



**USAID**  
FROM THE AMERICAN PEOPLE

SUPPORT FOR DEVELOPMENT OF THE  
USAID/ BANGLADESH  
ANTI-CORRUPTION STRATEGY  
FINAL REPORT

**DECEMBER 24, 2004**

This publication was produced for review by the United States Agency for International Development. It was prepared by Management Systems International.

# SUPPORT FOR DEVELOPMENT OF THE USAID/ BANGLADESH ANTI-CORRUPTION STRATEGY FINAL REPORT



**Management Systems International**

**Management Systems  
International  
Corporate Offices  
600 Water Street, SW  
Washington, DC 20024**

Contracted under Indefinite Quantity Contract No.: DFD-I-00-03-00144-00, Task Order No. 801  
International Governmental Integrity and Anticorruption Technical Assistance Services

*Submitted to:*  
United States Agency for International Development  
Office of Democracy, Governance and Education (DG-ED)  
Dhaka, Bangladesh

## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## TABLE OF CONTENTS

<b>Acronyms</b>	<b>ii</b>
<b>Executive Summary</b>	<b>v</b>
<b>1. Introduction</b>	<b>1</b>
<b>2. Overview of Corruption in Bangladesh</b>	<b>2</b>
<b>3. Framework and Methodology</b>	<b>11</b>
<b>4. Overview of Strategy Options</b>	<b>15</b>
<b>5. Democracy, Governance and Cross-Cutting Strategies (SO9)</b>	<b>18</b>
<b>6. Fertility Reduced and Family Health Improved (SO1)</b>	<b>36</b>
<b>7. Growth of Agribusiness and Small Business (SO5)</b>	<b>46</b>
<b>8. Improved Management of Open Water &amp; Tropical Forest Resources (SO6)</b>	<b>50</b>
<b>9. Improved Performance of Energy Sector (SO7)</b>	<b>58</b>
<b>10. Improved Food Security For Vulnerable Groups (SO8)</b>	<b>64</b>
<b>11. Improved Performance at Early Childhood and Primary Education Levels (SO10)</b>	<b>71</b>
<b>12. Strategy Recommendations Across the Entire Portfolio</b>	<b>76</b>
• <b>Anti-Corruption Strategic Packages</b>	<b>82</b>
• <b>Work Plans</b>	<b>88</b>
<b>Bibliography</b>	<b>112</b>
<b>Appendices:</b>	
<b>A. Prerequisites for a Sustainable Anti-Corruption Program in Bangladesh</b>	<b>118</b>
<b>B. List of Interviews and Meetings</b>	<b>125</b>

## ACRONYMS

ACC	Anti-Corruption Commission
ADAB	Association of Development Agencies in Bangladesh
ADB	Asian Development Bank
ADR	alternative dispute resolution
AED	Academy for Education Development
AIDS	Acquired Immune Deficiency Syndrome
AIN-C	Atención Integral a la Niñez Comunitario (Improving Childhood Health and Nutrition at the Community Level - USAID Honduras)
AL	Awami League
ARD	Associates in Rural Development
ATDP II	Agro-based Industries and Technology Development Project
AUSAID	Australian Government Overseas Aid Program
BANBEIS	Bangladesh Bureau of Educational Information and Statistics
BCS	Bangladesh Civil Service
BEI	Bangladesh Enterprise Institute
BERC	Bangladesh Energy Regulatory Commission
BLAST	Bangladesh Legal Aid and Services Trust
BNP	Bangladesh Nationalist Party
BNWLA	Bangladesh National Women Lawyers Association
BPATC	Bangladesh Public Administration Training Centre
BPC	Bangladesh Petroleum Corporation
BPDB	Bangladesh Power Development Board
BRAC	Bangladesh Rural Advancement Committee
BWD	Bangladesh Water Development Board
CAG	Comptroller and Auditor General
CAO	Citizen Advocate Office
CCC	Committees of Concerned Citizens
CFAA	Country Financial Accountability Assessment
CIDA	Canadian International Development Agency
CIPE	Center for International Private Enterprise
CPD	Centre for Policy Dialogue
CPI	Corruption Perceptions Index
CSO	Civil Society Organization
Danida	Danish International Development Agency
DCOP	Deputy Chief of Party
DER	Disaster and Emergency Response
DESA	Dhaka Electric Supply Authority
DFID	Department for International Development [UK]
DG	Democracy and Governance
DGF	Directorate General of Food
DOE	Department of Environment
DOF	Department of Fisheries
DOJ	Department of Justice
EC	European Commission
ED	Education Department
EIA	Environment Impact Assessments
EMIS	Education Management Information System
ERD	External Resources Department (Ministry of Finance)
ESTEEM	Effective Schools through Enhanced Education Management
FD	Forest Department
FHI	Family Health International

FMRP	Financial Management Reforms Project
FMU	Financial Management Unit
FOI	Freedom of Information
FP/H	Family Planning/ Health
GDP	Gross Domestic Product
GEF	Government Environment Facility
GIS	Global Information Systems
GOB	Government of Bangladesh
HIV	Human Immunodeficiency Virus
HNPSP	Health, Nutrition, and Population Sector Project
HPSP	Health and Population Sector Program
HR	Human Rights
ICAC	Independent Commission Against Corruption
ICDDR	Centre for Health and Population Research
ICITAP	International Criminal Investigative Training Assistance Program
IDEAL	Intensive District Approach to Education for All
IDR	Integrity Development Review
IFPRI	International Food Policy Research Institute
ILA	International Labor Association
IMF	International Monetary Fund
INL	International Narcotics and Law Enforcement Affairs
I-NPRS	Interim National Poverty Reduction Strategy
IQC	Indefinite Quantity Contract
IRI	International Republican Institute
IT	Information Technology
JANIPOP	Jatiya Nirbachan Parjabekkhon Parishad (National Election Observation Council)
JOBS	Job Opportunities and Business Support Program (USAID)
LCG	Local Consultative Group (on Governance)
LGD	Local Government Division
LGED	Local Government Engineering Department
LGRD	(Ministry of) Local Government and Rural Development
LGRD&C	[Ministry of] Local Government, Rural Development and Cooperatives
LGRDC	Local Government, Rural Development, and Cooperatives
MACH	Management of Aquatic -Ecosystems through Community Husbandry
MAT 2	Malaria, HIV/AIDS, Tuberculosis
MCC	Millennium Challenge Corporation
MLGRD&C	Ministry of Local Government, Rural Development, and Cooperatives
MoEF	Ministry of Environment and Forests
MOF	Ministry of Finance
MOHFW	Ministry of Health and Family Welfare
MoL	Ministry of Land
MoWR	Ministry of Water Resources
MP	Member of Parliament
MPEMR	Ministry of Power, Energy, and Rural Resources
MSI	Management Systems International
NCCP	National Committee for Corruption Prevention
NDI	National Democratic Institute
NGO	Non-governmental organization
NORAD	Norwegian Agency for Development Cooperation
NPRS	National Poverty Reduction Strategy
NRECA	National Rural Electric Cooperative Association
NSDP	NGO Service Delivery Program
NSP	Nutritional Surveillance Program

OECD	Organization for Economic Co-operation and Development
PAC	Standing Committee on Public Accounts
PARC	Public Administration Reform Commission
PBS	Palli Bidyut Samity (Rural Electric Cooperatives)
PDB	Power Development Board
PEC	President's Executive Council
PEDP II	Private Education Development Program
Petrobangla	Bangladesh Oil, Gas, and Mineral Corporation
PFDS	Public Food Distribution System
PMO	Prime Minister's Office
PSDP	Power Sector Development Program
PTA	Parent-Teacher Association
PUC	Public Undertaking Committee
RAB	Rapid Action Battalion
REB	Rural Electrification Board
RHD	Roads and Highways Department
RISE	Regulatory and Investment Systems for Enterprise Growth
RPPR-II	Rural Power of Poverty Reduction
RUPANTAR	Local civil society group based in Khulna
SAVE	Save the Children
SDC	Swiss Development Cooperation
SEMP	Sustainable Environment Management Programme
SIDA	Swedish International Development Authority
SMC	School Management Committee
SME	Small and Medium Enterprise
SO	Strategic Objective
STD	Sexually Transmitted Disease
TA	Technical Assistance
TI	Transparency International
TIB	Transparency International Bangladesh
UDC	Urban Development Centre
UK	United Kingdom
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Emergency Fund
UP	Union Parishad
USAID	United States Agency for International Development
USAID/B	United States Agency for International Development Bangladesh
USD	United States Dollars
VDC	Village Development Committees
WB	World Bank
WFP	World Food Programme

## EXECUTIVE SUMMARY

Corruption in Bangladesh is a major systemic problem that has become embedded in almost all structures, institutions, sectors and transactions conducted between citizens and government. This report presents strategic recommendations to USAID Bangladesh on how to incorporate anti-corruption initiatives into all programs of its portfolio. The recommendations identify (a) anti-corruption strategies that USAID can target at program sectors that are particularly impacted by corruption, (b) stakeholders that are ready and willing to take action, and (c) practical approaches that can be devised to address the problem effectively. Based on information gathered from a variety of sources, strategic options were analyzed in relation to local political will, institutional capacity, resource availability, public support, and other donor interest to conduct such options.

The strategy recommendations take into account several stark conclusions reached by the team:

1. It is hard to find political will and committed leadership to fight corruption in the central government. In fact, it appears as if there is significant denial on the part of senior government officials that the corruption problem is as bad as is reported in surveys and other reports.
2. There is a high tolerance for corruption within the general population. People are resigned to the fact that corruption is a part of everyday life. In fact, many told us that to participate in corruption is the only way to get anything accomplished within a reasonable amount of time. People do not see a way out of the problem.
3. Many of the prerequisites that are needed to contain corruption do not exist in Bangladesh. There are many good laws, institutions, and procedures on the books, but they have not been implemented adequately, if at all, to have an impact.
4. Prospects for change in political leadership that could lead to meaningful anti-corruption reforms are not great. Vested interests in both major political parties have captured the state and generational change in either party's leadership is not likely to have an impact on this situation.
5. Amidst this rather bleak picture, one bright spot is the motivation and activism of international donors in Bangladesh to work together to pressure the government and work with other stakeholders to make reforms. Many donors have already begun to conduct programs that should have an incremental impact on fighting corruption sector-by-sector.

As a result of these circumstances, typical anti-corruption options that may be considered reasonable in many countries are not likely to be effective in Bangladesh. Thus, we sought out alternative paths. They include the following:

1. With limited central government commitment for a comprehensive program against corruption, our proposed strategic options tend to seek out potential change agents within particular ministries or departments who might be willing to pursue reform agendas, albeit at a departmental or sectoral level.
2. In addition, because of limited central government leadership in this area, our proposed options tend to focus on controlling administrative level corruption in the near- to mid-term, rather than on grand corruption problems.
3. With minimal sincere interest at the central level, our proposed options tend to place more emphasis on strategies that can be accomplished at the local level in Bangladesh, where we found more motivation and political will among local officials and civil society. So that these local initiatives accumulate to a significant and visible anti-corruption program nationwide, we recommend that USAID/B develop a "regional initiatives" approach that concentrates many anti-corruption activities in regional hubs.

4. Our proposed options also tend to place heavier emphasis on strategies that can be accomplished by civil society, the private sector, and the mass media, that can generate significant external demands on government for reforms.
5. Our strategic options also focus on establishing the prerequisites for effective anti-corruption programs. These prerequisites encompass legal and institutional frameworks necessary for sustainable anti-corruption programs. Without these prerequisites firmly in place, sustainability of any anti-corruption efforts will be questionable. (At the same time, we believe there needs to be a balance in USAID's strategy between the longer term activities to establish prerequisites and shorter term activities that provide practical results to demonstrate that corruption, in fact, can be controlled in Bangladesh.)
6. While it is difficult to predict where a future USAID anti-corruption program might have the greatest impact, it is clear that strategies targeting democracy and governance reforms and the cross-cutting options are most important throughout the Mission's portfolio. These strategies will have widespread consequences because they will have implications for most of the other sectoral programs.
7. Due to the magnitude of the corruption problem in Bangladesh, USAID's anti-corruption strategy must be viewed as only one part of a larger multi-donor strategy to fight corruption. Thus, generating a more effective and vigilant coordination of donor anti-corruption programs is an essential feature of our proposals for a USAID anti-corruption strategy.
8. Within the range of anti-corruption strategies promoted by the donor community, USAID should pursue those program areas that are within its core competencies – in particular, working with civil society and capacity building at the local level.
9. Finally, it is important to reverse embedded cynicism in society that nothing can be done to control corruption. Thus, our proposed strategic options include recommendations that seek out near-term successes that are meant to demonstrate that corruption can be reduced and energize local stakeholders to sustain their activities.

While there is emphasis in our proposed strategic guidance to USAID to work at the local level, to work with civil society, to target administrative corruption, and to fill in gaps related to anti-corruption prerequisites, we do *not* recommend that all other strategies be relegated to the backburner. Where the opportunities arise over time, adjustments should be made to the anti-corruption strategy to work as well at the central level, with key government ministries and agencies, and on grand corruption issues. A coordinated top-down *and* bottom-up anti-corruption strategy is likely to be most effective in keeping the problem under control.

We also concluded that there were many common needs across the program sectors. Most of these commonalities can be characterized as core governance issues – such as improved procurement practices, greater budgeting transparency, simplified administrative procedures, and proactive efforts to implement the basic legal regime required for an effective and sustainable anti-corruption program. While we identify specific strategy options for each program sector, we also expound upon these *cross-cutting strategies* as well. Because they all relate to improved governance, these cross-cutting strategies are included in the DG area.

Each program sector is analyzed separately, but recommendations are integrated at the report's conclusion into three strategic packages that USAID might adopt and implement depending on funding and resource levels.

- The **low funding package** primarily builds upon ongoing USAID initiatives, largely seeking to strengthen civil society demand for reform, local level reforms, and transparency programs.
- The **medium funding package** incorporates the previous package and then seeks to promote more robust activities in legal and institutional strengthening in government and civil society with the goal of establishing the prerequisites for a sustainable anti-corruption program in Bangladesh.

- The **high funding package** incorporates the previous two packages and then seeks to strengthen laws and institutions more widely, working toward greater respect for and compliance with the rule of law across the entire portfolio.

Additional strategy implementation recommendations include the following:

1. The implementation of the proposed anti-corruption strategy by the Mission will require a matrixed management approach to deal with coordination of efforts across sectors *and* the cross-cutting strategy options. The Mission should consider establishing a Standing Committee, including members of each SO Team and appropriate political and economic officers from the Embassy, with the Mission Director as chair. The role of this Committee would be to coordinate and review progress in implementing the anti-corruption strategy.
2. Our strong recommendation to promote anti-corruption programs at the local level demands consideration of how to disseminate local activities throughout the country effectively. A Regional Initiatives approach, similar to the USG activity in Russia, is recommended to concentrate efforts in several hub regions and then network these regions and scale up once significant results are achieved.
3. Change agents might be found in government – in the Prime Minister’s Office, the Finance Ministry, and at local levels – and in the private sector, among professionals, and in the media. It is recommended that USAID or another donor conduct a *stakeholder mapping analysis* to map and identify potential ‘change-agents’ for anti-corruption programs both in and out of government.
4. Because of the pervasive nature of corruption, it would be useful for the Mission to involve, if possible, the cooperation of other USG agencies in strategy implementation. This could include State/INL, Department of Justice, Department of Treasury, Bureau of Educational and Cultural Affairs, Department of Agriculture, Customs Service, Military Attaché, and Department of Labor.
5. USAID can spearhead the local consultative subgroup of donors to coordinate their various anti-corruption programs and engage their cumulative clout (both carrots and sticks) to place significant external demands on the Government of Bangladesh to develop and implement necessary legal, institutional and procedural reforms.
6. As civil society activities turn more toward advocacy initiatives, it will become essential for donors to be visible and steadfast allies and “protectors” of civil society organizations. Advocacy campaigns against corruption concern sensitive and potentially dangerous issues; NGOs and local champions of anti-corruption initiatives can be encouraged and can gain some degree of clout, legitimacy and protection by having international donors stand behind them.
7. Given the levels of violence in society, police corruption, human rights abuses and continued deterioration of law and order, the emphasis on a strategy that strengthens civil society capacity and expands stakeholder participation suggests caution. Elements of the strategy should incorporate the lessons learned in other violence-prone countries to implement these activities effectively and safely.
8. USAID has the opportunity to implement a demonstration activity immediately with funds that are currently set aside for anti-corruption programs in the civil society strengthening area. We recommend the following: Large multi-sectoral anti-corruption workshops can be conducted in Dhaka, Chittagong, and Khulna for civil society organizations, business associations, the media, and local government as a way to stimulate the development of Anti-Corruption Coalitions in these three large cities. At the workshops, these groups will learn a common language about fighting corruption, and will be exposed to a range of anti-corruption techniques that have been used successfully in other countries. A major feature of the workshop will be breakout sessions during which the participants will draft Anti-Corruption Action Plans. This kind of program can be effective in expanding the constituencies for anti-corruption change and reform beyond the usual nongovernmental organizations.

## 1. INTRODUCTION

Public sector corruption in Bangladesh has devastating consequences on the economic, political and social life of the country that it can least afford. It scares off domestic and foreign investors, creates unfair advantage for some, and distorts prices. It constrains democratic governance by undermining the judicial process, dismantling the rule of law, and reducing the delivery of essential public services, especially for the poor. And it penetrates the social and cultural fabric of the country to the point that people are resigned to living with pervasive corruption because they see no way out of the system.

This report provides a systematic framework for USAID/Bangladesh to orient its overall program – across its entire portfolio -- to address the key issues of corruption. The objectives of the task order awarded to Management Systems International under the Anti-Corruption IQC (Contract No. DFD-I-00-03-00144-000, Task Order No. 801) is:

... to design an Anti-Corruption Strategy to strengthen USAID Bangladesh's strategic response to public and private corruption in Bangladesh by highlighting the root causes of corruption, identifying a range of options to address them, and suggesting concrete strategies and methodologies that are most likely to yield results in reducing corruption through the Mission's existing and future activities under all of its Strategic Objectives.

Our activity and this report are focused on presenting strategic recommendations to the Mission on how to incorporate anti-corruption initiatives into all programs in the portfolio. It is not meant to develop a full-blown assessment of corruption in Bangladesh or a detailed program design for the Mission.

Robert Klitgaard's formulation (Klitgaard, Maclean-Abaroa and Parris, 2000) about corruption – that it is a result of monopoly power plus official discretion minus accountability – serves as the basis of our thinking to develop a USAID strategy to combat corruption in Bangladesh. We have sought out strategic recommendations to increase political competition (thereby reducing monopoly), increase opportunities for clear and predictable procedures and the exercise of the rule of the law (thereby reducing bureaucratic discretion), and heighten the risks of engaging in corruption (thereby increasing accountability of officials).

The work was undertaken from October through December 2004, with a field visit to Bangladesh by three MSI specialists from October 28 to November 20, 2004. The MSI team consisted of Dr. Bertram Spector, Mr. Amit Pandya, and Dr. Svetlana Winbourne, and two Bangladeshi experts on corruption, Mr. Manzoor Hasan and Dr. Shahnaz Karim.

This team would like to extend its thanks to the USAID Consultative Group that was established to advise our efforts, and especially to Dr. Rezaul Haque, Mr. Nazrul Islam and Mr. Todd Sorenson for leading the Consultative Group and facilitating our access to people and information. We also thank Rafiqul Islam Khokan of Rupantar in Khulna, and his staff, for their help in organizing three extremely useful focus groups and for their hospitality. We are grateful to all those who granted us their time and thoughts on these sensitive issues – from the community of USAID implementing partners, international donor organizations, government officials, and local NGOs, businesses and journalists. The final revisions of this report benefited extensively from comments and insights offered by our Advisory Panel, including Harry Blair, Laurence Beck and Emil Bolongaita. The team also thanks Boris Pertsev, an accomplished political caricaturist in Tomsk, Russia, for the cover art. Katherine Sepponen provided adept research and copyediting assistance.

The content and conclusions of this report are the authors and do not necessarily reflect the policies or opinions of the United States Agency for International Development (USAID).

## 2. OVERVIEW OF CORRUPTION IN BANGLADESH

### 2.1 General State of Corruption in Bangladesh

Bangladesh has come a long way over the last three decades since its labeling as a ‘basket case’ by Dr. Kissinger. This has been achieved in spite of many dismal prognoses and predictions given its bloody appearance as a nation-state in 1971. Bangladesh can now proudly proclaim significant attainments in many sectors: gross enrolment ratio at primary level reached 100% for both boys and girls by year 2000<sup>1</sup>, by the late 1990s Bangladesh became a ‘low-mortality-low fertility’ regime (6.3% in 1970 and 3.3% by 2000), life expectancy at birth in 2000 was 59.5 (female) and 59.4 (male) compared to 43.5 and 45, respective for the year 1970. Finally, infant mortality rate has dropped from 140 (1970) to 66.3 (2000).

Notwithstanding some of the positive social indicators Bangladesh has failed to make any significant dent on the level and magnitude of poverty, the overall quality of education and health, the general law and order condition, the extremely high level of unemployment and under-employment, among other issues. The main reason behind Bangladesh’s economic stagnation is its abysmal governance track record. Bad governance has truly become Bangladesh’s Achilles’ heel. Successive governments in Bangladesh have made pledges to address the various governance issues but their track-record so far has not been too promising.

Politicians’ lack of will is frequently cited as the main reason for such failures, but there have been some notable successes over the last few years, which are definitely worth mentioning. The present government can be given full credit for the following positive changes: it has closed down some failing state-owned enterprises despite negative political fallout; it has banned the use of plastic bags and two-stroke three wheelers to reduce the level of environmental pollution; it has increased the level of foreign currency reserve by pursuing sound macro-economic policies, it has privatized the publication of school textbooks to improve both quality of publication and timely delivery, and finally, it has brought into force a completely new legal regime to enable a new anti-corruption institution to come into being. But, despite these and other notable achievements the big picture is still rather gloomy.

A number of studies on governance have consistently given Bangladesh a very low score. On the issue of the extent of corruption, the rule of law and government effectiveness Bangladesh ranks lower than China and India (Stern 2002). The World Bank’s World Business Environment Survey (2004) placed Bangladesh at the lower end of the scale of 100 countries as most firms surveyed reported that they made off-the-record payments to get things done. Such payments cumulatively result in 2-3% points of foregone GDP annually. The World Bank’s World Development Report 2004 stated that almost all Bangladeshi companies are subject to illegal payments and the volume of such payments is almost 3% of their total sales. If the conditions in Bangladesh could be changed to match those found in Shanghai Bangladesh could reduce its productivity gap by 40% and wages could rise by 18%.<sup>2</sup>

Another survey<sup>3</sup> found that nearly half of respondents indicated that the level of corruption has increased over the preceding year (2003). In terms of major concerns, respondents ranked corruption (76%), democracy (71%) and human rights (69%) in the third tier of concern after education (1st) and poverty/law & order/roads/health care (2nd). Most notable is the fact that Bangladesh failed to qualify for financial support from the Millennium Challenge Corporation (MCC) by scoring very low on all the six indicators: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption<sup>4</sup>. Most disturbing is

---

<sup>1</sup> UNDP, 2002. Net enrollment rate of 83% is calculated on the basis of primary school age group of 6 to 10 years. Gross enrollment ratio, which is over 100, is calculated on the basis of the actual intake of a wider age group of 6 to over-10.

<sup>2</sup> The Daily Star, 30<sup>th</sup> September 2004

<sup>3</sup> Bangladesh: Knowledge, Attitudes and Practices – National Survey Covering Democracy and Governance Issues, 2004, USAID

<sup>4</sup> <http://www.worldbank.org/wbi/governance/pubs/mca.html> and [www.mcc.gov](http://www.mcc.gov)

the fact that the percentile ranking of the governance indicators show a deteriorating trend over the period 1996 to 2002 with the only exception of ‘government effectiveness.’<sup>5</sup> The most damning figure is related to ‘control of corruption’ which dropped from 36.7 (1996) to 7.7 (2002). Given the special emphasis attached to fighting corruption, Bangladesh has been considered to be ineligible for MCC funding due to its glaring failure to tackle corruption.<sup>6</sup>

In Bangladesh the issue of corruption came to a head in 2001 with the publication of Transparency International’s Corruption Perceptions Index (CPI). CPI was published just prior to the dissolution of Parliament in July 2001. The Index identified Bangladesh as the most corrupt country out of a list of 91 (and Bangladesh maintained this position subsequently in 2002, 2003 and 2004 out of a list of 102, 133 and 146, respectively).<sup>7</sup>

The major political parties responded by including in their manifestoes the promise of establishing an independent anti-corruption commission/council. The unique unanimity of the political parties on fighting corruption was very impressive. The election campaign was full of accusations and counter accusations of grand corruption committed by the leading politicians of both parties. After the general elections and after the formation of the new government a White Paper<sup>8</sup> was published, which documented the major corruption cases, allegedly undertaken by the previous Awami League (AL) government. The Opposition, the Awami League, produced their own publication on the misdeeds of the government party, the Bangladesh Nationalist Party, allegedly committed during their own previous tenure in power.<sup>9</sup>

Three years from the last general elections (2001) and two years from the next one (scheduled to be held in 2006) the chances of Bangladesh having successfully put in place an effective anti-corruption strategy seem to be very remote. The question that is being constantly asked is “why is there such inertia given the magnitude of mis-governance in Bangladesh?” In-depth research has been undertaken to understand the various issues at play and to get some sense of direction in terms of future good governance policy and program. Future reform packages may need to bear in mind the following: that the fight against corruption will be demanding, as change must not only be achieved, but has to be sustained; that the reduction of the level of corruption in Bangladesh will be difficult and time-consuming; that a multi-pronged indigenous approach will be required but the implementation of different programs may have to be incremental in nature; that the focus of input may have to shift from ‘technical-hardware’ to ‘populist-software.’ Finally, it needs to be stated quite emphatically that the pronounced lack of political will among Bangladeshi politicians (or a perverse consensus) not to confront corruption is certainly further compounded by other very significant factors, such as, population size, low level of literacy, acute poverty, rapid urbanization, among others. It is also incontrovertible that bad governance in the Bangladeshi body politic is in turn constantly undermining many of these developmental issues.

The need to overcome entrenched vested interests, as well as the difficulty of finding credible reformers and of ensuring the support of a wide coalition of stakeholders is a task that should not be under-estimated. Reform must attract broad support and involve strategies to deal with the legacy of the past. Systemic changes are essential, as merely replacing one corrupt individual with another who has not yet been corrupted, is not an effective response. Whether the politicians in Bangladesh will be ready to listen and learn from others will ultimately depend on the collective force of its growing disgruntled citizens – hopefully, this will be a matter of ‘when’ and ‘how’, rather than ‘why.’

---

<sup>5</sup> [http://info.worldbank.org/governance/kkz2002/sc\\_chart.asp](http://info.worldbank.org/governance/kkz2002/sc_chart.asp)

<sup>6</sup> <http://www.worldbank.org/wbi/governance/mca.htm>

<sup>7</sup> Corruption Perceptions Index is available at [www.transparency.org](http://www.transparency.org)

<sup>8</sup> *White Paper*, 2002, Dhaka: Prime Minister’s Office

<sup>9</sup> *Corruption in Khaleda Zia’s Regime*, 2002, Centre for Research and Information, Bangladesh Awami League, Dhaka

## 2.2 The Prerequisites for an Anti-Corruption Program<sup>10</sup>

The essential prerequisites for an anti-corruption program are: (i) legal environment, (ii) enforcement and prosecution, (iii) government oversight institutions, (iv) budget and public expenditure process, and (v) civil society, media and business. Under each of these generic headings there are other sub-components. In Bangladesh the legal environment is relatively robust. The criminal (penal) code of Bangladesh deals with the offense of corruption and there are separate courts to deal with such offenses. As with so many other pieces of legislation the difficulty is with the implementation of laws. A major deficiency is the absence of any freedom of information law and whistleblower protection, and the functioning of an archaic secrecy law – the Official Secrets Act 1923.

On the issue of enforcement and prosecution of corruption-related matters the situation is similar. The laws and institutions are in existence but they lack effectiveness. The judiciary has been a very highly respected institution but lately, due to political party considerations, this too has been undermined. At the same time, the government has enacted a money-laundering act, and due to improved services provided by the nationalized banks, the government has earned considerable foreign currency.

One of the weakest areas has been the functioning of the oversight institutions. In the following paragraphs the weaknesses of these institutions have been highlighted. In the area of budget and public expenditure process various donors have provided much support to the government to undertake either reform or enhancement of capacity. But a basic weakness remains in the form of lack of information. It is impossible for citizens and civil society organizations to get information on the amount of money that is being spent on countless development projects. The other areas of weakness are: parliamentary oversight and procurement. The last parliament was more vigilant than the present one and in spite of new procurement rules collusive behavior is rampant, which is making a mockery of the rules.

Over the last few years press, civil society and private sector have been very active in revealing the nature and scope of corruption in Bangladesh. This has become a sore point for politicians, and they are blaming them for the present ranking of Bangladesh in different governance/corruption indices.

Below is a brief examination of some of the main sub-components of the prerequisites mentioned above:

### *(a) The Police*

The 100,000 strong central police force - controlled by the Ministry of Home Affairs - has not only failed to maintain law and order, but it has been repeatedly identified as the most corrupt institution in the public sector. Recently, the government has constituted separate units, comprised of personnel from police and the army. Since the Rapid Action Battalion (RAB) took to the street, many suspected criminals have been killed in 'cross-fires.' This has been interpreted differently by human rights observers, and the killings have been seen as serious violations of basic human rights of individuals. The activities of the RAB are also setting a disturbing precedent.

### *(b) The Bureau of Anti-corruption*

The Bureau of Anti-corruption is the main agency responsible for controlling corruption but its impact has been minimized due to lack of freedom of operation. It is presently situated in the Office of the Prime Minister and it is heavily influenced by political party considerations.

---

<sup>10</sup> See Appendix A.

*(c) The Office of the Comptroller and Auditor General*

The Office of the Comptroller and Auditor General (CAG) is the supreme audit institution of Bangladesh. Independence of the CAG is enshrined in the Constitution. Nonetheless, the independence of the CAG's office is severely constrained by the operation of the Rules of Business of the Government under which CAG is subject to the direction and control of the Finance Ministry. The CAG has not been given unfettered scope to discharge his/her constitutional obligation (under Articles 127-132) to serve the Parliament's oversight function.

*(d) The Parliament*

Since 1991 the '*Jatiya Sangsad*' (House of the Nation) has mainly been used as a 'rubber stamp'. The main responsibility of the Members of Parliament is to engage themselves in the legislative process of the Parliament. In reality, some individual members spend only 5% of their time in the law-making process. The exception has been some of the Statutory Committees. However, evidence shows that the Public Accounts Committees to review the CAG's audit reports have not been formed on time, resulting in a backlog of audit reports. Again, no institutions have been established to supervise or monitor implementation of the PAC's recommendations.

*(e) The Supreme Court*

The Supreme Court has been relatively free from corruption and it has maintained its independence and judicial activism. It also hears writ petitions including *certiorari*, *mandamus*, *injunction*, *prohibitions* and *habeas corpus* brought by aggrieved individuals. But backlog of cases continues to plague the judicial system, thus reducing the effectiveness of delivery of justice to ordinary citizens.

Although the Constitution states that the lower judiciary is independent from the Executive but in reality it has not been able to assert its independence. The Lower Courts therefore do not enjoy a high reputation of impartiality and incorruptibility. In order to give the lower judiciary due independence and empower it to act without interference, separation of the lower Judiciary from the Executive is imperative. The present Government has pledged to take steps to separate the Judiciary from the Executive but no significant action has been taken so far despite the repeated granting of time by the Appellate Division of High Court to complete the process of separation.

*(f) Bangladesh Civil Service*

The Bangladesh Civil Service (BCS) has 29 cadres. These officers are recruited through competitive examinations held by the Public Service Commission. Others are recruited through promotion, secondment, lateral entry and contract. Forty percent of the recruitments are done on the basis of merit, while others are taken on a quota system or via direct departmental recruitment<sup>11</sup>. Civil servants are required to be non-partisan, but lately this principle has been compromised by excessive political interference through the process of recruitment, posting, transfer and promotion of officers.

To improve the performance of the civil service, several Governments have appointed from time to time a number of committees and commissions to review its service delivery. The United Nations Development Program prepared a report in 1993 on the Public Administration Sector Study in Bangladesh. The World Bank prepared a report in 1996 titled 'Government That Works- Reforming the Public Sector'. The Government set up the Administrative and Service Reorganization Committee as well.

*(g) The Ombudsman*

In 1980 Article 77 of the Constitution of Bangladesh was fulfilled by the enactment of the Ombudsman Act. The institution of Ombudsman is regarded as one of the means of ensuring accountability in the government sector. Sadly, the Act has not yet been implemented by any of the successive governments. In February 2002 the present Government formed an Eight-Member Ministerial Committee to review the Act of Ombudsman, and

---

<sup>11</sup> *Public Administration for 21st Century (Volume I)*. (Dhaka: Public Administration Reform Commission, June 2000) pp:30

subsequently the Government published a gazette notification to make the Ombudsman Act 1980 effective from 7th January 2002. So far no significant step has been taken to establish the Office of Ombudsman.

*(h) Monitoring of Assets*

There are no procedures for monitoring of assets for Ministers or submission of statements of wealth of Ministers. There are also procedures to monitor the assets of high Government officials but public disclosure is not made regarding compliance. However, prior to the general elections every contesting candidate must submit to the Returning Officer a detailed statement of all the election expenses and the sources of funding.

*(i) Political Party Funding*

Currently there are no disclosure rules applicable to political party funding. Substantial donations and their sources are not typically made public. No official reports or audits of campaign financing or expenditures are prepared by any independent institutions, nor are such reports presented to Parliament. Reports of extortion from business and other sources to raise campaign funds have often been published in local media. But there are no current requirements for a public declaration of the accounts of political parties.

*(j) Reform Commission*

The Public Administration Reforms Commission (PARC), the 22<sup>nd</sup> since 1971, was set up in 1997 to recommend policies and programs to improve the level of efficiency, effectiveness, transparency and accountability of the public organizations. Some of these were interim, short term and some were longer-term measures. Members of civil society have indicated that implementation of these policies must receive highest consideration of the authorities in order to stem the tide of corruption and modernize the administration. A number of committees were formed by the previous government to examine and implement these recommendations but since the taking of office of the present government no step has been taken to implement any of the recommendations.

### **2.3 What is currently being done?**

The present Government has identified corruption as one of the major issues that is tarnishing the image of Bangladesh. The Finance and Planning Minister recently stated that “Bangladesh would slide down the rank of Transparency International’s most corrupt countries once the commission [the new Anti-Corruption Commission] starts work, the public procurement regulations are complied with in government purchase and if the media runs objective and investigative reports.”<sup>12</sup>

Other Ministers have expressed quite different and differing opinions on the publication of Transparency International’s Corruption Perceptions Index that identified Bangladesh and Haiti to be the most corrupt from a list of 146 countries. The Law and Parliamentary Affairs Minister M. Moudud Ahmed said after the publication of TI’s CPI, “We do not accept the criteria for such an index. There are other countries in the world, which are much more corrupt than Bangladesh.” The Health Minister Khandakar Mosharraf Hossain told newspaper reporters that “They [TI] blow up small discrepancies in big projects. They also do not go to the bottom of media reports to judge whether the allegations are true.”<sup>13</sup>

Despite a very clear commitment in the 2001 election manifesto, the present government has dragged its feet over establishing an anti-corruption commission. After much prodding from the civil society and donors, a new law was enacted in February 2004, which outlines the functions and powers of the commission. A selection committee was formed and six names were put forward to the President who, on advice from the Prime Minister, will select three names. As of November 22, 2004, the three Commissioners were selected; now, the major job of selecting staff and developing the Commission’s procedures must begin. No one assumes that the Commission, whenever it is fully operational, will be a magic wand to reduce the level of corruption in

---

<sup>12</sup> The Daily Star, 1<sup>st</sup> November 2004

<sup>13</sup> The Daily Star, 21<sup>st</sup> October 2004

Bangladesh. However, many observers consider the speed of the process as an important litmus test of the government's sincerity and good faith.

Commentators believe that it would be politically difficult for the government to take a robust non-partisan anti-corruption posture given the lack of consensus against corruption. The Opposition has failed to project its own anti-corruption policy either within or outside the National Parliament. The 'critical mass' required for a paradigm shift in developing a strategy to fight corruption in Bangladesh is glaring by its absence.

Since 1991 three general elections have taken place. They have been positively endorsed by international observers and have been described as having taken place in a 'free and fair' manner. But national observers have raised reservations regarding the amount of funds used during the pre-election period. Estimates vary but it is reckoned that most candidates crossed the limit of 5 lacs (USD 8333.33 using an exchange rate of USD 1 = Taka 60). The personal backgrounds of Members of Parliament may be seen as an indicator – more businessmen and traders are elected nowadays than professionals. Parliament has lost the glamor of a debating chamber and it has become a place for closing business deals. It is no wonder that the Parliament and its standing committees are not functioning as the supreme watchdog.

#### Status of Government Initiatives<sup>14</sup>

##### **The National Human Rights Commission**

The Government had a plan to set up a National Human Rights Commission by end of 2002 but, wasn't successful in meeting the deadline. Steps are underway now to set up a National Human Rights Commission. The Government has formed a Ministerial Committee to reassess the proposed bill.

##### **The Office of Ombudsman**

The Government published a gazette notification to make the Ombudsman Act, 1980 effective from 7<sup>th</sup> January 2002. So far no significant step has been taken to establish the Office of Ombudsman.

##### **Separation of Judiciary**

The separation of the Judiciary from the Executive is a constitutional requirement. The President has constituted a seven-member judicial service commission to undertake preparatory work but recently the Law & Parliamentary Affairs Minister has indicated that the separation of judiciary could take time and that the government should not be pressed too hard, as it is a delicate matter.

##### **Public Administration Reforms**

The Public Administration Reforms Commission (PARC) was set up in 1997 to recommend policies, programs and activities to improve the level of efficiency, effectiveness, accountability and transparency in the public organizations. The PARC made three types of recommendations: interim, short and long term. A Cabinet Committee and a Secretaries' Committee were formed to scrutinize the PARC report and make recommendations for their implementation. To date, very few recommendations of the Secretaries' Committee, different actions have been implemented.

