

**Study Report
On
Public Service Delivery and the Business Environment**

Conducted by



International Business Forum of Bangladesh (IBFB)

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List of Abbreviation

ACC	Anti Corruption Commission
BDR	Bangladesh Rifles
BEPZA	Bangladesh Export Processing Zone Authority
BERC	Bangladesh Energy Regulatory Commission
CPI	Corruption Perception Index
DESA	Dhaka Electric Supply Authority
DESCO	Dhaka Electric Supply Company
IBFB	International Business Forum of Bangladesh
NBR	National Board of Revenue
PDB	Power Development Board
PBS	Palli Bidyut Samity (PBS)
RAB	Rapid Action Battalion
REB	Rural Electrification Board
TIB	Transparency International Bangladesh

Executive Summary

This study conducted by the International Business Forum of Bangladesh (IBFB) primarily focused on the Government's Service providing agencies and the perception of businesses about these agencies. At the same time, IBFB incorporated into the study the opinions and comments of officials from the service providing agencies.

The study was conducted in three stages. For Stage 1, a few small, medium and large enterprises were interviewed with the objective of determining which of the Service Sectors were the worst performers. For Stage 2, the sample size of the small, medium and large enterprises was increased and further studies were done on what the businesses felt about the worst performing Service providers. Finally, for Stage 3, officials from the two worst performing sectors were interviewed to get their side of the story.

While conducting Stage 1, it was found that most businesses felt that corruption was most prevalent in the Power and energy sector. Closely following behind were the Tax Administration and also the Law Enforcement Agencies (especially the Police). From these three sectors, it was decided that for the next stage, the primary focus will be on the Power sector and the Law Enforcement Agencies.

Hence, for Stage 2, 15 respondents were each randomly selected from small, medium and large businesses (a total of 45 respondents) to gather further input from them about their impressions and opinions about the two selected service providers. For the Power sector, businesses felt that not only did it take too long to get a connection, but at the same time, due to bureaucratic hassles and indifference from the service providers, the procedure became more complicated, which in turn was very frustrating for the businesses. When asked to comment about the quality of the service provided, most of the respondents (especially the large enterprises) felt that the services were either poor or extremely poor. According to the respondents, factors behind providing such poor services included lack of motivation, lack of supervision, poor management and rampant corruption in the sector. On the bright side, businesses felt that harassment from the meter readers was now down significantly. Businesses also suggested that digitalization should be further extended and the staff should receive more training, and the Government should provide more funds to this sector.

Again, focusing on the Law Enforcement Agencies, all of the large and small enterprises did not find the Law enforcement agencies to be cooperative. When asked to rate the quality of the services provided by the Law Enforcement Agencies, most of the respondents felt that the quality was either average, or poor. When asked if the respondents felt that the government was doing enough to stop the culture of taking bribes by the Law Enforcement agencies, most of them said that the Government was not doing enough. The respondents, when asked what they felt were the reasons behind the poor quality service being provided by the Law enforcement Agencies, opined that the main reason was the poor salary structure that exists there.

Finally, when asked to compare the two sectors, businesses opined that when compared, they felt that the Law enforcement agencies were more corrupt, especially the upper level of the Law Enforcement Agencies.

The third and final stage of the study involved interviews with the relevant personnel of the two sectors. For the Power sector, officials felt that the Application process for a new connection was not as complex as consumers make it out to be. The officials did not completely dismiss the allegation of bills that don't make sense as alleged by the businesses, but the officials also remarked that all such allegations are investigated. The officials said that stern action is taken against those who take bribes. The officials also remarked that illegal connections were coming from the customer's side, but they were doing their best to encourage customers not to indulge in this practice. Many officials were also frustrated with the influence of the political party in power in the Power sector.

From the interviews conducted with officials from the Law Enforcement agencies, it was found that although they were going to take immediate action against a culprit, they faced an obstacle in the form of interference from the political party that was in power. Also, they admitted that the present pay structure of the Law Enforcement agencies was poor, which compelled many to resort to corruption and the practice of taking bribes. There was also no International standard training being provided, and the procedures in the law enforcement agencies were outdated and they had no say in changing these procedures because they came from the concerned ministries.

