing corruption with concluding remark.

Keywords: *Bangladesh; Corruption; Good-Governance; Institutional Integrity; Trust; Well-Being.*

1. Introduction

Corruption is a global problem and found almost in all countries of the world in varying degrees (World Bank, 1997; Pope, 2000; Saha, 2014; Transparency International Bangladesh Half Yearly Report, 2016). It undermines development because it lowers the ability of government to enact and implement policies in an appropriate manner (World Bank, 1997; Saha, 2014). Corruption prevents the rule of law, democracy, realization of human rights and citizen's access to basic public services and discourages foreign investment and impedes the effectiveness of aid (Saha, 2014). Corruption also affects the poor disproportionately since it directly increases the cost of essential public services targeted to the poor and indirectly reduces the prospect of poverty eradication (Todaro & Smith, 2003).

The search for effective methods of curbing corruption has provided a widely recognized idea that corruption is basically a problem of governance (Hellman et al., 2000). Since corruption has been viewed as a symptom of fundamental governance failure (Huther & Shah, 2000; Schacter & Shah, 2001; Shah & Schacter, 2004), combating corruption requires the establishment of good

governance. A country cannot achieve sustained reduction in corruption without improving the quality of institutional governance. That is why, promotion of institutional governance and integrity should be considered as the key strategy to combat corruption.

2. Corruption

There is a well-developed literature on the definition and meaning of corruption, much of it arising from social anthropology which explores the nuances of bribery, nepotism, graft, extortion and so on, and reflects on the relationship between people and bureaucracies (Harrison, 2007; Aminuzzaman & Khair, 2017). The World Bank is aware of corruption in the private sector, although the bank is primarily concerned with corruption in the public sector. In spite of placing the public sector at the core of the definition of corruption, the bank is able enough to incorporate most of the forms of corruption it experiences because the bank primarily deals with government. Corruption in the public sector, particularly in developing countries, is a more serious problem than that of the private sector and creates burden on the private sector corruption (World Bank, 1997).

Corruption is not limited to bribery, but can assume a number of other forms such as extortion, influence peddling, nepotism, fraud, the use of speed money (money given to government officials for speeding up their consideration of a business matter falling within their jurisdiction), embezzlement etc. (Klitgaard, 1998). There are three broad forms of corruption: petty administrative or bureaucratic corruption, grand corruption and state capture/influence peddling. Petty corruption means isolated corrupt transactions by individual public officials who abuse their office; grand corruption occurs when vast amounts of public resources are devoured or abused by state officials usually members of the political or administrative elite and state capture/influence peddling takes place when actors of private sector operate in collusion with public officials or politicians for their mutual and private grain (Shah & Schacter, 2004). Corruption threatens the viability of democratic institutions and market economics. Corrupt environment allows resources to be diverted towards non-productive areas such as the police, the armed forces and other organs of social control and repression (Pope, 2000). Amaryta Sen cautions that a "high level of corruption can make public policies ineffective and can also draw investment and economic activities away from productive pursuits toward the towering rewards of underhanded activities" (Sen, 2000).

3. Corruption and Institutional Integrity: Exploring the Nexus

Integrity is derived from the Latin *integer*, meaning wholeness, completeness, conscientious coherence, or committed responsibility. Integrity can be defined as the quality of moral self-governance at the individual and collective levels (P. Werhane and R. Freeman, 1997). Integrity refers to: 1) moral conscientiousness and judgment between what is right and what is wrong; 2) moral commitment and character where individuals adhere to anchoring principles and readiness to act ethically; and 3) moral coherence and authenticity-based judgments, beliefs, expressions, and commitments based on reasoned principles (L. Paine, 1997). Integrity encompasses ethical behavior that adheres to the rule of law and includes aspects such as transparency, accountability and participation. Sometimes the term good governance is used in place of integrity, but the latter is more precise, indicating honesty and lack of corruption in government. Good governance