##### **Direct Funding to Union Parishad**

The Government has approved a proposal for direct funding of Union Parishads (UP) in order to strengthen the second lowest tier of local government.<sup>15</sup> According to the same report the 4,500 UPs will be allocated Taka 897.40 million (USD 14.95) for the remaining period of the current fiscal year, and each UP will directly receive Taka 2 lacs (USD 3,333) rather than the normal channel of Upazila Parishad, which implements the annual development program. The reason behind such a change in policy is to speed up the development process and reduce political interference. LGRD and Co-operatives Minister Abdul Mannan Bhuiyan said, "It will also

---

<sup>14</sup> National Integrity Systems, Transparency International Country Study Report, 2003

<sup>15</sup> The Daily Star, 2<sup>nd</sup> November 2004

ensure timely implementation of projects and reduce project costs. Planning and implementation processes will be easier. Accountability of UPs will be enhanced substantially in respect of utilization of funds.”

### **ADB OECD Anti-Corruption Initiative for Asia Pacific**

Bangladesh endorsed the Anti-Corruption Initiative on 30 November 2001 in Tokyo<sup>16</sup>. Bangladesh has submitted a progress report on its activities under the three pillars of the initiatives: Pillar 1 deals with ‘Developing effective and Transparent Systems for Public Service’, Pillar 2 deals with ‘Strengthening Anti-Bribery Actions and Promoting Integrity in Business Operations and Pillar 3 deals with ‘Supporting Active Public Involvement’. Despite endorsement of the Action Plan Bangladesh has not yet presented its priorities and projects, under the aforementioned three pillars, before the Steering Group, which last met in July 2004.

### Donor Anti-corruption Initiatives

Following are a few anti-corruption initiatives supported by donors in Bangladesh (not to be considered as an exhaustive list):

- The World Bank is preparing a National Institutional Review for a better understanding of the constraints in implementing institutional reforms. Several corruption-related studies, initiated by the Bank, are also expected to lead to an anti-corruption strategy for the country. In addition, the Bank is helping the government to prepare a judicial reform project, a Financial Accountability Assessment; reviewing procurement systems, among others.
- The Country Financial Accountability Assessment (CFAA) is being jointly supported by UNDP and the World Bank.
- The need for a major overhauling of the public administration is widely recognised in order to accelerate and sustain growth and address issues like poverty reduction, human development and social and gender equity. Donors have also addressed various aspects of public administration reform. For example: DFID has released a total of £ 2.4 m to train and reorient senior BCS (Bangladesh Civil Service) officers in modern approaches to public management through combined job-based organisational development initiatives and training.
- Modernization of the accounting system of Bangladesh Water Development Board (BWDB) was supported by Canadian International Development Agency (CIDA) through staff training and computerisation to ensure reliable and easily accessible accounting data.
- The Ministry of Foreign Affairs (Netherlands) has supported a BWDB Procurement Revision Mission.
- Support to NGOs involved in anti-corruption activities, such as Transparency International Bangladesh.
- Donors have assisted in promoting integrity and curbing corruption in public sector service delivery systems through grassroots participation of recipients of public service.
- Auditor-General’s office in Bangladesh:
  - DFID has provided help to increase the capability of the office of the Comptroller and Auditor Generals office to provide audit functions to the government.
  - UNDP has supported a project for strengthening the office of the Comptroller and Auditor General with a view to enhance the capacity of the CAG’s office for quality auditing.

<sup>16</sup><http://www1.oecd.org/daf/ASIAcom/pdf/Bangladesh.pdf>

- NORAD has assisted a visit of Comptroller and Auditor General of Bangladesh to Norway. The goal was to exchange experience in auditing and develop collaboration between the office of the Comptroller and Auditor General of Bangladesh and the office of Auditor General, Norway.
- ADB is assisting in strengthening the institutional capacity of the Bangladesh Bureau of Statistics to foster a way towards compilation of reliable, relevant and timely national accounts/estimates.
- Promotion of good urban governance is being sponsored by ADB to enhance the management capabilities of Dhaka City Corporation.
- Donors have adopted activities covering education sector to improve education management resource management.
- ADB is assisting the formation of a National Committee on Corruption Prevention (NCCP), which is presently being steered from the Prime Minister's Office. The main activity of NCCP would be to implement a national integrity strategy, which is being jointly developed by different ministries.

Generally, a comprehensive set of programs has been undertaken by the government with the support of the donor community. The recent establishment anti-corruption commission should not be seen as a panacea – on the contrary, it will be fatal if the expectation is set too high for such an institution. Only a multi-pronged approach involving the three components: public, private and civil society, can address the issue of bad governance, particularly corruption, in Bangladesh.

#### **2.4 Where are the gaps and deficiencies in what is being done?**

There is a long list of laws, institutions and procedures that do not exist, need significant strengthening or require meaningful implementation, including political party registration, political party funding, electoral transparency, independence of public servants, a functional and sustainable local government structure, an independent and viable non-governmental sector, freedom of information law, ethics programs for civil servants, sunshine laws, and whistleblower and witness protection laws, among others. Some of the most obvious and chronic examples of GOB foot-dragging on good governance reform initiatives relates to the separation of the lower judiciary from the executive and its inaction on implementing the Ombudsman Office.

A fundamental gap at the ministry/departmental level is a lack of solid information about where the corruption vulnerabilities and administrative barriers lie unit-by-unit. A governance audit of each agency would be helpful in prioritizing future anti-corruption programs. Related to this, a holistic strategy needs to be undertaken as an integral part of any future reform initiative for government ministries and departments to put in place adequate control systems and reduce 'leakage,' A comprehensive approach is required which will take into account both individual ministries/departments and the system at large. The following guide lines could be recommended at the ministry/department level:

- Institute adequate internal control systems
- Develop a fraud and corruption control strategy
- Establish a mechanism to oversee the strategy
- Enhance fraud and corruption prevention and investigation skills
- Enforce sanctions
- Increase awareness and education, thereby reducing the opportunities for corruption
- Institute specific prevention methods.

## 2.5 General conclusions and future directions

Corruption in Bangladesh has become a huge systemic problem that cannot be avoided by any member of society. It has become to a great extent almost ‘part and parcel’ of Bangladeshi culture. Looking at the scenario in Bangladesh today it is clear that there is little incentive or motivation on the part of the so-called ‘elites’ to bring about changes both in terms of introducing new preventive measures or enforcement of existing rules and regulations. “...Many well-researched studies have documented the weaknesses of Bangladesh’s public institutions and have spelt out in some detail the needed reforms. Yet, the two [now three] democratically elected governments in power during then 1990s have been reluctant to undertake significant reform. With elections every five years, short run political calculations have dominated decision-making. To date the political leaders have clearly perceived the short run political costs of reform as outweighing the longer run welfare benefits.”<sup>17</sup>

On the other hand, there is heightened awareness among the general public that the present uncontrolled corruption is derailing Bangladesh from tackling its dire poverty, depriving Bangladesh from the potential internal and external investment and ultimately may push Bangladesh, with a population of 140 million, towards severe social and political turmoil. This offers all the stakeholders with a ‘window of opportunity’, albeit a limited one. It is, therefore, necessary to further strengthen the hands of those who are involved in developing effective grassroots initiatives. Needless to say, new ideas will have to originate primarily from an indigenous perspective. As we have witnessed on many occasions, identification of corrupt practices in Bangladesh by external organizations have been nonchalantly dismissed by the ‘elites’ as biased or inaccurate. But pressure from citizens working from their own concerns and agenda will have a much more significant impact.

It is important to catalyze this indigenous perspective into a grassroots movement for reform at every level. A grassroots movement, with substantial numbers of common people demanding change, will ultimately be more successful than a top-down approach. An empowered citizenry is the mainstay of a country's national integrity system. Citizens need to be informed of their rights, encouraging them to claim them and, where necessary, to complain without fearing eventual oppression. Substantial and lasting change will be accomplished only if a large number of people from every socio-economic background demand accountability and transparency in the way services are being provided.

In the absence of political will to combat corruption, the other possible avenue would be to strengthen the existing local government structure. This would complement the ‘voice’ of the enlightened and empowered civil society. There are disturbing indications that the present local government structure may be co-opted by the national politicians in their pursuit of amassing and nurturing patronage and wealth. If they are successful then corruption would be ‘decentralized’. At the same time focus should be made on sectors, which would provide the greatest return in the shortest of periods. This could mean targeting the ‘soft’ sectors, for example, education and health, rather than the ‘hard’, for example, the law enforcing agencies.

Finally, despite the high level of frustration and cynicism that is palpable in Bangladesh, there is also a growing feeling that it is the lack of political will on the part of the ‘elite’, which is creating the various governance ‘bottlenecks.’ Couple with this understanding there is another growing realization that once a critical mass of pressure is established within Bangladesh then many of the impediments could disappear very rapidly indeed. The following chapters will endeavor to highlight the causes and cures of corruption within the context of the USAID assistance portfolio.

---

<sup>17</sup> *Taming Leviathan: Reforming Governance in Bangladesh – An Institutional Review*, 2002, World Bank

### 3. FRAMEWORK AND METHODOLOGY

This section presents a framework and methodology that supports our recommendations for a comprehensive anti-corruption strategy for USAID/Bangladesh. This framework draws heavily on ideas in the new USAID-wide Anti-Corruption Strategy and the current thinking of major researchers, donors and implementers of anti-corruption programs worldwide.<sup>18</sup> Using this analytical framework, our team gathered information, and identified and assessed a wide range of strategic options for USAID in relation to such criteria as political will, institutional capacity, resource availability, public support, and donor interest to conduct such options. These criteria are discussed here briefly.

#### 3.1 A comprehensive analytical framework for anti-corruption programs

The broad and pervasive nature of the corruption problem demands a clearly delineated *multidimensional* strategic vision that promotes a significant and integrated anti-corruption program. To be comprehensive, an analytical framework based on the research literature and practical international experience can be a useful tool in developing such an anti-corruption strategy. The framework that we will use to design a comprehensive anti-corruption strategy for USAID/Bangladesh consists of three key dimensions:

- Governance programs across sectors
- Technical initiatives
- Broad actor participation.

***Governance programs.*** Fighting corruption usually involves strengthening and reforming governance structures so that they are transparent, accountable and professional, and performed with integrity. There are *core governance structures* that apply across all programs and *sectoral governance structures* that are unique to particular sectoral programs. Both are important in developing a comprehensive anti-corruption strategy.

Since corruption manifests itself in all development sectors, it is reasonable for technical assistance programs in each sector to embed significant anti-corruption features and tasks so that corruption can be controlled at its source. Thus, we will want to investigate how anti-corruption strategies can be engaged within each program sector in the USAID portfolio where corruption vulnerabilities exist. These sectors currently include: health, agribusiness/private sector development, natural resources, energy, food security, democracy and governance, and education.

At the same time, there are some core governance or cross-cutting strategies that are likely to benefit all or most of these program sectors, such as public procurement reform, administrative and regulatory simplification, civil service reform, a legal regime for transparency, and internal audit and control practices. These cross-cutting initiatives, if identified and extracted from each program sector, can be developed more efficiently as core strategies and then matrixed back and customized to benefit each program separately. In this report, we will address both the sectoral *and* core/cross-cutting governance programs.

***Technical initiatives.*** Traditionally, the way to control corruption in many countries was solely through *law enforcement bodies*. They are entrusted to detect potential abuses, investigate them, prosecute them, and impose judicial or legal decisions against corrupt officials. However, international experience has shown that law enforcement, by itself, is not sufficient to sustain a meaningful and long-term vigilance against corrupt practices in a society. There needs to be political will and activity from both the demand and supply side of the

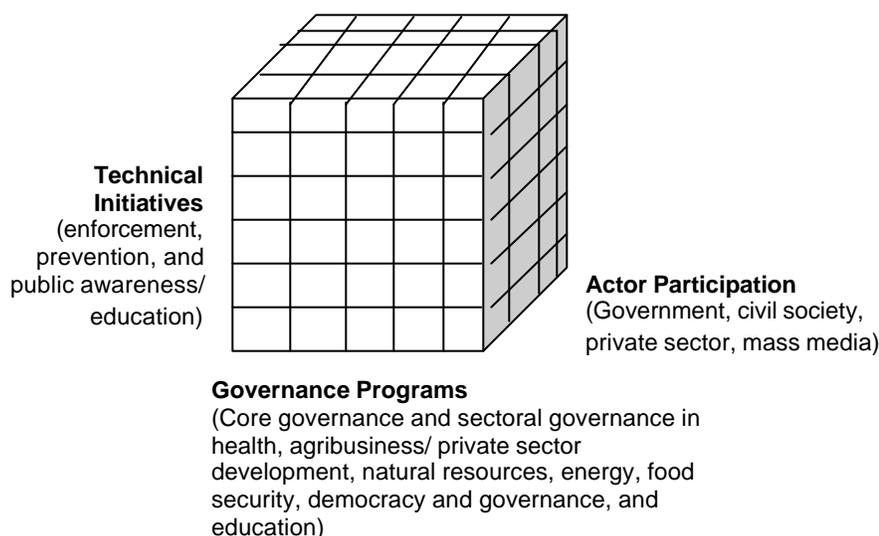
---

<sup>18</sup> This includes a recent working paper by Daniel Kaufmann, “Rethinking Governance: Empirical Lessons Challenge Orthodoxy” (World Bank, 2003); a book edited by Bertram Spector, *Fighting Corruption in Developing Countries* (Kumarian Press, 2005 forthcoming) which is based on studies and field work conducted by Management Systems International; and *Challenging Corruption in Asia* by Vinay Bhargava and Emil Bolongaita (World Bank, 2004).

corruption equation. In addition to strong enforcement, *preventive actions and reforms* are needed by government to reduce the opportunities for corruption to emerge. Simultaneously, *public awareness and education programs* are required to ensure a high level of legal literacy among the population that will mobilize the populace and produce extensive and continuous oversight, pressure and demand on government that keeps it accountable to the public and motivated toward reform and enforcement.

**Actor Participation.** Again, international experience has demonstrated that the most sustainable anti-corruption programs include strong and committed participation by all stakeholders – government, civil society, the private sector and the mass media. Each has its own strengths, motivations, institutional capacities, resources and constituencies. The push-pull among these diverse actors can yield healthy partnerships in their common goals to keep corruption under control.

When you combine these three dimensions and examine their intersections, an analytical framework emerges that can guide design of a comprehensive anti-corruption strategy.



Using this framework, the development of anti-corruption strategies can be targeted to account for program sectors that are particularly impacted by corruption, stakeholders that are ready and willing to take action, and appropriate and practical approaches that can be devised to address the problem effectively.

### 3.2 Accounting for opportunities and constraints

Using this framework, strategic options can be identified. But the particular situational context of Bangladesh must be interpolated to make the resulting strategy realistic and practical. To do this, each strategic option needs to be examined in relation to several criteria. These include:

**Political will and leadership.** Do any of the major stakeholders have the motivation and sincere commitment to participate and/or lead the implementation of the strategic option? Favorable rhetoric may not always be followed up by deeds, so it is important to investigate if the actors have demonstrated their leadership and will with past actions.

**Institutional capacity.** Do the stakeholders with the political will to act against corruption have the necessary institutional capacity to follow through on the strategic initiative? Do they need further technical support and training to strengthen their capacity to act?

**Resource availability.** Do the stakeholders have the necessary personnel and funding resources to conduct the strategic option effectively? How much additional funding will be required from other sources, such as donors,

to get the job done? Is the amount of funding required reasonable within the parameters of USAID's likely budget ceiling?

**Public support.** Are the general public and/or special interests likely to be favorable to the strategic option? Will any groups challenge or introduce obstacles that threaten the reasonable conduct of the strategy?

**Donor policy and existing/planned activities.** Is the strategy option within the realm of USAID or other donor portfolios and are there existing or planned donor programs which make the strategy option redundant or overlapping? Does USAID have a competitive advantage among donors in this strategy area?

In the subsequent chapters, we address each sectoral dimension of the current USAID/Bangladesh portfolio separately, identify strategic options and filter them through these opportunities and constraints.

### 3.3 Methodology

Prior to leaving for Bangladesh, members of the team interviewed Bangladesh experts at the US State Department, USAID, the World Bank, and the International Monetary Fund in Washington. The MSI team also reviewed a large number of documents from the USAID Mission, previous USAID-sponsored teams, other donor reports, locally developed reports by NGOs and institutes, and GOB documents (see the bibliography). In country, the team conducted interviews and focus group sessions at the USAID Mission, at the US Embassy, with donor program officers, USAID implementing partners, NGOs and institutes, journalists, local government officials (see Appendix B for a list of organizations interviewed). The team also traveled to Khulna for a full day of meetings with local officials, NGOs, and civil society leaders.

The framework described above was used to synthesize the large amount of information gathered and formulate anti-corruption strategic options and recommendations for the Mission across its portfolio. We had the benefit of consulting frequently during our stay in Dhaka with an ad hoc Consultative Group at the USAID Mission, consisting of officers from each of the Strategic Objective teams. Their input, guidance and advice were extremely helpful in steering the team's conclusions toward practical options.

### 3.4 Organization of this report

This report is organized in accordance with USAID/Bangladesh's current strategic results framework. Chapter 4 presents a brief overview of the results. Chapters 5 through 11 deal with corruption in the democracy and governance, health, agribusiness/private sector, natural resources, energy, food security, and education sectors. Each of these chapters starts with a brief discussion of the major vulnerabilities to corruption in each sector. Then, the major ongoing anti-corruption initiatives in the sector are presented.<sup>19</sup> Lastly, anti-corruption strategic options are presented and analyzed to address the current needs, deficiencies or gaps in the sector.

There are many common strategic options described across the sectoral chapters. We believe that it is most efficient to develop a single USAID approach to each of these core/cross-cutting governance strategies and then disseminate the approach to particular sector programs where it can be customized. Thus, for example, better procurement practices are needed in both the education and healthcare sectors. We recommend that procurement reform issues be dealt with as a core/cross-cutting strategy and, once developed, the methodology can be applied in the two sectors in a way that is compatible with the actors, institutions, and procedures in those sectors. Since all of these core/cross-cutting strategy areas fall within the democracy and governance domain, they have been embedded in Chapter 5.

---

<sup>19</sup> Please note that our goal was not to conduct a comprehensive corruption assessment for Bangladesh, but rather to assess alternative anti-corruption strategy options for the Mission. As a result, our description of corruption vulnerabilities and existing programs across the donor community should be seen as an overview that highlights major issues and elements of each program sector.

Chapter 12 pulls together anti-corruption strategy recommendations across the entire USAID portfolio in packages assuming low, medium and high resource availability over the near-, mid-, and long-term. The tradeoffs across these recommendations are analyzed. In addition, operational considerations are presented, such as organizational issues within USAID to management the overall strategy effectively, donor coordination, and potential tactical approaches to incentivize local stakeholder commitment and action in accordance with the strategy. Finally, a work plan is offered as an attachment that provides a timeline for each strategic objective.

## 4. OVERVIEW OF STRATEGY OPTIONS

### 4.1 Corruption Assessment Highlights and Implications

The strategy options presented in the following chapters take into account several stark conclusions reached by the team.

1. It is hard to find political will and committed leadership to fight corruption in the central government. In fact, it appears as if there is significant denial on the part of senior government officials that the corruption problem is as bad as is reported in surveys and other reports.
2. There is a high tolerance for corruption within the general population. People are resigned to the fact that corruption is a part of everyday life. In fact, many told us that to participate in corruption is the only way to get anything accomplished within a reasonable amount of time. People do not see a way out of the problem.
3. Many of the prerequisites that are needed to contain corruption do not exist in Bangladesh. There are many good laws, institutions, and procedures on the books, but they have not been implemented adequately, if at all, to have an impact.
4. Prospects for change in political leadership that could lead to meaningful anti-corruption reforms are not great. Vested interests in both major political parties have captured the state and generational change in either party's leadership is not likely to have an impact on this situation.
5. Amidst this rather bleak picture, which seems to leave few degrees of freedom to develop an effective anti-corruption strategy, one bright spot is the motivation and activism of international donors in Bangladesh to work together to pressure the government and work with other stakeholders to make reforms. As indicated in the following chapters, donors have already begun to conduct many programs that should have an incremental impact on fighting corruption sector-by-sector.

As a result of these circumstances, typical anti-corruption options that may be considered reasonable in many countries are not likely to be effective in Bangladesh. Thus, the team sought out alternative paths. They include the following:

1. With limited central government commitment for a comprehensive program against corruption, our proposed strategic options tend to seek out potential change agents within particular ministries or departments who might be willing to pursue reform agendas, albeit at a departmental or sectoral level.
2. In addition, because of limited central government leadership in this area, our proposed options tend to focus on controlling administrative level corruption in the near- to mid-term, rather than on grand corruption problems.
3. With minimal sincere interest at the central level, our proposed options tend to place more emphasis on strategies that can be accomplished at the local level in Bangladesh, where we found more motivation and political will among local officials and civil society. So that these local initiatives accumulate to a significant and visible anti-corruption program nationwide, we recommend that USAID/B develop a "regional initiatives" approach that concentrates many anti-corruption activities in regional hubs.
4. Our proposed options also tend to place heavier emphasis on strategies that can be accomplished by civil society, the private sector, and the mass media, that can generate significant external demands on government for reforms.

5. Our strategic options also focus on establishing the prerequisites for effective anti-corruption programs. These prerequisites encompass legal and institutional frameworks necessary for sustainable anti-corruption programs. Without these prerequisites firmly in place, sustainability of any anti-corruption efforts will be questionable. (At the same time, we believe there needs to be a balance in USAID’s strategy between the longer term activities to establish prerequisites and shorter term activities that provide visible and practical results to demonstrate that corruption, in fact, can be controlled in Bangladesh.)
6. While it is difficult to predict where a future USAID anti-corruption program might have the greatest impact, it is clear that strategies targeting democracy and governance reforms and the cross-cutting options are most important across the Mission’s portfolio. These strategies will have widespread consequences because they will have implications for most of the other sectoral programs.
7. Due to the magnitude of the corruption problem in Bangladesh, USAID’s anti-corruption strategy must be viewed as only one part of a larger multi-donor strategy to fight corruption. Thus, generating a more effective and vigilant coordination of donor anti-corruption programs is an essential feature of our proposals for a USAID anti-corruption strategy.
8. Within the range of anti-corruption strategies promoted by the donor community, USAID should pursue those program areas that are within its core competencies – in particular, working with civil society and capacity building at the local level.
9. Finally, it is important to reverse embedded cynicism in society that nothing can be done to control corruption. Thus, our proposed strategic options include recommendations that seek out near-term successes that are meant to demonstrate that corruption can be reduced and energize local stakeholders to sustain their activities.

While there is emphasis in our proposed strategic guidance to USAID to work at the local level, to work with civil society, to target administrative corruption, and to fill in gaps related to anti-corruption prerequisites, we do *not* recommend that all other strategies be relegated to the backburner. Where the opportunities arise over time, adjustments should be made to the anti-corruption strategy to work as well at the central level, with key government ministries and agencies, and on grand corruption issues. If the circumstances permit, a coordinated top-down *and* bottom-up anti-corruption strategy is likely to be most effective in keeping the problem under control.

We also concluded that there were many common needs across the program sectors. Most of these commonalities can be characterized as core governance issues – such as improved procurement practices, greater budgeting transparency, simplified administrative procedures, and proactive efforts to implement the basic legal regime required for an effective and sustainable anti-corruption program. While we identify specific strategy options for each program sector, we also expound upon these *cross-cutting strategies* as well. Because they all relate to improved governance, these cross-cutting strategies are included in the Democracy and Governance chapter (Chapter 5) that follows.

## 4.2 Anti-Corruption Strategy Packages

The following chapters present the team’s understanding of the corruption vulnerabilities and ongoing activities meant to remedy those vulnerabilities sector-by-sector. We also recommend strategic options for USAID. In the final chapter of this report, we integrate our recommendations into strategic packages that USAID might adopt and implement depending on funding and resource levels.

- The low funding package primarily builds upon and enhances ongoing USAID initiatives, largely seeking to strengthen civil society demand for reform, reforms at the local level, and transparency programs.

- The medium funding package incorporates the previous package and then seeks to promote more robust activities in legal and institutional strengthening in government and civil society with the goal of establishing the prerequisites for a sustainable anti-corruption program in Bangladesh.
- The high funding package incorporates the previous two packages and then seeks to strengthen laws and institutions more widely, working toward greater respect for and compliance with the rule of law across the entire portfolio.

## 5. DEMOCRACY, GOVERNANCE AND CROSS-CUTTING STRATEGIES (SO9)

Problems and dysfunctions in democracy and governance are often core reasons for high levels of corruption in a country. The ADB Country Governance Assessment (2004) concludes that there is a wide range of governance factors in Bangladesh that together generates an enabling environment for corruption. These include a lack of regulation of political party financing, deficiencies in public finance management, politicization of the civil service, excessive discretion exercised by government departments in applying regulations, poor public procurement practices, a lack of judicial independence in the lower courts, and insufficient public access to government information.

It seems apparent that the need for governance reforms to enhance accountability, transparency, service delivery and citizen participation is not lost on the political parties or government in Bangladesh. There are many well conceived laws and public pronouncements from the government that suggest the government is well aware of the benefits of these reforms, *but* implementation lags far behind. Resistance to these reforms appears to derive, in large part, from the vested interests that feed on corruption and corrupt payments and that will suffer as a result of new governance initiatives. One catalyst that many feel can trigger positive action on governance reform is the mobilization of strong, united and persistent civil society demand for real change (Alam 2004).

A wide range of governance problems – closely intertwined with corruption themes – plague Bangladesh. Some examples are presented below.

*Politicization of the civil service.* The politicization of state institutions results in administrative and policy choices for partisan advantage. It renders institutional managers and civil servants unwilling to resist the pervasive culture of corruption. The pervasiveness of corruption noted by all our interlocutors in Bangladesh and in Washington feeds the patronage systems that form the basis of the Bangla political system. The structuring of party political activity and the funding of the major political parties partakes of the complex web of corruption that is found well developed in all program sectors. Bribery on a large scale and small, criminal enterprise and political party funding are mutually linked, rendering corrective measures highly problematic. The standing and security of bureaucrats at all levels also depends on their acquiescence in this complex web.

*Procurement failures and delayed project implementation.* Bangladesh suffers from the absence of a reliable government procurement system across the board that affects not only procurements using donor funds, but also all GOB purchases.<sup>20</sup> Procurement failures are closely aligned with corruption in the expenditures component of the budget cycle. Also widely noted is the deleterious effect of long delays in the GOB's use of donor funds. To a large extent, this is the result of incompetence, complexity and corruption in the procurement process. It has, in some instances, resulted in significant under-funding of essential services for the poor. The pressures that build up as a result of delays and under-funding offer opportunities for corruption at bottlenecks. Moreover, once funds are disbursed to projects, chronic delays lead to haste in programming, with the inevitable difficulties that produces in meaningful oversight and accountability.

*Public finance management weaknesses.* Poor management and financial controls in GOB service delivery and administrative systems are widely noted. In general, ministries use deficient auditing and accounting standards, and watchdog institutions, such as the Comptroller and Auditor General, have their own weaknesses. The donors' Local Consultative Group (LCG) working group on audit and financial management is examining models from other countries.

*NGO selection for government contracts.* Selection of NGOs for government contracts to deliver public services is subject to partisan favoritism and plagued by bribery and patronage. Donors have expressed concern through the LCG about alleged corruption in selection of NGO partners by some GOB departments for donor-funded projects. Regardless of whether a particular NGO is financially dependent on the government or merely working

---

<sup>20</sup> The World Bank has been working closely with the GOB to develop and implement new procurement regulations.

within the government system with autonomous funding from donors, it remains subject to many pressures to engage in corruption. The multiple registrations required to operate, combined with the multiple requirements for permits for various transactions, constitute many opportunities for officials and NGOs to engage in corrupt practices.

*NGO politicization.* Over the course of the last several years, the NGO community, which had by and large excluded itself from the political arena, has been sucked into the maelstrom of party politics with debilitating effects. NGOs have been forced to abandon their earlier neutrality and choose sides between the two major parties; even those that have strongly resisted such placement have been (or soon will be) thrown onto one side or the other. The apex umbrella organization (ADAB) has now split, with one group aligned to the Awami League and the other to the BNP. One sure outcome is that the party in power will find incentive to favor the NGOs aligned with it and harass those siding with the opposition party. In such a situation, corruption will almost certainly follow. Favored NGOs will get government contracts for service delivery (e.g., in education, health), along with all the potential for venality that a predatory civil service will quickly realize. NGOs relegated to the opposition camp will find their access for foreign funding cut off, their properties raided, resources seized, etc. All the pathologies noted in the paragraph above on “NGO selection” will become intensified.

*The election process.* Two kinds of illegality have come to infest elections in recent years, and there is every reason to expect that both will become worse in the near future. First, campaign expenses grossly exceeded the Tk 500,000 legal limit in the last (2001) parliamentary election, and can safely be anticipated to become much higher in the next election. Second, fraud in the last parliamentary election was evident in terms of the usual matters of voter roll manipulation, bogus voting, ballot box stuffing and the like, but not so much so as to invalidate the overall election result. Signs are increasingly clear, however, that the next election may very well see fraud on a much larger scale. Moreover, parties do not have to register, so there are limitations on the extent party financing sources and spending patterns can be tracked. As a result of overspending on campaigns, debts are accumulated that contribute directly to corrupt transactions by parties and candidates to pay off their debts.

*Low salaries.* The poor pay of most government employees provides an incentive to find supplementary sources of income, inevitably through corrupt practices. Because government positions are perceived as sources of income from bribery, they are subject to purchase. This in turn compounds the problem of recruiting qualified personnel for government. Partly in recognition of the fact that government employees are likely to seek other sources of income, total or partial absenteeism is widely tolerated. This results in denial of services to those entitled to them.

*Theft and misuse of public property.* Pilferage and resale of government property is another problem. Highly defective inventory control practices are common. Misuse of government facilities, built and equipped with public or donor resources, for personal gain is commonly reported. Also reported is the provision of unnecessary services or fraudulent reporting of services not in fact provided. Correspondingly, bribes are often extracted for services that should be free.

*Regulatory management that goes unimplemented and unenforced.* Despite the adoption of regulatory reforms in many sectors at the behest of donors, effective regulatory frameworks remain weak and unenforced. This is due partly to a lack of capacity to implement rule-bound systems and partly to resistance in all quarters. As a result, excessive discretion reduces government procedures to an auction.

*Lack of transparency.* The system of corruption in Bangladesh is shielded by a lack of transparency in government budgets, plans, procedures and operations. The elitist political system and the entrenched tradition of a civil service not answerable to the citizenry constitute a poor environment for popular access to government information. As a result citizen clients of the health system, for example, lack sufficient information to be informed consumers, thereby compounding the already great asymmetry posed by the specialized nature of medical knowledge and expertise. Victimization of whistleblowers and investigative journalists is common, and some investigative journalists have suffered violence and even death. As a result, a circumspect press is a less

than effective instrument of civil society access to the information necessary to hold government and its surrogates accountable for the quality of services offered or for egregious malfeasance.

### **5.1 DG and Cross-Cutting Strategies**

The USAID democracy and governance framework categorizes the field into five key components – (a) consensus on the “rules of the game” (including basic acceptance by key stakeholders that corruption is an issue to be dealt with in the political system), (b) the rule of law (dealing with the legal and regulatory framework, the legal and judicial systems, and law enforcement), (c) competition (including political parties and the media), (d) inclusion (dealing with civil society participation),<sup>21</sup> and (e) good governance (including civil service reform, administrative and regulatory systems and procedures, public service delivery, local government and decentralization, and Parliamentary support). We use this typology to organize our discussion and unbundle the range of issues, programs and strategies that USAID can pursue.

As indicated earlier, we found many common anti-corruption needs across USAID’s portfolio – in health, business, environment, energy, food security, and education – that could be remedied by new or improved democracy and governance reforms. We propose that USAID deal with these common or core governance needs as *cross-cutting strategies* that can be matrixed across the Mission’s portfolio. In this chapter these cross-cutting strategies are marked by an asterisk (\*). They are also cross-referenced in the subsequent sectoral chapters of this report. It is recommended that a common USAID approach for each of these cross-cutting strategies be developed and then disseminated back to the sectoral programs for customization and application.

### **5.2 Consensus on the “Rules of the Game”**

For an anti-corruption program to have a chance in Bangladesh, there needs to be some common acceptance within the political system that corruption is a major problem that needs to be controlled to enhance economic growth potential, maximize the efficient use of public funds, and improve the quality and delivery of public services. The overwhelming public denials by GOB high-level officials of the recent Transparency International’s Corruption Perceptions Index (CPI) ranking of Bangladesh for the fourth time in 2004 as the worst in corruption of 146 countries, indicates a basic absence of consensus in the political system that corruption is a pervasive force here. On the other hand, one of the major campaign issues in the last election was the charge of corruption against each of the two major political parties. The newspapers are filled with articles about scandals, nepotism and favoritism, patronage, misuse of influence, kickbacks and criminal violence related to corrupt situations. As well, the international community continually hammers away at problems of corruption and leakage within the GOB, through its relationships with ministries, its programs, grants and loans, and its diplomatic interactions. Despite protests by government leaders, the issue of corruption is certainly on the public mind and on the public agenda, though perhaps not to the extent that it motivates serious demands on government for change.

Despite these controversies over the corruption issue, there have been some apparent breakthroughs in developing a basic level of consensus within the GOB political system to address the problem of corruption. A law to establish an independent anti-corruption commission (ACC) was recently passed by the Parliament and the Selection Committee has put forward six names to the President from which the Chairman and two members will be picked. Recently, the Finance Minister stated that the Commission would be formed by the end of November 2004. The National Committee for Corruption Prevention (NCCP) has agreed to the development of a National Anti-Corruption Strategy to guide future programming and implementation activities across the entire governmental structure. The government is also participating in the ADB/OECD Regional Initiative for Asia and the Pacific and recently submitted its Self-Assessment Report. While positive steps, the sincerity of

---

<sup>21</sup> In this report, we refer interchangeably to civil society organizations or nongovernmental organizations as structured groups often interested in and available to conduct programs to fight corruption. In Bangladesh, these organizations take many forms – some are membership organizations, others conduct research studies, others provide social services, and some advocate for policy change. The mass media is considered to be a segment of civil society.

leadership commitment will be judged by how and when these initiatives are actually implemented and the extent that adequate resources are allocated.

### 5.2.1 Key vulnerabilities

- With no political consensus that the country has a significant corruption problem, it will be difficult, if not impossible, to make anything but small, short-term and perhaps unsustainable inroads into the problem of corruption on the part of international donors.
- There is a high level of public tolerance for corruption. There is a general absence of incentive on the part of politicians, businessmen, and bureaucrats to change the present system.
- Political parties can use the corruption issue merely as a slogan or as a weapon against their opponents, with no intention to implement meaningful initiatives.
- There is a trend across all recent governments of failing to implement laws and institutions that are important prerequisites for effective anti-corruption programs.
- The passage of the ACC Law and the agreement to pursue a national strategy indicates a potential bending to international pressure and an opening to more extensive and sustainable activities. On the other hand, there is the potential for the ACC to become just a façade or fail to live up to its high expectations. In any case, the ACC should not be viewed as the panacea for endemic corruption in Bangladesh.

### 5.2.2 Major current initiatives

- Recent approval by Parliament of the Anti-Corruption Commission Law.
- Provisional agreement by GOB to engage in the development of a National Anti-Corruption Strategy.
- The ADB has advocated strongly for this political consensus to move forward on the anti-corruption issue and is providing support for ACC implementation.
- USAID has provided technical assistance recently in preparation for the development of the national strategy.
- There are many initiatives under way that bring together different stakeholders for joint action and consensus. IRI, for example, has conducted intersectoral dialogues (between NGOs, business associations and political parties, for example) to advocate for policy change. In the environmental field, co-management structures have brought together NGOs and line ministries to find efficient management approaches for natural resources and reduce corruption.

### 5.2.3 Future strategic options

- ***SO9-1.\* Support development of a National Anti-Corruption Strategy (short-term strategy; a cross-cutting strategy).*** Provide technical assistance to work with all key line ministries, as well as local government structures, to develop a concise strategy with specific activities, timeline, responsibilities, and indicators of progress and success. Develop a mechanism to ensure significant levels of civil society participation in the process. Provide support for the establishment of an Inter-Ministerial Task Force Against Corruption to oversee implementation of Strategy, with civil society membership, if possible.

- ADB is seeking donor partners to support the strategy development process. The NCCP, under the chairmanship of the Principal Secretary to the Prime Minister, has apparently endorsed this activity, but there is likely to be extensive opposition from many of the line ministries. The value in pursuing this strategy is not that we expect the national strategy to make a difference in the way the GOB is governed, but rather to raise the level of political discourse about the problem of corruption. As such, this initiative should not be allowed to become a long, drawn out process, but rather a way to get key political actors to acknowledge vulnerabilities in governance practices and formulate goals and objectives to deal with these problems. The initiative can also be a way of beginning a serious discourse between civil society and government. During the strategy development process, it is critical to specify and tie down resources available to implement actions so that strategy design does not become merely an academic exercise.
- ***SO9-2. Support implementation of the Anti-Corruption Commission (short- to mid-term strategy).*** There is already an ACC implementation plan, which was developed with the support of the PMO and the Bureau of Anti-Corruption. Once in operation, the commission can be used as an entry point to leverage, influence and promote targeted anti-corruption initiatives. Since it is contemplated that the ACC will have a prevention function, USAID support of the implementation of this function could prove beneficial. At the outset, the focus of the ACC will inevitably be on implementation of the law enforcement function, but support for development of the prevention function could give USAID a distinct and meaningful role that could eventually include such activities as development of ethics programs for civil servants and local government initiatives to fight corruption.
  - The ACC itself may be of questionable value, but it may be a useful channel to initiate new programs and find GOB partners in the good governance/anti-corruption area. Again, working in partnership with ADB, which has developed a trusted relationship concerning the ACC, and other donor organizations, appears to be essential.

### 5.3 Rule of Law

A critical missing element in the current USAID portfolio is a rule of law program. Rule of law typically provides the foundation for any significant anti-corruption program and strategy. The design of a complete and consistent legal and regulatory framework, an independent judiciary, and strong law enforcement bodies that mete out predictable consequences for corrupt behavior, but is respectful of civil rights, is fundamental for anti-corruption initiatives to take hold. Bangladesh has many adequate laws and regulations that are typically required as a foundation for fighting public sector corruption. However, most of the laws and regulations are poorly enforced or not implemented. A case in point is the Government Servants Conduct Rules (1979), which includes many features to prevent conflicts of interest and gifting, and requiring declarations of assets and property by civil servants. While these provisions are not implemented, ironically, other provisions of these rules that limit civil servant communication with the press is often cited as a key element in limiting freedom of access to government information.