After conducting the study, some recommendations have been made on how to rectify these problems and thus make these two sectors more effective.

1. Introduction

Corruption holds different definitions for different people, the simplest and broadest being: *the misuse of public or private position for direct or indirect personal gain*. This includes bribery and extortion, which necessarily involve at least two parties, and results from a number of factors. For example, rapid economic and social change, widespread poverty and inequality, new institutions and weak administration, overlapping and sometimes conflicting views of acceptable ethical behaviour, governmental monopoly over economic activity, lack of knowledge about individual entitlements, ambivalence towards legitimacy of governmental organizations, and greed and patronage.

Private sector businesses depend greatly on public services in their work. Corruption in the service sector has adverse effects on business in Bangladesh, both directly and indirectly. Corruption makes it difficult for new businesses to form, and for on-going business to conduct their daily affairs. Corruption in the service sector is widespread, and has grown worse over time. It is evident in local, land and tax administration; in port and customs; in communications and transport; and also in law enforcement. It has had an adverse impact on local businesses, leading to lower economic growth nationally. Despite widespread agreement that corruption must be checked, curbing it in the service sector will not be an easy task to accomplish.

As per the agreement between the International Business Forum of Bangladesh (IBFB) and delegates from Developments Alternatives Inc- Promoting Governance, Accountability, Transparency and Integrity Activity (USAID-PROGATI), IBFB will undertake projects for USAID-PROGATI involving creative and innovative activities that will engage the Business Community in dialogue on anti-corruption issues with key local and national government and civil society leaders. Research is to be conducted on issues affecting local business, which will include transparency in business practices and their impact on export growth and competitiveness, and accountability regarding labour rights and environmental protection. In this regard, there were two Stakeholder's meetings with USAID PROGATI where suggestions were made on possible studies which can be conducted by IBFB, especially on the issue of corruption. From the first Stakeholders meeting and further discussions with the personnel of USAID PROGATI, it was decided that a study called "Public Service Delivery and the Business Environment" will be conducted.

2. Objectives

This study aims to identify the major issues of corruption facing businesses regarding their interaction with public service agencies. It is believed that these issues are major obstacles to both growth and profitability to small, medium and large enterprises. As a result, actions need to be taken to mitigate such corruption and their adverse affects on local businesses. This study will help to highlight the issues facing the business community in this regard, and provide clear recommendations for action that can be taken to improve the situation in the short and long-terms.

More specifically, this study of corruption in the service sector and of its impact on the business environment has the following objectives:

- 2.1 To identify major sources of service sector corruption facing small, medium and large businesses;
- 2.2 To identify the impact of service sector corruption on small, medium and large businesses;
- 2.3 To provide recommendations for mitigating corruption facing small, medium and large businesses in the short- and long-term.

3. Methodology

The study primarily relied on qualitative information collected from a sample of businesses in Dhaka. The field study was conducted as follows:

- 3.1 Review relevant secondary data on the research topic, in preparation for questionnaire development and field interviews.
- 3.2 In the first stage, interviews were conducted on a small selection of small, medium and large business leaders to determine the main problems they face in regards to public service provision. Interviews were conducted with about 5 leaders representing each group (15 respondents in total).
- 3.3 In the second stage, interviews were conducted with a larger group of representatives of small, medium and large businesses to discuss important issues and recommendations for change regarding the key service agencies. About 15 leaders representing each group were interviewed (45 respondents in total).
- 3.4 On the basis of stage 1 and stage 2 interviews, key (and most problematic) service agencies facing each business group were selected for further research and analysis.
- 3.5 In the third stage, interviews were conducted with 5 representatives of each of the key service agencies.
- 3.6 Analyzed all collected information and identified the major problems
- 3.7 Recommendations were made to rectify those problems.

4. Defining Enterprises

According to the Ministry of Industries of the Government of the People's Republic of Bangladesh, in case of manufacturing sector, if an enterprise's total value of all its fixed assets (except land and industry premises) is Tk. 50,000 to Tk.1.5 crore (i.e. Tk. 0.5 million to Tk. 15

million) and/or its total number of working staff is not more than 50, then the enterprise is defined as a small enterprise.