refers not only to integrity, but also to efficient management of public resources and, for some commentators, to adequate public participation in decision-making (USAID, 2005).
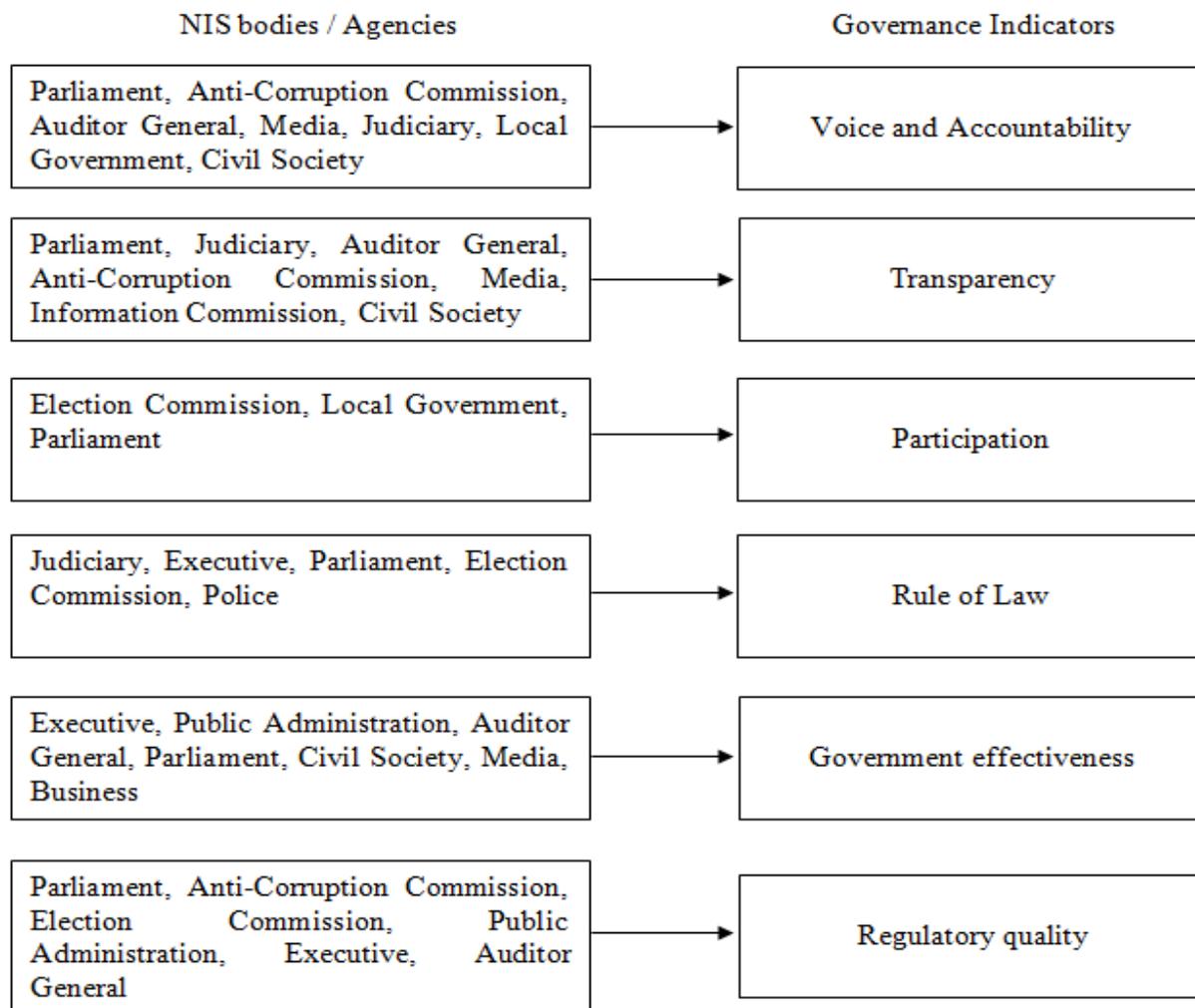
It has now been established that there are strong relationships between governance, ethics, integrity and corruption, all of which are the product of a complex interplay of political, economic, social, and even psychological factors and forces (Laura Westra, 2000). Table-1 shows consequences of non-integrity.