International experience is clear that corruption can be controlled when it becomes a high-risk, low-reward activity. In Bangladesh, it is clearly a low-risk, high-reward activity. Thus, from the perspective of the rule of law, an anti-corruption strategy should seek to increase the detection, investigation, prosecution and conviction of those who engage in corruption. If statistics were available it would show that very few in Bangladesh, certainly not high-ranking officials, are effectively investigated, much less successfully prosecuted, for corruption. In the Philippines, for example, the records of the Office of the Ombudsman showed that it had only a 6% conviction rate in the anti-graft court. This statistic starkly demonstrated the problem to reformist officials and stakeholders as well as interested donors and stimulated more vigorous law enforcement activities. The Bureau of Anti-Corruption and its successor, the Anti-Corruption Commission, might be motivated, through donor support and technical assistance, to address their mission more aggressively. But if conviction rates are

too difficult to target because there is a lack of champions among government prosecutorial agencies, then improvements in detection and investigation mechanisms can become the focus of their attention. Heightening risks of corruption do not of course rest on prosecution alone. It depends crucially on effective detection and investigation. Such is the anticorruption supply chain: if detection is poor, then investigation becomes limited to problems that are detected; and if investigation is weak, prosecution is naturally also weakened because of insufficient evidence. Several strategic options aimed at strengthening detection mechanisms are described below and in the DG section on inclusion (support for media and investigative journalism) and in the DG section on governance (support for the use of corruption diagnostic tools within high-risk agencies).

### **5.3.1 Key vulnerabilities**

- There are several major gaps in the legal framework typically required to support a national anti-corruption program. For example, sunshine, freedom of information, whistleblower and witness protection laws are absent or inadequate.
- Laws and judicial decisions are not implemented or not implemented effectively and predictably. Moreover, there are limited consequences for noncompliance with law. An egregious example of inaction is the Ombudsman Act, which was enacted in 1980 but has yet to be implemented. An eight-member Ministerial Committee has been reviewing this act since February 2002.
- There have been recent threats to the independence of the Supreme Court due to political interference. The lower courts lack independence from the executive branch. There have been pledges made to separate the lower courts from the executive and numerous deadlines extended with no significant action in sight.
- The police are perceived to be a source of serious corruption, with routine allegations of false arrests, extortion, and requests for bribes to get any service accomplished for citizens.
- The Bureau of Anti-Corruption will be dissolved once the ACC is established. Ironically, while it was entrusted with investigating and prosecuting allegations of corruption it is itself highly suspect of corruption, and has thousands of cases on backlog.
- The government-sponsored legal aid system is insufficient in comparison to the ones offered by NGOs.

### **5.3.2 Major current initiatives**

#### **USG**

Several USG agencies have been engaged in law enforcement and legal programs in Bangladesh. INL/State and ICITAP/DOJ have provided training to professionalize law enforcement officers in conducting criminal investigations and in investigating police criminal misconduct (Bangladesh Law Enforcement Development Program). Another program focuses on strengthening court management and administration assistance related to cases of human trafficking.

#### **DFID**

DFID is working through the Ministry of Home Affairs to strengthen police training and capacities. The program is co-funded with UNDP and GOB and aims at reforming police management systems and linking with other expected reforms across the justice sector. The goal of the program is to provide access to justice and improved personal safety through better policing for poor and vulnerable people, especially women and children. The program aims to make policing more accountable and responsive to ordinary citizens.

DFID is also providing support to Parliamentary Committees for an improved institutional framework and operational environment including scrutiny of public financial management. The project includes assistance to PAC, PUC, PEC and the Standing Committee on Finance; journalism and media training; and reorganization of the Parliamentary secretariat.

### **The World Bank**

Working with the Ministry of Law, Justice and Parliamentary Affairs and the Supreme Court, the World Bank is supporting a Legal and Judicial Capacity Building Project. The project aims at improving efficiency, effectiveness and accountability of the civil justice delivery system by undertaking reforms in case management, court administration, performance standards for judges, and computerization of the courts. It aims to undertake reforms in procedural laws and has already made a substantial impact in default loan recovery through the money loan courts.

### **DANIDA**

Funding Judicial Administrative Training to provide program and institutional support, working with BLAST to provide legal aid services to the poor, and also working to empower poor women by providing legal aid services that ensure women's access to justice.

### **SIDA**

Working with BNWLA to recognize legal, social and economic rights of women for participation in the democratic process and democratic institutions. Also working with Ain-O-Shalish Kendra to create a favorable environment for the establishment of the rule of law based on principles of justice, gender equity and human rights.

### **NORAD**

NORAD has provided direct support for the establishment and capacity building of the Bangladesh Human Rights Commission.

### **AUSAID**

Supporting the Bangladesh Bar Council through a Training Program on Raising Human Rights Awareness and by providing funds for an education and training program for lawyers on human rights, legal aid and awareness building.

### **CIDA**

Working with the Ministry of Law, Justice and Parliamentary Affairs, CIDA is supporting a Legal Reform Program on juvenile justice, alternative dispute resolution, legal aid, Law Commission, legal drafting, criminal law and overall strengthening of the Ministry.

### **The Asia Foundation**

A community policing program has been promoted by The Asia Foundation. Bringing police personnel and resources to the community level is meant to create an environment that facilitates prevention of crime and provides equitable access to justice. By creating closer relationships between police and citizens at the community level, it is hoped that police corruption will be minimized.

#### **5.3.3 Future strategic options**

- ***SO9-3.\* Establish legal support offices for citizens who are victims of corruption and excessive bureaucracy and provide legal literacy training (short- to mid-term strategy; a cross-cutting strategy).*** This strategy is intended to enhance the rule of law in the short- to mid-term by relying on civil society action. It expands upon the success of existing legal support services programs in the human rights/civil rights arena, such as performed by BLAST, Odhikar, and Ain O Shalish Kendra, for example. Within this strategy option, a network of Citizen Advocate Offices (CAO) would be opened throughout the country to provide legal support services to citizens and businesses that are

victims of alleged corruption or excessive bureaucracy. These CAOs would be modeled after successful groups (sponsored under USAID programs) in Russia, Albania and Ukraine. They would provide citizens with an independent legal source to register their grievance, offer representation for citizen/clients to resolve issues administratively, provide legal counsel in court if necessary, and provide legal literacy programs more broadly in those areas in which there are frequent complaints about corruption – across popular service delivery areas and program sectors.

- This strategy can be implemented rather quickly. Competitive grants can be awarded to local legal support groups and a network of CAOs can be established to provide mutual and local support as they develop procedures for case management and deal with officials and the administration. The CAOs are encouraged to publicize their work widely and to provide press interviews, newspaper columns, etc. Experience with this strategy in other countries has shown these CAOs to be an extremely popular and visible mechanisms to demonstrate that something *can* be done about corruption – that ordinary victims can get a public hearing, that endemic corrupt situations and procedures can be exposed and fixed, and that there is someone out there who is a champion for the common man/woman. Achievement of these results is similar to the USAID-funded CCCs implemented by TIB, and now being funded by a consortium led by DFID.
- ***SO9-4.\* Support drafting and implementation of an essential legal regime for transparency and accountability (mid- to long-term strategy; a cross-cutting strategy).*** CIDA has been providing technical assistance to build the capacity of the Law Commission. Unfortunately, the Commission is a rather moribund institution under the control of the Law Ministry. USAID could coordinate its support, along with CIDA, to revitalize the Commission or find another channel. Support could be provided for the drafting of Freedom of Information and Access to Information laws for greater transparency and in support of investigative journalism (using the white paper on FOI laws by the World Bank as a basis). Support the drafting of a witness protection law to encourage informants to come forward to testify in corruption cases. Support the strengthening and implementation of a law on financial disclosure of assets for public officials. Support the drafting of a conflict of interest provision for civil servants. Support a whistleblower law to encourage and protect civil servants to report on corruption and abuse, and support a sunshine law for open government hearings. Support the drafting of a negotiated rule-making law to involve the participation of stakeholders in regulatory reforms and changes. Support the development/strengthening of an anti-money laundering law.
  - The process of gaining acceptance of new laws is often a long-term activity, with implementation still questionable. However, it is essential that Bangladesh have the basic laws in place AND implemented, so that other anti-corruption activities can proceed. It would be useful to get the PMO on board in favor of these new laws and to find MPs to champion these draft laws in Parliament. Legal NGOs can also conduct a public education campaign to increase awareness of the importance of these legal provisions. Resources should be set-aside for effective implementation.
- ***SO9-5. Support judicial strengthening and reforms and implementation of quasi-judicial institutions (long-term strategy).*** Any meaningful judicial reform process must begin with development of the capacity to administer the justice system. Thus, this option focuses on supporting improved judicial administration – starting with an assessment of the current situation and then identifying a place to concentrate resources (assess the World Bank’s recent experience). One possibility would be assistance to develop an ethics code for judges and support for the implementation of that code. Implementation support could include establishment of an Office of Judicial Ethics as a model for other judicial administration initiatives. USAID/Paraguay is currently accomplishing this. Other activities could include support for strengthening of the bailiff function to enhance the predictability of judicial decision implementation or consideration of privatizing it. Support development of judicial training schools. Find a champion to start the process of de-

politicization of the lower courts (there is a potential opportunity to split the lower courts from the executive branch during the next caretaker government for the 2006 elections); USAID support should be focused on this opportunity. Support training of law enforcement officers in ethical behavior and professionalism. Support implementation and strengthening of the Ombudsman law and alternative dispute resolution (ADR) practices (see our recommendation in the “governance” section below for implementing an Ombudsman pilot project at the local level).

- This strategy will require the strong backing of the PMO and the Ministry of Law, Justice and Parliamentary Affairs, and might draw upon the help and support of the Bangladesh Bar Council. The work should be accomplished in coordination with other donors, including the World Bank. Within the FY2005 Foreign Operations Budget, USAID – for the first time – has been given authorization to provide training and technical assistance to the police. In particular, USAID can seek to enhance the effectiveness and accountability of the civilian police authority through training and technical assistance in human rights, the rule of law, strategic planning, and through assistance to foster civilian police roles that support democratic governance. It is recommended that USAID coordinate its activities with other USG agencies, in particular, INL/State and ICITAP/DOJ, to implement this strategy.

## **5.4 Competition**

The recent DG Assessment (ARD, 2004) clearly emphasized that without extensive activity to ensure that the political process functions effectively and fairly through the upcoming elections in 2006, all other reform programs will be inconsequential in comparison. However, there are no realistic incentives for Bangladesh’s political parties to engage in internal reforms at the present time. This may change over the long-term with a new generation of leadership.

At the same time, external watchdogs in civil society and in the mass media can be supported to strengthen their capacity to expose corruption and abuse in the party and electoral system, generating demand for reform. While the mass media (especially the print media) in Bangladesh is viewed as largely independent and free (freedom of press and expression is guaranteed by Article 39 of the Constitution), it lacks capacity to serve effectively as a public watchdog. (See the “inclusion” section of this DG chapter for additional recommendations regarding civil society and the media.)

### **5.4.1 Key vulnerabilities**

- When in power, parties capture government completely and eliminate transparency and accountability mechanisms.
- There is undue party influence on the civil service.
- Party financing is a major problem. Parties are not registered, and as a result, it is difficult to trace or audit their financial transactions or bank accounts. Parties typically overspend the limits on campaigns and do not report their spending or the sources of their income. Debts are often paid off by means of corrupt transactions once in office.
- It has been alleged that there are close connections between parties and criminal groups.
  - Parallel administrations within the major parties are run by non-elected offspring, spouses or relatives
  - The opposition fails to perform within parliamentary parameters.
  - There is extreme politicization in the student bodies.

## 5.4.2 Major current initiatives

### USAID

Supporting political party reform through the International Republican Institute and the National Democratic Institute with the aim of promoting democratic reform in the major political parties at the national and regional level, including improving understanding of public opinion, and promoting a greater role for opposition lawmakers. Long-term observation of elections is being conducted by JANIPOPOP under a grant from IRI.

**UNDP** Providing election observers' support and strengthening parliamentary democracy.

### European Commission

Working with the Bangladesh Election Commission and various NGOs, a project is under way to provide support to the electoral process in Bangladesh. Activities include delivery of technical assistance and equipment to the Bangladesh Election Commission, as well as civic and voted education.

## 5.4.3 Future strategic options

Running a clean election in 2006 in Bangladesh is so absolutely critical that it would be very worthwhile to explore possibilities of USAID collaborating with other donors to strengthen the Electoral Commission and protect the integrity of the electoral process (ARD, 2004). Salvaging basic credibility will be the challenge in the 2006 election, if present trends continue, and USAID can usefully – even critically – become a part of that essential task. On the other hand, it is hard to see how the current party structure can be changed significantly in the short- to mid-term through donor interventions. However, the following strategic options might create external pressures for reform and might become feasible as a new generation of leaders comes to power within the major parties.

- ***SO9-6. Support citizen watchdogs that monitor parties and the electoral process (short- to mid-term).*** Financial and technical assistance support can be provided to NGOs to organize themselves into a network of citizen watchdogs that oversees political party operations continuously over the long-term and monitors the electoral process (campaigning and voting) as well.
  - This strategy can be implemented over the short-run by NGOs who are trained in monitoring and oversight techniques. It is important to ensure that these watchdogs know what to do with the information they gather, in terms of verifying allegations, publicizing the results responsibly, transforming their findings into practical recommendations for reform, and advocating for change through official channels.
- ***SO9-7. Support internal party democracy and accountability (long-term strategy).*** Technical assistance and training can be provided to address internal party democracy, drawing upon the work already under way by NDI, IRI and other donors. Measures might include the creation of rules for transparent and competitive party leadership elections and candidate nomination procedures, the provision of incentives for party leaders to pursue non-factional policies, and the introduction of codes of conduct for party members along with internal party financial checks and balances. Training might also extend to MPs that win election on the limits of their authority once in office.
  - Given the current situation, the likelihood of party agreement to participate in such a program in a sincere way is very low.
- ***SO9-8. Support drafting and implementation of party laws and election reforms (long-term strategy).*** Party laws are critical in framing the context in which political parties operate. Bangladesh needs such laws to regulate party registration, finance, and general operation. They will provide legitimacy to party activities while, at the same time, define party responsibilities and strengthen government bodies (such as the Elections Commission) empowered with oversight and enforcement. Several regional countries have introduced party laws recently, including South Korea

(1987, amended in 2000), Cambodia (1997), Indonesia (1999), and Nepal (2001). Bangladesh needs, in particular, to strengthen and enforce disclosure of sources of funding and total expenditures, and enforce campaign spending limits to reduce the debt of electioneering. The introduction of contribution limits for campaign donors or of expenditure limits for general party activities and campaign spending, can reduce the unfair distribution of political funds and increase equality in political competition. Moreover, public disclosure of funding sources provides voters with additional information about the linkages between parties and interest groups, and thus increases transparency in the political system. TA might also extend to strengthening the Election Commission as an independent watchdog of campaign finance, disclosure laws and other anti-corruption legislation and providing them with direct assistance.

- As with the previous strategy option, it is unlikely that the political parties will greet this option warmly at this time.

## **5.5 Inclusion**

Mobilizing the active participation of civil society as a major stakeholder in fighting corruption is a major thrust that USAID should pursue in developing and implementing an anti-corruption strategy in Bangladesh. However, the growing politicization of civil society in recent years has seriously compromised its autonomy and constrained its room for maneuver. Moreover, civil society groups are not immune from engaging in corruption themselves. In order to speed approvals and get things done, some NGOs have been alleged to engage in corrupt activities.

While the NGO sector has been traditionally significant in Bangladesh in providing social services and public education, it can also be seen as a captive of the donor community and unwilling to undertake more risky activities, such as organizing citizen watchdogs and advocating forcefully for reform in government bodies and procedures. Thus, strategies of inclusion in the anti-corruption sphere may require the recruitment of new or re-energized civil society organizations that are willing to undergo public audits and mobilize themselves for more risky activities. Given these concerns, a searching scrutiny and analysis of the NGO situation in Bangladesh should be a top priority of the donor community.

### **5.5.1 Key vulnerabilities**

- While women are beginning to participate more in public, including political processes, gender inequalities and abuse of women's rights remain endemic. In this context, poor men and women need to organize and act collectively: to extract accountability from service providers and political leaders, and to make government more responsive to their needs and interests.
- The Government is currently re-assessing NGO registration and grant approval provisions which have become too bureaucratic, cumbersome and lengthy. Current regulations, while understandable in their intent, have resulted in widespread extortion of NGOs seeking approvals for donor grants. The current reassessment of NGO regulations should be monitored carefully to ensure that the resulting changes help to streamline procedures and do not increase the opportunities for corruption.
- There are problems of politicization, corruption and mismanagement within the NGO community. In many cases, there is a lack of strict internal controls, oversight and accountability. NGOs typically do not practice good corporate governance procedures in a transparent fashion.

### **5.5.2 Major current initiatives**

#### **USAID**

Through the Civil Society Activity on Human Rights project, USAID is helping civil society coalitions and human rights organizations to develop more effective strategies to reduce human rights abuses and influence public policies on human rights issues through the training and implementation of citizen watchdog groups. Citizen oversight of human rights violations is being conducted at local police stations and legal assistance is being provided to victims (Odhikar/AED). Citizen monitoring groups are

overseeing local government services (Coastal Network/AED). Training on investigative journalism to enhance the capacity of Bangladeshi journalists to conduct investigative reporting according to international standards and principles.

USAID is also working with local NGOs in the development of a parliamentary guidebook for citizens to increase awareness and facilitate public oversight of elected officials; public awareness campaigns about citizen rights and responsibilities at the local level; and worker training about their rights in the criminal justice system.

## **DFID**

Support is being provided in the field of social mobilization to Transparency International Bangladesh (as part of a donor consortium with SIDA, NORAD and DANIDA) to increase demand by men and women for transparency in public, non-profit and private sector transactions. The project includes establishing Committees of Concerned Citizens (CCCs) – community watchdogs focusing on service delivery by public, private and non-governmental sectors, to make people at grassroots more alert, aware and vocal about corruption. Manusher Jonno is being funded to enhance the capacity of and opportunities for poor men, women and children to demand improved governance and recognition of their rights. Nijera Kori members and their allies increase the pressure on government, political and other elites, to provide better access to decision-making processes, resources and services for poor men and women.

In western Bangladesh, Samata has increasingly become involved in addressing failures in local government and administration more generally, aiming to improve the accountability of local services and their targeting. Samata is involved in local electoral contests - expressing support for different candidates in national and local government elections depending on their stance towards the khas land and other issues. While the strategy began as a way of influencing the khas allocation process, it has now broadened to include developing women's leadership and more equitable allocation of government services (eg. vulnerable group schemes, health and school committees, etc). Samata also trains all Union Parishad members in their roles and responsibilities. They also create links between Samata VDCs, UDCs and the UPs to make sure the poor are better represented in UP decision-making.

## **DANIDA**

Providing support to the local press to provide training of journalists on human rights issues and institutional support and capacity building.

## **NORAD/Norway**

Under the Democracy and Human Rights Study Program, short studies and surveys are being conducted and reports and findings disseminated to print and electronic media; a media resource cell is being set up to keep records on developments in the fields of HR and democracy; workshops are being arranged for district level journalists. An electoral training institution is also being funded.

## **The European Commission**

The EC is working towards promotion of democracy and human rights, and continues to support the 1997 Chittagong Hill Tracts peace process.

## **GOB**

A Government-NGO Consultative Council was established in 1996 to promote dialogue across sectors and involve citizen participation in policy making. There have been many successful partnerships between government and NGOs in delivering social services in the education, health, family planning and disaster management arenas, through subcontracting to NGOs, joint implementation (co-management), and government investment in NGO activities.

### 5.5.3 Future strategic options

- ***SO9-9. Advocate for a strong enabling environment in support of civil society groups (short-term strategy).*** The Mission, in coordination with other donor organizations, must become more assertive in supporting local NGOs (vis à vis the GOB) that are taking on increased responsibilities for advocacy against corruption. These actions will put NGOs and their members under greater scrutiny by government and at higher risk for personal safety. USAID/B and other donors can be helpful to these NGOs by making their support for them more visible to forces that might oppose them. A particular near-term area of activity for the Mission is to support liberalization of NGO laws and regulations, and streamlining administrative procedures at the NGO Affairs Bureau. Specifically, the Mission should lobby the Bureau to allow for direct donor application/registration of grants to local organizations. This has been done in Russia and successfully keeps the authorities at arms length from local grantees.
  - A coordinated set of activities by all donors to support the local NGO community would be preferred. USAID/B can try to organize a common strategy.
- ***SO9-10. \* Support Anti-Corruption Coalition development and public-private partnerships against corruption (short- and mid-term strategy; cross-cutting strategy).*** Support development of a national anti-corruption coalition among a wide range of civil society, business and media organizations to institute major grassroots advocacy and external pressure/demand on government. (International experience has shown that this approach has been more effective than supporting the development of more targeted anti-corruption NGOs.) A civil society action plan against corruption should be designed and implemented by members of the coalition, with support from USAID. Support public awareness programs about the costs of corruption and “the way out.” Support development of civic education programs for schools and more broadly for the population at large. Subsequently, encourage the establishment of a government-coalition partnership to dialogue and coordinate their anti-corruption programs.
  - It is important to develop a critical mass of civil society support behind the movement against corruption – there is strength and safety in numbers. Thus, rather than generate organizations that are specifically targeted at fighting corruption, the plan would be to seek out existing NGOs with existing constituencies to join together in their common interest to fight corruption, despite their differing goals and missions. This organizational model for coalition building has been successful in other USAID projects – in Bulgaria, Albania, Russia, Ukraine, and elsewhere.
- ***SO9-11.\* Support the mobilization of significant citizen advocacy and watchdog initiatives (short-term strategy; a cross-cutting strategy).*** Support countrywide development of citizen watchdogs that monitor corruption and abuse in particular policy and governance issues (for example, the budget process, public procurements, political parties, elections, provision of public services, police review, etc.) and that are capable of following through with publicizing their findings, formulating recommendations for reform, and lobbying government bodies to make changes.
  - NGOs appear to be ready for this next stage in capacity building – to go beyond public awareness and researching the problem to active and responsible lobbying and advocacy for reforms. Given the sensitivity of the issue, these watchdogs will require very active legal support, which can be provided by the Citizen Advocate Offices mentioned earlier in the “rule of law” section.
- ***SO9-12.\* Support the mass media to build its capacity as a public watchdog (short-term strategy; a cross-cutting strategy).*** The media requires support along various dimensions to develop as an effective public watchdog. First, it needs important changes to the legal framework -- access to government information (requiring amendments to the Official Secrets Act of 1923) and wider access to government officials (requiring a change to the Government Servants Conduct Rules of 1979). Second, journalists need serious and intensive training and practicums in investigative

reporting techniques and in the use of information technology (the web) to obtain information. Third, journalists need training in sectoral issues so it can conduct investigations knowledgeably. Thus, journalist training should be focused on the public budget process, the judicial process, the procurement process, and so forth. Fourth, since investigative reporting is risky business, it is important to include training in risk-averse strategies for journalists and the provision of both legal and security services.

Investigative journalism in Bangladesh may be able to adopt the methods pursued by a few intrepid journalists in the Philippines, for example, who conducted “lifestyle checks.” Stories describing, if not showing through photos, officials with luxury assets (mansions, high-end cars in their garages, etc.) can substitute for the lack of an effective asset disclosure regime. Each story of an official living beyond his means is a powerful statistic of the problem of corruption. In the Philippines, the Philippine Center for Investigative Journalism profiled several high-ranking officials, including former President Estrada; their stories led to the ouster of the president and the unprecedented dismissals of several high-ranking officials.

- Journalists appear to be ready for a major support program targeted at improving their practical skill base.

## **5.6 Governance**

Governance reforms cover a very wide range of areas – including administrative procedures, civil service, service delivery, local government, and Parliament. While reform activities that target increased transparency and accountability in governance areas always require high level administration approval and commitment, targeted pilot programs that start small and appear to be non-threatening may provide an avenue to begin work. When successes can be demonstrated, other departments might be more likely to agree to participate. For example, several IT/e-government applications have been implemented recently that increase transparency in governance processes (Bangladesh Enterprise Institute, 2004). They have been piloted successfully in the Ministry of Religious Affairs (with GOB-funded), Department of Roads and Highways (with World Bank funding), Rajshahi City Corporation (with UNICEF sponsorship), and Bangladesh Bank. At the same time, local governments can operate to a considerable extent below the central government’s radar screen and so offer a great opportunity to launch anti-corruption activities. USAID’s Local Governance Initiative is doing some of this and should be encouraged to do more.

### **5.6.1 Key vulnerabilities**

- Excessive regulation, procedural complexity and bureaucratic discretion exist in the delivery of public services and administration of government.
- Politicization of the civil service by the ruling party and the parties’ pervasive influence throughout society are major obstacles in the capacity to govern.
- Local government operations are dysfunctional and lack capacity, authority and resources.
- Parliament is being used as a rubber stamp and is not functioning as an effective check on the executive.
- Transparency and accountability are hampered by the existing Official Secrets Act (1923) and the Government Servants Conduct Rules (1979), which need to be revised.

### **5.6.2 Major current initiatives**

#### **ADB**

ADB has developed a road map for its approach to strengthening governance in addition to contributing to effective funding agency coordination on governance initiatives. ADB is also mainstreaming governance measures in specific sectors through more detailed analysis of governance issues in loan-related economic and sector work through the introduction of indicators such as expanding cooperation with NGOs, and measures to strengthen the effective, efficient, and equitable utilization of financial resources.

**DFID** DFID is supporting high-level management training of civil servants in the MAT2 program in order to create a critical mass of reform-minded civil servants who, through mutual support and pressure, through their strategic and influential locations within the civil service, and through their own improved performance, will generate and demand administrative reform from inside the Bangladesh Civil Service. The program has two major components: Performance Improvement and Training, and Human Resource Management. DFID is also supporting parliamentary committees with the aim of improving the institutional framework and operational environment including scrutiny of public financial management. It is also providing support for strengthening institutional systems for planning to enhance the capabilities of the Planning Commission, Planning Division and Planning Cells of the various Ministries in GOB. Another large DFID project supports the Ministry of Finance to increase GOB capacity in administering all aspects of the budget cycle. DFID has also provided support to strengthen the Comptroller and Auditor-General's office.

**USAID** A Local Governance Initiative is being supported to foster a national policy discussion on local government. Within this program, ARD is training rural government UP elected councils to be watchdogs of the implementation of law and provision of government services. USAID is also providing support to Rupantar to improve local governance by strengthening the UPs as effective service providers, by increasing local resource mobilization, and to create community awareness on UP functions by using folk media. CARE Bangladesh is being supported in capacity building of UPs by training local stakeholders, awareness raising, advocacy and networking.

The Law Commission's website provides access to draft legislation and thus, provides transparency into the development of new laws (JOBS).

IRI and NDI have been working with the Parliamentary committees to strengthen their role in executive oversight. They coordinate with UNDP and DFID programs.

**UNDP** A Local Governance Strengthening Program is underway to improve the capacity of the LGD and MLGRD&C in developing an enabling policy environment for local government and to support the National Institute for Local Government to develop its policy advisory and training role.

#### **The Netherlands**

Financial management reforms are also being sponsored by the Netherlands and DFID, including improved audits of line ministries, social audits, budget planning reforms, and capacity building.

**SDC** This program focuses on decentralization and participatory governance, in particular through supporting civil society to become a key force in local governance by promoting participation and demanding greater accountability and building the capacity of local government, and advocating for effective decentralization efforts. SDC supports, among others, Rupantar and Bangladesh Nari Progati Sangha.

**DANIDA** Through Nari Uddyog Kendra, DANIDA is supporting a Capacity Building Program for women UP members. A Peoples Reporting Center is being implemented by Democracy Watch to create an enabling environment for the UPs to develop their accountability and credibility in 6 selected unions of 4 districts of Bangladesh.

### 5.6.3 Future strategic options<sup>22</sup>

- **SO9-13. \* Support decentralization and capacity in local elected government** (*short- to mid-term strategy; a cross-cutting strategy*). Given all of the existing limitations, a possible point of entry for a donor-sponsored anti-corruption program can be at the local government level. Effective applications at the local level are consistent with much international experience. Support should continue to local elected UP councils and City Corporations to build their capacity as citizen watchdogs *and* implementers of local public services. Efforts should be targeted at increasing the legal literacy of citizens (voter education, their rights for public services) and local elected officials – concerning their roles and responsibilities under law and the limits to their discretion. Mechanisms that encourage open hearings and citizen participation in project/budget planning and expenditure tracking should be supported. Mechanisms to facilitate citizen communication with local elected officials and registration of citizen grievance and requests at the local level should be developed and implemented. Support should be provided to ensure access to relevant information for local elected bodies. Support should be given to strengthen municipal government associations that can serve as advocacy groups for the devolution of power (and resources), transparency and accountability in local government. Expand the establishment of Committees of Concerned Citizens (CCC) and use them for local government oversight functions and to provide community input to UP councils and City Corporations. Support a pilot project to implement local Ombudsman offices in several cities; over time, success at the local level might increase pressure for implementation at the central level.
  - The National UP Forum and other recently established municipal associations can serve as partners for this anti-corruption strategy. The local government sector is an emerging area not addressed by other donors extensively, and it is one that is traditionally within USAID’s core competencies.
- **SO9-14. \* Support e-government applications related to public sector delivery and citizen-government transactions** (*mid- to long-term strategy; a cross-cutting strategy*). IT and E-government applications reduce direct personal interactions between government and citizen and/or increase the transparency of government operations. Several pilots have already been tried in a variety of departments. If USAID governance activities are focused primarily at the local government level, perhaps e-government applications can be part of that technical assistance.
  - E-government can be a non-threatening application that promotes better governance while reducing opportunities for corruption. Appropriate applications and local sponsors need to be identified.
- **SO9-15. \* Support targeted administrative reengineering** (*mid-term to long-term strategy; a cross-cutting strategy*). Focus on a small number of highly vulnerable government departments that provide public services and reengineer them to reduce regulation, administrative procedures, bureaucratic discretion, and citizen-government contact. In essence, simplify government – to increase accountability and transparency and improve the effective delivery of services. One manifestation might be to establish one-stop shops for citizens to obtain public services and permits, for example.
  - This strategy requires acceptance and commitment by particular government departments to undergo reform, and as a result, almost always requires very high level approval – from the Prime Minister. However, it might be possible to engage in more targeted administrative reengineering within particular departments – starting small, where approval might be at the line ministry level.

---

<sup>22</sup> Governance reform programs that are already funded and directed by other donor organizations in Bangladesh, such as in civil service reform, financial management, audit and control systems, and regulatory systems, are not included explicitly in this report as proposed strategic options for USAID, except where USAID initiatives might support other donors.

- **SO9-16. \* Support professionalization of lower level civil service managers/supervisors (mid-term strategy; a cross-cutting strategy).** While high level managers (senior assistant secretary and above) in the civil service receive training at the Public Administration Training Center, with DFID's support, lower level civil service managers and supervisors also need extensive training in management skills, performance standards, managing to results, legal limits in authority and discretion, citizen rights, and ethics. It would be most useful to focus on particular vulnerable departments of government. As part of this strategy, an ethics program for civil servants can be developed as well (including a code of conduct, training, and an ethics office). Training, procedures and institutions should be designed to develop a performance-based personnel management system, including selection, recruitment and promotion criteria based on merit, and enforcement of disciplinary consequences for abuse of position or inaction.

  - As above, it may be possible to identify a particular department manager who is amenable to reform in his organization and focus attention there as a test case.
  
- **SO9-17. \* Support the use of corruption diagnostic tools in high-risk agencies (mid-term strategy; a cross-cutting strategy).** Technical assistance can be provided government agencies to conduct self-assessments that focus on detecting vulnerabilities to corruption. In the Philippines, the Integrity Development Review (IDR) was developed under a USAID program, as a composite instrument based on the Corruption Resistance Review of New South Wales Australia's ICAC and the Corruption Vulnerability Assessment of the Development Academy of the Philippines. This is a powerful detection mechanism that systematically reviews where, when, and how corruption may be fostered in organizations. Because it can be billed as a "management tool," it may be seen as non-threatening to officials. To be sure, it requires a skillful team to apply the tool, which can be done in a customized way depending on the level of hostility of the terrain to be navigated. The value of the tool is that it results in empirical bases to move forward to clean house without personal finger-pointing or methods bias.

  - Skillful "marketing" of this approach to key government ministries as a "management tool" would yield meaningful insights into specific reforms that are needed to reduce corruption opportunities.
  
- **SO9-18. \* Support for strengthening internal controls in GOB ministries and departments and for the Comptroller and Auditor General's Office (mid-term strategy; a cross-cutting strategy).** As a priority, technical assistance should be coordinated with other donors to increase the external audit capacity of the CAG's Office. In addition, technical assistance is needed to strengthen internal audit and control mechanisms within GOB ministries and departments. This includes training, capacity building, and institution building in performance and financial auditing across operational units. One important component of the technical assistance should be directed at expanding the reporting authority of the CAG beyond the Public Accounts Committee in Parliament, as recommended by the AED report (2004). The CAG can become much more effective if it has authority to release its audit reports publicly after GOB official comment, and the authority to directly report any evidence of wrongdoing to the ACC or other law enforcement bodies. In addition, an assessment of the CAG should be conducted and technical assistance provided to build its internal capacity.

  - This work should be coordinated with DFID, which is providing training to the CAG Office, and with ADB, which has designed a "governance audit".
  - A pilot project to develop effective internal audit capacity and meaningful internal controls in a targeted ministry could serve as a proving ground for developing technical assistance methodologies that can be successfully replicated in other ministries
  
- **SO9-19. Support Parliamentary oversight committees and other Parliamentary accountability reforms (mid-term strategy).** While executive oversight by Parliamentary committees is mandated by the Constitution it is made difficult by the Government Secrecy Act and lack of capacity. Provide training and technical assistance to Parliamentary committees so that they can better serve the executive oversight function. Seek better ways to get information from the ministries. Develop IT

applications that will assist the oversight committees. In addition, support the Parliament in developing a comprehensive ethics program, including appointing an independent Parliamentary Ethics Commissioner, disclosing MP assets and liabilities, and registering lobbyists.

- Success will require the identification of willing partners among MPs. TIB is conducting a diagnostic study on good practices among MPs that might provide a useful starting point.
- ***SO9-20. \* Support implementation of procurement regulations across sectors (short-term strategy).*** In coordination with the World Bank, provide technical assistance to ensure proper implementation of the new procurement rules and procedures in each sector.
    - Successful implementation of the new procurement regulations requires GOB-wide training, but technical assistance is required on a line ministry-by-line ministry basis to ensure that the provisions are implemented effectively and customized to the particular context in each entity. .

## 6. FERTILITY REDUCED AND FAMILY HEALTH IMPROVED (SO1)

The Asian Development Bank's (Draft) Country Governance Assessment for Bangladesh notes that a 2003 World Bank survey found growing public dissatisfaction with public administration in the health sector. A 2002 Transparency International survey concluded that the health sector ranked second only to the notorious police in public perceptions of corruption. Although donors have since reinstated funding for the sector, most support to the HPSP was suspended in May 2003 because of donor concern with a variety of issues including the lack of progress on bureaucratic reforms, decentralization, and a regulatory regime for GOB-NGO collaboration.

Because of the serious problems in the government provided health system, some of which are noted below, those who can afford it are increasingly turning to private (usually for profit, though sometimes religious charitable) healthcare providers. The government provides medical services principally through community clinics and government hospitals. The government hospitals are considered the most egregious, and are widely criticized as offering extremely poor or non-existent services, and being rife with extortion (including extortion by criminal gangs) for nominally free or fixed fee services.

The government remains the principal provider of prenatal health care and immunizations, key issues in child survival and health, itself the principal focus of US programs in this sector. Therefore, regardless of the inclination of many donors to bypass the government in programming particular services, from a sector wide perspective the government is an unavoidable factor that must be contended with, whether as a partner or as an obstacle to the efficient functioning of alternative partnerships. The point is driven home by the ADB's observation that Bangladesh's relatively high maternal mortality rate results from the effects of poor quality and quantity of medical facilities and from the shortage of trained midwives.

### 6.1 Key Vulnerabilities

Broadly speaking, we may classify the key vulnerabilities of the health and population sector in Bangladesh as Political (a political system deeply complicit in and dependent on corruption), Institutional (key institutions are incapable either of operating without corruption or of combating it), Cultural (acceptance or resignation about pervasive culture of corruption) and Legal (the absence of a legal and regulatory framework for mitigating major susceptibilities to corruption or for facilitating efficient and incorrupt service delivery).

A seminar that brought together all national level Bangladeshi stakeholders on November 8 provided a succinct summary of the larger reform issues relevant to the health sector. The seminar was chaired by the chairman of the Public Administration Reforms Commission, and addressed by the Principal Secretary to the Prime Minister, the DCOP of USAID's Local Government Initiative, as well as businessmen, former senior civil servants and political figures. It was organized and attended by key civil society advocacy organizations. The elements repeatedly emphasized were de-politicization of the administrative system, the need for new methods and procedures in the administrative system commensurate with new responsibilities, decentralization, civil service reform, involvement of civil society and improved service delivery. Certainly under the present administration the hospitals and medical colleges have been packed with pro-BNP men/women. Substantial amounts of funds have been defalcated in the form of ghost-workers, fictitious projects and flouting of procurement rules.

Because the health sector represents one of the government's principal interfaces with the public, and because it represents a high volume of procurement, bureaucratic approval processes, service delivery transactions and employment, it is particularly susceptible to corruption pressures, petty and grand. We heard repeatedly that decisions about resource allocation in the government health services are subject to partisan considerations. Institutional managers and civil servants feel compelled to accede perceived higher-level corruption in procurement or in the approval process. Corruption in the health sector is found at all levels, national and local, within the political elite and the civil service, and among government contractors and NGOs. (However, normally the problem NGOs are confined to those smaller in scale, particularly those established by former ministers or bureaucrats. The bigger ones have their own systems of accountability, though these can use

improvement to make them truly accountable to their clients and beneficiaries as well as to society as a whole.) This pervasive pattern of corruption is sustained by a high degree of political and bureaucratic resistance to reform. The GOB's repeated failure to act on various reform commitments it has undertaken in the past, such as the commitment under HPSP to unify the MHFW Directorates, was widely noted by our interlocutors, all of whom expressed a high degree of skepticism about the sustainability of reform commitments by the GOB in this sector.

The generally noted long delays in the GOB's use of donor funds has also resulted in significant under-funding of health services for the poor. This constitutes a further vulnerability to corruption because the pressures that build up as a result offer opportunities for corruption at bottlenecks. Moreover, once funds are disbursed to projects, the chronic delays lead to haste in programming, with the inevitable difficulties that produces in meaningful oversight and accountability. Poor management and financial controls in the GOB system for delivery of health services are also widely noted.