In the same way, if an enterprise's total value of all the fixed assets (except land and industry premises) is Tk.1.5 crore to 20 crore (i.e. Tk.15 million to Tk.200 million) and/or its total number of working staff is a maximum of 150, then the enterprise is defined as a medium enterprise.

In case of trading and other service sector, the Ministry defines the small enterprise as any enterprise having fixed asset within Tk. 50000 to Tk. 50 lacs (i.e. Tk. 0.5 million to Tk. 5 million) and/or their total number of working staff is not more than 25, while a medium enterprise has fixed assets within Tk. 50 lacs to 10 crore (i.e. Tk. 5 million to Tk. 100 million) and/ or a maximum staff of 150.

If the assets and/or the number of employees of any enterprise exceed these limits, then it is considered to be a large enterprise.

5. Findings from the Study

Since the study was conducted in three stages, the results obtained from each stage will now be presented.

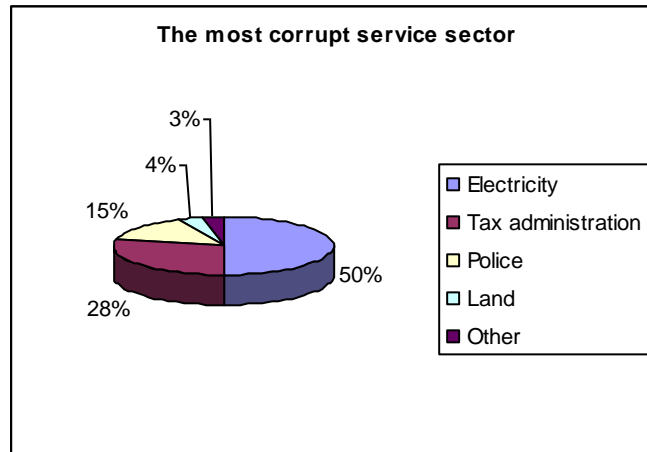
5.1 Stage 1

This phase of the survey captured the perceptions of the degree of corruption existed in different sectors, as seen by the business people of large, medium and small enterprises.

For this portion of the study, interviews were conducted on a small selection of small, medium and large business leaders to identify the major problems they face in regards to public service provision. Interviews were conducted with about 5 leaders representing each group, ie, a total of 15 respondents.

At this stage, perceptions on different departments of the public service delivery were collected. Major departments included Electricity, Gas, Water, Telecommunication; Tax authorities, customs, City corporations, Ministry of Land, BEPZA, BSCIC,PWD, public banks, Transportation, Port Authority, Ministry of shipping, Chief Controller of Export and Import and Joint Stock company, Judiciary and Law enforcement agency.

Almost all the enterprises felt that in Bangladesh, the Electricity sector was the most corrupt. However, small enterprises felt that the sector dealing in taxes was the most corrupt. Business also views complicated regulations on starting a new business or expansion of an existing one as a serious problem.



From findings of the perceptions of the three different group of enterprises, it can be said that utility service agency, especially electricity and tax departments are the most corrupt agencies which create problems in conducting business in Bangladesh. Corruption is also responsible for the poor investment choices of entrepreneurs. The Law enforcing agency also creates problems for these three categories of business.

The Berlin-based international anti-corruption organization, Transparency International (TI) ranked Bangladesh 10th from the bottom at its annual Corruption Perception Index (CPI) for 2008. Bangladesh has scored 2.1 points in a scale of 0-10, and has continued to be ranked low, which is 147th among 180 countries included in the index. Bangladesh was earlier placed at the very bottom of the list for the fifth successive year from 2001-2005. In 2006 Bangladesh was ranked no 3, and 7th in 2007, with a score of 2.1, almost the same as that of last few years' of 2.0, Bangladesh's apparent upward movement in ranking from 7th to 10th does not necessarily indicate any notable better performance over the last year, except that other countries may have performed worse (Source: Corruption Perceptions Index 2008, TIB).

After reviewing the existing literature on the public service delivery and interviewing people's perception, it is now clear that pervasiveness of corruption has reached an intolerable stage. Though this stage clearly identified the electricity and tax authority to be the most corrupt it was decided to survey perceptions on the electricity authority and the Law enforcement agency, since both are two of the most relevant sectors for ensuring better business in the country.