Table 1: Consequences of non-integrity

Personal	Risk of prosecution
	Loss of reputation
	Loss of money
	Low self-esteem
Organization	Risk of prosecution for illegal transactions and economic crimes
	Risk of being blacklisted (some organizations and government institutions publicly disclose information on blacklisted companies on their websites)
	Loss of reputation
	Less contracts with transparent and responsible organizations
	Low motivation and working morale of staff, resulting in poor quality work
	Increased costs (money spent on bribes, gifts, etc.)
Society	Lower coverage and/or quality of public service delivery
	Pain and costs associated with diseases and deaths
	Pollution or over-abstraction of sources
	Lower labor force productivity
	Lower investments in public services sector

The National Integrity System in Bangladesh broadly consists of the following institutions: Parliament, Executive, Judiciary, Public Administration (bureaucracy), Local Government, Police (law enforcement agency), Comptroller and Auditor General (supreme audit institution), Election Commission, Anti-Corruption Commission, National Human Rights Commission, Information Commission, Political Parties, Civil Society, Media, and Business (TIB, 2014). The lack of political will has been a continuing stumbling block in the process of democratic and accountable governance in Bangladesh, there are other cross cutting issues that have a direct bearing on the current NIS which include weak oversight functions, insufficient resources, lack of incentives, dearth of technical and professional competence of concerned actors, politicization, nepotism, and corruption and an absence of exemplary punishment for corruption leading to a culture of impunity/denial. This is exacerbated by low awareness of citizens of their rights and inadequate access to information (Ibid).

National Integrity System (NIS) Pillars and Governance Indicators

NIS bodies / Agencies	Governance Indicators
Parliament, Anti-Corruption Commission, Auditor General, Media, Judiciary, Local Government, Civil Society	Voice and Accountability
Parliament, Judiciary, Auditor General, Anti-Corruption Commission, Media, Information Commission, Civil Society	Transparency
Election Commission, Local Government, Parliament	Participation
Judiciary, Executive, Parliament, Election Commission, Police	Rule of Law
Executive, Public Administration, Auditor General, Parliament, Civil Society, Media, Business	Government effectiveness
Parliament, Anti-Corruption Commission, Election Commission, Public Administration, Executive, Auditor General	Regulatory quality