Selection of NGOs for government contracts for delivery of health services is subject to partisan favoritism, and plagued by bribery or patronage. Moreover, because the government health system provides the overall institutional context for delivery of services, even NGOs not financially dependent on the government, but merely working within the government system with autonomous funding from donors, remain susceptible to many of the pressures to engage in corruption.

The health sector evinces a high degree of reliance on NGOs by the GOB for service delivery. NGOs often, as noted above, replicate official corruption to the relatively autonomous non-governmental realm. This complicates any reform efforts directed at creating a legal framework of government accountability. On the other hand, delegation of responsibility to NGOs insulates GOB from immediate customer accountability.

This clearly constitutes a conundrum for donors who have often relied on direct support to NGOs, particularly in the health sector, in attempts to bypass official corruption.

A distinct concern about the role of NGOs is the extent to which their financial and institutional viability depends on their role as providers of services on behalf of the government. Again, this is particularly acute in the health sector. It renders them timid in raising issues about corruption, even when these prejudice the effectiveness of their operations. Even less are they willing to engage in advocacy about the underlying policy issues in the anti-corruption reform agenda.

Key civil society weaknesses also pose points of vulnerability. Associations such as the Bangladesh Medical Association are highly politicized along partisan lines. Journalists are generally not well informed about technical aspects of health service delivery issues. Above all, there appears to be little systematic dialogue among stakeholders to develop consensus on problem definition or solutions.

Several workforce practices in the health sector render it vulnerable to corruption. The transferability at will of civil servants renders them timid in resisting corruption. The practice of payment for a posting constitutes reflects an underlying expectation that positions are opportunities for enrichment. The role of patronage for its part renders bureaucrats supine before the corrupt dealings of their patrons, or results in persons exercising responsibilities for which they are professionally or technically unqualified or inexperienced. This is particularly problematical in the health sector, where the services provided are by definition specialized technical.

The poor pay of most government employees, including physicians and nurses, constitutes incentives to find supplementary sources of income, inevitably through corrupt practices, such as charging for nominally free services, absenteeism, moonlighting and refusal of services to induce users to use the private fee for service systems. Because government positions are perceived as sources of income from bribery, they are subject to purchase, which in turn constitutes both an incentive to illegal rent seeking and compounds the problem of lack of qualifications. Partly in recognition of the fact that government employees are likely to seek other sources of

income, total or partial absenteeism is widely tolerated in the health services sector. This results in denial of services to those entitled to them.

Pilferage and resale of commodities, petty and large-scale, including essential medicines, is another widely reported vulnerability of the government health system. This results from highly defective inventory control practices. Transportation of supplies and equipment for all types of health facilities remains subject to illegal “tolls” exacted most often by police.

Despite the adoption of regulatory reforms in procurement, the health system has experienced little benefit from them. The effective regulatory framework remains weak, owing partly to lack of capacity to implement a rule-bound system, and partly to resistance in all quarters. Problems in procurement include kickbacks, procurement fraud, non-payment of accounts due to suppliers without bribery, and collusion among offerors on tenders.

Because government health budgets, plans, procedures and operations remain opaque, citizen/clients of the health system lack sufficient information to be informed consumers, thereby compounding the already great asymmetry posed by the specialized nature of medical knowledge and expertise.

## **6.2 Major Current Initiatives**

USAID does not fund the GOB MOHFW directly due directly to corruption and audit issues. They do provide limited Technical Assistance (TA) to specific programs with the MOHFW which are deemed essential to the achievement of the SO. USAID also participates actively in the Health Donor Consortium that negotiates as a block with the MOHFW.

The major effort in USAID/Dhaka’s current program that is distinctly dedicated to corruption issues is under IR 1.1d - Improved MOH policy environment in support of NGO service delivery. The Mission provides technical assistance in support of the reform consensus of Civil Society, GOB, and other donors.

In addition to this explicitly dedicated effort, most US supported programs in this sector include program planning and review elements that act as antidotes to corruption, and as models for how to approach delivery of services in programs funded by other donors and by GOB. This is found in all major USAID implementing partners, including FHI, NSDP, SAVE and ICDDR.

Because the Health sector constitutes such a large presence in the overall picture of GOB delivery of services to citizens, and because it consists of *inter alia* significant opportunities for corruption in procurement of infrastructure development and supplies, the Mission’s cross cutting anti-corruption initiatives, past and present, also have direct bearing on many of the key vulnerabilities identified above for this sector. These include the establishment of Concerned Citizens’ Committees (CCCs) and Information Centers, and support to grassroots participation in monitoring of public services to curb corruption in public sector service delivery systems under the National Integrity Program Phase 1 that ended 2003; and programs through the Academy for Educational Development to provide training to enhance the Bangla press’s capacity to do investigative journalism.

Among the donors other than the US with the strongest awareness of the importance of incorporating anti-corruption elements into programming for the Health sector are the UK and the Asian Development Bank, the World Bank and to a lesser extent Canada.

The Governance Audit Methodology developed by ADB is due to be released in November 2004. ADB has agreements with GOB Ministries that get ADB funding, including the Health and Family Welfare Ministry, that each Ministry agrees to such a governance audit as a precondition for fund disbursement. ADB has \$1.25 million in TA allocated, but that is for all anti-corruption measures, including the Anti-Corruption Commission and other broad gauge anti-corruption measures. Thus, there is a high likelihood that additional donor resources will be required to allow for governance audits even within the ambit of the Health Ministry, and certainly for purposes of a broader base-line diagnostic study. Among the complementary donor efforts underway is the

DFID-supported Oxford Policy Management Primary Health Survey, which focuses on the quality and quantity of services provided, and looks at all levels from the District through the Upazila and Unions and down to the user. Of particular importance is the fact that the survey will be disseminated to all stakeholders.

The United Nations Development Program (UNDP) has only a limited presence (HIV/AIDS) in the health sector. In its health sector programs it deliberately eschews working through the Ministry of Health and Family Welfare. Potentially relevant is the UNDP initiative to promote e-governance, particularly those aspects of it that have provided 300 government forms in digital form, as well as on CD Rom. In addition to its importance to improving citizen access, this is closely related to efforts to streamline and make transparent procurement and contracting practices in the sector. UNDP is also working with the UNCDF to develop a pilot project in Sirajganj to make available information about development resource allocations at the local level. Finally, UNDP's Institutional Strengthening of Foreign Aided Project Audit Directorate, which provides TA, including computerization of record keeping, acts as a model for complementary efforts to improve government procurement and project approval systems. Also relevant here is the ADB's initiative to reform of the convoluted and centralized Project Approval process. While none of these is directed exclusively at the health services, each has substantial potential impact upon them.

Both the UK and the World Bank have substantial activities to improve administrative capacity and financial accountability government-wide. The UK provides substantial TA for capacity building in financial management, both government wide offices (with effects on health sector budgets and administration) and specifically to the Ministry of Health and Family Welfare. The World Bank has extensive projects underway with the Ministry of Finance and other Ministries to improve financial management and to promote procurement reform and tracking of public spending, all of which have clear implications for the procurement-intensive health sector. More explicitly in the health sector the World Bank has underway a number of programs, though the amounts allocated are small, to study and assess financial management and strategic planning issues within the government health bureaucracy. The largest of these, and the most promising, is a project scheduled to begin in December 2004 to assess the problems of procurement and logistics under the HPSP and to recommend policy options on that basis.

The UK accords substantial attention to civil service reform, with a particular focus on training and capacity building, and on promoting a culture of reform mindedness within the civil service. The UNDP has a commitment to work on adding ethics modules to the BPATC curriculum. The World Bank has an ongoing process of preparing a number of short and focused policy notes on issues such as government employee compensation, skill mixes, and pension reform options. In light of the observations above about the effect of workforce issues on corruption in the health sector, each of these has substantial implications for this sector.

The donors with the greatest current presence in enhancing civil society's capacity to access information and support advocacy are Denmark (journalist training and NGO effectiveness and accountability), Sweden (enhanced quality of provincial journalism), and the UK with Norway, Sweden and Denmark (enhancing community participation and watchdog institutions). These efforts are supplemented and supported by the UNDP activities described above, as well as by World Bank activities to enhance e-government and to improve development communication between GOB and stakeholders. Finally, in an environment where a legal regime for public access to government information seems improbable, the World Bank has brought leverage to bear by including in its \$200 million Development Support Credit II the initiation of a Freedom of Information Act. Again, while these all have broader application than the health sector, each constitutes a significant part of the strategic framework with anti-corruption initiatives in the health sector can and must be elaborated.

### **6.3 Future Strategic Options**

#### General Strategic Considerations

USAID has supported TA and training in support of the program support of other donors in this sector, as described below. These include a commitment to improved MHFW policy environment in support of NGO

service delivery, a series of instruments to enhance NGO partner efficiency and accountability built into the NSDP program, and a Local Government Initiative. One possible overall strategic organizing principle for effective work in the health sector, in light of the complexity of the problems and the poor prognosis for reform would be to engage in a carefully delimited range of activities designed to have exemplary effect. Such an exemplary approach would not only pilot the program elements, but also act as a model of success, thereby addressing the public morale problem posed by a skepticism about the prospects of success for reform. As noted below, this would reflect a recognition that USAID's NSDP program has provided a model that should be replicated and expanded to other settings.

Support for activities and programs that have governance benefits in the health sector remains justifiable in terms primarily of enhancing the effectiveness and the environment of delivery of services that are in pursuit of the core purposes of Child Survival and Health. Given that the principal focus of the public health services in Bangladesh is maternal and child health, improvements in the policy environment are squarely instruments of program effectiveness. Moreover, framing the activities as improving service delivery, rather than explicitly fighting corruption, allows for the engagement of stakeholders and partners, particularly government and political parties, on a neutral platform.

The GOB's framework for dealing with the World Bank and the International Monetary Fund, its Interim Poverty Reduction Strategy Paper, includes several elements relevant to the health sector, which are also explicitly noted and endorsed by the Bank and Fund staff. These include governance improvements, investing in human development, and social protection for reducing vulnerabilities and improving income-generating opportunities. Among the issues picked out in a short commentary by the staff from a voluminous GOB document, is the importance of measurement and evaluation of GOB performance in these directions. In particular, the staff report notes that, "Substantial capacity strengthening and technical assistance will be required from donors in this area" (Measurement & Evaluation) The corresponding element to the I-PRSP is found in the Word Bank's having created a place-marker for a planned program, of yet indeterminate funding, to work with the MHFW on an anti-corruption strategy in agreement with all donors.

If one were to pick an issue of importance to this sector but also to others, such as citizen access to information coupled with civil society training and empowerment to demand improved services, along with enhanced financial management and administrative capacity of service delivery NGOs, a modest investment might yield substantial return. Looking at the current USAID portfolio with a view to building upon it, we find the following elements. A commitment to improved MHFW policy environment in support of NGO service delivery, a series of instruments to enhance NGO partner efficiency and accountability built into the NSDP program, and a Local Government Initiative. Related initiatives include the DFID supported Committees of Concerned Citizens, and the GOB's recently announced intention to devolve budgets to the Union Parishads.

A model for the type of approach that this combination of assets and opportunities suggests may be found in India. The Ford Foundation, building on the Commonwealth Foundation's, its own and other donors' work in promoting Freedom of Information and other legal regimes of transparency, supported the establishment of a training project to empower civil society with tools for budget analysis and advocacy. Working with the International Budget Project of the Center for Budget and Policy Priorities in Washington, and with the National Center for Advocacy Studies in Poona, this now three year old initiative mobilized and recruited a variety of indigenous expertise outside the traditional NGO sector (retired civil servants, academics) and has significantly enhanced the sophistication and effectiveness of NGO advocacy on issues of government budgeting and expenditure, accountability for public resources, and quality of services. Among the particular dimensions of this experience has been the enhanced availability of information both to and about local government institutions and officials.

Several considerations will need to be borne in mind in relationship to the initiatives detailed below. The Joint (IMF-WB) Staff Assessment of the I-PRSP suggested the need for sharper prioritization of near term policies in key sectors and anti-poverty programs, and the need for an improved monitoring and evaluation mechanism for social development. Risks include the highly likely erosion of political support even after initial agreement, and

slow implementation due to limited experience in all quarters of Bangladeshi society, inadequate institutional and human capacity, and uneven support in government.

There is also likely to be a high degree of resistance to decentralization, because centralized governance, particularly in the project approval process, serves the interests of hereditary and patronage based government. There is a real concern among national party leaders about the emergence of local leadership with a political base outside the patronage networks of national party leaders. The postulate of legal framework and of civil service reform to provide for more transparency and popular participation runs counter to the political and legal culture and history of Bangladesh, which partakes of the British tradition of bureaucratic prerogative and the Moghul tradition of revenue “farming”.

Attempts to bypass the government’s obstacles and to fund implementing partners directly makes sense both in order to bypass the limitations and dysfunctions of government and to avoid seepage of resources from NGOs into kickbacks to GOB officials. However, corruption in the NGO sector has been noted by the LCG, and affects the reliance of both GOB and donors on NGOs.

Also widely noted is the lack of continuity and sustainability of policies, whether related to reform or not, in the event of governmental change, and between successive planning cycles for the sector. This presents an uncertain framework and environment for donor planning of programs.

### Initiatives<sup>23</sup>

**SO1-1. Support Enhanced Planning Capacity:** (Medium to long term.) (undetermined political will, moderate institutional capacity, public support limited by lack of awareness of these issues, substantial resources available, consistent with donor priorities.)

It is essential to have a diagnostic baseline of the sector to suggest optimal entry points. Such a diagnostic exercise would consist of detailed analysis about incidence and characteristics of corruption in the sector. This is all the more important where corruption is deeply entrenched, and where our interviews have suggested a degree of bewilderment even among experienced observers about where the effective points of entry are for reform programs. Among the donor efforts underway is the DFID-supported Oxford Policy Management Primary Health Survey, which focuses on the quality and quantity of services provided, and looks at all levels from the District through the Upazila and Unions and down to the user. Of particular importance is the fact that the survey will be disseminated to all stakeholders. The Governance Audit Methodology developed by ADB is due to be released in November 2004. ADB has agreements with GOB Ministries that get ADB funding, including the Health and Family Welfare Ministry, that each Ministry agrees to such a governance audit as a precondition for fund disbursement. USAID strategy should avail itself of these resources in support of initiatives outlined below in support of GOB and NGOs.

Engage and support stakeholders such as Bangladesh Public Health Association and Bangladesh Medical Association in policy dialogue and advocacy in favor of more deliberate planning for disbursement of donor resources.

Support efforts to insulate strategic planning from political and bureaucratic interference. The health sector is a particular candidate for addressing this systemic concern. One important consideration is the added complexity of integrated FP/H activities at the clinic level (ESP). Another is the joint recommendation of the Center for Policy Dialogue and the UNFPA to set up a national committee to coordinate all HIV/STD programs sector wide.

---

<sup>23</sup> Those initiatives identified as medium and long term will need short term detailed needs assessments where these are not already available from other donors, and also detailed program design work in the short term.

Among the models elsewhere that are instructive is Thailand's National Economic and Social Development Board, which engages in cross-sectoral monitoring and planning in recognition of the many factors outside the health sector which affect health status.

**SO1-2. Increase Government Responsiveness and Strengthen Institutional Restraints** (Short to medium term. Consistent with and can be incorporated into USAID CCC support, emphasis on civil society, and donor interest in procurement reform and financial management.) (Political will moderate/uncertain, institutional capacity latent but in need of TA, resources required modest, public support limited by lack of awareness of these issues, consistent with donor priorities.)

Assist with development of a National Health Policy, clear implementing regulations, and with dissemination of these to widest possible audience. To provide baseline of accountability and transparency.

Engage with parliamentary oversight committees responsible for health to improve their capacity to address health policy and service delivery issues.

Support creation within the Health Ministry of single point of contact for donors and NGOs alike for project approval and procurement. While we were not able to ascertain the degree to which the Ministry might be receptive to such a proposal, we believe that it is of value for donors to be on record as supporting it.

Support implementation of the Public Procurement Regulation of 2003, in coordination with other donors. Particular emphasis on procurement of medicines and supplies. The World Bank adjustment loans in process at present will be contingent upon continuation of activities originally supported by the World Bank. Since procurement reform was one of the Bank's priority areas, there will remain donor leverage at the macro-governmental level. Moreover, there remain ongoing donor programs, including TA and training, to support procurement reform. For the past five years, USAID has provided TA to the MOHFW procurement process, improving its transparency and compliance with World Bank procurement procedures. Furthering citizen public education about the requirements of officials under the reformed procurement system should be considered for future USAID activities.

Continue working with donors to address problem posed by duplication and overlap between two directorates in MHFW. Dual reporting chain doubles opportunities for corruption. This is reflected in the fact that USAID strongly opposes the disintegration of the 2 wings of the MOHFW.

TA to develop standards for maintenance of sole source option to allow reputable organizations such as ICDDR to focus on primary institutional mission.

TA to develop a catalogue for health services and supplies. Prequalification of suppliers, standard prices, identified commodities. TA to create meaningful oversight mechanisms to prevent abuse. Being done by USAID through DELIVER.

Support Program Management Controls in the form of TA for inventory control systems and data management. Being done by USAID through DELIVER.

**SO1-3. Legal Framework for Transparency** (Medium to long term; not related to current USAID emphases.) (Political will uncertain, institutional capacity weak, resources available more in form of good models from donor experience, donor policy supportive, and public support strong but inchoate.)

Support TA, advocacy and research in favor of health-related legislation that promotes freedom of information, whistleblower protection, government in the sunshine, and routine and transparent publication of health-related government information, especially budgets and allocations.

Support TA, advocacy and research in favor of a rule-bound regulatory regime in the healthcare area, involving rulemaking based on notice and comment. Such activities should be closely coordinated with e-government initiatives supported by UNDP and the World Bank.

**SO1-4. Enhance customer power** (Short term to the extent that can be built on existing USAID programs through health implementing partners, Rupantar, LGI, CCC. Also medium term follow up and enhancement of such initiatives) (Political will likely resistant, institutional capacity will need substantial donor assistance, resources available moderate, strong donor consensus.)

Focus on information and education on preventive health and on choice of services, to redress asymmetry of knowledge between clients and providers in health sector. (Cultural media of communication (Rupantar) already part of USAID portfolio.) Examples of success elsewhere include HIV/AIDS communications programs for behavioral change in Thailand, and improvements in nutritional status through information in Tamil Nadu state in India.

Support posting of essential information, such as lists of services and medicines available, and price lists. Again, this represents an expansion to a larger realm of best practices already modeled at USAID-supported NGO clinics.

Make income of service provider organizations, and even individuals, depend on demand from poor clients, or even client satisfaction. However, owing to the prospects of fraudulent reporting, this is a management intensive approach. That said, such management intensity to oversee service quality and cost-effectiveness is a hallmark of the USAID supported NSDP program, and thus likely within USAID capacity.

Promote involvement of the poor in consultative bodies for service provision and on bodies for monitoring of service quality and appropriateness.

Support creation of informal and locally accessible complaint and redress mechanisms to expand consumer power. Train lay advocates.

Such activities should be closely coordinated with e-government initiatives supported by UNDP and the World Bank.

Although there is some discussion of the value of competition among providers (using the new public management model), coupled with vouchers for the poor, many obstacles suggest that this would at best be an option for the long-term and for prior feasibility assessment. Not only is diversion of vouchers a possibility, rendering this an oversight and management intensive activity. The prospect of resources for establishing competing providers outside of a handful of metropolitan areas is unrealistic, even were it not prey to the current dysfunctions of project approval.

The government is in the process of putting together a new law on consumer rights – this could be an opportunity to address many of the transparency and accountability issues. Citizens groups could be formed to make people aware of their rights, including basic services.

**SO1-5. Health sector workforce issues** (Not a short term priority for USAID, because already the subject of substantial other donor interest, and not related to current USAID emphases.) (Political will and institutional

capacity weak, substantial donor resources available, donor support high, and public support latent but limited to informed opinion.)

Improve technical sector knowledge of public employees, and address related recruitment and assignment policies. One of the most commonly noted lynchpins of bureaucratic corruption was the easy transferability of civil servants, or their retention in positions for extraneous reasons of patronage and complicity in corruption. Among the disadvantages of this was the loss of institutional memory as well as continuity of expertise. Related questions were raised in relationship to the health sector about the poor technical grasp of many public employees, as well as the poor management skills at all levels. A related issue was raised about the assignment of persons from one medical specialty to positions requiring another. It is also recommended that technical training be provided to civil servants. This can be done through BPATC training modules, or otherwise.

Chile, Mexico and Thailand have used financial and non-financial incentives to encourage qualified staff to work in rural areas, a key defect found in Bangladesh. In Indonesia, doctors are allowed to offer private services during or after government duty hours. India and Brazil have implemented training of community health workers, Indonesia and Iran have done so by recruiting in underserved areas, and Ethiopia has established credentialing for health officers. In Malaysia traditional providers such as midwives have been offered upgrading of skills. Indeed, in Bangladesh itself, BRAC has community workers trained to seek out the extremely poor in need of urgent healthcare.

TA to standardize training and qualifications requirements, to provide objective and verifiable standards, and thus minimize opportunities for graft or patronage.

**SO1-6. Apply USAID models of success** (Short term.) (Political will, institutional capacity, resources available and donor interest all high. Public support limited to informed opinion.)

Offer benefit of lessons learned in good management controls and oversight of USAID funded programs in sector for application in other donor funded and NGO dependent programs. This would include training in management of programs, and in financial management, models such as the NSDP Quality, Sustainability, Community Response and Policy Teams, validated self assessments, measures and criteria of customer flow, contact, quality of service, and incentive programs. Each of these is management and oversight intensive, but in that respect too USAID has experience to share.

**SO1-7. Civil Society Advocacy and Monitoring** (Short term and medium term follow up. Related to current USAID governance programs.) (Political will likely resistant, institutional capacity weak and in need of donor support, resources available substantial, public support high, and donor policy favorable.)

Support programs to enhance civil society's effectiveness as a watchdog and reform partner. The form that this would take in the health sector specifically includes TA for improvements in NGO internal governance (boards, staff training, employment systems) and bolstering their willingness and capacity to do advocacy. Another aspect of such a strategic emphasis would be to train journalists in technical and administrative issues specific to the health sector, and in investigative journalism techniques tailored to the types of practices characteristic of the sector.

Community monitoring of health service delivery has proven successful in raising performance in Bolivia and Vietnam, and indeed in New Zealand.

**SO1-8. Enhance citizen demand for reform** (Short term related to USAID governance and health sector programs. Also *sine qua non* of reform momentum) (Political will not relevant, institutional capacity weak, resources available uncertain, public support potentially high but latent, and donor policy potentially favorable.)

Including public education campaigns to raise public expectations of reform, public awareness of the benefits and costs of corruption, and awareness of models of success in other countries and specific lessons learned in other countries.

**SO1-9. Decentralization** (Short and medium term.) (Political will uncertain, institutional capacity in need of donor support, resources available fair, public support very high, and donor policy favorable.)

Promote decentralization of decision-making about service provision to local elected (rather than appointed) officials, while building safeguards in the form of civil society watchdogs to monitor and advocate for efficient service delivery to intended beneficiaries. Promote community management of Community Clinics. The ARD implemented LGI's work with the Union Parishad Forum already offers a solid basis for this. DFID's Making Waves program offers a useful civil society complement (the Committees of Concerned Citizens) to the USAID support to the local government sector. Because so much in the way of health service provision is related to government, it will be particularly important to work with UP officials to ensure that the devolution recently announced of funds results in effective and equitable local autonomy, rather than constituting a new opportunity for corruption or favoritism.

Among the types of activity that would significantly enhance local autonomy and popular access would be publication of fund utilization patterns, details of project allocations, and data on income from Upazila. Other important types of TA would consist of training on the budget, financial management and service delivery mechanisms and system for UP leadership and local citizen groups.

The GOB has committed to a Decentralization Plan in the context of the new multi-donor HNPSP, and has committed to drafting hospital autonomy legislation. The ADB has recommended that the GOB should outsource primary level service provision and monitoring responsibilities to NGOs, *being sure to accompany such outsourcing with regulations to ensure quality of care*. The potential difficulty that arises here is that regulation in the context of pervasive systemic corruption can become a new opportunity for rent-taking. This needs to be widely publicized to the general citizenry.

The constitution of Bangladesh refers to the establishment of local government with the power to raise tax and spend.

Examples of success along these lines may be found in the Health Committees of Benin, or the AIN-C program in Honduras, which reduced severe malnutrition by 31% through community mobilization and ownership of health and nutrition service. However, it also bears noting on a cautionary note that transfer of clinics, hospitals and other health assets to local government has in some cases created incentives and opportunities for rent-seeking by local elites, as in Uganda, where spending on primary healthcare and use of maternal and child health services declined substantially when districts were given responsibility for service delivery, personnel management and allocation of resources. This suggests the imperative need for TA to local bodies as well as the parallel need for civil society watchdogs.

## 7. GROWTH OF AGRIBUSINESS AND SMALL BUSINESS (SO5)

The private sector suffers heavy costs of doing business due to inefficiencies in public sector governance, policy and regulation, and pervasive government corruption practices. At the same time, in order to continue to remain in business, enterprises often become complicit in these practices and sometimes promote them to achieve competitive advantage. However, World Bank data show that Bangladeshi businesses spend many business hours and high percentages of income on interfacing with government and paying bribes rather than conducting productive business transactions. Before long, such practices can devastate the private sector, impacting on small and medium-sized enterprises the most, and greatly discourage domestic and foreign investors.

Forward-thinking enterprises and business associations may be the most likely partners in implementing an anti-corruption strategy. It will be critical to find a way to motivate their participation – to offer compelling reasons and incentives -- to fight corruption as opposed to merely going along with, tolerating, and even benefiting from the corrupt system. The cost-benefit ratio must be demonstrated convincingly to business that paying the bribe and kickback to speed transactions, win a public contract or avoid official taxation, for example, is more costly *over the long term* than refusing to participate in the corrupt system. An important element in tipping this balance for businesspeople is to make the negative consequences of participating in corrupt transactions – arrest, prosecution and imprisonment – more predictable. Typically, small and medium-sized enterprises are victimized more than larger firms, in that bribery often entails a larger percentage of the SME’s income or revenue. Social pressures within an association – for example, not complying with an integrity pledge taken by all – can also be a motivator to comply with a no-tolerance policy by businesses.

### 7.1 Key vulnerabilities

The “corruption tax” is among the highest costs of production, making Bangladeshi industry less competitive globally. Pervasive petty corruption in the form of speed money (unofficial payments to speed administrative processing), theft, nepotism and bribery has become an accepted cost of doing business. With every new government, various supply lines become “captured.” For example, the “sons,” commonly referred to as the *Hawa Bhaban*, allegedly have taken control of many major procurement deals. Public perceptions, whether true or not, generally allege that they have displaced regular suppliers of electric poles, for example, and now dominate that market.

It is important to note that corruption requires at least two parties and that the private sector is sometimes a willing partner. The primary objective of business is to stay “in business” and if it takes bribery and kickbacks to accomplish this, the private sector can be easily inclined to engage in these perverse incentives. New codes of corporate governance (see below), the elimination of administrative barriers that promote rent-seeking by corrupt officials, the reduction of bureaucratic discretion, and reforms in regulatory systems, procurement practices, and banking procedures, among others, can help to readjust the incentive structure for businesses.

Business people often complain about corruption as it relates to:

- utility providers and services – ie., obtaining phone lines and electricity. Dysfunctional systems of authorizing, installing and providing services by the telecommunication and power sectors lead to widespread bribery at each stage of service delivery.
- licenses, permits and certifications needed for businesses to operate. A World Bank in 2002 found that, on average, obtaining such permissions from government requires two weeks time. Speed money typically shortens the time, but amounts to 50 to 100 percent of the prescribed legal fee according to the World Bank.
- excessive inspections and monitoring of business by regulatory and administrative officials and accompanying extortion for bribes.
- land registration and titling.
- obtaining loans from banks.
- export/import services and customs-clearing processes. Customs and port procedures are a significant problem for businesses that export and import. Mandatory shipment inspection for

valuation introduced in 2001 to reduce discretion and costs has resulted in frequent abuse and bribery because its tariff value system gives customs officers discretionary authority to fix a higher value to extract higher customs duty.

- tax collection - many tax provisions are loosely worded, leaving room for broad interpretation and discretion by tax officials and, therefore, opportunities for corruption. Business sector representatives have noted that the present taxation system lacks simplicity and transparency, and also provides loopholes for under-reporting turnover and evading payment. People evade taxes, in part, because they know that the money will be misused.

Grand corruption occurs in the public procurement system. Lucrative procurement of goods and services are frequently tailored to particular preferred businesses or are awarded as a result of large kickback payments. Moreover, procurement announcements are not easy to find and criteria and procedures for selection are not clearly defined and transparent. Once awarded, contractors have been known to provide fewer services and over-invoice on government projects.

Business people generally lack information on their legal rights and government procedures to obtain services that they require. Many, though not all, chambers of commerce are politicized and perceived to be corrupt. (The Chamber is one of the agencies that businesses have to go through for registration.) Business associations are generally politicized and not very effective as advocates for public sector reform. Small local associations of businesses, known as *samities*, attract mainly SME members and have the potential, with capacity building support, of advocating for business rights.

## 7.2 Major current initiatives

The major donor organizations have sponsored many programs that introduce policy and procedural reforms, strengthen capacity, and initiate new institutions that reduce opportunities for bureaucratic rent-seeking, eliminate administrative barriers for business, level the playing field for businesses and increase competition, and provide incentives for good corporate governance.

### USG:

- Under the ATDP II Program, a Seal of Quality program has been initiated for the shrimp industry, involving establishment of an independent industry group to issue certifications that includes internal controls to prevent corruption. Success of this industry self-regulation activity suggests replication in other spheres as well.
- IRI has helped to establish and build the capacity of an independent business advocacy group that is focused on advocating for policy change that improves the business climate.
- The JOBS project has supported the creation of an electronic collateral registry and has provided technical assistance to introduce a secured transactions law. While the law is not yet enacted, the goal is to bring greater transparency into lending operations. E-government technologies have been implemented at the Law Commission and Chittagong Chamber of Commerce. In addition, assistance has been provided to the Law Commission on drafting an IT Law.
- CIPE has worked with the Dhaka Chamber of Commerce and Industry to create a toolkit for identifying mechanisms that can scrutinize and control public and private institutions to increase transparency, promote accountability; and raise awareness of the negative effects of corruption and the need for immediate reform of the culture of “speed money.” Activities include high profile roundtables with leaders from business, think tanks, NGOs, media, academia and government. The CIPE-sponsored program involves a sustained advocacy campaign that will target introduction of ethics classes in universities, special media reports on corruption, a national award campaign to recognize individuals and organizations that have made advanced anti-corruption effort, and monitoring of government response to policy recommendations. A Corruption Costs Fact Sheet, Guidelines for Education Institutions to Promote Ethical Behavior, and creation of a national Business Ethics Week are expected products under the project.

- USAID has supported the US Treasury in providing bank supervision training to the Central Bank of Bangladesh.

#### **The World Bank:**

- Several World Bank programs have targeted rationalizing the banking system by privatizing and restructuring the nationalized commercial banks and strengthening regulations in the banking area to achieve a competitive private banking system. Technical assistance to the Central Bank has included human resource capacity building, automation, and strengthening the regulatory and supervisory systems to increase transparency, accountability and professionalism. The World Bank is also working with the non-bank financial sector to strengthen its capacity and increase competition.
- The World Bank has also provided assistance to reform state-owned enterprises by rolling back state ownership and control.
- The Private Sector Development Project targets regulatory reforms to improve the transparency and improve the investment climate.
- The World Bank has provided technical assistance to revise the public procurement regulations, making them more transparent and accountable. Efforts to implement these new regulations are proceeding.

**ADB:** ADB programs seek to promote competition in the private sector, which will provide a strong impetus for suppressing corrupt practices. Their programs generally focus on improving policy and regulatory frameworks that will promote private sector investment.

#### **DFID:**

- Assistance has been provided in the Regulatory and Investment Systems for Enterprise Growth (RISE) program to reform the regulatory system to encourage business growth and investment, develop e-governance applications that automate government procedures and simplify government-business transactions, and establish special economic zones.
- DFID supported a task force on Corporate Governance and the Bangladesh Enterprise Institute in developing a Code of Corporate Governance (2004) which incorporates the principles and guidelines for best practices in the private sector, financial institutions, state-owned enterprises and NGOs.

**Australia AUSAID:** Work has been conducted with the Office of the Registrar to automate registration of joint stock companies.

**Danish Embassy:** Support was provided to the Bangladesh Enterprise Institute to conduct an assessment of administrative barriers in eight business sectors, along with recommendations on how to eliminate these obstacles, which are often opportunities for rent-seeking and extortion by corrupt bureaucrats. A detailed report was produced entitled *Reducing the Cost of Doing Business in Bangladesh* (2004).

### **7.3 Future strategic options**

- ***S05-1. Support business association advocacy (short- to mid-term strategy).*** USAID can support development of a joint task force or coalition among several large and well-established business associations to advocate for anti-corruption reforms that will reduce victimization of businesses. For example, based on the “road maps” researched by the Bangladesh Enterprise Institute (2004), business advocacy units can be established in different industry sectors to work on eliminating administrative barriers for business. This can be accomplished by establishing public-private partnerships that include both business and government agency representatives to conduct regular dialogues to identify specific barriers and design fixes that change procedures and close loopholes. This may result in one-stop shops, a reduction in the number of regulations/procedures, and IT solutions. It would also be helpful to explore the possibilities and lobby for a negotiated rulemaking

procedure by which regulatory bodies would be required to consult with business stakeholders when new regulations or procedures are being considered. The associations can also lobby for strengthening of existing money laundering legislation and stricter enforcement. Further, advocacy can extend to proposals for privatizing tax collection or using IT applications to collect taxes. (These types of advocacy strategies have been applied in many other countries by MSI and CIPE, among others, with major success.)

- Activist-oriented business associations need to be identified that are willing to work together to implement an advocacy action plan. Capacity building will be essential. There will also need to be willing government officials to negotiate adjustments and changes that eliminate administrative barriers.
- ***S05-2. Support business ethics program (short- to mid-term strategy).*** Build upon the Code of Corporate Governance developed with DFID support. Improve corporate governance practices (for example, associations can require an integrity pledge by members and expose violators in the media). Help associations design and implement an overall business ethics program, including practical training, technical assistance to integrate the program in member businesses, and feasible disciplinary procedures. Associations can also be encouraged to provide legal support to business victims of corruption and excessive bureaucracy, and increase the legal literacy of business.
  - Business associations, again, are the likely partners to implement this strategy, involving participation of their member businesses.
- ***S05-3. Promote self-regulatory programs within industries (short- to mid-term strategy).*** Replicate self-regulatory programs in particular industry areas – providing positive incentives (higher product price) to businesses to follow the self-imposed regulations; for example, a Seal of Hygiene for the food industry, or a Seal of Quality in the garment industry. Simultaneously, this strategy should develop incentives for government inspectors and businesses to reduce the buying/selling of certificates from the government.
  - Other industry associations and businesses need to be shown the benefit in terms of bigger sales and higher prices of self-regulation for quality. The problem with this strategy is that it does not necessarily reduce the extent of rent-seeking by government inspectors and certifiers.
- ***S05-4. Support e-government applications for business-government transactions (mid-term strategy).*** Use IT mechanisms to reduce rent-taking in business-government transactions (for example, use of barcodes at the port to value goods). Strengthen land ownership/title data bases and registration procedures to ensure accountability and transparency. Other applications can be identified and implemented as well.
  - The major issue with this strategy is to identify willing partners in both the private sector and in government. The BEI report on administrative barriers provides detailed road maps in several industry sectors that can provide ideas on potential e-government applications and actors. This type of strategy often requires substantial donor investment.

## 8. IMPROVED MANAGEMENT OF OPEN WATER & TROPICAL FOREST RESOURCES (SO6)

The core reasons for corruption in the environmental sector in Bangladesh lie in a conflict between public interests in a healthy habitat, on one hand, and private interests in the commercial value of the limited natural resources (land, forest, wildlife, water etc.) and the readiness of public officials to fill their pockets through illegally issued access to these resources (through corrupt practices in public procurement, leasing, construction permitting, etc.), on the other. This fundamental conflict is also aggravated by:

- Strong political party influence and interventions in many aspects of environmental and natural resources management – frequent interventions of MPs, influential party leaders, and higher level public officials who exercise “telephone law” and other forms of informal and untraceable pressure.
- Conflicts of interest between (or within) governmental institutions tasked to generate revenue from natural resources and those having a mandate to preserve resources – (for example, these conflicts are manifested within the Forest Department; and between the Ministry of Land that exercises public ownership over land and the Ministry of Environment & Forests that manages natural resources).
- Weak environmental management institutions that have low levels of professionalism.
- Strong vertical structures in the bureaucracy.
- Lack of transparency and accountability in the decision-making process and functions of governmental institutions.
- Lack of enforcement of rules and regulations.
- Low salaries of governmental employees.
- Limited competition in receiving foreign donor assistance funds.

Corruption in the natural resources and environmental area:

- Establishes environmentally damaging policies and practices that enrich politicians, bureaucrats, and criminals;
- Allocates environmental resources in an unfair manner facilitating environmentally damaging practices;
- Diverts funds allocated for environmental programs to private pockets (embezzlement, bribery);
- Allows trafficking in wildlife and other natural resources; and
- Allows depletion of natural resources and pollution of the environment as a result of bribery in environmental inspections and permitting systems.

### 8.1 Key vulnerabilities

Corruption in the environmental and natural resources sectors in Bangladesh occurs in many transactions: in political patronage for recruitment of public officials and civil servants, embezzlement from public and donor funds, kickbacks in public procurements, collecting “rents” by low level governmental employees, and turning a blind eye on illegal activities that damage natural resources and the environment.

#### *Corruption at the local level*

Corrupt practices in governmental institutions directly or indirectly impact current USAID environmental intervention programs. Since these current programs are implemented at the local level (MACH and NSP), corruption problems that are of immediate relevance are primarily of a local character and not large in scale, though they are widespread and frequently encountered. Among the most common corruption practices are bribery, kickbacks, nepotism, and cronyism in such transactions as:

- Leasing lands and wetlands or issuing construction permits to influential political figures or powerful businesses while taking away resources from the community (wetlands, fisheries, sand, forest, etc.) and converting them into residential property or commercial shrimp cultivation areas or fisheries.