5.2 Stage 2

The second stage of the survey consisted of a sample size of 45 business enterprises and the information obtained related to services provided by various sectors, delivery of services and corruption in providing those services. This study was undertaken to obtain information on public services performed in two different sectors (i.e., Power sector and Law enforcement Agency) and the corruption that took place in delivering those services from a recipients' point of view.

5.2.1 Power Sector



A consistent and regular electricity supply is a prerequisite for economic development, and also integration into the global economy. Extensive load shedding from time to time, particularly during peak hours, normally disrupts industrial production, thus affecting the country's external competitiveness. Entrepreneurs have been forced to invest in stand-by generators, which have raised production costs. However, captive generation by the private sector has gone up considerably.

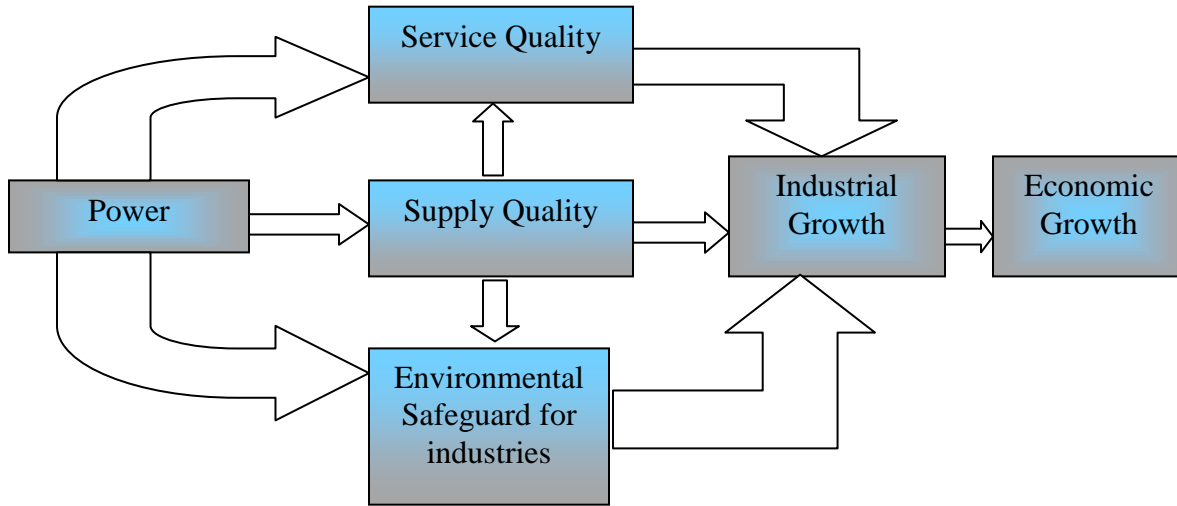
The Dhaka Electric Supply Authority (DESA) carries out the distribution and commercial operation in Dhaka city and its adjoining areas. DESCO runs the operation at Mirpur, Agargaon, and Gulshan circle. The Rural Electrification Board (REB) supplies electricity to the rural areas of the country and PDB does this for cities and towns, including a portion of the rural areas.

5.2.1.1 Why is power a prerequisite for the private sector?

Bangladesh is a developing nation with rapidly growing energy demand. Bangladesh has huge potential for industrial growth. The acute shortage of electricity is hindering the industrial growth as well the growth of economy. To run manufacturing industry, machineries play a key role to the process of business development. It not only transforms inputs into outputs but also embodies technological changes, which holds the key to successful industrial expansion and accelerated economic growth. Frequent outages without prior notice are hitting hard manufacturing industries across the country as well as the service sector with small and medium units suffering the most. Small and medium units, who do not have captive power generators, are the worst sufferers. The worst thing is that factory operators do not know beforehand when power will be off and for how long, so that they cannot plan production hours. Owners of leather units claimed that blackouts without prior notices were doubling their production costs.