Source: Aminuzzaman & Khair, 2017

4. Corruption in Bangladesh: Issues and Experiences

Over the past few decades, Bangladesh has made remarkable progress in raising incomes, reducing poverty and improving social indicators. The economy faced numerous challenges on various fronts: the global economic downturn of 2008-09 and a series of natural disasters to which Bangladesh is regularly susceptible that caused disruptions to economic activity. Owing to the exemplary resilience of its hardworking population, the country continues to make significant strides even under heavy odds, and, in 2015, Bangladesh was classified by the World Bank as a lower middle income country (Planning Commission of Bangladesh, 2016). Bangladesh is no longer at the very bottom of global ranking as per corruption perceptions index (CPI) as it used to be during 2001-2005. But ranked 15th from below with a score of 26 out of 100 in 2016 still remain far below the global average of 43, considered to indicate moderate success in corruption control. Bangladesh remains the second worst performer in South Asia after Afghanistan (Iftekharuzzaman, 2017).
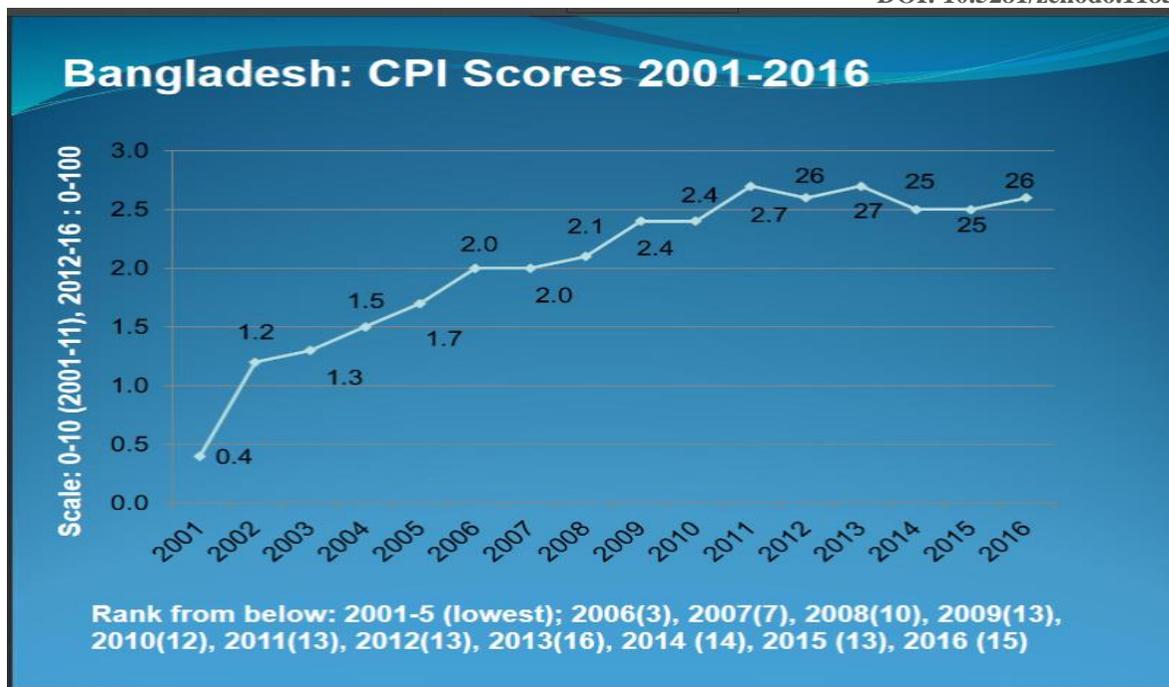
Graph 1: Position of Bangladesh in CPI Scores

In a poor country like Bangladesh effects of corruption are most insufferable. Corruption has appeared as an important issue of public interest in Bangladesh not merely because of Transparency International's ranking, which ranked Bangladesh at the top of the list of countries where corruption is perceived to be the highest for the fifth successive year from 2001-2005 and in 2009 at number thirteen, but more importantly because it hurts the lives of the common people. Bangladesh has continued to be among countries where corruption is omnipresent though its position in TI ranking improved.

Democracy is yet to be institutionalized in Bangladesh. Bangladesh was fated to experience autocratic rule owing to colonialism and military regime for a long time in the past and many of the country's corruption problems arose from earlier periods of non-democratic regime (World Bank, 1997). Political and administrative corruption is evident in Bangladesh during almost all political regimes after its independence (Khan, 2009). All the organs of government have become contaminated by corruption and state apparatuses have been used for personal and group benefits at the cost of citizens and the state. The public sector in Bangladesh lacks accountability and transparency; its decision making is mostly opaque. Corruption is endemic in the society and the civil service plays a vital role in keeping it up (Ibid). But it should be kept in mind that bureaucratic corruption does not exist in isolation and it reflects predominant behavioral modes and cultural mores in society and political leaders are also responsible for this because their corruption has a substantial demonstration effect throughout the public service (World Bank, 1997).

Robert Klitgaard's following equation regarding corruption can be applied to depict rampant corruption in the public sector of Bangladesh: "C = M + D – A. Corruption equals monopoly plus discretion minus accountability" (Klitgaard, 1998). In Bangladesh, monopoly of power of

public officials (both elected leaders and bureaucrats) over goods and services and the discretion to use that power is large on the one side but accountability is weak on the other since the watchdog institutions such as the office of the Comptroller and Auditor General and the Anti-Corruption Commission are not strong enough yet to fight against corruption which result in promotion of corruption and which is evident from the rampant corruption of the country (Khan, 2009; World Bank, 1997). Besides, the absence of the office of the Ombudsman is another encouraging factor for frustrating accountability. Since "power tends to corrupt and absolute power corrupts absolutely" (Pope, 2000), monopoly of power over goods and services needs to be circumscribed and discretion to use that power must be made clear and accountability and transparency must be enhanced by improving monitoring and ensuring access of the citizens to information (Klitgaard, 1998).