- Auctioning park lots for harvesting to commercial logging companies.
- Falsification of declarations of volume harvested.
- Illegally changing protected area boundaries or illegal harvesting in exchange for small bribes or favors to low level civil servants (range officers, forest officers)
- Illegally using natural resources by government to meet revenue maximization targets imposed on them by the Ministry of Finance (for example, plantation bamboo or logging within protected area)
- Conducting (or failing to conduct) Environmental Impact Assessments.

### *Corruption at all levels of government*

Looking beyond USAID’s current environmental programs, there are a number of corruption problems in the environmental sector at all levels and scales.

- Selection and recruitment. It is perceived that personnel recruitment, selection and appointment procedures in government (including MoEF) at all levels are subject to political influence, nepotism, bribery, and favoritism. High-level positions in the environment-related ministries appear to be filled exclusively on the basis of political affiliation rather than professionalism. Mid- and low-level positions are granted in exchange for bribes, favors, and political loyalty. As a result, governmental staff is often lacking in professionalism, but rather loyal to political party or the bureaucratic hierarchy. It is perceived that those departments of MoEF that provide direct access to resources or authority for resource distribution (such as, the Production Division of the Forest Department) are more prone to these hiring practices.
- Law and policy implementation. For the last several years, several policies, national programs, laws and regulations in the environmental area have been drafted and adopted. But the major problem lies in the implementation of these laws and programs. Thus, for example:
  - Environment Impact Assessments (EIAs) are either conducted by incompetent personnel or purchased through bribery. Government officials certify, through bribery, unqualified organizations to conduct EIAs.
  - Compliance with some environmental laws is very strict and businesses would rather pay off governmental inspectors than “clean up” their operations or pay fines.
  - Political influence and strong vertical subordination in combination with a lack of professionalism causes widespread inaction on the part of the MoEF in implementing its own policies, procedures, and regulations.
- Public procurement. Public procurement is conducted in a non-transparent fashion and requirements and criteria are perceived to be “wired” to particular bidders.
- Financial management. Public funds, as well as donor assistance funds and resources, are often not properly managed and controlled and become easily subjected to embezzlement. (There is a strong perception among local groups that about from 20 to 30% of donor assistance money ends up in the pockets of corrupt bureaucrats.)

The environmental sector in Bangladesh is affected by corruption in other related sectors as well, such as, land registration, agriculture, police, the judiciary, and others.

## **8.2 Major current initiatives**

**USAID** – USAID has been successful in promoting and implementing a “co-management” approach to managing public wetlands and national park areas. By involving entire communities, including local level representatives of government agencies, elected local government officials and local citizens, in

the management of the resources, these projects develop opportunities for more transparent and accountable natural resource management practices.

USAID is also stimulating policy decisions to combat corruption in natural resources management by providing support to the development of the National Wetlands Network, an influential network of activists and organizations that is informing national policymakers and advocating on wetland conservation issues.

RUPANTAR, a local civil society group, uses innovative approaches that appear to be very effective in educating citizens in community-based water resource management practices and goals. Taking into account low levels of literacy in the countryside but strong interest in folk art, RUPANTAR uses theater, popular publications and traditional folk songs to communicate development and social issues. This activity is also strongly supported by the Local Government Engineering Department (LGED).

MoEF and the Ministry of Water Resources implement dozens of projects with the support of several donor organizations that all have some institutional strengthening and good governance components. Below are several examples that have strong relevance to anti-corruption issues.

**ADB** – ADB focuses its environmental and natural resource programs on water resources and water basin management, forest resources, and biodiversity conservation. Significant financial mismanagement on the part of the MoEF within an ADB-funded project, Sundarbans Biodiversity Conservation Project, and the unwillingness of the Ministry to conduct proper audits and implement corrective actions resulted in ADB's recent decision to terminate the project and suspend funding. It is very likely that ADB will discontinue its other projects with the MoEF for this reason and other instances of lack of cooperation. A Governance Audit Methodology, recently developed by ADB, is planned to be applied along with a financial audit in all ministries where ADB offers assistance projects. It is very unlikely that MoEF will be involved in this program.

ADB continues to support MOWR in implementing community-driven small-scale water resources management projects that have some similarities with the USAID-funded wetlands and national parks co-management projects.

**UNDP** – The primary areas of UNDP's program are pollution reduction, environmentally sustainable agriculture development, and sustainable environmental management. One of the most noticeable programs under this last area is the multi-million dollar Sustainable Environment Management Programme (SEMP) that UNDP has implemented since 1999 with the MoEF. The program initially started at the national level by developing a National Environment Management Action Plan with follow-up activities in five major areas (strengthening relevant policy and institutions, participatory eco-system management, community-based environmental sanitation, advocacy and awareness, and training and education) implemented through 26 projects both at the national and local levels.

*UNDP anti-corruption approaches:*

UNDP broadly utilizes effective approaches that introduce and strengthen good governance practices and prevent corruption.

- Several projects, implemented primarily at the local level (for example, *Sustainable Livelihood in Riverine Charlands, The Waste Business, and Coastal and Wetland Biodiversity Management at Cox's Bazaar, and Hakaluki Haor*), facilitate empowerment of local communities by involving them in natural resources management and protection, educating them in environmental issues and citizen rights, and mobilizing them for action.
- Other projects (such as, for example: *A Healthy Environment: Every Citizen's Right, and Environmental Awareness and Monitoring at the Grassroots Level*) support advocacy groups to protect citizen rights to a sound natural and social environment, educate society on their rights, and provide legal support when rights are abused.

- UNDP is implementing projects that introduce e-governance technology at the MoEF and Department of Environment.

*Prevention Corruption within projects:*

UNDP appears to have effective mechanisms to prevent or detect early any potential embezzlement of its funds: quarterly financing based on performance and financial reports, strict monitoring and evaluation processes, and conducting project procurements itself. Nevertheless, instances of fraud and embezzlement have occurred. For example, cases have been revealed of vehicles and other project equipment being “hijacked” by high ministerial officials. In most cases, UNDP was able to retrieve stolen (or “leased”) equipment through filing complaints with the appropriate higher authorities.

**The World Bank** – In 2005, the World Bank is planning to start a new Water Management Improvement project (USD 85M) to improve water resources management through participation of local communities and putting in place financial management, procurement, monitoring and public information systems that will improve transparency, accountability and governance in the sector.

**DFID** – A multi-year Land Rights project is being implemented in Samata. The project will employ social mobilization strategies to assist landless people gain access to more resources and experience less exploitation.

**CIDA/Canada** – A 2-year project on Modernization of the Ministry of Water Resources Capability (US\$2.7M) is being implemented to improve financial management systems of the Ministry and other public water management institutions. It will increase accountability and transparency in public sector water management by developing capacity in planning, budgeting, operations and decision-making in these institutions.

A five-year Bangladesh Environmental Management Project (US\$10M) has been implemented since 1999 with the Department of Environment (DOE) to strengthen the institutional capacity of DOE. The project has distinctive good governance components, among which is improving capacity in institutional planning and development institutional frameworks for environmental management, information management capability to enable DOE to more effectively respond to its mandate and capacity to respond to user needs and disseminate information; and increasing human resource management capacity and staff competencies.

Other CIDA-supported projects promote improved and computerized accounting system for MOWR and its divisions.

Several other multinational and bilateral donor organizations have projects that touch upon issues related to improving institutional capacity and preventing corruption, including the Government of the Netherlands, DANIDA, and WFP.

USAID has positioned itself distinctively among other donors in promoting good governance practices in specific environmental areas, such as wetlands and national parks and has contributed to influencing and enforcing government policies to enhance community participation in natural resources management.

### **8.3 Future strategic options**

Environment and natural resources issues are not as prominent as other SOs for USAID/Bangladesh. Nevertheless, USAID’s focus on the national parks and wetlands co-management approach has placed it in a very distinctive position among other donor organizations. With limited funding, past and current projects have made a real difference in promoting and implementing community-driven natural resources governance practices that ultimately result in increased transparency and accountability in governance and corruption prevention.

USAID has developed strong experience and competitive advantage working at the local level and organizing communities around natural resources management. Co-management groups established and operating under past and current projects can be easily mobilized around anti-corruption problem and transformed into critical advocates for good governance. USAID should strongly consider establishing coordination among projects under different SOs to share knowledge and experience and to build on grassroots level demands for good governance. This should be a strategy under the current activities that will not require significant additional resources.

To turn awareness about causes and impacts of corruption into public demand for good governance, it is necessary to train civil society organizations in basic civil society anti-corruption techniques, such as advocacy and lobbying, watchdog techniques, and legal services for victims of corruption. While training is extremely important, it is even more important to support civil society organizations financially and technically to apply these techniques through systematic activities. Apparently, there are a handful of dedicated civil society organizations and associations that are willing or already working on corruption issues. It should not be a problem to mobilize them in common cause along some core interests.

While mobilizing public demand, it is also necessary to start working with government to turn demands into deeds. USAID is planning to initiate a new project on strengthening a natural resources policy regime, working directly with the central governmental institution. Taking into account that government often fails to implement laws effectively, this project may be able to make a difference if it succeeds. In any case, it is important to find an optimal balance between working with civil society (bottom-up) and the government (top-down).

The anti-corruption strategy options presented below suggest activities at the local and national level, with civil society and with government, within the short- and long-term, and from low cost to significant commitments of resources.

**SO6-1. Strengthen and sustain community-based good governance approaches and transform community groups into a strong voice for governmental reforms** (short-term strategies within current projects; strong political will within public and possible resistance within national government):

- a. Institutionalize community-based resource management by enacting local/national regulations.

Current arrangements for co-management of natural resources under both projects have proved to be successful in introducing and exercising effective good governance and anti-corruption mechanisms, such as transparency, accountability, citizen participation, and citizen-government dialogue. A new challenge is to ensure the sustainability of these efforts through institutionalizing co-management practices. The MACH project that has a longer history of operation is already working on this at the upazila level. Taking into account strong vertical structure and subordination of governmental institutions, it is advisable to bring this issue to the national level.

*Opportunities and Challenges:* According to MACH's implementing partner, the Department of Fishery is interested in replicating their experience, though the Ministry of Land might be in opposition. MoL may fear the potential lose of control over revenue sources even though there is no pressure on them from the Ministry of Finance to generate revenue. (Fishing is not seen by the MoF as an important revenue generating industry.) Similar but different conflicts of interest appear to exist with relation to the NSP project (within the Department of Forest). In this case, it appears that DoF has been pressed by the MoF to set revenue targets. To overcome this problem, it might be advisable to start working with the MoF to demonstrate the long-term economic benefits of sustainable co-management in natural resources management. Both projects should also look at the current Cooperatives Act for potential support of their sustainability building effort.

- b. Educate and mobilize communities to advocate for their rights and for accountable and transparent government

In both current projects, public awareness and education on environmental issues is a substantial and important part of the activities. Members of the co-management groups gained knowledge and practical experience in organizing themselves in strong multi-sectoral entities around a common goal. Further education on good governance issues and training in advocacy and lobbying would be helpful to mobilize these communities to advocate for institutionalizing bottom-up co-management policy, and to increase demand for higher quality government services. These groups could be very instrumental in advocating for meaningful electoral reforms as well by mobilizing and educating citizens.

*Opportunities and Challenges:* There are no real obstacles in implementing this recommendation. There are good opportunities to take advantage of already established community institutions that can be turned into strong advocacy groups. To provide training and education, USAID might consider involving other current projects from the DG area (such as AED, NDI, IRI).

- c. Establish a network of grassroots community organizations to develop demand for good governance reforms (*zones of good governance*<sup>24</sup>)

In some instances, there are several USAID projects from same or different SOs that work in the same or nearby geographical areas (for example: SO 5 – MACH and NSP, SO 9 – Save the Children, SO 7 – NRECA). Each project has local community partners that have built strong expertise in their particular areas, but have also developed valuable experience that would be useful to share between each other to better understand and exercise citizen and community rights and governmental responsibilities to deliver quality public services (in such sectors as education, healthcare, natural resources management, power supply, etc.). These local groups can be organized into an effective network not only to share experience but also to mobilize themselves into a strong single voice to demand governmental reforms. It might be helpful to engage one of the local groups to serve as a facilitator for this initiative.

*Opportunities and Challenges:* To implement this idea, the Statement of Work of current projects may require some modification. Coordination and involvement of organizations working in the same districts under other donor programs can be helpful.

**SO6-2. Mobilize public demand for reform** (short- and mid-term strategy, requires low to medium amounts of resources for initial training and additional substantial resources to sustain activities, strong support from civil society, uneven political will within government):

- a. Support public awareness and education campaigns to reduce tolerance for corruption and mobilize public demand for good governance
  - Such campaigns should not only educate about environmental problems and policies but also bring attention to and raise understanding about the impact of corrupt practices on natural resource management and protection, as well as citizen rights and government responsibilities.
- b. Support advocacy groups lobbying for rule of law and citizen rights for clean and sustainable environment.
  - It is very important to turn public intolerance for corruption into real actions that reform government. Well trained in advocacy techniques, dedicated civil society organizations can become very instrumental in representing public concerns and interests.
- c. Support establishment of strong watchdog groups to monitor government

---

<sup>24</sup> This idea was suggested by the implementing partners group headed by IRG

- Public oversight of government at all levels is lacking. Watchdog groups are essential to keep government accountable for its actions. Such groups must be well trained on their issue as well on watchdog techniques.
- d. Support citizen legal rights protection groups to build public confidence
- Bureaucrats can take advantage of legal illiteracy and inexperience of citizens to communicate with authorities. With very little confidence in government and the judiciary, citizens would rather rely on independent legal professionals to represent their interests and rights. Such legal service offices, often called Citizen Advocate Offices (CAO), were established in several countries (Russia, Albania, Ukraine) where they were successful. This experience can be further studied and tailored for Bangladesh, if needed.

*Opportunities and Challenges:* Implementation of the suggested strategies on mobilizing public demand for reforms will require training (followed by technical and financial assistance) of CSOs in such techniques as advocacy and lobbying, watchdog activities, and developing and implementing effective public awareness campaigns focused on issues of preventing corruption and promoting good governance in the areas of environment and natural resources. There is a handful number of CSOs in Bangladesh that are already involved in similar activities and whose skills and capacity can be further strengthened.

**SO6-3. Increase Governmental Integrity and Accountability** (mid- and long-term strategies, require building political will in government, strong support within civil society, require medium or significant resources, consistent with donor priorities):

- a. Support program to secure greater citizen rights to environmental information and participation as a fundamental prerequisite for governmental transparency and accountability. (Aarhus Convention of 1998 - *Access to Information: Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters* and its Guidelines can serve as a blueprint).
- Challenges to this activity could come from resistance of government to open information access. On the other hand, it seems that FD and ED are already making first steps towards opening its information to the public.
- b. Support implementation and strengthening of existing laws and regulations at local and national levels.
- Challenges to this activity could manifest itself as insufficient capacity of government institutions and lack of professionalism of government staff, more so than resistance to change.

An upcoming USAID project, *Strengthening the Natural Resources Policy Regime in Bangladesh*, will review existing GOB policies on natural resources management and their implementation to promote institutionalizing the community-based co-management approach in environment and natural resources management. It needs to be closely coordinated with other donor-supported projects dealing with institutional issues within the sector.

- c. Support implementation procedures to institute transparent, accountable, and participatory processes in government operations. Support the introduction of fraud control and ethics programs within ministries (for example, the Ethics Package of the New South Wales (Australia) Department of Environment and Conservation that includes Preventing Fraud and Corruption Programs, including a Fraud Control Checklist and a Code of Ethical Conduct). This can be implemented through either procedural or institutional mechanisms.
- Ministries may not consider these activities as high priorities and effort will be need to demonstrate the benefits to government of implementing these policies and practices.
- d. Introduce negotiated rule-making policies in developing and introducing new regulations and standards, to involve active participation of stakeholders in formulating reasonable and compliant standards.

- Current regulations are not necessary developed in consultation with stakeholder groups. This results in high noncompliance rates due to unaffordable costs to meet established requirements, unreasonably strict standards or inefficient enforcement procedures. As a result, it opens the door for bribery and fraud. Introducing negotiated rule-making processes into governmental policy and regulation development will ensure more efficient implementation and enforcement and better compliance rates. A pilot project can be implemented to demonstrate the advantages of negotiated rulemaking.
- e. Promote implementation of information technologies (GIS, e-government, e-procurement) in governmental institutions (medium- to long-term)
- The introduction of information technologies not only improves capacity and effectiveness of governmental functions, but also has an impact on developing accountable and transparent processes.

## 9. IMPROVED PERFORMANCE OF ENERGY SECTOR (SO7)

According to the recent ADB assessment<sup>25</sup>, GoB is taking steps to restructure the power sector by facilitating a business environment that enhances operating efficiencies, financial viability, consumer service, and conservation. But the public perceives the power department as the fourth most corrupt institution (6% of respondents) in the ARD Democracy and Governance survey report of 2004 after the police (47%), the courts (11%), and education (8%).<sup>26</sup>

In the public opinion survey conducted by TIB in 2002, the power sector took sixth place (about 6.4% of respondents) among the most corrupted sectors, after the police, healthcare, land administration, the judiciary, and education.<sup>27</sup> This survey demonstrated that more than a third of citizens use bribery or influence to get power connections, reduce their monthly bill, correct over-billing, avoid disconnection due to nonpayment or cut a deal with the meter reader. According to the respondents, in more than 90 percent of cases, governmental employees extorted bribes.

### 9.1 Key vulnerabilities

While public opinion surveys primarily focus on perceptions and experiences of end-users (households) in obtaining service in the power sector, there are a number of other areas in the sector impacted by corruption, starting from extraction/generation to transmission and distribution. Among the major causes of corruption are weak governance, poor financial management and absent accountability mechanisms in governmental institutions and state-owned enterprises; high politicization in the government that filters down to policy development and sector operations; conflicts of interest among high-level political elite that have a stake in the industry; and a lack of public monitoring and pressure for reform and accountability. In highly politically defined governments such as Bangladesh, strong concentration of authority over all aspects of the power sector (policy formulation, key personnel appointments, overall regulation, enforcement, resource ownership, generation and distribution) creates a plexus of conflicts of interests and ultimately, widespread corruption.

Corrupt practices, such as political influence, bribery, and nepotism, are widely used to gain access to resources at all stages of the power sector operation:

- Procurements are conducted by the Ministry of Power, Energy and Mineral Resources (MPEMR) or by corporations, such as, the Power Development Corporation Board, Bangladesh Oil, Gas, and Mineral Corporation (Petrobangla), Bangladesh Petroleum Corporation (BPC). In many instances, specification for the procurement, requirements for bidders and other aspects of the procurement can be tailored for particular “desired” bidders. Procurements are not properly advertised (there are no defined outlets and potential bidders have to hunt through many newspapers daily to find information) and selection is done in a non-transparent fashion. There have been instances where announced procurements were cancelled to adjust requirements and accommodate to preferred bidders or bidders were rejected because of their link to an opposition party MP.

The energy sector is a prime target for, and source of corruption, in part because of the time-sensitive nature of energy resources, the possibilities of generating considerable economic rents from energy extraction, transformation and use, as well as the need for large capital investments and a central role of government agencies to oversee virtually all aspects of the energy sector – whether privatized or not.

Matthias Ruth in *Fighting Corruption in Developing Countries* (Kumarian Press, 2005 forthcoming).

<sup>25</sup> Bangladesh Country Governance Assessment. ADB, 2003

<sup>26</sup> Knowledge, Attitudes, and Practices: National Survey Covering Democracy and Governance Issues.- ARD, 2004

<sup>27</sup> Corruption in Bangladesh: A Household Survey-2002, - TIB

- Financial irregularities and a lack of oversight in revenue distribution within the sector are common when preference is given to state-owned enterprises at the expense of independent power producers or rural energy cooperatives. One example relates to a politically motivated diversion of profits generated by PBSs (rural electric cooperatives – Palli Bidyut Samity) through donor-provided loans to a semi-governmental power generating company.
- Personnel hiring practices within the MPEMR and its corporations are highly politicized. However, since the energy sector is larger than some other ministries, it is a more attractive site for exercising political influence.
- The Rural Electrification Board (REB) has become a victim of politicization (political party capture) at the expense of professionalism. While for many years, REB was viewed as one of the best successes in unbundling the energy sector, in recent years the government replaced its more or less independent leadership with certain civil service bureaucrats who are political loyalists. By doing this, the government has extended its control and influence over what should be a professional and independent Board.
- Illegal connections to the power lines through theft, bribery and political influence. There are a large number of power users who obtained and maintained access to power lines illegally without proper authorization and public record. As a result, they do not pay any tax or tariffs for using electricity. Power sector employees reportedly receive regular bribes from illegal users to cover up wrongdoings. The procedure to apply and physically get power lines connected is very time consuming and dysfunctional. Bribery is a common means to speed up the process. Political influence is also common. Thus for example, MPs often abuse their power to request extension of power lines and provide connection to customers that they favor. The Prime Minister's office recently wrote a letter to BNP MPs indicating that each of them will be provided with 40 kilometers of power lines per year to use at their personal discretion.
- Frequent bribery in the time-consuming, highly bureaucratic and not transparent processes of getting gas connection and extortion in maintaining connection.
- There are instances when some big private commercial users do not pay their bills at all due to their political connections or under-the-table payoffs. They are often immune to official court proceedings and 'hide' their cases from formal hearings if ever caught.
- Bribery for getting power connections, reducing monthly bills, correcting over-billing, preventing power severance due to non-payment of bills, dealing with meter readers – all these instances occur in more than thirty percent of the citizen interactions with the power authorities.

## 9.2 Major current initiatives

**USAID<sup>28</sup>** - USAID is supporting regulatory reform in the energy sector and has contributed to good governance in the sector in a number of ways. Through training, technical assistance and the direct efforts of staff, sometimes with additional support from other donors, USAID contributed to the drafting of regulatory codes of conduct, compensation packages, selection procedures, administrative rules and other measures aimed at supporting and enhancing the effectiveness and independence of the new Bangladesh Energy Regulatory Commission (BERC). An effective BERC will contribute enormously to transparency in this corruption-plagued sector, help dispel allegations of corruption, protect consumers and heighten the interest and confidence of domestic and foreign investors. A well-functioning BERC will address

---

<sup>28</sup> Current Efforts Contributing to Reduced Corruption and Improved Governance. - USAID/Bangladesh, 2004

problems relating to energy pricing abuse, theft of power, poor bill collection, inadequate maintenance of safety and environmental standards, questionable licensing and tendering procedures and consumer complaints. Similarly, USAID support for energy sector “unbundling,” is intended to contribute to transparency in the financial transactions and operations of energy sector entities. Increasing reliance on market mechanisms, as USAID promotes, will also help to limit corruption in this inefficient, state-dominated sector.

USAID’s rural electrification program supports the independence, accountability and transparency of the Rural Electric Boards (REBs) and a network of rural energy cooperatives (PBSs) throughout the country. The longstanding role of USAID’s implementing partner, the National Rural Electricity Cooperative Association, with its in-country staff has helped discourage certain types of corruption as do the administrative controls and practices it has established within the REB/PBS’s.

**The World Bank** – The WB has recently launched a new technical assistance program to support the power sector (USD 8.4M). The program will be directed at creating capacity within government to put in place power sector policies, industry structures and a gas supply strategy needed for balanced development of the power sector; creating capacity within the Energy Regulatory Commission to regulate the sector effectively; and facilitating well-structured power sector investments. The Power TA will try to ensure transparency, accountability, and better customer services in energy sector policy development, reform, and operations.

The WB’s Rural Electrification and Renewable Energy Development program (USD 198 M including GEF) will promote transfer of the uneconomic, peripheral and nonstandard BPDB distribution lines to REB to eliminate corruption that currently exists in the form of electricity theft, expansion of uneconomic lines, and bribery in exchange for illegal connections. This program will help REB and PBSs to strengthen their accounting system and ensure transparency and efficiency in their operations.

**ADB** – ADB plays an active role in promoting institutional reform to enhance the cost-effectiveness of energy sector operations and to enable greater private sector participation. ADB pursues a strategy of continued investment combined with pressure to reform, both through loan covenants and extended policy dialogue. ADB currently focuses on financial stabilization of the sector entities, improved sectoral governance through enhanced regulatory oversight, and the introduction of structured competition and discipline. With its new Power Sector Development Program (PSDP), ADB assists the Government in providing support and incentives for sector reform activities such as independent tariff setting, competitive dispatch of generation, and functional segregation of sector activities; promoting the PGCB and DESCO as commercially viable companies, gradually relieving the Government of financial support for the sector; and modernizing and upgrading distribution systems in the northwest. ADB came to an agreement with MPEMR to conduct a Governance Audit as a precondition for loan disbursement.

### **9.3 Future strategic options**

The energy sector is one of the priority areas for USAID/Bangladesh. The Mission has invested significant resources over more than 25 years in developing and sustaining the rural electrification system. Moreover, it has supported the gas sector for the last 5 years, promoting reforms that include strengthening corporate and governmental policies and practices. USAID has also been extremely instrumental in following through with initiatives started by or in cooperation with other donor organizations, in establishing the independent BERC, and in pioneering the successful design for an efficient REB and PBSs. It is important to continue strengthening and sustaining these institutions and to use them as entry points to demonstrate effective corruption prevention initiatives that can be implemented within these institutions.

Among the strategic anti-corruption options in the energy sector, there are short-term and low cost initiatives that can (or, in some instances, need to) be implemented within current activities, as well as long term and high cost activities that can be considered for implementation in coordination with other donors.

**SO7-1. Support institutional capacity and good governance practices within local partner organizations, mobilize public demand (short-term strategies within current USAID-funded projects):**

- a. Introduce/strengthen corporate governance practices and ensure financial discipline within energy sector enterprises covered by the RPPR-II project
  - PBSs have built a good reputation through their efficient operations and good business practices. Strong corporate governance programs that include business ethics provisions can reinforce and sustain a good business culture.
- b. Educate PBS managers and current and potential customers of the PBSs. Improve their understanding of the costs and impacts of corruption, bad governance, and citizen rights for high standard public services. Mobilize them to advocate for introducing good governance and corruption prevention practices in the energy sector.
  - RPPR-II project put tremendous efforts into developing efficient systems that provide power to over 30 million people in rural areas. PBSs, with their strong policies and effective operational and financial discipline, became a good model of a rural power-providing company. While PBSs seems to have well organized and functioning public relations divisions, more aggressive public outreach programs could help them to build support among customers (current and potential) and also promote and educate the public about good governance and corporate practices and about citizen rights to demand high quality services provided on a truly competitive basis.
- c. Mobilize PBSs' Board of Directors members to lobby for reforms for fair and lawful practices in financial operations (including profit distribution)
  - Current financial irregularities related to profit diversion from PBSs to a semi-governmental power generating company has set an alarming precedent of unlimited governmental discretion that can jeopardize further development and sustainability of the rural power supply system. PBS Board of Directors members may need to mobilize themselves to address these issues and demand the return of earned profit to be used for PBSs' necessary system maintenance and business expansion. The Board members can consider an appeal to the donor, which is the loan-providing agency focusing on that particular PBSs to provide stronger and more clearly articulated loan conditionality.
- d. Re-institute independence of the Rural Electrification Board (REB).
  - USAID should encourage the multinational development banks to address current problems of strong political influence over REB operations that undermine long time efforts by the donor community to build a viable and effective rural power distribution system. In other cases, an appeal could be made to the ADB or WB based on these donors' overall strong support to rural electrification.

**SO7-2. Support institutional strengthening and accountability in energy distribution sub-sector (short- and mid-term strategies):**

- a. Support improvement in allocating connections to the power lines. Streamline the process and improve coordination between offices providing approval for connections and those who provide connections. Improve billing and revenue collection systems through privatization and computerization.
- b. Support all energy distributors in implementing and enforcing uniform standards and practices for meter maintenance and reading, and outsourcing of meter monitoring, reading, and collection processes<sup>29</sup>, bill preparation and distribution.
- c. Support developing and introducing internal control mechanisms within power sector administrative and operational offices of PDB and DESA to eradicate corrupt practices that allow illegal connections and use of power lines.

---

<sup>29</sup> Recommendation drawn from PA Government Service Inc. report for USAID – Strengthening Commercial Operations in Natural Gas Transmission and Distribution. – June 2003

### **SO7-3. Institutional building and strengthening to promote accountability and transparency and good governance:**

The ADB Bangladesh Country Governance Assessment<sup>30</sup> suggested very specific institutional<sup>31</sup>, regulatory, administrative reforms and financial management practices to improve governance and operations in both the power and gas sectors. These recommendations were developed based on their in-depth sector study and must be considered seriously. Our suggestions for the USAID anti-corruption strategy below are based primarily on the Assessment report recommendations as well as extensive interviews with the donor community, USAID implementing partners, and USAID staff.

- a. Support the Bangladesh Energy Regulatory Commission (BERC) (in coordination with other donor organizations) (short- to mid-term strategy)
  - Newly established under the Energy Act of March 2003, BERC will require a lot of effort to start up its operations and define regulatory policies and provisions. From the perspective of preventing corruption, it is essential to:
  - To the extent possible, ensure independence of the Commission. Current provisions in the Law regarding appointment of the commissioners do not fully guarantee independence of the Commission from the Ministry.
  - Clearly define the division of authorities and responsibilities between BERC and other agencies.
  - Develop and implement policies and procedures that guarantee prevention of corruption (through accountability, transparency, conflicts of interest rules, ethics codes, clear procedures, etc.)
- b. Support effective implementation of the newly adopted Public Procurement Regulation (1 October<sup>32</sup> 2003) in the energy sector
  - The new Public Procurement Regulation, drafted with support of the World Bank and enacted in 2003, has established better practices and promotes efficiency, transparency and accountability in public procurement, while reducing opportunities for corruption and other forms of abuse of power. The World Bank is planning to conduct intensive training of about 1600 officials in the new procurement regulations. In addition to training, USAID should consider providing technical assistance to ensure proper implementation of the regulations in the sector.
- c. Introducing ethics program into governmental agencies (with strong provisions on conflicts of interest)
  - To address some of the biggest concerns in the energy sector -- nepotism and favoritism -- a workable ethics program can be implemented that has strong provisions concerning conflicts of interest. This particular initiative may face strong resistance in governmental institutions. Another issue that needs to be taken into consideration prior to conducting this initiative is to assess the legitimacy of any future ethics code within current law and regulations.

---

<sup>30</sup> (Draft) Country Governance Assessment. Bangladesh.- ADB, February 2003

<sup>31</sup> ADB institutional reform recommendations in the power sector were drawn from priority reform actions developed by the Center for Policy Dialogue (CPD) in its report – Developing a Policy Agenda for Bangladesh. - 2003

<sup>32</sup> The Public Procurement Regulations 2003.- Ministry of Planning, Implementation Monitoring and Evaluation Division, Central Procurement Technical Unit - <http://www.cptu.gov.bd/>

- d. Strengthening “rule of law” compliance with regulations in energy sector (mid- to long-term strategy)
- It appears that implementation and enforcement of laws and regulations is the weakest link in GoB operations, not just in the energy sector but in many other sectors as well. In some instances, government reverses progress made by the donor community (as with the REB). USAID may consider supporting strategies to strengthen the rule of law in the energy sector by continuing institutional capacity building, revisiting legislation and regulations to reduce opportunities for discretion and multiple interpretation, introducing better accountability and management practices, and providing extensive training to improve professional and ethical standards.
- e. Support further “unbundling” of the energy sector (in coordination with other donor organizations) (long-term strategy)
- Unbundling and introducing a market-based energy sector will not only increase efficiency, but will lead to better accountability. As provided in the ADB’s recommendations, power generation, distribution and bill collecting entities should be further restructured through incorporation to provide them with greater independence and autonomy, while at the same time ensuring an appropriate degree of government regulation, oversight and quality control. Single, multifunction governmental entities (i.e. BPDB, Petrobangla) cannot continue to exercise sole responsibility for vast elements of energy sector administration without risk of corruption, inefficiency, and system loss.

## **10. IMPROVED FOOD SECURITY FOR VULNERABLE GROUPS (SO8)**

The patterns of Bangladesh's dependence on food aid suggest how substantial a factor corruption is likely to be in overall food security. Although food grain production has increased 84% in the past twenty years, population has increased by 45% in the same period. Because it already started with a serious chronic problem in meeting of basic nutritional needs, the country has not been able to overcome the basic chronic shortage of domestic food production. Bangladesh continues to be dependent on commercial and aid food imports to meet its basic needs. Today, approximately half of the population suffers inadequate nutrition. Because the poorest quarter of the population is so marginal to the market economy and lacks any purchasing power, they are insusceptible to market based solutions and therefore entirely dependent on food aid. They remain seriously underfed. Fifty percent of children under five years old suffer from malnutrition. This problem is compounded by the country's extreme vulnerability to natural disasters. As a result, Bangladesh remains a substantial client for food aid, though the extent of its reliance on food aid has diminished over the course of time. Food aid imports this year from all sources are expected to total approximately 286,000 metric tons, about the same as last year's 289,000 metric tons.

Over the years, US assistance has supported a wide range of policies and practices to address food availability and supply management. Progress has been made in improving management of staples, rice and wheat, to ensure availability throughout the seasons and through poor harvest years, thus also preventing the sharp price variations that have led to food crises and famines in the past.

This is a complex sector, comprising the inter-related activities of distribution of food aid, government support to subsistence food production, disaster preparedness, management and response, and development or improvement and maintenance of small-scale rural infrastructure. USAID programs are present in all but the second.

### **10.1 Key Vulnerabilities**

Given Bangladesh's dependence on food aid, in a "donor's market" in a world rife with food emergencies, donors have reason to be concerned about the appropriate and efficient use of their aid in Bangladesh. Moreover, the inefficient distribution of aid results in serious consequences for the intended beneficiaries of aid, the most vulnerable groups. Willful or negligent losses include losses during transit or storage, and pilferage. In addition, there are incentives for unauthorized diversion of food aid, for sale or for distribution to patronage networks. Even more "natural" reasons for losses, such as obsolete or inappropriate technology, or the effects of weather and natural or man-made disaster, are often at base consequences of corruption in that the vulnerability to these reflects inadequate counter-measures owing to inadequate resources or lack of institutional capacity as a consequence of corruption. Finally, dysfunctions in the government system for distribution of inputs for non-aid domestic production of food has substantial implications for overall food security and therefore for domestic stability and extent of dependence on food aid.

The USA has particular reason to be concerned about this overall picture, even if its own programs are relatively immune to corruption, because its role as the largest single donor makes it subject to dysfunction in the distribution of supplies from other sources. With the exception of the years 1996, 1997, and 1998, the US has provided between one third and one half of all food aid to Bangladesh.

At the time of writing, more than two months after the end of serious floods, millions of Bangladeshis face months ahead with the likelihood of unstable food supplies and livelihood support according to the WFP Mission in Bangladesh. The problems noted in this context replicate the chronic problems that plague food security programs in Bangladesh.

Vulnerable Group Feeding Programs are intended to help a population identified by need. Nevertheless, selection of beneficiaries for the program is anything but objective, and is politicized at the national level, while beneficiary selection at local level is subject to favoritism. In a survey of citizen perceptions of the Union

Parishad governments, conducted by Transparency International Bangladesh, 29% of respondents reported having to obtain relief through bribery or through graft. 74% of respondents were dissatisfied with the role of UPs in the distribution of relief.

We heard complaints from USAID implementing partners, community advocates and local elected government officials of politicization and unfairness in the tendering process for procurement and distribution of seeds, fertilizer and fishery stocks.

The affected populations have little recourse and no leverage. Because resources are centrally controlled and allocated, and because those putatively eligible for aid are landless and therefore have no base or clout, they are effectively politically disenfranchised.

Most donor assessments suggest that the critical issue in food security in Bangladesh, and the locus of the greatest problems, is food accessibility at the local level. (DER group of the Local Consultative Group Needs Assessment Report; IFPRI Study on Food Aid Leakage in Bangladesh.) This is also reflected in the consensus among USAID, DFID and the EC to emphasize supply of food to vulnerable populations and away from the historical emphasis on increasing production and supply. USAID/Dhaka suggests, however, that utilization and risk mitigation are equally important elements.

A less obvious vulnerability is found in the fact that, because donor food aid represents a substantial proportion of the total food aid available (approximately one-third of the GOB's Public Food Distribution System's (PFDS) stock level and approximately one-fifth of the total off-take through the system), it can affect stock management particularly if it arrives during GOB procurement season. Although food aid is a negligible fraction of Bangladesh's total annual cereal crop production, its proportion of the PFDS volume clearly has an impact on an already stressed stock management system. As noted below, US assistance is designed to reduce such impact. Whereas other donor assistance may not be oriented to reduce this impact, this remains a source of vulnerability.

Moreover, the irrationality of the fee structure set by the GOB (a flat rate regardless of cost of transport to remote locations) as well as irrationality in other aspects of Internal Transport, Storage and Handling (ITSH) cost and reimbursement calculations results in incentives for transporters or shippers or local officials to seek reimbursement of excess costs out of the aid commodities. This problem does not affect USAID assistance, but rather that of other donors or the stocks otherwise procured by GOB, because USG pays shipping costs, whereas GOB is responsible for the rest. As noted below, this irrationality of fee structure is in the process of being mitigated by the efforts of a donor-GOB steering committee.

Finally, it was noted by NGOs and in the IFPRI study that, because wheat provided as commodity assistance is often of a variety that is not generally eaten in the north, it rarely goes to the northern parts of country where the majority of poor live. A price differential between locally procured and aid wheat also offers incentive for sale of food aid, and consequent private enrichment at public expense.

That said, the USAID Mission, while acknowledging the preference for soft white wheat varieties, comments that wheat of all kinds is more or less evenly programmed nationwide, that the north gets a disproportionate share of donor food aid, and that in the Mission's opinion rural poor in the north do also eat donor varieties of wheat. The Mission also suggests that the price differential is not a factor in the decision to sell donated wheat, and that protein levels and cereal quality would also be key factors in the decision to sell donated wheat.

The operations of both major ports, Chittagong and Mongla, are extremely vulnerable to corruption. Some problems are logistical, and result from poor rates of discharge and poor technology, such as spillage. Others are more clearly corruption problems such as pilferage.

Beyond the ports, numerous government agencies are involved, providing opportunities for bribery. Because the legal regime governing the distribution of relief is rudimentary, there are wide-open opportunities for making up "rules" to suit the interests of corrupt officials. The transport of food aid to destination is subject to "tolls" at

roadblocks and rent taking in kind or in cash at almost every stage of the process. In many cases local officials or transporters can justify such practices as necessary in order to pay the un-reimbursed costs of distribution.

USAID implementation partners suggest that the GOB warehouse system for food aid is strong, but that reporting and documentation is weak. The USAID Mission suggests that this is not the case.