The opportunity cost of these outages on the economy is significant. If the frequency and duration of outages can be reduced, a higher tariff is likely to be acceptable to important industries such as tobacco, wearing apparel, and leather products. Further, improving awareness of energy conservation and implementation of an aggressive programme towards it in the industrial sector will help to ease these adverse impacts on the economy to a large extent. Electricity is also needed for establishing water treatment plant, industrial purification, air purification which in turn will minimize the negative impacts on the environment due to industrial wastes.

Chart 1: Power and Industrial Growth



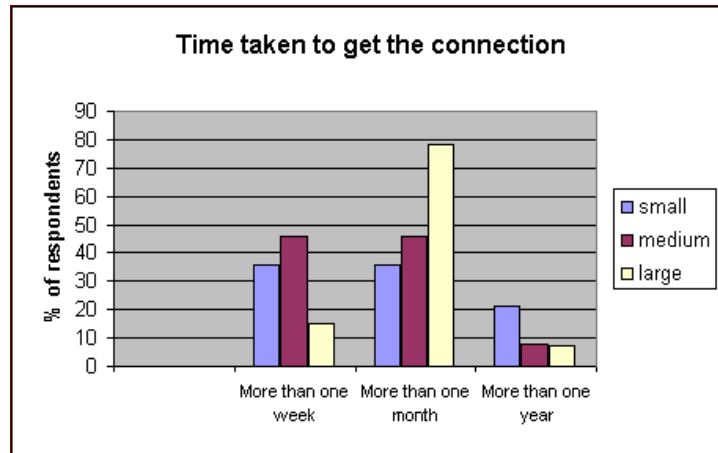
5.2.1.2 Key findings from the study

Interviewing people from the business sector disclosed some disappointing information. Usually business people have enormous complaints regarding the service they receive from the public service agencies. The worst part is, there is no structured unit in those public service agencies to receive and take the necessary actions against such complaints from the people. Some business people argued that sometimes they raise their common problems in their respective association’s meeting, where they are members. Businesses who are not members of any association or trade body- especially the small and medium sized businesses- do not speak up at all.

Time to get an electricity connection

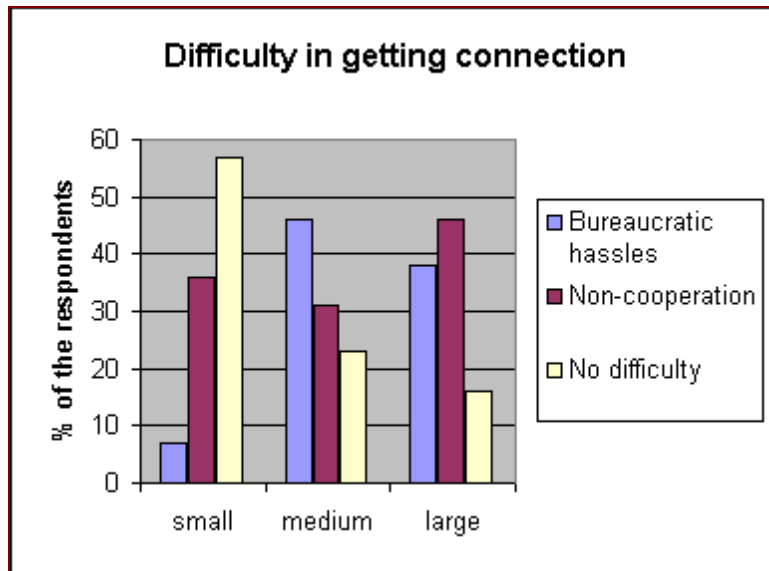
It was found that it took more than one week for 36 %, more than one year for 21% and more than one month for the rest of the sample population of the small firms who needed to take the electricity connection to start their business. This duration becomes miserable for medium and large enterprises. It was found that it took more than one month for 46 % of the medium and 78% of the large business enterprises who had to take the electricity connection for their businesses.