According to an estimation of the World Bank (2000), "If Bangladesh could reduce its corruption level to those prevailing in countries with highest reputation for honest dealing it could add between 2.1 and 2.9 percent to annual per capita GDP growth. This would contribute to a sustainable reduction in poverty" (quoted in Iftekharuzzaman, 2005). A survey to assess people's perception on government effectiveness carried out by Power and Participation Research Centre (2007) found that 68.2% people had negative perception on government effectiveness in the area of control of corruption. PPRC (2015) shows Trust Index on different institutions in Bangladesh at Table-2.

Table 2: Trust Index in Bangladesh

Institution	Dhaka City	Other Urban	Rural
	% expressing strong trust		
Education system	54.0	59.4	60.6
Administration	14.8	18.5	15.3
Police	14.2	20.0	13.2
Rule of law	16.2	27.4	17.6
Courts	18.4	29.4	19.1
Parliament	n.a.	19.7	16.4
Local governments	19.8	26.2	22.7
Army	60.2	75.0	63.2
Election Commission	8.6	12.4	12.1
Anti-corruption activities	11.8	7.6	10.0
Share Market	4.6	1.5	0.9
Youth	26.4	29.4	22.6
Political leadership / Political parties	11.0	14.1	11.7
Civil society / Intellectuals	15.0	27.9	20.5
Print media	42.6	31.8	29.2
Electronic media	46.8	40.0	31.8

Source: PPRC Governance and Economy Survey, 2015

Table 3: Institutions grouped by trust level in Bangladesh

Trust level	Dhaka City	Other Urban	Rural
Strong trust	Education system Army Electronic media Print media	Education system Army Electronic media Print media	Education system Army Electronic media Print media
Moderate trust	Youth Courts Local government Law and order	Youth Courts Local government Civil society / Intellectuals Administration Law and order Police	Youth Local government Civil society / Intellectuals Law and order Courts
Low trust	Share Market Election Commission Political leadership / Political parties Police Anti-corruption activities Administration Civil society / Intellectuals	Share Market Election Commission Political leadership / Political parties Parliament Anti-corruption activities	Share Market Election Commission Political leadership / Political parties Police Parliament Administration Anti-corruption activities

Source: PPRC Governance and Economy Survey, 2015

Transparency International Bangladesh's (TIB) National Household Survey 2015 revealed that 67.8% households became victims of corruption last year while some 58.1% had to pay bribe at an average of Taka 4,538. While the rate of corruption and harassment (67.8% versus 67.3%) in 2015 remained almost same in comparison to 2012, however, the households had to pay additional 1,500 crore taka compared to 2012. The most corrupt sectors identified in 2015 survey are: passport (77.7%), law enforcement agencies (74.6), education (Government and under MPO) (60.8%), BRTA (60.1%), land administration (53.4%) judicial services (48.2%), and Health (37.5%). The burden of corruption is higher on the low-income households compared to high-income households.

5. Anti-Corruption Initiatives by Government of Bangladesh (GoB)

Bangladesh has taken some concrete measures over the years that essentially demonstrate the Government's commitment to setting standards and undertaking the reform initiatives necessary for effectively promoting good governance and fighting corruption.

- *Enactmer of laws:* A number of laws has been enacted that have a significant bearing on the promotion of good governance and prevention of corruption. These include *The Anti-Corruption Public Procurement Rules 2008, The Right to Information Act, 2009, The Public Finance and Budget Management Act, 2009, The National Human Rights Commission Act, 2009, The Chartered Secretaries Act, 2010, The Whistleblowers'*

(Protection) Act, 2011, The Prevention of Money Laundering Act, 2012, and The Competition Act, 2012.