## **10.2 Major Current Initiatives**

While there has been criticism of and dissatisfaction with the government's response to the floods in July and September, among the rational responses of the GOB system that have been identified by the donor community is the quick reaction of the GOB to reallocate budget for relief, aided by donors, and to begin rehabilitation work. To aid with reconstruction, GOB is discussing prospective FY 2005 flood-related donor assistance, to control the growth in GOB borrowing.

USAID programs, conducted through international US-based NGOs rather than the government, reflect close management controls and program implementation guidelines, including financial management rules. USAID partner implementing organizations have long-standing relationships with USAID as implementers of food aid, and are also longstanding presences in the communities in Bangladesh in which they operate. Much of the programming is carried out with monetized food aid resources, and is directed to the technical assistance or infrastructure strengthening for disaster prevention or food security. Monetized food aid clearly presents fewer opportunities for pilferage than commodity assistance, and thus is more susceptible to donor oversight and monitoring.

Because, as noted above, this is a complex sector comprising the interrelated activities of distribution of donor food aid and government stocks, government support to subsistence food production, disaster preparedness, management and response, and development or improvement and maintenance of small-scale rural infrastructure, other current initiatives are relevant. These include the provision of technical assistance to improve financial management practices under the new USAID funded program through SAVE, and DFID's support to the Bangla NGO Samata, in western Bangladesh, which is assisting landless people to gain access to more resources, such as khas (public) land, services and local decision-making fora, including local elected councils and other public committees.

Also of note is DFID's program ended last year that provided engineering support to the Roads and Highways Department of the Ministry of Communication, and the current program to build institutional capacity of the Ministry by strengthening financial management.

The substantial Bangladeshi presence in this sector is the Local Government Engineering Department of the Ministry of Local Government. Donors rate it as one of the most effective government agencies. The World Bank commends it for its professionalism and the morale of its staff, aided by commitment to provide training to staff at all levels and "recognize achievement" through citations. It is commended for decentralization of operations and increased use of email to make decision-making quicker and less bureaucratic. Senior managers have led by example. Its commitment and quality of work, and its strong work ethic of teamwork and team achievement have also been noted.

This would suggest the use of this as a model, and perhaps even as a peer trainer and technical adviser for other government employees. However, caution is advisable. Some international NGOs have a far less favorable impression of LGED, and indeed consider it a significant locus of corruption. The TIB survey of UPs quoted above also found dissatisfaction with UP responsiveness to requests to provide or repair roads, bridges, culverts and related works. This reflects entirely upon Upazila officials and the LGED, rather than UPs, who report almost total inability to prevail upon either to be responsive to locally expressed needs. Some Bangladeshi analysts ascribe this wide variance in assessments of the LGED to the recent departure of its top bureaucrat, who was responsible for the high standards ascribed to it.

Finally, two initiatives deserve mention as addressing some key vulnerabilities outlined above and noted in the IFPRI Food Leakage study. A steering committee comprising donors and GOB, and headed by Additional Secretary for the Emergency Response Department (ERD) and the WFP Country Representative, is in the process of implementing the IFPRI recommendations regarding a more rational fee structure for Internal Transportation, Storage and Handling. On a distinct note, US food aid is subjected to Bellmon analysis to determine possible effects on price incentives to local producers. Such analysis also takes into account both temporal and geographical implications of donor food stocks and distribution for GOB procurement.

### **10.3 Future Strategic Options**

Because of the prominent role of the government in this sector, in the Public Food Distribution System (the “wholesale” end), in the distribution of food aid and food production inputs to beneficiaries, in maintaining a disaster response capacity, and in local level small-scale engineering projects, it is important that the issues raised by corruption be framed in constructive terms of efficiency of government services rather than a critical or captious corruption paradigm. USAID implementation partners noted the cost-effectiveness of the GOB system for food aid distribution, and the relative strength of the GOB food aid warehouse maintenance system. They emphasized the importance, particularly in this sector, of dealing with government officials respectfully and professionally, with the understanding that their receptiveness to reform comes from the leverage of donor resources and international NGO capacity to support government functions.

A substantial obstacle to tackling corruption problems in this sector is presented by the lack of consensus among donors on the scale of the problem and the appropriate correctives. As noted above, US programs, conducted through international US-based NGOs reflect close management controls and program implementation guidelines, including financial management rules.

This sector is almost devoid of systemic anti-corruption discourse and thinking of donors or government. Whereas DFID has hitherto emphasized technical and management capacity of the Roads and Highways Department, it has approved for the near future budgetary support to RHD's Periodic Maintenance Program to the tune of £40 million sterling, of which £36 million sterling will go to RHD, and £4 million sterling to DFID internal management expenses such as reviews and audits. This reflects a long-term trend within DFID, which will be reducing the size of its Mission office in Dhaka, and will move more towards budget support to the responsible GOB agencies.

A 2003 study by SAVE-UK casts doubt on the effectiveness of child nutrition programs that have hitherto been considered successes. Entitled *Thin on the Ground*, it questions the evidence behind World Bank-funded community nutrition projects in Bangladesh, Ethiopia and Uganda. It specifically examines the evidence behind three World Bank - funded projects aiming to improve child growth through growth monitoring and promotion and supplementary feeding. It finds no evidence that the project in Bangladesh has reduced rates of malnutrition. The report suggests that resources may be wasted on these large-scale community nutrition projects because they face major design and implementation imitations. In spite of these problems, these projects have not improved over time because project development processes and measurement and evaluation are inadequate.

The report concludes with the recommendation that the World Bank directly link funding decisions to evidence of project effectiveness, act swiftly on the recommendations made by its own Operations Evaluation Department, strengthen measurement and evaluation systems to ensure greater accountability through peer review, piloting and transparency, and reform the processes of project design to allow fuller and more objective participation at national, district and community levels and through analyses of causes of malnutrition. Since the report's release, and following objections to its methodology and its conclusions by the World Bank and SAVE US, a symposium was held by the GOB, the World Bank and Save UK in Dhaka at the end of 2003, and was attended by other major donors in nutrition. DFID is considering 12 million pounds sterling for Save UK for community nutrition projects in Bangladesh.

## Initiatives

**SO8-1. Baseline and monitoring:** (short-term, can be undertaken in context of current programs) (political will neutral, donor policy neutral but susceptible to persuasion, institutional capacity weak, resources available uncertain, not of high interest to the general public.)

Support baseline study of role of local organizations, elected or citizens, in implementation and monitoring.

Strengthen analytical and monitoring capacity of FMU

Support monitoring and evaluation of performance of nutrition projects

**SO8-2. Improved management capacity and accountability systems throughout the sector:** (short-term, is being undertaken in context of current programs; also medium to long-term as ongoing incremental programs in areas with much room for improvement) (political will moderate, donor policy favorable, institutional capacity to be determined, resources available, and latent support among public and local elected officials.)

Offer TA to responsible GOB agencies, Bangla NGOs and transporters, based on lessons learned from US programs' financial management, audit control, and technical and management operations, using as a template the Program Implementation Guidelines for the Aggregate Sand Scheme, the Road Side Tree Plantation and Maintenance, and Rural Infrastructure and Capacity Building.

Support initiatives to improve discharge, transport and distribution of food aid, such as development of a common data base for all parties (donors, GOB and NGOs), incentives for speed, efficiency and conservation of commodity to Directorate General of Food, dispatch workers and transporters. Make DGF a negotiation partner with donors.

TA to address issues of standard weights and measures for inventory and distribution.

Human Resource Development for all participants in the food security system, including shippers, GOB, NGOs, donors, transporters.

**SO8-3. Capacity of GOB** (medium term, because anticipation of preparatory negotiations with GOB on precise outlines of implementation) (political will high, donor policy favorable, institutional capacity good, resources likely available from variety of donors, and latent public support.)

In the Public Food Distribution System, support a study, and establish a dialogue with the government on how to address issues of the price differential between donated and local wheat.

Support donor and GOB planning and management reforms to provide for scheduling of arrivals of food aid so that it does not run into the GOB food procurement cycle.

TA and other support for improvements in reporting and documentation in the warehouse maintenance system.

Support to replicate to the GOB system the Community Food Management System used by SAVE.

TA to support streamlined and automated approval process for delivery orders.

**SO8-4. Civil Society Capacity** (short term because some of this is done incidental to implementation of current programs; also medium to long term because the bulk of this is intended to build capacity that is non-existent

now) (political will not great among official circles, but receptive among local elected officials, and high demand in public. Donor policy not clear, but likely favorable. Institutional capacity is weak at present, and in need of donor support. Resources available moderate.)

TA, advocacy training, institutional capacity building and community organizing support to conduct transparency public awareness campaigns and otherwise address issues relative to equitable distribution of various identity cards demonstrating eligibility for food aid.

Support capacity building of local partners for program implementation

Support development of local capacity and national network for advocacy, training in rules of the system, and for development of lay advocates on behalf of individuals denied rights.

Training to journalists on technical food security and disaster management issues to professionalize coverage of those.

Support development of mechanisms for information flow to citizenry about revenue and budgets, and development of capacity to use the same.

**SO8-5. Decentralization and local empowerment** (short term to the extent that this can be assimilated to the efforts of current food aid international NGO partners, or to the Local Government Initiative; medium to long term to the extent that this will be a slow and incremental process, and linked to a broader thrust toward decentralization of budgets, and implementation.) (Uncertain political will in national elites and bureaucracy, but high demand among local officials and civil society. Donor policy is favorable. Institutional capacity is weak and in need of donor support. Resources available from multiple donor sources, including multilaterals.)

Support development of consultative mechanism for participation of local elected bodies and citizens organizations in project planning for disaster management and small-scale rural infrastructure. To include development of mechanisms for information flow about revenue and budgets, and development of capacity to use the same.

TA to rationalize calculation of transportation costs according to destination and distance and allocate to Union Parishads for direct payment, so that local elected, and therefore popularly accountable officials, have leverage to hold transporters accountable for timeliness and delivery of full complement of shipments.

Training and TA to Union Parishads and to local NGOs in selected pilot locations, to train in the (to be established) new distribution regime. Particular attention is needed to involving women to ensure gender equity in distribution.

**SO8-6. Partnerships of donors, GOB, local elected bodies and civil society:** (short term to the extent that this can be assimilated to the efforts of current food aid international NGO partners, or to the Local Government Initiative; medium to long term to the extent that this will be a slow and incremental process, and linked to a broader thrust toward decentralization of budgets, and implementation.) (Political will undetermined, but likely moderate at national level, and rising as one approaches local elected officials. High public support. Donor policy favorable. Institutional framework does not exist, but could be established with modest investment. Resources available moderate.)

Support dialogue on national planning process for both food security and disaster management among all stakeholders.

Support for strengthening and capacity building of Project Implementation Committees.

Explicit attention to securing greater access to information regarding procurement, distribution and target population, in planning of food security programs, in the selection of partners, the design of the implementation program, and expanding stakeholder participation.

***Postscript:*** The USAID Mission notes that “most of the suggested activities under 1, 3, 4 and 6 above are already under way as a result of preliminary planning for the multi-donor (DFID/EC/USAID) “National Food Policy Capacity Program in Bangladesh” activity. To the extent that this is the case, the respective assessments of donor support, GOB political will and resources available would, of course, require adjustment. However, we heard and read little from other sources about this initiative’s particular concern with the programmatic initiatives recommended here. To the extent that this is simply an oversight, the recommendations above remain the most relevant, and indeed are underlined by the wide donor interest in them. Under those circumstances, we would recommend that the focus and organizing principle of these activities be particularly on empowerment of co-management models involving GOB, civil society, and local officials.

## 11. IMPROVED PERFORMANCE AT EARLY CHILDHOOD AND PRIMARY EDUCATION LEVELS (SO10)

Attempts to improve learner performance have been diminished significantly by problems of corruption and educational mismanagement. While educators in Bangladesh are highly respected, the standing of their profession is severely jeopardized by these widespread problems. Lack of adequate control and oversight at the central and local levels have resulted in leakage of funds, and gross negligence in supervision and management at all levels has resulted in a general lack of professionalism that yields abuse of position and severely reduces quality in the delivery of education to Bangladesh's children.

Other countries have experienced similar corruption problems in their educational systems and have taken the initiative to reduce and control the negative consequences of corruption. Some examples of successful interventions include the following:

- In Russia, school administrators typically request money from parents each year to enhance educational programs, repair and maintain school buildings, and obtain equipment and supplies. Technically, such requests are not legal, but parents usually comply fearing retribution toward their children. There is little or no feedback to parents on how these out-of-budget monies are actually used or managed on a school-by-school basis. An NGO-led activity was initiated in two Russian regions to assess parental attitudes and to work with particular school districts to make the planning and expenditure of these budgets more transparent and generate more parent participation in the budgeting process. As a result of extensive lobbying with school administrations and Regional Education Departments, the out-of budget funds in several schools are now open and transparent, parents are getting involved in how the monies should be spent, and new legally established funds – controlled by parents and coordinated with school administrations -- collect and distribute monies in a transparent and accountable fashion.
- Many communities in Indonesia were also challenged by the misuse of community-generated funds for local schools. They have dealt with the problem by mobilizing parent associations to decide how these funds are to be used and to monitor if the funds reach their intended destination. At the beginning of the school year, representatives of the parent association meet with school officials to establish a plan for how community-generated funds will be used. School officials provide detailed accounting of expenditures to the parent association during the year. The system works because (a) the use of these funds is highly structure, (b) expenditures are highly transparent, and (c) the community attaches considerable importance and pride to the success of this scheme.
- With World Bank support, the Ugandan government conducted an audit of actual enrollments and funding flows in schools. Funds actually received by the schools were compared to the amounts disbursed by the central government plus the amounts collected from fees assessed at the local level. The audit discovered major leakages of money. For example, 87% of funds allocated for non-salary items like textbooks and supplies never reached the schools. To promote transparency and fix the problem, all fund transfers to district education offices were published in the newspapers and broadcast on radio. Each primary school was required to post a public notice of all inflows of funds to the schools. Results were impressive. Within three years, 90% of non-salary funds provided by the central government were reaching the schools.
- Faced with rampant corruption in admissions to higher education, the Government of Azerbaijan took admissions authority away from universities and vested it with a newly created State Student Admissions Committee. This Committee now oversees the development and administration of a national university entrance examination and subsequent selection of candidates for places in all public universities. While broadly opposed by the universities, this Committee is widely credited with significantly reducing corruption in university admissions.

In Bangladesh, major programs have been sponsored by many donors to strengthen the delivery of education, especially for girls and the poor. USAID has focused its relatively new education strategic objective especially

on early childhood and primary education levels. In these USAID activities and in other donor programs, there have been some meaningful, though limited, efforts to address problems of accountability in the education system. Several strategic recommendations are offered below that deal with corruption problems in the education sector by building upon existing programs. University-level education is not addressed

### **11.1 Key vulnerabilities**

Highly centralized and bureaucratic management has promoted a large number of administrative procedures and many opportunities for corruption and leakage as the funds channel from the Ministry, through several intermediary departments to the Upazila Education Offices and the local schools. Limited central and local oversight tracking the flow and utilization of these funds has resulted in a system with weak financial and administrative governance. This culture of lax management appears to also pervade the local delivery of education services, in which school administrators and teachers see no negative consequences for poor quality of service and actively engage in a host of petty corruption practices.

- District Education Offices and Upazila Education Offices are major points of corruption vulnerability. There are few checks and balances and these offices have too much discretionary decision power on where funds are spent and who is hired. Since many educational programs are tightly time-bound, school administrators and parents often surrender to requests for unofficial payments just to get their projects started with minimal delay.
- Parents perceive increased corruption and administrative neglect on the part of the Department of Primary Education (World Bank survey quoted in ADB Governance report, 2004). Corruption is seen as significant in personnel recruitment, textbook production, public examinations, construction and maintenance of facilities, and stipends for poor students and girls.
- The TIB Report Card survey of the primary education sector found that teachers, school management and government employees are major actors in corruption. Lack of accountability throughout the system, along with the lack of transparency, low salaries, excessive discretionary power, and lack of awareness on the part of the community are major facilitators of corruption.
- There is lack of transparency in the procurement of maintenance, repair, construction, goods and services for schools. Textbook procurement is often contracted with insiders who overcharge for substandard products. School construction and maintenance contracts are also fraught with corruption and kickbacks. Distribution of textbooks at the school level is subject to petty extortion. Schools collect money from students/parents illegally in order to ensure selection for stipends and for release of stipend funds, and to obtain textbooks and supplies that should be distributed free.
- There is a general absence of supervision and management from the Ministry down to the school level. School principals, in particular, receive insufficient training in management and administrative skills.
- Many teachers buy their jobs and seek to recoup their investment by charging students. Often, it has been found that they collect salaries, subcontract their job to unqualified persons, and then charge students for extra tutoring services. In other cases, nonexistent teachers have been found to receive salary payments from the government.
- There is a lack of accountability of schools and teachers to the local community.
- There is a significant need to infuse anti-corruption and good governance training into the educational curriculum. In most countries surveyed about corruption, young people are the age group most likely to be tolerant of corrupt practices. As the future of the country, these young people need to be given special attention – through civic education programs and other activities – to shape their perspectives on citizen rights, the rule of law, and good governance practices.

## **11.2 Major current initiatives**

Major investments have been made by donor organizations to improve the quality, reach, and management of the early childhood, primary and secondary education sector. Several major components of these programs that can be characterized as anti-corruption initiatives are described below.

- The multi-donor-sponsored Primary Education Development Program (PEDP II) contains components that address financial irregularities and corruption during program implementation, as well as management reforms,
- DFID, within the FMRP program and in coordination with PEDP II, is conducting Social Sector Performance Surveys for primary and secondary education and primary health services. These surveys are capturing hard and subjective data on the level and quality of services, the flow of resources, consumer satisfaction, and problematic operations. The findings will help to specify the particular points of vulnerability to corruption in the education system and their root causes. Results are expected in mid-2005.
- A key element of the DFID ESTEEM project (Effective Schools Through Enhanced Education Management) involves strengthening education management. ESTEEM aims to improve management at all levels in the primary education sector, working alongside Bangladesh's Directorate of Primary Education. Areas being targeted include educational planning, monitoring and evaluation, information and financial management. The project also addresses academic supervision, administration, policy development and social mobilization. Training is targeted at every management tier from head teachers and communities to senior government officials and includes the introduction of computer technology and improved budgetary and planning approaches. Local communities are also encouraged to become more involved in managing their local schools.
- The UNICEF-supported Intensive District Approach to Education for All (IDEAL) Project, since 1996, has focused on effective in-service training of teachers, local level planning, social mobilization and community involvement.
- The World Bank provides TA to enhance accountability of secondary schools to the government and community and enhances transparency in textbook production. The ADB is sponsoring the piloting of a secondary school-based assessment system and a teacher recruitment and certification authority.
- School Action Groups have been established to oversee school administrations and improve accountability for funds and programs, and efforts have been made to strengthen School Management Committees and PTAs to monitor and report on abuses (CARE and Save the Children).
- Report Card survey of primary education uncovered points of vulnerability to corruption (TIB).
- Learning Camps have been established in approximately 170 schools that bring community-paid tutors, trained in primary school pedagogical techniques, to work with early childhood to grade 4 students for several months each year producing measurable improvements in student motivation and learning. These results have caused parents to start questioning the school system and establishing local committees that oversee school operations on a regular basis, register complaints with the School Management Committees and keep teachers and schools accountable (Plan International).

## **11.3 Future strategic options**

The anti-corruption strategic options in the education sector include building upon USAID's past strengths in developing grassroots demand and oversight, a focus on management capacity, and design of aggressive civic education programs targeting good governance and anti-corruption issues.

- ***SO10-1. Promote local control and oversight of the education system (short-term strategy).*** Continue to promote and expand parent and community advocacy to achieve greater accountability of schools and teachers at the local level. Support widespread establishment of School Assistance Groups, local oversight committees and strengthening of School Management Committees (SMC) to monitor corruption and abuses at local schools and to make the District and Upazila Education Offices more accountable for their actions. The practice of the local MP serving as chairman of the SMC should be abandoned and a new approach to electing the chairman established. The SMC members should be trained in their roles and responsibilities under law. Use Report Card surveys at the local level to uncover problem areas to target. Engage the Education Standing Committee of the UP councils to be an advocate for resources, training and good governance practices in the education sphere at the local level.

  - USAID’s experience with Plan International and Save the Children has shown that parents and community groups can be mobilized to put external pressure on the local school officials. They require additional allies in the elected UP councils to multiply their effectiveness. A coordinated network of such local committees would also add weight to their advocacy.
  
- ***SO10-2. Promote civic education programs in schools and in extra-curricular activities (short-term strategy):*** This can include adding new content into Sesame Street programs that introduce good governance themes at an early childhood age – including, for example, the basis for laws and rules in society, respect for the rule of law, enforcement of law, and the rights of citizens. Civic education programs for primary and secondary school students on good governance and anti-corruption topics should be developed and implemented as well; there are many good examples of such programs in other countries. In addition, there are many extra-curricular school activities, such as debate clubs, school newspapers, youth leadership groups, youth business clubs, and youth theater groups, that can be mobilized to address good governance and anti-corruption issues in an interactive way.

  - Civic education curricula and extra-curricular activities on these topics are already available and have been applied in other countries in USAID-sponsored programs, including in Russia and Albania. A critical element in pursuing this strategy is to gain the commitment of education authorities to include these topics in the curriculum. If that is not feasible, the extra-curricular path can be taken.
  
- ***SO10-3. Support strengthening of an Education Management Information System (mid- to long-term strategy):*** This can include an assessment of current EMIS strengths and weaknesses, working with the Bangladesh Bureau of Educational Information and Statistics (BANBEIS), and providing support to improve data gathering, monitoring and reporting systems to enhance transparency.

  - The introduction of an education management information system like this in Gambia helped reduce the role of favoritism in teacher assignments. The EMIS there provided an objective means of tracking and ranking teachers by seniority, language abilities, subject specialization, and other factors that were supposed to be used in assigning teachers to schools. The availability of this information constrained the assignment of teachers on the basis of such factors as family connections, personal friendships, or other forms of personal influence
  
- ***SO10-4. Promote professionalization of school management personnel (mid-term strategy):*** Management training for school principals and District/Upazila Education Offices is essential to promote more active supervision of educational functions and to implement internal controls that will yield greater accountability by teachers and administrators. Performance standards and a code of conduct need to be developed and/or strengthened. Internal control mechanisms need to be designed and/or strengthened. Lessons from successful private and NGO schools should be gathered and transferred where possible to strengthen management of government schools. Ultimately,

greater professionalism among educational managers will lead to more strict enforcement of standards, reduction in the opportunities for abuse, and higher quality in service delivery.

- Mismanagement and lack of management skills appears to be a major cause of abuse in the educational sector. Systematic training and mechanisms appear to be absent at the local level, and this is where USAID can be a major force. Commitment would need to be obtained from the District and Upazila Education Offices, as well as from the UP Councils to conduct such training and make such management reforms.

## 12. STRATEGY RECOMMENDATIONS ACROSS THE ENTIRE PORTFOLIO

This section synthesizes the recommendations from the preceding sectoral chapters into overall anti-corruption strategic packages that can be considered by USAID/Bangladesh. Packages across the portfolio are presented that assume different funding level scenarios. The range of strategy options across all of the Mission's current Strategic Objectives that can be implemented at low funding levels is presented first. If the funding levels are increased moderately, a second matrix is presented that includes strategy options, which can be added incrementally to the low funding matrix. Finally, a third matrix offers the remaining strategy options that can be added if higher funding levels are available.

Overall program goals and expected results are described for each strategic package. All of the strategy options are keyed back to the earlier sectoral chapters in this report so that readers can find additional detail and description. Proposed work plans for each of the Mission's current Strategic Objectives follow the strategic packages. Preliminary indicators to measure strategic results for each strategy option are offered in these work plans.

In addition, the chapter offers a discussion of various operational considerations related to implementing these strategic recommendations. These include Mission organizational management, coordination with GOB, other USG entities and donors, and various tactical approaches that can be considered to get the job done.

### 12.1 Overall concerns

Several issues of concern are raised by the exercise of integrating the sector-by-sector strategy recommendations into Mission-wide packages aimed at fighting corruption.

- Given widespread cynicism about anti-corruption activities in Bangladesh, there is a critical need to engineer the USAID strategy to maximize opportunities for near-term successes in a variety of sectors to demonstrate to all stakeholders that there is a way out.
- Given the central government's apparent reticence to commit itself to implementing a comprehensive national anti-corruption program, USAID's strategy is more likely to succeed if it targets programs that are localized, small and implemented on an incremental basis, and focused on administrative level corruption rather than grand corruption.
- Given the significant number of other international and bilateral donors that are committed to conducting anti-corruption and governance activities in Bangladesh, it makes most sense for USAID's strategy to emphasize its own core competencies, while coordinating with other donors where appropriate. Thus, our proposed orientation for the USAID strategy is geared toward strengthening civil society, business and mass media actors, and mobilizing capacity at the local levels. This involves supporting the elected Union Parishad councils to govern effectively and in a transparent and accountable fashion, to build citizen participation and partnership with the councils to oversee local government provision of services, and to make demands on the central government for further reforms for devolution of authority and for transparency and accountability at the central level. As well, we propose an emphasis in the USAID anti-corruption strategy to extend its programs with non-governmental actors – NGOs, business associations, and the mass media – to more fully develop external demand on the system for serious anti-corruption reform.
- Overall, developing a well-coordinated anti-corruption program with other donors is essential in order to be comprehensive and non-overlapping. Such coordination will also facilitate placing significant pressure on the GOB, as needed, to make the difficult reforms that will be required.
- The strategy needs to pay significant attention to developing in Bangladesh the prerequisites for effective anti-corruption action over the long term. This includes filling in gaps and deficiencies in the legal

framework: laws on freedom of information, conflict of interest, sunshine, whistleblower and witness protection, negotiated rule-making, party registration and campaign financing. Some laws, such as the Official Secrets Act and the Government Servants Conduct Rules need to be scrapped or revised. In addition, existing laws and procedures that have yet to be implemented need to be worked on and strengthened – such as financial disclosure for parties and civil servants, and alternative dispute resolution procedures. Additionally, certain institutions need to be fully developed, implemented and/or strengthened – including the Ombudsman, the Elections Commission, and an Office of Ethics for Civil Servants. By attending to these key deficiencies, Bangladesh’s scores on the MCC and CPI indicators are likely to improve over the near term. There needs to be a balance between establishing these legal and institutional prerequisites for a sustainable anti-corruption program (which can take a long time) and conducting near-term actions that can have a visible, though incremental, effect on controlling corruption. In the end, both are important if a meaningful program is to be developed in Bangladesh.

## **12.2 Funding level scenarios**

Our assessment of funding requirements for each strategy option is very rough.

- Low cost programs generally entail building upon existing USAID initiatives where stakeholders, processes, and partners are well-established; pilot testing may have already demonstrated successful outcomes; and work may already be under way. The strategic options included in this package generally seek to strengthen civil society demand for reform, reforms at the local level, and transparency programs.
- Programs in the medium funding package includes the options in the low cost package, plus incorporates new options that promote more robust activities in legal and institutional strengthening in government and civil society with the goal of establishing the prerequisites for a sustainable anti-corruption program in Bangladesh. These activities use more substantial resources to develop a solid presence in the field and to build stakeholder capacity.
- The higher cost package incorporates the previous two packages and then seeks to strengthen laws and institutions more widely, working toward greater respect for and compliance with the rule of law across the entire portfolio. Generally, these strategies require very substantial amounts of expatriate technical assistance and/or physical resources.

The three funding level matrices follow at the end of this chapter.

## **12.3 Operational considerations**

### **12.3.1 Mission organizational management**

The implementation of the proposed anti-corruption strategy by the Mission will require a matrixed management approach to deal with coordination of efforts across sectors *and* the cross-cutting strategy options. The Mission should consider establishing a Standing Committee, including members of each SO Team and appropriate political and economic officers from the Embassy, with the Mission Director as chair. The role of this Committee would be to coordinate and review progress in implementing the anti-corruption strategy.

As indicated earlier, the cross-cutting strategies are discussed in the sectoral chapters, but the initial development of a common USAID approach would be centered in the DG Strategic Objective, since all of these cross-cutting strategies deal with democracy or governance issues. Thus, the matrixing between the DG and other program sectors within the Mission needs to be managed carefully. It might also be useful, in this regard, to implement an umbrella anti-corruption contract to provide technical assistance to DG and provide support to the other SOs as well in implementing the strategy.

### **12.3.2 Focused Regional Initiatives**

The strong recommendation of this report to promote anti-corruption programs at the local level demands consideration of how to disseminate local activities throughout the country effectively. One approach that has been used successfully by the USG in Russia is the Regional Initiatives program. In this program, rather than spreading small local programs throughout the country, USG has concentrated a large proportion of its efforts in a few hub regions. This way, rather than spreading resources thinly across the entire country, the activities are implemented to have a major impact on a few key localities. The results in these localities are sufficiently significant to be broadcast to the rest of the country. It is recommended that several regions in Bangladesh be selected where a wide range of anti-corruption programs can be vigorously implemented as a comprehensive package. Moreover, a scaling up or rollout strategy should be designed for the locally-focused programs to effectively disseminate the successful activities from the initial demonstration regions to other localities. This might include developing a network of the localities involved in the Regional Initiative Program and using the members of the network to disseminate the activities more broadly throughout the country.

### **12.3.3 Working with the GOB**

How can the GOB be motivated to participate with USAID's anti-corruption program? Where are the appropriate entry points in the GOB? Are there potential change agents that can be identified?

In Bangladesh, the highest entry point would be the Prime Minister's Office (PMO). Potential allies would be (a) the Prime Minister or (b) the Principal Secretary. Given the fact that the government has entered the election phase, they would be looking for quick results to make a good case for re-election. The recent introduction of RAB (to deal with criminals) working under the direct supervision of the Prime Minister is an indication that there could be a RAB-style ACC to deal with corruption. The Principal Secretary is known for his rhetoric, more than action, when confronted with bad governance. This could be due to constraining factors, such as, the presence of other bureaucrats in the PMO who allegedly receive their marching orders from 'Hawa Bhaban.' On the other hand, the ADB has apparently established a good working relationship with the Principal Secretary and the National Committee for Corruption Prevention (NCCP), which he leads, in pursuing development of a National Anti-Corruption Strategy. Where appropriate, USAID should consider working closely with the ADB to take advantage of this high-level entry point.

The Finance Ministry and the Finance Minister can be considered as another possible entry point. He has a reputation for being a straight-talker. Despite recent tainting of his reputation, mainly due to his family's corruption (linked to 'Hawa Bhaban'), he is nevertheless considered to be a useful ally. He may also be looking for potential allies outside the government. It needs to be noted that he is not too keen on non-governmental organizations. He may find the donor community more congenial than NGOs or civil society organizations. There is an opportunity here to build bridges.

There are many more who could be considered as potential allies or foes within both political and bureaucratic circles. Such 'change-agents' could be identified in other sectors: private, local government, professional, and the media. It might be useful for USAID to consider conducting a short-term action research study – a *stakeholder mapping analysis* -- to map and identify potential 'change-agents' for anti-corruption programs throughout the various stakeholder groups both in and out of government. This type of analysis can help to identify entry points for new initiatives.

### **12.3.4 Working with other USG partners**

Because of the pervasive nature of corruption, it would be useful for the Mission to involve, if possible, the cooperation of other USG agencies in strategy implementation. This could include the following entities, among others.

INL-Department of Justice-Treasury: Police training, prosecutor training, forensic investigation in financial transactions, and money laundering. With the imminent appointment of a Resident Legal Adviser, several of these facets of anti-corruption work become eminently feasible. Under the extant Bangladeshi Law Enforcement Professionalism Program, some directions have already been taken which may be susceptible to being enhanced with anti-corruption objectives, including investigations into police misconduct, development of a policy framework to constrict illegal and inappropriate influences in personnel selection, hiring and promotion, and curriculum and instructor development for various service academies and training schools.

Bureau of Educational and Cultural Affairs: Legislative exchanges to develop parliamentary oversight capacity; and international visitor programs for various stakeholder groups on a range of technical and management issues raised by the present strategy.

Department of Agriculture: Technical exchanges to foster improvements in food stock management practices.

Customs Service: To work with Bangladesh Customs on a range of investigative and management improvements issues.

Military Attaché: Explore with the military attaché the prospects for instituting a dialogue within the military-to-military relationship on issues of parallel interest. Among likely topics to be covered would be military procurement systems and their bearing on discourse about civilian procurement practices explored herein; the role of the armed forces in emergency relief (already the subject of mil-mil dialogue); and the applicability of models of Bangladesh military inventory control, storage and transportation practices. It is likely that the military-to-military dialogue will be arms length and respectful, not framed in provocative terms of corruption. That will help frame initiatives under the present strategy in the collaborative and non-confrontational terms, and convey to the GOB an added sense of seriousness about the USG's interest in these issues.

Department of Labor: Explore the prospects of using ILA funds to work with Bangladeshi labor unions and the Ministry to explore the complementary role that labor can play in these initiatives. Whereas there is little likelihood of great progress along these lines, such an initiative would engage an important element of Bangladesh society otherwise not likely to be part of multi-stakeholder processes on anti-corruption, and one that has more than a passing interest in corruption.

### **12.3.5 Donor coordination**

All major donors that have been consulted have identified corruption as a key strategic issue for the viability of sustainable development and poverty alleviation in Bangladesh. The ADB and the World Bank have made governance a substantial part of their portfolios here, the UNDP has also focused on governance concerns, including in the design of its sector programs, and major bilateral donors such as DFID, as well as smaller ones such as the Nordics, have accorded it high priority. The mix of donor approaches seems to provide the right complementarity for a full-scope approach. Some have emphasized bolstering demand for reform and civil society capacity, others such as DFID and the World Bank have a balance between this and bilateral government-to-government cooperation, and the ADB emphasizes reform of official institutions.

This provides a solid framework for any of the option sets proposed under this strategy, including the current USAID program. Donor coordination is likely to maximize return on USAID's investment in this area.

### **12.3.6 Tactical considerations**

A recent USAID survey of Knowledge, Attitudes and Practices on Democracy and Governance Issues (ARD, 2004) found that nearly half of respondents indicated that the level of corruption has increased over the preceding year (2003). Respondents framed their concerns less in terms of corruption and governance and more in terms of concerns about the delivery of government services such as education, health, law and order, and

roads. Thus, the sector-targeted approach taken by the proposed USAID anti-corruption strategy is likely to resonate with Bangladeshis.

The reduction of corruption levels in Bangladesh will be difficult and time-consuming. The pronounced lack of political will (or the presence of a perverse consensus among politicians and others) not to confront corruption is compounded by other factors: the size of its population, the low level of literacy, acute poverty, and rapid urbanization, among others.

The need to overcome vested interests, as well as the difficulty of finding credible reformers and of ensuring the support of a wide coalition of stakeholders is a task that should not be under-estimated. Reform must attract broad support and involve strategies to deal with the legacy of the past. Systemic changes are essential, as merely replacing one corrupt individual with another who has not yet been corrupted, is not an effective response. Whether the politicians in Bangladesh will respond to calls for reform will depend on the public demand and the capacity of civil society to advocate for change.

*Carrots and Sticks.* Donors, both multilateral and bilateral, of course, have both inducements and sanctions available to encourage meaningful official action against corruption. Larger multilateral donors are likelier to have the leverage (owing both to the scale of their assistance and to their softer touch with the GOB as with all governments) to encourage changes in official policy and political leadership. USAID, as a bilateral donor, may consider indicating to the GOB the prospect of raising the profile of corruption concerns in deliberations at the Boards of the International Financial Institutions.

Alternatively, the issue can be moved from the development assistance to the political/diplomatic level. The USG might use diplomatic carrots and sticks, for example, the prospect of Millennium Challenge Account funds or annual reporting of Bangladeshi progress/failures in accordance with the US International Good Governance and Anti-Corruption Law of 2000. Other countries can be encouraged to do the same.

Of particular interest as a recent and highly successful model of donor leverage is the progress made in Bangladesh on anti-trafficking policy. The relative responsiveness of the GOB to this aspect of US policy reflects a high degree of solicitude on the part of Bangladeshi officials to avoid the stigma of being listed as an offending state. Certainly, some of that approach is of use in the context of corruption; perhaps raising the stigma would have some effect on GOB political will. However, the government's pervasive defensiveness and denial in response to Bangladesh's abysmal ranking on the TI index suggests that corruption may evince some peculiarities. Most significant are its pervasiveness and its centrality to the entire structure of privilege and power in the country's economy and polity, as distinct from the relatively circumscribed economic, social and political scope of trafficking.

*Donor Support for Civil Society Leaders.* As civil society activities turn more toward advocacy initiatives, it will become essential for donors to be visible and steadfast allies and "protectors" of civil society organizations. Advocacy campaigns against corruption concern sensitive and potentially dangerous issues; NGOs and local champions of anti-corruption initiatives can be encouraged and can gain some degree of clout, legitimacy and protection by having international donors stand behind them.

*Security Risks.* Given the levels of violence in society, the corruption of police, human rights abuses and continued deterioration of law and order, the emphasis on a strategy that strengthens civil society capacity and expands the range of stakeholder participation suggests caution. Recent killings of and threats against journalists are a case in point. While programs to support such initiatives as Citizen Advocate Offices, to promote a legal regime of access to government information, or to train journalists in investigative journalism, offer a promise of significantly strengthening public will and demand to fight corruption, they also run the risk, if successful, of increasing violence against reform proponents. As a key feature in implementing its anti-corruption strategy, USAID should incorporate lessons learned from other violence-prone countries where anti-corruption programs have been successful and conducted safely.

*Embedding Advocacy in Concrete Issues.* Our recommendation that USAID/Bangladesh emphasize a bottom-up approach to increasing demand for transparency and reform and to strengthening accountability remains viable when linked to our explicit recognition that it will be part of an overall framework that includes official institutional development and reform initiatives supported by other donors. However, there remains a risk that the actions of an energized and empowered civil society could fall on infertile soil – or worse, be crushed -- in the absence of political and social institutions that can make use of such action and translate it into politically meaningful results. Thus, it will be important to design civil society advocacy initiatives to pay explicit attention to “traction” – linking advocacy initiatives to concrete benefits. For example, we have recommended advocacy for freedom of information laws in the context of a larger thrust to publish government information on budgets and training of civil society advocates in budgetary analysis or training of journalists in technical issues.