Table 1:			
Time taken to get the connection	% of the respondents		
	small	medium	large
More than one week	36	46	15
More than one month	36	46	78
More than one year	21	8	7



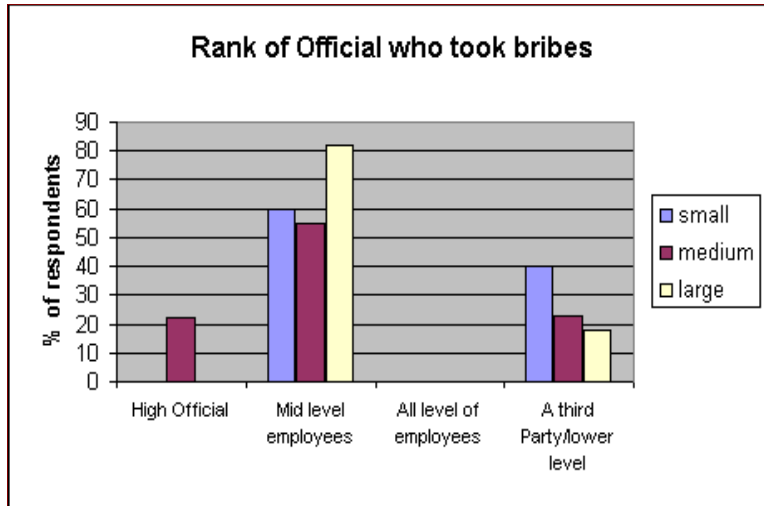
Corruption: killing interests to get a new connection

The survey shows that for getting a new connection, bureaucratic hassles and non cooperation of the service providers were among the two most undesirable phenomena for which client dissatisfaction was increasing at an alarming rate. The documentation procedure involving getting an industrial connection ranged from providing property ownership papers and lease deeds, to clearance certificates from the Fire Department and the Health Division, and so on, while the time involved in transferring the application from one office to another is often negatively related to the amount of “unscheduled money” paid.

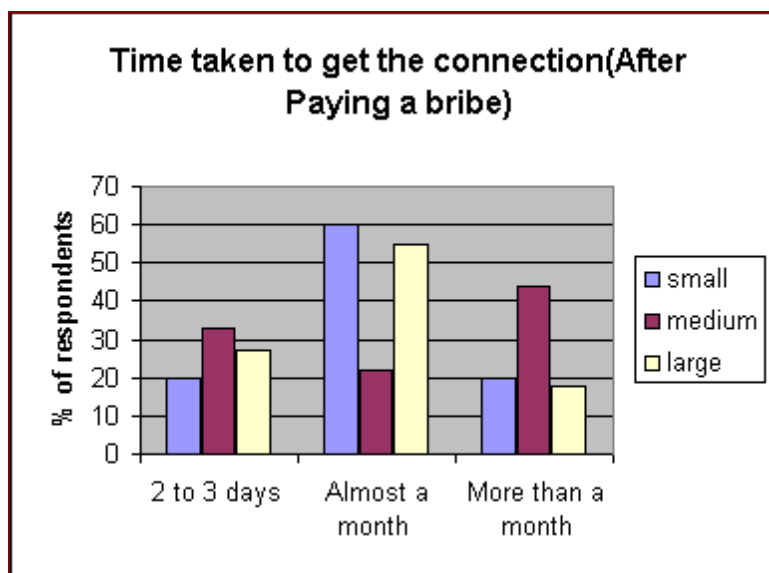


As seen from the figure above, 35% of small firms reported that they had to pay a bribe for getting a new connection for their business. Of them, 60% paid the bribe to mid level employees, while the rest paid a bribe to the lower level. Also, 69% of the medium sized firms paid bribes to mid level, lower level and higher level employees.

Rank of Officials who took bribes	% of the respondents		
	small	medium	large
High Official	0	22	0
Mid level employees	60	55	82
All level of employees	0	0	0
A third Party/lower level	40	23	18



It has found that 55% of the large enterprises and 60% of the small enterprises had to wait almost a month for a new connection even after paying the bribe. However, some influential people who had strong “connections” or links with people in the sector managed to get the connection within a very short period of time. Bribe, with a combination of liaison, tremendously helped to speed up the procedure. For large enterprises, it is now a common practice to pay bribe to the service providers. Compared to their economic activities and profits, this portion is almost negligible for them, and doesn’t have much impact on their profitability.