- *UNCAC ratification:* At the international level, Bangladesh has acceded to the *UN Convention Against Corruption (UNCAC)* in 2007. A self-assessment checklist on UNCAC was completed and submitted in 2007-8. The Government submitted a compliance and GAP analysis report to the Conference of States Parties in 2008. It formed an Expert Group on UNCAC and assigned the Additional Secretary to the Ministry of Law, Justice and Parliamentary Affairs as the UNCAC Focal Point of the GoB. In 2009, the Government developed an Action Plan for UNCAC Compliance. The Ministry of Home Affairs and the Office of the Attorney General Office have been assigned as the Central Authority for International Cooperation. A mechanism for the review of implementation of the UNCAC (first year of the first cycle) was undertaken in 2011. In the same year, a Peer Review Team (consisting of members from Iran and Paraguay and representatives of UNODC) visited Bangladesh and worked together with the Government.

- *Development of NIS Strategy:* A National Integrity Strategy has been approved by the Cabinet in October 2012. Subsequently, an NIS unit has been formed at each ministry and a National Integrity Advisory Committee has been formed with the Prime Minister as its Chair. The overall purpose of a National Integrity Strategy is to provide a system of governance that creates trust among citizens. The Government also plans to establish an Ethics Committee composed of the heads of the institutions.

- *Establishment of the National Human Rights Commission (NHRC):* In response to the long standing demand of the civil society and rights activists, the National Human Rights Commission (NHRC) has been established in 2009. A statutory body, the NHRC's primary goal is to work for the promotion and protection of the human rights of the citizens of Bangladesh.

- *Establishment of the Information Commission:* The issue of the right to information had featured prominently in civil society advocacy, public discourse and media coverage for some time in Bangladesh. The concern was also highlighted by major political parties in their election campaigns. These various efforts finally led to the enactment of *The Right to Information Act* in 2009, pursuant to which the Information Commission was set up to receive, inquire into, and dispose of complaints relating to the right to information.

- *Use of Citizens' Charter:* Citizens' Charter (CC) has been introduced by the Government on the recommendation of the Public Administration Reform Commission in 2000. The Government began work on the 2nd Generation Citizens' Charter in 2010, with the objectives of providing a platform for civil servants and citizens to interact and democratically decide what services people need and how the civil Service can best provide those services. The CC also aims to engage the citizenry in decisions that have a major impact on their daily life.

- *Introduction of performance audit system:* The Government has introduced a new performance appraisal system on a pilot basis to appraise the role and function of public sector employees on the basis of mutually agreed on performance indicators.

- *Police Reform:* The Police Reform Programme (PRP), funded by international development partners, is a comprehensive capacity-building initiative aimed at supporting the transformation of the Bangladesh police force into an effective and

service-oriented organization. The programme broadly focuses on strengthening police capacity and service delivery through training, advocating for gender-friendly policing, and improving the interaction with the community through model police stations and community policing forums. Progress achieved under this initiative includes, among others, the establishment of victim's support centres for women and children, the induction of an increasing number of women into the force, preparation of the Police Strategic Plan 2012-2014, revision of the draft *Police Ordinance 2007* and introduction of new ICT management structures.

- *SPEMP:* An initiative called the "Strengthening Public Expenditure Management Programme" (SPEMP) has been undertaken with the aim of building a more strategic and performance-oriented budget management process, and at the same time strengthening financial accountability across the expenditure management cycle.

6. Conclusion

A number of fundamental changes must be brought immediately to reduce deeply entrenched corruption in Bangladesh. Effective corruption control is certainly possible. Four mutually reinforcing drivers are indispensable. First is the political will at all levels, not only on paper but in practice without fear or favor. Second, the corrupt must be brought to justice ensuring equality of all before law irrespective of the identity and status of the person. Third, the institutions of the NIS must be transparent, efficient, accountable and effective, both individually and collectively. Fourth, conducive environment must be created for people at large, particularly media, civil society, and NGOs to raise and strengthen the demand for accountability and against corruption (Iftekharuzzaman, 2017).

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