### **12.3.7 First Steps**

USAID has the opportunity to implement a demonstration activity immediately with funds that are currently set aside for anti-corruption programs in the civil society strengthening area. We would recommend the following:

Large multi-sectoral anti-corruption workshops can be conducted in Dhaka, Chittagong, and Khulna for civil society organizations, business associations, the media, and local government as a way to stimulate the development of Anti-Corruption Coalitions in these three large cities. The workshops will draw together a wide range of NGOs and other organizations that all have an interest in controlling corruption even if their main organizational purpose resides elsewhere. At the workshops, these groups will learn a common language about fighting corruption, and will be exposed to a range of anti-corruption techniques that have been used successfully in other countries. A major feature of the workshop will be breakout sessions during which the participants will draft Anti-Corruption Action Plans.

It might also be possible to begin some small grant programs to help these Coalitions initiate their first set of activities.

This kind of program can be effective in expanding the constituencies for anti-corruption change and reform beyond the usual nongovernmental organizations.

## ANTI-CORRUPTION STRATEGIC PACKAGE: LOW FUNDING SCENARIO

**LOW FUNDING SCENARIO:** The low funding package primarily builds upon and enhances ongoing USAID initiatives, largely seeking to strengthen civil society demand for reform, reforms at the local level, and transparency programs.

### Cross-cutting strategies to be implemented within DG portfolio (SO9)

**SO9-1:** \* Support development of a National Anti-Corruption Strategy (short-term strategy).

**SO9-10\*.** Support Anti-Corruption Coalition development and public-private partnerships against corruption (short- and mid-term strategy).

**SO9-11:** \* Support the mobilization of significant citizen watchdog, advocacy and citizen participation initiatives (short-term strategy).

**SO9-13:** \* Support decentralization and capacity building in local elected government (short- to mid-term strategy).

**SO9-20:** \* Support implementation of procurement regulations across sectors (short-term strategy)

### Sector-specific Strategies

SO1 – FERTILITY REDUCED AND FAMILY HEALTH IMPROVED	SO5 – GROWTH OF AGRIBUSINESS AND SMALL BUSINESS	SO6 - IMPROVED MANAGEMENT OF OPEN WATER & TROPICAL FOREST RESOURCES	SO7 – IMPROVED PERFORMANCE OF ENERGY SECTOR (SO7)	SO8 – IMPROVED FOOD SECURITY FOR VULNERABLE GROUPS	SO9 - STRENGTHENED INSTITUTIONS OF DEMOCRACY	SO10 – IMPROVED PERFORMANCE AT EARLY CHILDHOOD AND PRIMARY EDUCATION LEVELS
<b>SO1-2.</b> Increase government responsiveness and strengthen institutional restraints through developing a National Health Policy,	<b>SO5-1.</b> Support business association advocacy (short- to mid-term strategy).  <b>SO5-2.</b> Support business ethics program (short- to mid-term strategy).	<b>SO6-1:</b> Sustain community-based management and mobilize community groups into a strong voice for governmental reforms (short- to mid-term within	<b>SO7-1.</b> Support good governance practices within local partner organizations, mobilize public demand for quality standard of public services; re-institute	<b>SO8-1.</b> Support baseline study monitoring and evaluation of performance of nutrition projects (short-term, can be undertaken in context of current	<b>SO9-2.</b> Support implementation of the Anti-Corruption Commission (short- to mid-term strategy).  <b>SO9-3:</b> Establish legal support offices	<b>SO10-1.</b> Promote local control and oversight of the education system (short-term strategy).  <b>SO10-2.</b> Promote civic education

<p>implementing regulations, improving capacity of the parliamentary oversight committees responsible for health, implementing Public Procurement Regulation of 2003 (short to mid-term. Consistent with and can be incorporated into USAID CCC support)</p> <p><b>SO1-4.</b> Enhance customer power (short term to the extent that can be built on existing USAID programs through health implementing partners)</p> <p><b>SO1-6.</b> Apply USAID models of success in program management of other implementers (short term.)</p> <p><b>SO1-7.</b> Promote civil society advocacy and monitoring (short-term and mid-</p>		<p>current USAID-funded projects).</p> <p><b>SO6-2:</b> Promote civil society advocacy and watchdog activities in environment and related sectors (short- to mid-term)</p> <p><b>SO6-3(b).</b> Support implementation and strengthening of existing laws and regulations at local and national levels. (mid- to long-term)</p>	<p>good governance and management practices in rural electrification system covered by current USAID supported projects. (short-term strategies within current USAID-funded projects related to rural electrification system).</p> <p><b>SO7-2.</b> Support institutional strengthening and accountability in energy distribution sub-sector (short- and mid-term strategies).</p>	<p>programs)</p> <p><b>SO8-2.</b> Improved management capacity and accountability systems throughout the sector (short- to mid- and long-term strategy)</p> <p><b>SO8-3.</b> Strengthen capacity of GOB in the sector (planning, management, procurement, reporting, administrative streamlining) (mid- term)</p> <p><b>SO8-4.</b> Strengthen civil society capacity (citizens advocacy and participation, media coverage). (short- to mid- and long-term strategy)</p> <p><b>SO8-5.</b> Decentralization and local (participation of local elected bodies and citizens organizations in planning for disaster management and small-scale rural</p>	<p>for citizens who are victims of corruption and excessive bureaucracy and provide legal literacy training (short- to mid-term strategy; a cross-cutting strategy).</p> <p><b>SO9-6:</b> Support citizen watchdogs that monitor parties and the electoral process (short- to mid-term).</p> <p><b>SO9-9.</b> Advocate for a strong enabling environment in support of civil society groups (short-term strategy).</p>	<p>programs in schools and in extra-curricular activities (short-term strategy)</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------

<p>term follow up. Related to current USAID governance programs.)</p> <p><b>SO1-8.</b> Enhance citizen demand for reform (short-term related to USAID governance and health sector programs. Also <i>sine qua non</i> of reform momentum)</p>				<p>infrastructure) (short- to mid- and long-term strategy)</p> <p><b>SO8-6.</b> Promote partnerships of donors, GOB, local elected bodies and civil society in planning process for food security and disaster management) (short- to mid- and long-term strategy)</p>		
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

## ANTI-CORRUPTION STRATEGIC PACKAGE: MEDIUM FUNDING SCENARIO

**MEDIUM FUNDING SCENARIO:** The medium funding package incorporates the previous package and then seeks to promote more robust activities in legal and institutional strengthening in government and civil society with the goal of establishing the prerequisites for a sustainable anti-corruption program in Bangladesh.

### Cross-cutting strategies to be implemented within DG portfolio (SO9)

**SO9-4:** \* Support drafting and implementation of an essential legal regime for transparency and accountability (mid- to long-term strategy).

**SO9-12:** \* Support the mass media to build its capacity as a public watchdog (short-term strategy).

**SO9-15:** \* Support targeted administrative reengineering (mid-term to long-term strategy).

**SO9-17\*:** Support the use of corruption diagnostic tools in high-risk agencies (mid-term strategy).

### Sector-specific Strategies

SO1 – FERTILITY REDUCED AND FAMILY HEALTH IMPROVED	SO5 – GROWTH OF AGRIBUSINESS AND SMALL BUSINESS	SO6 - IMPROVED MANAGEMENT OF OPEN WATER & TROPICAL FOREST RESOURCES	SO7 – IMPROVED PERFORMANCE OF ENERGY SECTOR	SO8 – IMPROVED FOOD SECURITY FOR VULNERABLE GROUPS	SO9 - STRENGTHENED INSTITUTIONS OF DEMOCRACY	SO10 -IMPROVED PERFORMANCE AT EARLY CHILDHOOD AND PRIMARY EDUCATION LEVELS
<p><b>SO1-1.</b> Enhance planning capacity (mid- to long-term.)</p> <p><b>SO1-3.</b> Promote legal and regulatory framework for transparency in sector (mid- to long-term; not related to current USAID emphases.)</p>	<p><b>SO5-3.</b> Promote self-regulatory programs within industries (short- to mid-term strategy).</p>	<p><b>SO6-2.</b> Support implementation civil society advocacy and watchdog activities in environment and related sectors (short- to mid-term)</p> <p><b>SO6-3(a).</b> Support program to secure greater citizen rights to environmental information and</p>	<p><b>SO7-3(a).</b> Support the Bangladesh Energy Regulatory Commission (BERC) (mid-term strategy)</p> <p><b>SO7-3(b).</b> Support effective implementation of the newly adopted Public Procurement Regulation (2003) in the energy sector</p>	<p>Additional activities, expanded according to resources available, in all but 1.</p>	<p><b>SO9-8.</b> Support internal party democracy (long-term strategy).</p> <p><b>SO9-19.</b> Support Parliamentary oversight committees and other Parliamentary accountability reforms (mid-term)</p>	<p><b>SO10-3.</b> Support strengthening of an Education Management Information System (mid- to long-term strategy)</p> <p><b>SO10-4.</b> Promote professionalization of school management personnel (mid-term strategy):</p>

<p><b>SO1-9.</b> Promote decentralization in health sector (short- and mid-term.)</p> <p><b>2,4,7,8</b> (above) Continued at higher levels of funding.</p>		<p>participation as a fundamental prerequisite for governmental transparency and accountability. (mid-term)</p> <p><b>SO6-3(c).</b> Support introduction of fraud control and ethics programs within ministries (mid-term)</p> <p><b>SO6-3(d).</b> Introduce negotiated rule-making policies in developing and introducing new regulations and standards. (mid-term)</p>	<p>(short- to mid-term strategy)</p> <p><b>SO7-3(c).</b> Introducing accountability and ethics programs into governmental agencies (with strong provisions on conflicts of interest) (short- to mid-term strategy)</p>		<p>strategy).</p>	
----------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-------------------	--

## ANTI-CORRUPTION STRATEGIC PACKAGE: HIGH FUNDING SCENARIO

**HIGH FUNDING SCENARIO:** The high funding package incorporates the previous two packages and then seeks to strengthen laws and institutions more widely, working toward greater respect for and compliance with the rule of law across the entire portfolio.

### Cross-cutting strategies to be implemented within DG portfolio (SO9)

**SO9-14:** \* Support e-government applications related to public sector delivery and citizen-government transactions (mid- to long-term strategy).

**SO9-16:** \* Support professionalization of lower level civil service managers/supervisors (mid-term strategy).

**SO9-18:** \* Support strengthening of internal controls in GOB ministries and departments and provide TA for the Comptroller and Auditor General’s Office (mid-term strategy; a cross-cutting strategy)

### Sector-specific Strategies

SO1 – FERTILITY REDUCED AND FAMILY HEALTH IMPROVED	SO5 – GROWTH OF AGRIBUSINESS AND SMALL BUSINESS	SO6 - IMPROVED MANAGEMENT OF OPEN WATER & TROPICAL FOREST RESOURCES	SO7 – IMPROVED PERFORMANCE OF ENERGY SECTOR	SO8 – IMPROVED FOOD SECURITY FOR VULNERABLE GROUPS	SO9 - STRENGTHENED INSTITUTIONS OF DEMOCRACY	SO10 – IMPROVED PERFORMANCE AT EARLY CHILDHOOD AND PRIMARY EDUCATION LEVELS
<p><b>SO1-5.</b> Support reform in workforce policies and practices. (Not a short term priority for USAID and not related to current USAID emphases.)</p> <p>1,2,4,7,8,9 (above) continued at higher levels of funding</p>	<p><b>SO5-4.</b> Support e-government applications for business-government transactions (mid-term strategy).</p>	<p><b>SO6-3(e).</b> Promote implementation of information technologies (GIS, e-government, e-procurement) in governmental institutions (mid- to long-term)</p>	<p><b>SO7-3(d).</b> Strengthening “rule of laws” in compliance with regulations in energy sector (mid- to long-term strategy)</p> <p><b>SO7-3(e).</b> Support further “unbundling” of the energy sector (in coordination with other donor organizations) (long-term strategy)</p>	<p>Additional activities, expanded according to resources available, in all but 1.</p>	<p><b>SO9-5.</b> Support judicial strengthening and reforms and implementation of quasi-judicial institutions (long-term strategy).</p> <p><b>SO9-8.</b> Support drafting and implementation of party laws (long-term strategy).</p>	

## **Anti-Corruption Work Plans by Strategic Objective**

**Anti-Corruption Work Plan:**

**DEMOCRACY, GOVERNANCE AND CROSS-CUTTING STRATEGIES**

**STRENGTHENED INSTITUTIONS OF DEMOCRACY (SO9)**

**Consensus**

<b>Strategic Option</b>	<b>Challenges/Opportunities</b>	<b>Indicators</b>	<b>Timeline</b>
<b><u>CROSS-CUTTING STRATEGIES</u></b>			
SO9-1: Support development of a National Anti-Corruption Strategy	ADB is seeking donor partners to support the strategy development process. The NCCP, under the chairmanship of the Principal Secretary to the Prime Minister, has apparently endorsed this activity, but there is likely to be extensive opposition from many of the line ministries. The value in pursuing this strategy is not that we expect the national strategy to make a difference in the way the GOB is governed, but rather to raise the level of political discourse about the problem of corruption. As such, this initiative should not be allowed to become a long, drawn out process with no end, but rather a way to get key political actors to acknowledge vulnerabilities in governance practices and formulate goals and objectives to deal with these problems. The initiative can also be a way of beginning a serious discourse between civil society and government.	National strategy is developed, approved and implemented	Years 1 – 2
<b><u>SECTOR-SPECIFIC STRATEGIES</u></b>			
SO9-2: Support implementation of the Anti-Corruption Commission	The ACC itself may be of questionable value, but it may be a useful channel to initiate new programs and find GOB partners in the good governance/anti-corruption area. Again, working in partnership with ADB, which has developed a trusted relationship concerning the ACC, appears to be essential.	ACC is operational and producing results	Years 1 – 4

## 2. Rule of Law

Strategic Option	Challenges/Opportunities	Indicators	Timeline
<u>CROSS-CUTTING STRATEGIES</u>			
SO9-4: Support drafting and implementation of an essential legal regime for transparency and accountability	The process of gaining acceptance of new laws is often a long-term activity, with implementation still questionable. However, it is essential that Bangladesh have the basic laws in place so that other anti-corruption activities can proceed. It would be useful to get the PMO on board in favor of these new laws and to find MPs to champion these draft laws in Parliament. Legal NGOs can also conduct a public education campaign to increase awareness of the importance of these legal provisions.	Complete legal framework supporting transparency and accountability is implemented	Years 3 – 7
<u>SECTOR-SPECIFIC STRATEGIES</u>			
SO9-3: Establish legal support offices for citizens who are victims of corruption and excessive bureaucracy and provide legal literacy training	This strategy can be implemented rather quickly since it does not depend upon government approval. Competitive grants can be awarded to local legal support groups and a network of CAOs can be established to provide mutual and local support as they develop procedures for case management and deal with officials and the administration. The CAOs are encouraged to publicize their work widely and to provide press interviews, newspaper columns, etc. Experience with this strategy in other countries has shown these CAOs to be an extremely popular and visible mechanisms to demonstrate that something <i>can</i> be done about corruption – that ordinary victims can get a public hearing, that endemic corrupt situations and procedures can be exposed and fixed, and that there is someone out there who is a champion for the common man/woman.	Many citizens seek legal support and information	Years 1 – 4 (with sustainability funding afterwards)
SO9-5: Support judicial strengthening and reforms and implementation of quasi-judicial institutions	This strategy will require the strong backing of the Law Ministry and should draw upon the help and support of the Bangladesh Bar Council.	Judicial institutions and procedures are more transparent and accountable	Years 4 - 8

### 3. Competition

Strategic Option	Challenges/Opportunities	Indicators	Timeline
<u>SECTOR-SPECIFIC STRATEGIES</u>			
SO9-6: Support citizen watchdogs that monitor parties and the electoral process	This strategy can be implemented over the short-run by NGOs who are trained in monitoring and oversight techniques. It is important to ensure that these watchdogs know what to do with the information they gather, in terms of verifying allegations, publicizing the results responsibly, transforming their findings into practical recommendations for reform, and advocating for change through official channels.	Grassroots demand on political parties increases and process is reformed	Years 1 – 4 (with sustainability funding afterwards)
SO9-7: Support internal party democracy	Given the current situation, the likelihood of party agreement to participate in such a program in a sincere way is very low.	Political parties are more transparent and accountable	Years 5 – 10
SO9-8: Support drafting and implementation of party laws	As with the previous strategy option, it is unlikely that this option will be greeted warmly by the political parties at this time.	Political parties and electoral process are more transparent and accountable	Years 5 - 10

### 4. Inclusion

Strategic Option	Challenges/Opportunities	Indicators	Timeline
<u>CROSS-CUTTING STRATEGIES</u>			
SO9-10: Support Anti-Corruption Coalition development and public-private partnerships against corruption	It is important to develop a critical mass of civil society support behind the movement against corruption. Thus, rather than generate organizations that are specifically targeted at fighting corruption, the plan would be to seek out existing NGOs with existing constituencies to join together in their common interest to fight corruption, despite their differing goals and missions. This organizational model for coalition building has been successful in other USAID projects – in Bulgaria, Albania, Russia, Ukraine, and elsewhere.	Multiple civil society stakeholders establish coalition and implement joint action plan	Years 1 – 4 (with sustainability funding afterwards)

SO9-11: Support the mobilization of significant citizen watchdog initiatives	NGOs appear to be ready for this next stage in capacity building – to go beyond public awareness and researching the problem to active and responsible lobbying and advocacy for reforms. Given the sensitivity of the issue, these watchdogs will require very active legal support, which can be provided by the Citizen Advocate Offices.	National network of citizen watchdogs is established and exerts pressure on government for reforms	Years 1 – 4 (with sustainability funding afterwards)
SO9-12: Support the mass media to build its capacity as a public watchdog	Journalists appear to be ready for a major support program targeted at improving their practical skill base.	Mass media exerts significant pressures for reform on government	Years 1 – 3 (with sustainability funding afterwards)
<b><u>SECTOR-SPECIFIC STRATEGIES</u></b>			
SO9-9. Advocate for a strong enabling environment in support of civil society groups.	GOB attempts to control CSO and NGO activities and may not easily agree to give up its power to approve each project funded by the donor community. On the other hand, grant-giving institutions need adequate grant implementation monitoring and control mechanisms to prevent possible abuses by grantees.	New regulations developed and enacted	Years 1 – 3

### 5. Governance

<b>Strategic Option</b>	<b>Challenges/Opportunities</b>	<b>Indicators</b>	<b>Timeline</b>
<b><u>CROSS-CUTTING STRATEGIES</u></b>			
SO9-13: Support decentralization and capacity building in local elected government	The National UP Forum and other recently established municipal associations can serve as partners for this anti-corruption strategy. The local government sector is an emerging area not addressed by other donors extensively, and it is one that is traditionally within USAID's core competencies.	Indicator: Local government becomes more transparent and accountable, and puts pressure on central government for reform	Years 1 – 6 (with sustainability funding afterwards)
SO9-14: Support e-government applications related to public sector delivery and citizen-	E-government can be a non-threatening application that promotes better governance while reducing opportunities for corruption. Appropriate applications and local sponsors need to be identified.	Reduced opportunities for corrupt transactions; delivery of services improved	Years 5 – 8

government transactions			
SO9-15: Support targeted administrative reengineering	This strategy requires acceptance and commitment by particular government departments to undergo reform, and as a result, almost always requires very high level approval – from the Prime Minister. However, it might be possible to engage in more targeted administrative reengineering within particular departments – starting small, where approval might be at the line ministry level.	Administrative procedures simplified and opportunities for corruption reduced	Years 3 – 6
SO9-16: Support professionalization of lower level civil service managers/supervisors	As above, it may be possible to identify a particular department manager who is amenable to reform in his organization and focus attention there as a test case.	Reduction in petty administrative corruption	Years 3 - 5
SO9-17: Support the use of self-assessment corruption diagnostic tools in high-risk agencies	Skillful “marketing” of this approach to key government ministries as a “management tool” would yield meaningful insights into specific reforms that are needed to reduce corruption opportunities.	Implemented reforms within governmental agencies	Years 3 - 5
SO9-18: Support strengthening of internal controls in GOB ministries and departments and provide TA for the Comptroller and Auditor General’s Office	This work might be coordinated with DFID, which is providing training to this CAG Office, and with ADB which has designed a “governance audit”.	Incidents of misuse of public office exposed and rectified	Years 3 - 6
SO9-20: Support implementation of procurement regulations across sectors	Successful implementation of the new procurement regulations requires GOB-wide training, but technical assistance is required on a line ministry-by-line ministry basis to ensure that the provisions are implemented effectively and customized to the particular context in each entity.	Tenders conducted with greater fairness and transparency	Years 1 - 2
<b><u>SECTOR-SPECIFIC STRATEGIES</u></b>			
SO9-19: Support Parliamentary oversight committees and other Parliamentary accountability reforms	Success will require the identification of willing partners among MPs.	Executive branch held accountable for its actions	Years 3 – 5

**Anti-Corruption Work Plan:**

**FERTILITY REDUCED AND FAMILY HEALTH IMPROVED (SO1)**

<b>Strategic Option</b>	<b>Challenges/Opportunities</b>	<b>Indicators</b>	<b>Timeline</b>
SO1-1: Enhance Planning Capacity	Challenges and Opportunities: undetermined political will, moderate institutional capacity, public support limited by lack of awareness of these issues, substantial resources available, consistent with donor priorities.	Expected results: Adoption of National Health Plan; process reflects consultation with stakeholders.	Medium to long term.
SO1-2: Increase Government Responsiveness and Strengthen Institutional Restraints through developing a National Health Policy, implementing regulations, improving capacity of the parliamentary oversight committees responsible for health, implementing Public Procurement Regulation of 2003	Consistent with and can be incorporated into USAID CCC support, emphasis on civil society, and donor interest in procurement reform and financial management. Political will moderate/uncertain, institutional capacity latent but in need of TA, resources required modest, public support limited by lack of awareness of these issues, consistent with donor priorities.	Expected results: Stakeholders report improvement in government performance	Short to medium term.
SO1-3: Promote legal and regulatory framework for transparency in sector	Political will uncertain, institutional capacity weak, resources available more in form of good models from donor experience, donor policy supportive, and public support strong but inchoate. Models of success elsewhere. Related to e-government initiatives supported by UNDP and the World Bank.	Expected results: Adoption of legislation and regulations; civil society trained in use of new legal regime.	Medium to long term
SO1-4. Enhance customer power	Political will likely resistant, institutional capacity will need substantial donor assistance. Highly cost-effective. Cultural media of communication (Rupantar) already part of USAID portfolio. Examples of success elsewhere include HIV/AIDS communications programs for behavioral change in Thailand, and improvements in nutritional status through information in Tamil Nadu state in India. The government is in the process of putting together	Expected results: Citizen users of health services able to hold non-performing facilities and personnel accountable and secure redress.	Short term to the extent that can be built on existing USAID programs through health implementing partners, Rupantar, LGI, CCC. Also medium term follow up and enhancement of such initiatives

	a new law on consumer rights – this could be an opportunity to address many of the transparency and accountability issues. Citizens groups could be formed to make people aware of their rights, including basic services.		
SO1-5. Support reform in workforce policies and practices in health sector	Political will and institutional capacity weak, substantial donor resources available, donor support high, and public support latent but limited to informed opinion. Existing framework of BPATC training modules; high degree of bureaucratic inertia and resistance. Successful models of reform in Chile, Mexico, Thailand, Indonesia, India, Brazil, Malaysia and Bangladesh itself (BRAC community workers trained to seek out the extremely poor in need of urgent healthcare.)	Expected results: GOB commitment to civil service and health sector human resource reform; measures taken to reform workforce policies and practices, sustainable ongoing training programs adopted.	Long term for USAID, but short term for purposes of modest incremental support to substantial other donor programs
SO1-6. Apply USAID models of success in program management of other implementers	Can be carried out under existing programs and with existing implementing partners. Political will, institutional capacity, resources available and donor interest all high. Public support limited to informed opinion. Good models well developed such as the NSDP Quality, Sustainability, Community Response and Policy Teams, validated self assessments, measures and criteria of customer flow, contact, quality of service, and incentive programs. Each of these is management and oversight intensive, but in that respect too USAID has experience to share.	Expected results: Other implementers trained in management and accountability tools derived from USAID experience.	short term but ongoing into the indefinite future
SO1-7. Civil Society Advocacy and Monitoring	Political will likely resistant, institutional capacity weak and in need of donor support, resources available substantial, public support high, and donor policy favorable. Successful models elsewhere in community monitoring of health service delivery raising performance	Expected results: Increase in number of civil society organizations engaging in advocacy or monitoring; noticeable improvement in civil society sophistication in	Short term, with medium to long term follow up. Related to current USAID governance programs. Key element of long term enterprise of establishing and

	(Bolivia and Vietnam.)	addressing health sector corruption issues; noticeable increase in civil society capacity to engage in advocacy and monitoring.	maintaining a corruption free political environment.
SO1-8. Enhance citizen demand for reform	<i>Sine qua non</i> of momentum for reform. Institutional capacity weak, resources available uncertain, public support potentially high but latent, and donor policy potentially favorable.	Expected results: Evidence of elite awareness of reform demands in larger political discourse.	Short to medium term related to USAID governance and health sector programs. Unlikely to be fully successful in less than five years.
So1-9. Promote decentralization in health sector	Political will uncertain, institutional capacity in need of donor support, resources available fair, public support and demand from local elected officials very high, and donor policy favorable. Local officials likely to influence will of principal political parties. The ARD implemented LGI's work with the Union Parishad Forum already offers a solid basis. DFID's Making Waves program offers a useful civil society complement (the Committees of Concerned Citizens) to the USAID support to the local government sector. Because so much in the way of health service provision is related to government, it will be particularly important to work with UP officials to ensure that the devolution recently announced of funds results in effective and equitable local autonomy, rather than constituting a new opportunity for corruption or favoritism. The constitution of Bangladesh refers to the establishment of local government with the power to raise tax and spend. GOB has committed to a Decentralization Plan in the context of the new multi-donor HNPSP, and has committed to drafting hospital autonomy legislation. The potential difficulty that arises here is that	Expected results: Decision making authority devolved to Union Parishads and City Corporations; consultative mechanisms expanded for civil society; all parties trained in better understanding of sector budgets and project and program procedures.	Short and medium term. Will not be concluded in less than five years

	<p>regulation in the context of pervasive systemic corruption can become a new opportunity for rent-taking. This needs to be widely publicized to the general citizenry. Transfer of clinics, hospitals and other health assets to local government has in some cases created incentives and opportunities for rent-seeking by local elites, as in Uganda.</p>		
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

**Anti-Corruption Work Plan:**

**GROWTH OF AGRIBUSINESS AND SMALL BUSINESS (SO5)**

<b>Strategic Option</b>	<b>Challenges/Opportunities</b>	<b>Indicators</b>	<b>Timeline</b>
SO5-1: Support business association advocacy	Activist-oriented business associations need to be identified that are willing to assume an advocacy action plan. Capacity building will be essential. There will also need to be willing government officials to negotiate adjustments and changes that eliminate administrative barriers.	Administrative barriers for business eliminated	Years 1 – 4 (with sustainability funding afterwards)
SO5-2: Support business ethics program	This can be built upon the Code of Corporate Governance developed with DFID support. It is important to engage business associations and Chambers of Commerce to promote corporate governance among their members by demonstrating benefits and introducing incentives.	Codes of corporate governance implemented	Years 1 – 4
SO5-3: Promote self-regulatory programs within industries	Other industry associations and businesses need to be shown the benefit in terms of bigger sales and higher prices of self-regulation for quality. The problem with this strategy is that it does not necessarily reduce the extent of rent-seeking by government inspectors and certifiers.	Compliance within business community to common standards and codes of conduct	Years 1-4 (with sustainability funding afterwards)
SO5-4: Support e-government applications for business-government transactions	The major issue with this strategy is to identify willing partners in both the private sector and in government. The BEI report on administrative barriers provides detailed road maps in several industry sectors that can provide ideas on potential e-government applications and actors. This type of strategy often requires substantial donor investment.	Rent-taking from businesses reduced	Years 2 -5

**Anti-Corruption Work Plan:**

**IMPROVED MANAGEMENT OF OPEN WATER & TROPICAL FOREST RESOURCES (SO6)**

Strategic Option	Challenges/Opportunities	Indicators	Timeline
<b>SO6-1: Strengthen and sustain community-based good governance approaches and transform community groups into a strong voice for governmental reforms (short-term strategies within current projects):</b>			
<p>a. Institutionalize community-based resource management by enacting local/national regulations.</p> <p>To ensure the sustainability of co-management of natural resources management approach that by its nature it increases transparency, accountability, and citizen involvement in natural resource management it is recommended to promote developing and enacting appropriate regulations on the local and/or national level institutionalizing co-management practices</p>	<p>According to MACH’s implementing partner, the Department of Fishery is interested in replicating their experience, though the Ministry of Land might be in opposition. MoL may fear the potential lose of control over revenue sources even though there is no pressure on them from the Ministry of Finance to generate revenue. (Fishing is not seen by the MoF as an important revenue generating industry.) Similar but different conflicts of interest appear to exist with relation to the NSP project (within the Department of Forest). In this case, it appears that DoF has been pressed by the MoF to set revenue targets. To overcome this problem, it might be advisable to start working with the MoF to demonstrate the long-term economic benefits of sustainable co-management in natural resources management. Both projects should also look at the current Cooperatives Act for potential support of their sustainability building effort.</p>	<p>Enacted local/national regulations</p>	<p>1-2 years</p>
<p>b: Educate and mobilize communities to advocate for their rights and for accountable and transparent government</p> <p>Transform knowledge and practical experience of the co-management groups in organizing themselves in strong multi-sectoral entities around a common goal into advocates for good governance by providing education and training in</p>	<p>There are no real obstacles in implementing this recommendation. There are good opportunities to take advantage of already established community institutions that can be turned into strong advocacy groups. To provide training and education, USAID might consider involving other current projects from the DG area (such as AED, NDI, IRI).</p>	<p>Co-management groups are trained in advocacy and lobbying and actively advocate for reforms in regulations to institutionalize co-management approach</p>	<p>1-2 years</p>

<p>advocacy and lobbying. Mobilize communities to advocate for institutionalizing bottom-up co-management policy.</p> <p>Indicator of result – co-management groups are trained in advocacy and lobbying and actively advocate for reforms in regulations to institutionalize co-management approach</p>			
<p>SO6-1c: Establish a network of grassroots community organizations to develop demand for good governance reforms (<i>zones of good governance</i>)</p> <p>Organize existing local community groups into network/coalition to share experience and expertise to better understand and exercise citizen and community rights and governmental responsibilities to deliver quality public services (in such sectors as education, healthcare, natural resources management, power supply, etc.) and mobilize themselves into a strong single voice to demand governmental reforms.</p>	<p>To implement this idea, the Statement of Work of current projects may require some modification. Coordination and involvement of organizations working in the same districts under other donor programs can be helpful.</p>	<p>Local community groups are organized into active network/coalition around common goal for good governance</p>	<p>1-2 years</p>
<p><b>SO6-2: Mobilize public demand for good governance reform in environment and natural resources sector.</b></p>			
<p>b. Support public awareness and education campaigns to reduce tolerance for corruption and mobilize public demand for good governance</p> <p>c. Support advocacy groups lobbying for rule of law and citizen rights for</p>	<p>Implementation of the suggested strategies on mobilizing public demand for reforms will require training (followed by technical and financial assistance) of CSOs in such techniques as advocacy and lobbying, watchdog activities, and developing and implementing effective public awareness campaigns focused on issues of preventing corruption and promoting good governance in the areas of environment and natural</p>	<p>Public access to governmental information is institutionalized, implementation of legislation and regulations improved, administrative</p>	<p>1-3 years – training and capacity building, and 2-5 years – sustaining activities by civil society groups</p>

<p>clean and sustainable environment.</p> <p>e. Support establishment of strong watchdog groups to monitor government</p>	<p>resources. There is a handful number of CSOs in Bangladesh that are already involved in similar activities and whose skills and capacity can be further strengthened.</p>	<p>procedures to ensure government transparency, accountability, and citizen participation in government decision making processes inacted.</p>	
<p><b>SO6-3: Increase Governmental Integrity and Accountability (mid- and long-term strategies)</b></p>			
<p>a. Support program to secure greater citizen rights to environmental information and participation as a fundamental prerequisite for governmental transparency and accountability. (<i>Aarhus Convention of 1998 - Access to Information: Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters</i> and its Guidelines can serve as a blueprint).</p>	<p>Challenges to this activity could come from resistance of government to open information access. On the other hand, it seems that FD and ED are already making first steps towards opening its information to the public.</p>	<p>Public access to governmental information is institutionalized</p>	<p>2-4 years</p>
<p>b. Support implementation and strengthening of existing laws and regulations at local and national levels.</p>	<p>Challenges to this activity could manifest itself as insufficient capacity of government institutions and lack of professionalism of government staff, more so than resistance to change.</p> <p>An upcoming USAID project, <i>Strengthening the Natural Resources Policy Regime in Bangladesh</i>, will review existing GOB policies on natural resources management and their implementation to promote institutionalizing the community-based co-management approach in environment and natural resources management. It needs to be closely coordinated with other donor-supported projects dealing with institutional issues within the sector.</p>	<p>Implementation of legislation and regulations improved</p>	<p>2-4 years</p>

<p>c. Support implementation procedures to institute transparent, accountable, and participatory processes in government operations. Support the introduction of fraud control and ethics programs within ministries (for example, the Ethics Package of the New South Wales (Australia) Department of Environment and Conservation that includes Preventing Fraud and Corruption Programs, including a Fraud Control Checklist and a Code of Ethical Conduct). This can be implemented through either procedural or institutional mechanisms.</p>	<p>Ministries may not consider these activities as high priorities and effort will be need to demonstrate the benefits to government of implementing these policies and practices.</p>	<p>Administrative procedures to ensure government transparency, accountability introduced</p>	<p>2-4 years</p>
<p>c. Introduce negotiated rule-making policies in developing and introducing new regulations and standards, to involve active participation of stakeholders in formulating reasonable and compliant standards.</p>	<p>Current regulations are not necessary developed in consultation with stakeholder groups. This results in high noncompliance rates due to unaffordable costs to meet established requirements, unreasonably strict standards or inefficient enforcement procedures. As a result, it opens the door for bribery and fraud. Introducing negotiated rule-making processes into governmental policy and regulation development will ensure more efficient implementation and enforcement and better compliance rates. A pilot project can be implemented to demonstrate the advantages of negotiated rulemaking.</p>	<p>Citizen participation in government decision making processes enacted</p>	<p>2-4 years</p>
<p>d. Promote implementation of information technologies (GIS, e-government, e-procurement) in governmental institutions (medium- to long-term)</p>	<p>The introduction of information technologies not only improves capacity and effectiveness of governmental functions, but also has an impact on developing accountable and transparent processes.</p>	<p>MoEF is equipped with, trained in and effectively uses information technologies</p>	<p>3-7 years</p>

## Anti-Corruption Work Plan:

### IMPROVED PERFORMANCE OF ENERGY SECTOR (SO7)

Strategic Option	Challenges and Opportunities	Indicators	Timeline
<b>1. Support institutional capacity and good governance practices within local partner organizations, mobilize public demand (short-term strategies within current USAID-funded projects):</b>			
a. Introduce/strengthen corporate governance practices and ensure financial discipline within energy sector enterprises covered by the RPPR-II project	PBSs have built a good reputation through their efficient operations and good business practices. Strong corporate governance programs that include business ethics provisions can reinforce and sustain a good business culture. Good long term relationships with local partners should create favorable opportunities for this effort.	Corporate governance practices introduced in local partner organizations operations	1.5 years (starting immediately)
b. Educate current and potential customers of the PBSs and improve their understanding of the costs and impacts of corruption, bad governance, citizen rights for high standard public services, and the right to choose service providers, and then mobilize them to advocate for introducing good governance and corruption prevention practices in the energy sector.	RPPR-II project put tremendous efforts into developing efficient systems that provide power to about 30 million people in rural areas. PBSs, with their strong policies and effective operational and financial discipline, became a good model of a rural power- providing company. While PBSs seems to have well organized and functioning public relations divisions, more aggressive public outreach programs could help them to build support among customers (current and potential) and also promote and educate the public about good governance and corporate practices and about citizen rights to choose and demand high quality services provided on a truly competitive basis. It is very likely that citizens will be very receptive to this initiative.	Citizen mobilized to demand for high quality standard of governmental services	1-2 years (starting immediately)
c. Mobilize PBSs' Board of Directors members to lobby for reforms for fair and lawful practices in financial operations (including profit distribution)	Current financial irregularities related to profit diversion from PBSs to a semi-governmental power generating company has set an alarming precedent of unlimited governmental discretion that can jeopardize further development and sustainability of the rural power supply system. PBS Board of Directors members may need to mobilize themselves to address these issues and demand the	Financial and administrative discipline is in place in rural electrification system	6 months (starting immediately)

	return of earned profit to be used for PBSs' necessary system maintenance and business expansion. The Board members can consider an appeal to the ADB, as the loan-providing agency, to provide stronger and more clearly articulated loan conditionality.		
c. Re-institute independence of the Rural Electrification Board (REB).	USAID should seriously consider mobilizing the donor community to address current problems of strong political influence over REB operations that undermine long time efforts by the donor community to build a viable and effective rural power distribution system.	Rural Electrification Board (REB) independence and effective management reinstalled.	6 months (starting immediately)
<b>2. Support institutional strengthening and accountability in energy distribution sub-sector (short- and mid-term strategies):</b>			
d. Support improvement in allocating connections to the power lines. Streamline the process and improve coordination between agencies providing approval for connection and those who provide connection. Improve billing and revenue collection systems through privatization and computerization.	These issues have been discussed in number of studies and reports and require attention because it breeds widespread patronage and bribery.	Policies and practices in allocating connections to the power lines are improved and enacted; billing and revenue collection improved.	2 years
e. Support development, implementation, and enforcement of uniform standards and practices for meter maintenance and reading. Consider outsourcing the meter monitoring and reading process, and possible to outsourcing the collection process, bill preparation and distribution.	Outsourcing these functions have been discussed with and within the government.	Standards and practices for meter maintenance and reading are introduced	2 years
f. Support developing and introducing internal control mechanisms within power sector	Due to fact that PDB and DESA are semi-governmental entities it might be not easy to initiate this activities.	Internal control mechanisms within power sector	2 years (upon agreement with the government)