Theft and Illegal Connections and its implications on supply

Business people remarked that increasing production of electricity is an utmost necessity, both for increasing the industrial production and for reducing corruption that is prevalent in the power sector. System loss might be one of the most heinous incidents in power sector which might be the consequence of theft of power. Illegal supply lines to run small workshops, operate rice mills, flour mills, etc. consumes huge amount of power. Such operators make a hefty profit from their activities but they pay nothing to the government in the form of taxes.

According to them, acute shortage in power generation resulting in frequent load shedding, low voltage and low frequency might be the root causes behind the corruption. Due to a lack of proper monitoring and supervision, it has become a normal phenomenon among the employees of the public service agencies. According to the businesses, some high level officers are involved in carrying out these dishonest practices. Tapping distribution lines, bypassing meters, 'fixing' the meters, illegal connections are pervasive in the sector, which results in huge losses of revenue each year. Moreover, the poor supply puts extra burden of using Generators for which opportunity cost is higher for medium and small sized industries. The cost of buying and using generators could have been used for other productive operations such as buying machineries or hiring more workers.

Bureaucratic hassles: a severe restrain for expanding business

The poor supply of electricity resulting from poor production and system loss creates doors for rent seeking and bureaucratic entanglement along with corrupt actions.

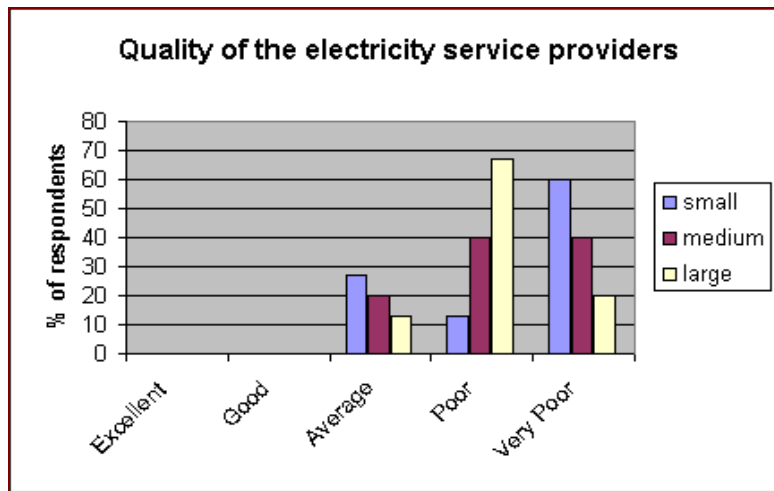
Business people agreed that the prevailing bureaucratic obstacles in the power sector and government inaction on this issue often kill the interest for business creation and even for business expansion. Entrepreneurs are turning away from investing in the country due to these hidden costs. Almost all business people argued that entrepreneurs feel a lack of confidence to start a business, and the elasticity to avoid taking such initiatives is very high.

An owner of a medium sized business commented "My wife also wanted to start a business of her own, but nobody is there in the public agencies to extend their cooperation to her. It will be a waste of time and money."

Quality of the services

One portion of the Questionnaire used to collect data asked about how business people look at the service provider, what are their views regarding the quality of the service providers and also how they look into neighbouring countries' situation. While asking these questions, a stream of discontent was found among the business people. For example, in response to a question on the quality of the service, 40% to 70% respondents of the small, medium and large enterprises consider the service quality of the electricity provider to be either poor or very poor. They also said it is much worse than the neighbouring countries and they also claimed that the electricity tariffs are higher in Bangladesh. However, most of the small enterprises did not have any idea about the situation in the neighbouring countries.

Quality of the electricity service providers	% of the Respondents		
	small	medium	large
Excellent	0	0	0
Good	0	0	0
Average	27	20	13
Poor	13	40	67
Very Poor	60	40	20



Positive findings from the study

Most of the business enterprises agreed that meter readers paid regular visits to their enterprises without causing any harassment. The rate of taking bribe had now been reduced to tolerable level. Moreover, computerized meters in industries reduced the hassles involved in meter reading.

5.2.1.3 Factors responsible for poor service

The study identified four main possible factors behind the low quality service- corruption, lack of motivation, lack of supervision and poor management. It was also found that all of these factors were interrelated and responsible for the overall poor service. Lack of quality manpower and lack of proper training resulted in inefficiency in management and poor Government incentive, while lack of accountability and transparency in the service system often opened up door for corruption.