<p>administrative and operational offices of PDB and DESA to eradicate corrupt practices allowing illegal connections and use of power lines.</p>		<p>administrative and operational offices.</p>	
<b>3. Institutional building and strengthening to promote accountability and transparency and good governance</b>			
<p>a. Support the Bangladesh Energy Regulatory Commission (BERC) (in coordination with other donor organizations) (short- to mid-term strategy)</p>	<p>Newly established under the Energy Act of May 2003, BERC will require a lot of effort to start up its operations and define regulatory policies and provisions. From the perspective of preventing corruption, it is essential to:</p> <ul style="list-style-type: none"> <li>• Ensure independence of the Commission. Current provisions in the Law regarding appointment of the commissioners do not fully guarantee independence of the Commission from the Ministry.</li> <li>• Clearly define the division of authorities and responsibilities between BERC and other agencies.</li> <li>• Develop and implement policies and procedures that guarantee prevention of corruption (through accountability, transparency, conflicts of interest rules, ethics codes, clear procedures, etc.)</li> </ul>	<p>Implemented regulatory framework ensures transparency, accountability, and enforcement</p>	<p>3-5 years</p>
<p>d. Support effective implementation of the newly adopted Public Procurement Regulation (2003) in the energy sector</p>	<p>The new Public Procurement Regulation, drafted with support of the World Bank and enacted in 2003, has established better practices and promotes efficiency, transparency and accountability in public procurement, while reducing opportunities for corruption and other forms of abuse of power. The World Bank is planning to conduct intensive training of about 1600 officials in the new procurement regulations. In addition to training, USAID should consider providing technical assistance to ensure proper implementation of the</p>	<p>Public procurement system is implemented in strong compliance with new Public Procurement Regulation</p>	<p>1-2 years</p>

	regulations in the sector.		
c. Introducing ethics program into governmental agencies (with strong provisions on conflicts of interest)	To address some of the biggest concerns in the energy sector -- nepotism and favoritism -- a workable ethics program can be implemented that has strong provisions concerning conflicts of interest. This particular initiative may face strong resistance in governmental institutions. Another issue that needs to be taken into consideration prior to conducting this initiative is to assess the legitimacy of any future ethics code within current law and regulations.	Ethics program developed and implemented in the MPEMR	1-2 years
d. Strengthening “rule of laws” compliance with regulations in energy sector (mid- to long-term strategy)	It appears that implementation and enforcement of laws and regulations is the weakest link in GoB operations, not just in the energy sector but in many other sectors as well. In some instances, government reverses progress made by the donor community (as with the REB). USAID may consider supporting strategies to strengthen the rule of law in the energy sector by continuing institutional capacity building, revisiting legislation and regulations to reduce opportunities for discretion and multiple interpretation, introducing better accountability and management practices, and providing extensive training to improve professional and ethical standards.	Institutional capacity of energy sector is strengthened, legislation and regulations revisited to reduce opportunity for discretions and multiple interpretations, better accountability and management practices implemented	3-5 years
e. Support further “unbundling” of the energy sector (in coordination with other donor organizations) (long-term strategy)	Unbundling and introducing a market-based energy sector will not only increase efficiency, but will lead to better accountability. As provided in the ADB’s recommendations, power generation, distribution and bill collecting entities should be further restructured through incorporation to provide them with greater independence and autonomy, while at the same time ensuring an appropriate degree of government regulation, oversight and quality control. Single, multifunction governmental entities (such as BPDB, DESA, Petrobangla) cannot continue to exercise sole responsibility for vast elements of energy sector administration without risk of corruption, inefficiency, and system loss.	Energy sector is “unbundled” (policy development, power generation, transportation, distribution and bill collecting are separated).	5-10 years or so

	ADB and other donor organizations constantly work with the government on this issue. It can take a long time and efforts (joint efforts of strong donors and GoB) to commit and implement it.		
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

**Anti-Corruption Work Plan:**

**IMPROVED FOOD SECURITY FOR VULNERABLE GROUPS (SO8)**

<b>Strategic Option</b>	<b>Challenges/Opportunities</b>	<b>Indicators</b>	<b>Timeline</b>
SO8-1. Support baseline study monitoring and evaluation of performance of nutrition projects	None identifiable.	Expected results: Baseline study conducted of role of local organizations, elected or citizens, in implementation and monitoring. Analytical and monitoring capacity of FMU strengthened. Monitoring and evaluation of performance of nutrition projects conducted.	short-term, can be undertaken in context of current programs; concluded within one year
SO8-2. Improved management capacity and accountability systems throughout the sector	Available template of lessons learned from USAID programs. Vested interests in maintenance of current dysfunctions in discharge, transport and distribution of food aid.	Expected results: More transparent procedures and information about inventories and shipments (e.g. common database); models from USAID supported programs replicated to GOB and NGOs; adoption of incentives for speed, efficiency and conservation of commodity by Directorate General of Food, dispatch workers and transporters; technical logistics training instituted.	:short-term, is being undertaken in context of current programs; also should continue medium to long-term as ongoing incremental programs in areas with much room for improvement
SO8-3. Strengthen capacity of GOB in the sector (planning, management, procurement, reporting, administrative streamlining)	GOB benefit to more efficient discharge of own responsibilities to citizens. Vested interests of beneficiaries from current price differential between donated and local wheat, and vested interests in current lack of transparency.	Expected results: donor and GOB planning and management reforms to provide scheduling of arrivals of food aid so that it does not run into the GOB food procurement cycle; reporting and documentation in the warehouse maintenance system improved and made transparent; adoption by GOB of Community Food Management System;	medium term, because anticipation of preparatory negotiations with GOB on precise outlines of implementation; ongoing into the indefinite future

		streamlined and automated approval process for delivery orders from government system.	
SO8-4. Strengthen civil society capacity in the sector (citizens advocacy and participation, media coverage).	High degree of public and donor support. Availability of models elsewhere to empower civil society with e.g. budget information and analytical skills. Resistance on part of political establishment to relinquishing source of patronage and influence, and on part of beneficiaries of corruption.	Expected results: greater participation by citizens in advocacy on issues of revenue and budgets, and equitable distribution of various identity cards demonstrating eligibility for food aid; numbers of qualified local partners for program implementation expanded; more informed and sophisticated press coverage of food security and disaster preparedness issues;	short term because some of this is done incidental to implementation of current programs; also medium to long term because the bulk of this is intended to build new capacity
SO8-5. Support decentralization (participation of local elected bodies and citizens organizations in planning for disaster management and small-scale rural infrastructure)	High demand among local elected officials and local level civil society. High degree of dysfunction (inefficiency, favoritism, some diversion) in current system.	Expected results: consultative mechanisms adopted for participation of local elected bodies and citizens organizations in project planning for disaster management and small-scale rural infrastructure, including transparency of information; enhanced capacity of local bodies to participate in these; local officials given approval authority of transportation cost payments; increased involvement of women to ensure gender equity in distribution.	short term to the extent that this can be assimilated to the efforts of current food aid international NGO partners, or to the Local Government Initiative; medium to long term to the extent that this will be a slow and incremental process, and linked to a broader thrust toward decentralization of budgets, and implementation
SO-6. Promote partnerships of donors, GOB, local elected bodies and civil society in planning process for food security and disaster management)	High degree of citizen demand and donor interest.	Expected results: formal dialogue mechanism established on national planning process for food security and disaster management among all stakeholders; Project Implementation Committees empowered; greater	:short term to the extent that this can be assimilated to the efforts of current food aid international NGO partners, or to the

		access to information for all regarding procurement, distribution and target population.	Local Government Initiative; medium to long term to the extent that this will be a slow and incremental process, and linked to a broader thrust toward decentralization of budgets, and implementation.
--	--	------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Anti-Corruption Work Plan:  
IMPROVED PERFORMANCE AT EARLY CHILDHOOD AND PRIMARY EDUCATION LEVELS (SO10)**

<b>Strategic Option</b>	<b>Challenges/Opportunities</b>	<b>Indicators</b>	<b>Timeline</b>
SO10-1: Promote local control and oversight of the education system	USAID’s experience with Plan International and Save the Children has shown that parents and community groups can be mobilized to put external pressure on the local school officials. They require additional allies in the elected UP councils to multiply their effectiveness. A coordinated network of such local committees would also add weight to their advocacy.	Quality of delivery of educational services improves	Years 1-4 (with sustainability funding afterwards)
SO10-2: Promote civic education programs in schools and in extra-curricular activities	Civic education curricula and extra-curricular activities on these topics are already available and have been applied in other countries in USAID-sponsored programs, including in Russia and Albania. A critical element in pursuing this strategy is to gain the commitment of education authorities to include these topics in the curriculum. If that is not feasible, the extra-curricular path can be taken.	Youth are less tolerant of corrupt practices	Years 1-3
SO10-3: Support strengthening of an Education Management Information System	This can include an assessment of current EMIS strengths and weaknesses, working with the Bangladesh Bureau of Educational Information and Statistics (BANBEIS), and providing support to improve data gathering, monitoring and reporting systems to enhance transparency. The introduction of an education management information system will provide an objective means of tracking and ranking teachers by seniority, language abilities, subject specialization, and other factors that were supposed to be used in assigning teachers to schools. The availability of this information can be constrained the assignment of teachers on the basis of such factors as family connections, personal friendships, or other forms of personal influence.	Education Management Information System effectively implemented	Years 3-4
SO10-4: Promote professionalization of school management personnel	Mismanagement and lack of management skills appears to be a major cause of abuse in the educational sector. Systematic training and mechanisms appear to be absent at the local level, and this is where USAID can be a major force. Commitment would need to be obtained from the District and Upazila Education Offices, as well as from the UP Councils to conduct such training and make such management reforms.	Management of school system improves	Years 3-4

## Bibliography

Asian Development Bank. 2004. "Country Governance Assessment (Draft): Bangladesh."

ADB/OECD. 2004. "Anti-Corruption Initiative for Asia and the Pacific, Anti-Corruption Policies in Asia and the Pacific"

ADB/OECD. "Anti-Corruption Initiative for Asia-Pacific. Anti-Corruption Action Plan for Asia and the Pacific."

----- 2004. "Anti-Corruption Initiative for Asia and the Pacific, Anti-Corruption Policies in Asia and the Pacific: Self-Assessment Report Bangladesh."

ADB/IBTCL. 2004. "ACC Preliminary Implementation Plan." ACC Implementation Planning Group.

Ahmad, Naved and Oscar T. Brookins. 2004. "On Corruption and Countervailing Actions in Three South Asian Nations." *Policy Reform*, March 2004, Vol. 7(1).

Ahmed, Akhter U., Shahidur Rashid, Manohar Sharma, Sajjad Zohir, with Mohammed Khaliquzzaman, Sayedur Rahman and the Data Analysis and Technical Assistance Limited. 2003. "Study on Food Aid Leakage in Bangladesh." International Food Policy Research Institute. Washington, D.C.

Alam, A.Z.M. Shamsul. 1997. "Bureaucracy in Bangladesh Perspective." Bangladesh Cooperative Book Society Ltd.

----- 1997. "Administration and Ethics" Bangladesh Cooperative Book Society Ltd.

Alam, Zahurul. 2004. "Governance: Institutional Reform and Capacity Building." *The Daily Star*. 13 November.

Anti-corruption Commission Act 2004

ARD, Inc. 2004. "Democracy and Governance Strategic Assessment of Bangladesh." Submitted to USAID/Bangladesh.

----- 2004. "Bangladesh: Knowledge, Attitudes, and Practices: National Survey Covering Democracy and Governance Issues." Submitted to USAID/Bangladesh.

Bangladesh Enterprise Institute. 2004. "Study of e-Government in Bangladesh."

----- 2004. "Reducing the Cost of Doing Business in Bangladesh."

----- 2004. "Code of Corporate Governance for Bangladesh."

Bangladesh Gazette. 2003. "Act to make provisions for the establishment of an independent and impartial regulatory commission for the energy sector."

Bhargava, Vinay and Emil Bolongaita. 2004. *Challenging Corruption in Asia: Case Studies and a Framework for Action*. The World Bank. Washington, D.C.

Beck, Laurence D. 2004. "Report and Recommendations Anti-Corruption Initiatives in Bangladesh: More Effective Civil Society Advocacy of Human Rights, Academy for Educational Development." Washington, D.C.

Beck, Laurence, Vicky Michener and Helen Grant. 2003. "USAID Development Assistance Programs and Corruption." USAID/Management Systems International. Washington, D.C.

Center for International Private Enterprise. 2004. "South Asia Advocacy Academy and Association Action: A Business Approach to Good Governance and Anti-Corruption."

Centre for Policy Dialogue. 2003. "Energy Sector of Bangladesh: What are the Knowledge Gaps?" CPD Dialogue Report No. 58.

----- 2003. "Health Sector Program in Bangladesh: Promoting Participation and Gender Equity." CPD Dialogue Report No. 53.

----- 2000. "Energy Sector Restructuring: Current Issues." CPD Dialogue Report No. 33.

Centre for Research and Information. 2002. Dhaka: Prime Minister's Office. "Corruption in Khaleda Zia's Regime." White Paper, 2002. Bangladesh Awami League, Dhaka

Department for International Development, Bangladesh. 2004. "Current Anti-Corruption Initiatives".

----- 2003. "Bangladesh: Country Assistance Plan 2003 – 2006. 'Women and Girls First'."

Dollar, David, Mary Hallward-Driemeier, and Taye Mengistae. 2004. "Investment Climate and International Integration". Policy Research Working Paper 3323 The World Bank, Washington, D.C.

Financial Management Reform Program. 2004. "Briefing Note: Social Sector Performance Surveys in Primary Health." Oxford Policy Management.

Geographic Solutions Research Center. 2003. "Mapping HIV/AIDS Prevention and Care Activities in Bangladesh: GIS Data Base. Update and Validation of 64 Districts."

Government of the People's Republic of Bangladesh. 2003. "HIV in Bangladesh: Is Time Running Out? Background document for the dissemination of the fourth round (2002) of national HIV and behavioral surveillance." Ministry of Health and Family Welfare.

----- 2002. "Working Paper on the Proposed Right to Information Act 2002." The Law Commission.

----- 2001. "Bangladesh: State of the Environment 2001." Executive Summary. Department of Environment, Ministry of Environment and Forest.

----- 2001. "HIV in Bangladesh: Where is it Going? Background document for the dissemination of the third round of national HIV and behavioral surveillance." Ministry of Health and Family Welfare.

----- 2000. "Planning and Implementation Guidelines for Capacity Building of the USAID, LGED, and CARE Implemented BUILD Project of the IFSP." Ministry of Local Government, Rural Development and Cooperatives. Local Government Division.

----- 2000. "Maintenance Guidelines for the Rural Infrastructure of Integrated Food Security Program, LGED/CARE/ USAID." Ministry of Local Government, Rural Development and Cooperatives. Local Government Division.

----- 2000. "Planning Guidelines for the Aggregate Sand (AS) Scheme of the USAID/LGED/CARE BUILD Project under IFSP." Ministry of Local Government, Rural Development and Cooperatives. Local Government Division.

----- 1999. "Planning and Implementation Guidelines for Road Side Tree Plantation and Maintenance Program of the USAID, LGED, and CARE Implemented BUILD Project of the IFSP." Ministry of Local Government, Rural Development and Cooperatives. Local Government Division.

----- 1999. "Implementation Guidelines for the Aggregate Sand (AS) Scheme of the USAID/LGED/CARE BUILD Project under IFSP." Ministry of Local Government, Rural Development and Cooperatives. Local Government Division.

Green, Lara and Donald Curtis. 2002. "Bangladesh: A Country Case Study." OECD (DAC Task Force on Donor Practices).

Haq, M.S. 2004. "Anti-Corruption Strategy for Bangladesh." *The New Nation*. 22 August.

Hasan, Rafiq and Rafique Sarker. 2004. "Starving People Ferret Out Food." *The Daily Star*. 3 November 2004.

IMF. 2003. "Bangladesh: Interim Poverty Reduction Strategy Paper." Country Report No. 03/177. Washington, D.C.

IMF. 2004. "Press Release." IMF Office in Bangladesh. 25 October 2004.

----- 2004. "Executive Board Meeting Agenda." IMF Office in Bangladesh. 14 July 2004.

Kader, Abdul. 2004. "Seized rickshaws serve political constituencies." *The Daily Star*. 4 November 2004.

Kaufmann, Daniel. 2002. "Transparency, Incentives and Prevention for Corruption Control and Good Governance: Empirical Findings, Practical Lessons, and Strategies for Action based on International Experience." Background Paper for Qinghua University-Carnegie Conference on Economic Reform and Good Governance: Fighting Corruption in Transition Economies, Beijing, April 11-12th, 2002

Klitgaard, Robert, Ronald Maclean-Abaroa, and H. Lindsey Parris. 2000. *Corrupt Cities: A Practical Guide to Cure and Prevention*. Oakland, CA: ICS Press.

LCG Sub Group on Governance. 2004. "Governance Programs and Activities for Development Partners in Bangladesh."

Lippert, Owen, 2004. "Accountability Versus Corruption: Principles and Proposals for Reform," Draft paper, NDI.

Lippert, Owen, 2004. "Workshop report: Political Party Initiatives to Promote Integrity in Nepal and Bangladesh," Draft. NDI.

Lippman, Hal and Richard Blue. 2000. "Democracy and Governance and Cross-Sectoral Linkages: Philippines." USAID Working Paper No. 317. March 2000.

Lovei, Laszlo and Alastair McKechnie. 2000. "The Costs of Corruption for the Poor: the Energy Sector." *Public Policy for the Private Sector*. Note No. 207. April 2000. The World Bank. Washington, D.C.

Majumdar, Badiul Alam. 2004. "The Fundamental Right to Food." *The Daily Star*. 7 November 2004.

Ministry of Planning, Implementation Monitoring and Evaluation Division, Central Procurement Technical Unit. "The Public Procurement Regulations 2003."

Mollah, Md. Awal Hossain and Md. Nizam Uddin. (undated). "Combating Corruption in Bangladesh: Some Strategies."

NRECA International Ltd. 2002. "Socio-Economic Impact of Rural Electrification." From *Economic and Social Impact Evaluation Study of the Rural Electrification Program in Bangladesh*, by Prof. Abul Barkat, et al, of the Human Development Research Centre of Bangladesh.

OECD/ADB Anti-Corruption Initiative for Asia-Pacific. Formal Endorsement of the Anti-Corruption Action Plan for Asia-Pacific (Tokyo, 30 November 2001) - BANGLADESH  
<http://www1.oecd.org/daf/ASIAcom/pdf/Bangladesh.pdf>

Osman, Ferdous Arfina. 2004. "Rethinking Health Policy." *The Daily Star*. 11 November 2004.

Plume, Cathy and Bob Winterbottom. 2000. "From Ice Cream to Skimming the Cream: The Links between Natural Resource Corruption and Democracy-Governance." The EDGE Roundtable Series. December 18, 2000. Public Administration Reform Commission. 2000. "Public Administration for 21st Century." Vol. I, Dhaka.

Rahman, Aminur, Gregory Kisunko and Kapil Kapoor. 2000. "Estimating the Effects of Corruption: Implications for Bangladesh." Policy Research Working Paper 2479. Poverty Reduction and Economic Management Sector Unit. The World Bank, South Asia Region. Washington, D.C.

Rahman, Ariful, Seth Spaulding and Karen Tietjen. 2004. "Bangladesh Educational Assessment, Time to Learn: Teachers' and Students' Use of Time in Government Primary Schools in Bangladesh." Creative Associates International, Inc. Washington, D.C. Prepared for Basic Education and Policy Support Activity, USAID.

Rob, Ubaidur and Noah Sprafkin. 2003. "Bangladesh's Population Policy: Emerging Issues and Future Agenda." CPD-UNFPA Program on Population and Sustainable Development. Paper 23. Centre for Policy Dialogue.

Rupantar. 2004. "Rupantar means Social Transformation: Background and Current Projects/Programs."

----- 2002. "Bengal Folk Drama and Pot Song on Small Scale Water Resource Management in Bangladesh."

Spector, Bertram, editor (2005 forthcoming) *Fighting Corruption in Developing Countries*. Bloomfield, CT: Kumarian Press.

*The Daily Star*. "Removal of Khulna Civil Surgeon Demanded." 4 November 2004.

-----"Country repays Tk. 951 cr. a year in interest on foreign loans." 3 November 2004.

-----"PAC for bar on foreign travel of accused surgeons." 5 November 2004.

----- "Direct Funding of UPs." Editorial. 3 November 2004.

----- "Millions face months without basic food, livelihood support." 2 November 2004.

Temple, Frederick P. (undated). "Fighting Corruption in Bangladesh." Introductory Remarks at PARC Workshop.

Transparency International. 2004. Corruption Perceptions Index. <http://www.transparency.org>

----- 2003. "National Integrity Systems Country Study Report: Bangladesh 2003." Transparency International, Germany.

Transparency International Bangladesh. 2004. "Report Card Survey on Service Provided by the Union Parishad."

----- 2002. "Corruption in Bangladesh: A Household Survey."

----- 2001. "Regional Corruption Survey."

UNDP. 2003. "Current Anti-corruption Initiatives."

USAID. 2004. "USAID Anti-Corruption Strategy: Recommendations for Agency-wide Expansion of Anticorruption Efforts." Washington, D.C.

----- 2001. "Improved Performance of the Energy Sector Rural Electrification: Bangladesh Program Assessment." Washington, D.C.

USAID/Bangladesh. 2004. "FY 2005 Congressional Budget Justification: Bangladesh."

----- (undated). "Program Design: Co-management of Tropical Forest Resources in Bangladesh." Strategic Objective 6 (Environment) Team.

----- 2004. "Project Concept Paper: Nishorgo Support Project."

----- 2004. "Annual Report FY 2004."

----- 2004. "Current Efforts Contributing to Reduced Corruption and Improved Governance."

----- 2004. "Current Conditions: Population and Health." <http://www.usaid.gov/bd/pop.html>

----- 2004. "SO8: Activities Summary."

----- 2004. "Updated Results Framework FY 2000 – FY 2007."

----- 2004. Linkages Strategic Objectives 1 and 5-9.

----- 2004. "Strategic Objective 1: Semi-Annual Review."

----- 2003. "Strengthening Commercial Operations in Natural Gas Transmission and Distribution."

----- 2003. "Performance Monitoring Plan. SO 8: Improved Food Security for Vulnerable Groups."

----- 2001. "Strategic Plan for Improved Management of Open Water & Tropical Forest Resources: FY 2002 – 2008."

----- 2000. "Strategic Plan FY 2000 – FY 2005: A Focus on Sustainable Economic Growth."

Vian, Taryn. 2005. "Corruption and the Health Sector." In Bertram Spector, editor, *Fighting Corruption in Developing Countries* (Bloomfield, CT: Kumarian Press) forthcoming.

The World Bank. 2004. "Current Governance Initiatives (broadly defined)."

----- 2003. "Bangladesh: Development Policy Review: Impressive Achievements but Continuing Challenges." Washington, D.C.

- 2003. "Bangladesh: Improving Governance for Reducing Poverty."
- 2003. "World Development Report 2004: Making Services Work for People." Washington, D.C.
- 2002. "Bangladesh: Country Procurement Assessment Report." Washington, D.C.
- <http://www.worldbank.org/wbi/governance/pubs/mca.html>
- [http://info.worldbank.org/governance/kkz2002/sc\\_chart.asp](http://info.worldbank.org/governance/kkz2002/sc_chart.asp)
- <http://www.worldbank.org/wbi/governance/mca.htm>

**APPENDIX A**  
**Prerequisites for a Sustainable Anti-Corruption Program in Bangladesh**

Prerequisites	Current status	C. Donor assistance
<b>PART 1. LEGAL ENVIRONMENT</b>		
<b>1. Criminal Law</b>	The Penal Code does not explicitly define corruption, specify actions considered to be corrupt or indicate punishments for noncompliance. The major difficulty is with lax implementation of laws. There are only a few examples of citizens suing the government for infringement of their fundamental rights. When such petitions are filed, the courts invariably grant stay orders.	
<b>2. Civil Service Law</b>	<p><u>Public recruitment/promotion and remuneration:</u> Civil servants are recruited under the Bangladesh Civil Servants Recruitment Rules 1981. The civil service recruits class I level officers through open competitive examinations into 29 cadres and other services. The Public Service Commission (PSC) oversees recruitment on the basis of equality of opportunity, but the existing quota system adversely affects the system. There are laws that require public hiring to be based on merit rather than nepotism, connections, and bribery, but these laws are often abused. For the officials of Classes I and II, 45% of government recruitment is merit-based. The rest is recruited according to a quota system. But for Class III &amp; IV, there is no provision to recruit employees based on merit. This practice generally fails to attract many meritorious candidates.</p> <p>Certain factors have also undermined the independence of the civil service, such as, for example: poor pay and excessive political interference, in recent years, with the process of recruitment and promotion of civil servants.</p> <p><u>Code of Conduct:</u> Civil servants (totaling more than one million personnel) are governed by the Government Servants Conduct Rules (1979). Civil servants are required to be non-partisan, but a tendency to assert political influence on the bureaucracy and politicize the administration is a recurrent phenomenon. Political interference has often vitiated the process of recruitment, posting, transfer and promotion of officers.</p> <p><u>Financial Disclosure:</u> Government Servants Conduct Rules (1979) have a provision requiring civil servants to submit financial declarations on their assets and assets of their immediate family members upon taking position in a governmental agency and every five years thereafter. These Rules have other provisions related to purchasing and selling property, investing, lending and borrowing, etc. However, provisions of these Rules are rarely enforced.</p>	WB (Public Administration-Governance Policy Notes); DFID (Senior Civil Service Training project, Public Service Capacity Building (MATT 2))

	<p><u>Gifting</u>: There are rules and regulations concerning gifts and hospitality for Ministers and high-level officials. Gifts above Taka 1000 (US\$17.20) in value have to be registered and deposited at a center called the ‘<i>Toshakhana</i>.’</p> <p><u>Conflict of Interest</u>: Government Servants Conduct Rules (1979) have provisions requiring civil servants to disclose any conflict of interest (pertaining to him/herself or immediate family members) to higher authorities. Provisions are rarely enforced.</p>	
<b>3. Freedom of Information</b>	There are <b>NO</b> freedom of information laws in place to allow citizens to access public documents related to government decision making. The Official Secrets Act of 1923, certain provisions of the Government Servants Conduct Rules (1979), and some other laws and regulations create significant constraints for access to public information.	In 2001, the Bangladesh Law Commission, with assistance from the WB, drafted and circulated for comments a Working Paper for a Proposed Right to Information Act.
<b>4. Sunshine law</b>	There is <b>NO</b> national “sunshine law” in place to require that meetings of boards or commissions be open to the public	
<b>5. Whistleblower protection</b>	There are <b>NO</b> whistleblower laws in place to provide protection for government workers who report cases of corruption	
<b>6. Political Parties Financing</b>	Currently, there are no disclosure rules applicable to political party funding. Donations and their sources are not typically made public and political party accounts are not published. For the 2001 elections, the then President promulgated an ordinance with the approval of the ‘Caretaker Government’ which called for limiting political party expenditures for the campaigns of their candidates.	USAID (Political Party Reform)
<b>7. Election Financing</b>	The current election regulations, set forth in the <i>Peoples’ Representative Order of 1972</i> , only require disclosure of campaign expenditures of individual candidates. Candidates are required to file a ‘return of election expenses’ within 15 days of publication of the election results. Due to weak monitoring and enforcement of legal requirements, candidates usually do not comply with the rules. Only 74 candidates out of 300 submitted their forms after the Parliamentary elections held in 2001.	
<b>8. Decentralization</b>	Bangladesh is a highly centralized country. The Constitution of Bangladesh has provisions for local government and decentralization, but political parties, in general, have not enacted these provisions. There are number of programs implemented by different donors on the local level to build and support local capacity and citizen empowerment.	ADB, WB USAID (Local Government Initiative and some other projects)
<b>9. International Participation</b>	GoB has not yet ratified the UN Convention against Corruption, which was signed by many countries on 9 November 2003. Bangladesh is a part of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific, but its participation to date has been passive..	ADB

<b>PART 2. ENFORCEMENT and PROSECUTION</b>		
<b>10. Enforcement</b>	<p>The central police force - controlled by the Ministry of Home Affairs – is not extremely effective in maintaining law and order. Moreover, it is generally perceived to be the most corrupt institution in the public sector in public opinion surveys.</p> <p>GoB has undertaken corruption-related investigations in the last year targeting exclusively members of opposition parties and outsiders. No public officials have been sanctioned for corruption in the last year.</p>	<p>UNDP-DFID (Strengthening Bangladesh Police);  UNICEF (Training of Police Officers);  USG (Police Professionalism)</p>
<b>11. Judiciary</b>	<p>The judiciary is not sufficiently independent of political influence. While the Supreme Court maintains its independence the backlog of cases continues to plague the judicial system, thus reducing the effectiveness of justice delivery to ordinary citizens.</p> <p>Although the Constitution states that the lower judiciary is independent from the executive, in reality it has not been able to assert its independence. The Lower Courts therefore do not enjoy a high reputation of impartiality and incorruptibility.</p>	<p>The World Bank (Judicial and Legal Capacity Building, TA for Capacity Enhancement of the Judicial System);  UNICEF (Training of Judicial Officers);  CIDA (Legal Reform Assistance);  DANIDA (Judicial Administrative Training)</p>
<b>12. Money laundering</b>	<p>There are laws in place prohibiting money laundering and a special money laundering investigative unit has been established. There were some investigations in money laundering cases but convictions have not been reached.</p>	<p>US DOJ providing support for enforcement</p>
<b>13. Witness protection</b>	<p>There is <b>NO</b> Witness Protection Law.</p>	
<b>PART 3. GOVERNMENT OVERSIGHT INSTITUTIONS</b>		
<b>14. Anti-Corruption Agency</b>	<p>An independent anti-corruption commission (ACC) with the power to investigate all branches of government was recently formed. The Commission is replacing the Bureau of Anti-corruption that was heavily influenced by political party considerations and was ranked, in public opinion surveys, as among the most corrupt governmental agencies in Bangladesh.</p>	<p>ADB</p>
<b>15. Ombudsman</b>	<p>The Ombudsman Act was enacted in 1980 but has yet to be implemented. An eight-member Ministerial Committee has been reviewing this act since February 2002.</p>	

<b>16. Parliament</b>	The Parliament, being highly politicized, is plagued by frequent gridlock in passing legislation and performing other parliamentary duties.	DFID (Parliamentary Committees)
<b>17. National Strategy</b>	The National Committee for Corruption Prevention (NCCP) has agreed to develop a National Anti-Corruption Strategy to guide future programming and implementation activities across the entire governmental structure.	USAID (TA to GOB for anti-corruption strategy development, National Integrity Program Phase-1); ADB
<b>18. Municipal/regional level Strategies</b>	Municipalities or regional governments do not have anti-corruption strategies. UP councils and City Corporations are lacking independence, resources, and experience.	WB (Municipal Services Project).
<b>19 Election Monitoring</b>	The groundwork for upcoming elections in 2006 need to be fortified through strengthening the Elections Commission, building the capacity of civil society monitoring groups, and enacting election reform and party reform legislation.	USAID (IRI and NDI projects)
<b>20. Service Delivery</b>	There are no mechanisms in place to monitor the performance of public service agencies. Some civil society groups monitor the performance of service delivery. Citizens have little recourse in cases where service delivery fails.	The World Bank (Assessment of Service Delivery in Bangladesh); ADB – Promoting Good Urban Governance in Dhaka
<b>PART 4. BUDGET and PUBLIC EXPENDITURE PROCESS</b>		
<b>21. Financial Management System</b>	There is an integrated national financial management system that provides reliable information for public decision-making but it does not provide routine financial reports for legislative oversight committees and financial reports are not available to the public.	ADB, AusAID, CIDA, DANIDA, DFID, NORAD, UNDP, The World Bank
<b>22. Audit</b>	The Office of the Comptroller and Auditor General (CAG) is the supreme audit institution of Bangladesh. Independence of the CAG is enshrined in the Constitution. Nonetheless, independence of the CAG's office is severely constrained by the operation of the Rules of Business of the Government under which CAG is subject to the direction and control of the Finance Ministry. The CAG has not been given unfettered scope to discharge its constitutional obligation (under Articles 127-132) to serve the Parliament's oversight function. There is a law requiring periodic audit of public accounts, but audits are not conducted regularly, and though audit reports are provided to parliament, they are often not open to the public. Recommendations in audit reports are rarely implemented. The capacity of the supreme audit institution is very limited. Auditors are not required to follow international auditing standards	UNDP (Strengthening the CAG, Institutional Strengthening of Foreign-Aided Project Audit Directorate); DANIDA (Training for CAG Staff); The World Bank (EMTAP: Reforms in Auditing and Accounting)
<b>23. Parliamentary oversight of budget</b>	Parliament has oversight power over budgets and expenditures but in practice it does not ensure that public funds are used for the intended purposes. There are no open budget hearings.	DFID (Assistance to PAC, PUC, PEC and Standing Committee on Finance)
<b>24. Procurement</b>	Multiple bids and re-bids are often required for major procurements, invitations to bid are not advertised properly, procurement decisions are not made public, and procurements are frequently made without abiding by the required procedures	The World Bank (Procurement Reform Technical Assessment)

**PART 5. CIVIL SOCIETY, MEDIA, and BUSINESS**

<p><b>25. Civil Society</b></p>	<p><i>Capacity:</i> Civil society in Bangladesh includes many groups - institutes, research centers, consulting groups, service delivery/implementation partners to government, advocacy groups, and grassroots membership organizations, among others. Civil society groups are involved in activities ranging from education to micro-credit, providing technical assistance for development, training people for civic life, and educating them on elections and the electoral process.</p> <p>However, the growing politicization of civil society in recent years has seriously compromised its autonomy and constrained its room for maneuver. Moreover, civil society groups are not immune from engaging in corruption themselves. In order to speed approvals and get things done, some NGOs have been alleged to engage in corrupt activities.</p> <p><i>Advocacy Activities:</i> While the NGO sector has been traditionally significant in Bangladesh in providing social services and public education, it can also be seen as a captive of the donor community and unwilling to undertake more risky activities, such as organizing citizen watchdogs and advocating forcefully for reform in government bodies and procedures.</p> <p><i>Enabling Environment:</i> GOB exercises extensive oversight over donor grants to NGOs. Regulations may be getting even stricter. Donor organizations need to ensure that NGOs can operate in an environment that facilitates their free and unfettered activity as they become more involved in anti-corruption activities.</p>	<p>DFID-DANIDA-NORAD-SIDA (Assistance to Transparency International Bangladesh);          DFID (Human Rights and Governance Fund, Land Rights, Social Mobilization);          Germany (Policy Education for Women);          SDC (Creating Enabling Environment for Women);          UNICEF (Child Rights);          USAID (Civil Society Advocacy of Human Rights)</p> <p><i>EC (Civic Voter Education Program);</i>          Germany (Domestic election observation);          SIDA (Independent Review of Bangladesh’s Development);          The World Bank (Governance Indicators/Citizens Report);          DFID, SIDA, NORAD, DANIDA (Making Waves: National Integrity Programme Phase-2);          DFID (GGSPS Plus, Social Mobilization, Voices and Democracy)</p> <p>Local Consultative Group of donors</p>
---------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>26. Media</b>	Much of the media is considered to be essentially independent of political influence. Media frequently reports on corruption cases, but there are no laws in place that protect the media's right to investigate cases of corruption. Media reporting rarely, if ever, leads to government investigations of alleged cases of corruption. The major media outlets are privately owned. While there are no "gag laws" that restrict media reporting on corruption, warrants of arrest have been issued against journalists in defamation and libel suits under Section 54 of the Code of Criminal Procedure. Blatant application of draconian laws like the Special Power Act of 1974 and Official Secrets Act of 1923 have jeopardized the lives of countless journalists. Over the last few years, there have been a number of murder attempts on journalists covering corruption cases.	DANIDA (Support to the Local Press); DFID (Journalism and Media Training); NORAD (Arrange workshops for district level journalists); SIDA (Training of Journalists in 12 towns); USAID (Training on Investigative Journalism)
<b>27. Corruption Surveys and Studies</b>	Several studies and public opinion surveys of corruption have been conducted within the last three years that have succeeded in elevating the issue of corruption on the national agenda and in public debates.	DFID-DANIDA-NORAD-SIDA (Assistance to TIB to conduct its National Integrity Program, to conduct various corruption surveys and to develop the NewsScan Database)
<b>28. Public Awareness Campaigns</b>	Anti-corruption public awareness campaigns have been carried out over the last three years and have succeeded in elevating the issue of corruption in national debates	DFID-DANIDA-NORAD-SIDA (TIB's Committees of Concerned Citizens, Advocacy Information Centers, report card surveys on health and primary education, people's theatre) ; USAID (Rupantar's Pot Songs); Germany (Street Theatre); DANIDA (Peoples Reporting Center)

<b>29. Business</b>	Some businesses and professional associations promote ethical standards of conduct, but most do not impose sanctions on their members for breach of these standards. Most business associations and chambers of commerce are not perceived as being effective as advocates for business interests; these organizations are often heavily politicized. Several institutes have studied the role of administrative barriers on business development, but their conclusions to reduce these barriers have not been implemented.	The World Bank (Private Sector Development Project, Enterprise Growth, Development Support Credit II); AUSAID/Australia (Providing computerization and e-governance systems to the Registrar Joint Stock Companies and Firms of Bangladesh); DFID (Regulatory and Investment Systems for Enterprise Growth – RISE)
<b>30. External Actors:</b>	External actors (multilateral and/or bilateral donors) place pressure on the government to implement anti-corruption activities through conditional aid or other mechanisms.	WB, ADB, UNDP, USAID, DFID, DANIDA. NORAD. CIDA, SIDA, AusAID, TI and others.

## **APPENDIX B**

### **List of People Interviewed and Meetings Conducted**

Academy for Educational Development  
ARD  
Asian Development Bank  
Asia Pacific Forum of Environmental Journalists  
ATDP  
Bangladesh Centre for Advanced Studies  
Bangladesh Garments Manufacturers and Exporters Association  
Bangladesh Environmental Lawyers Association  
Bangladesh Poribesh Andolon  
CARE Bangladesh  
Centre for Policy Dialogue  
Department for International Development  
Family Health International  
International Center for Diarrheal Disease Research, Bangladesh  
International Monetary Fund  
International Republican Institute  
International Resources Group  
IRIS Center  
National Democratic Institute  
NGO Service Delivery Program  
NRECA International Ltd.  
Plan Bangladesh  
Save the Children, USA  
Social Marketing Company  
The Daily Ittefaq  
The Daily Janakantha  
The Daily Jugantor  
The New Nation  
Transparency International Bangladesh  
UNDP  
USAID Bangladesh  
USAID Washington  
US Embassy  
US Department of State, Washington  
Winrock International  
The World Bank

#### **Khulna Focus Group Participants**

Rupantar  
Local Elected Bodies  
GOB Officials  
NGOs  
Local Citizen Groups