Moreover, acute scarcity of electricity, absence of actions against illegal consumers of power, trade unions with political patronage who are the beneficiaries of the system loss and corruption, and existing lengthy and complicated procedures for getting a new connection were also some of the other strong reasons that were identified by the respondents.

5.2.2 Law Enforcement Agency



Law Enforcement Agency is to provide service to all citizens and make a better and safer place to live and work. Its primary objective is to uphold the rule of law, ensure safety and security of citizens, prevent and detect crime, bring offenders to justice and maintain peace and public order. Primarily Law Enforcement Agencies include Police, BDR, Bangladesh Ansar and VDP, Bangladesh Coast Guard and RAB. Also Judiciary falls under the Law Enforcement Agency. In this report, the primary focus was on the Police force.

5.2.2.1 Why enforcing the law is necessary for the private sector

In the face of globalization, the importance and contribution of the private sector is increasing at an appreciating rate. The private sector is now the major source of investment in the country. Private sector businesses are facing a lot of challenges to sustain themselves amid political turmoil, obsolete and excessive business regulations, highly politicized labour markets and unions, bureaucratic interference, lawlessness and poor infrastructure.

Business production environment is also characterized by rampant corruption, political tensions between the party in power and the opposition parties, frequent strikes and natural disasters.

Among these the sense of insecurity in terms of law enforcement is one of the most vital reasons for low interest in investing in Bangladesh.

For ensuring better business environment incorporating fair laws and their strict enforcement is the call of the day.

5.2.2.2 Key findings from the study

A very vital question usually asked is: To whom should the people go to seek help from for their business needs? Should people go to the Police, or go to somewhere else to seek help for seeking help from the police?

Law Enforcement Agency vis-à-vis Business Enterprises

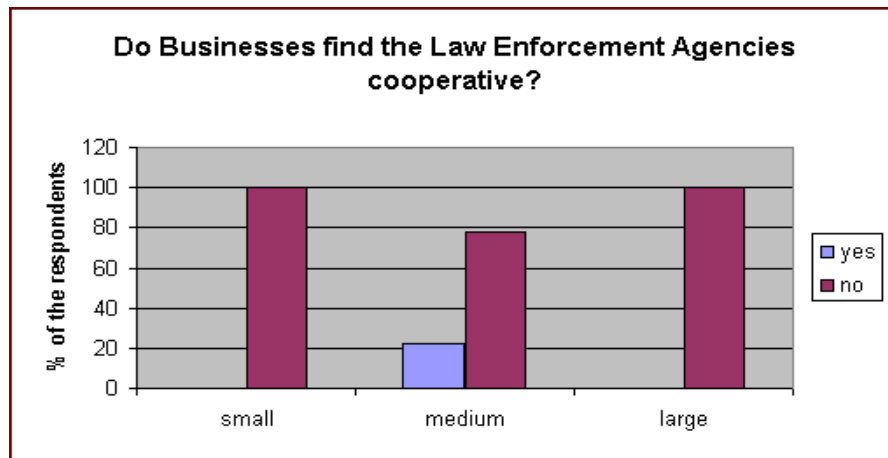
The survey indicated that the tendency to seek help of the police was higher among medium and large enterprises. Nearly 60% of the medium and 40 % of the large enterprises sought help of the police for theft, lost products, worker unrest, terrorism, extortion, etc.

Only 13% of the small enterprises reported that they had to seek help of the police for preserving safety of their businesses.

Police response to help business

Respondents were found to be very unsatisfied with the services of the Law enforcement agencies. They reported the indifference or incapacity of the police in enforcing law and order as the main reason for a lack of interest to invest in a new venture or extension of the existing business in the country (i.e., invest more). Around 78% of medium enterprises questioned had little or no respect in the integrity of the police, whereas 100% of the large enterprises reported that the police were entirely non cooperative in taking any legal action unless they made any illegal exchanges with them (i.e. paid them a bribe). The large enterprises now take this for granted and earmark financial provisions to deal with police and also for the extortionist.

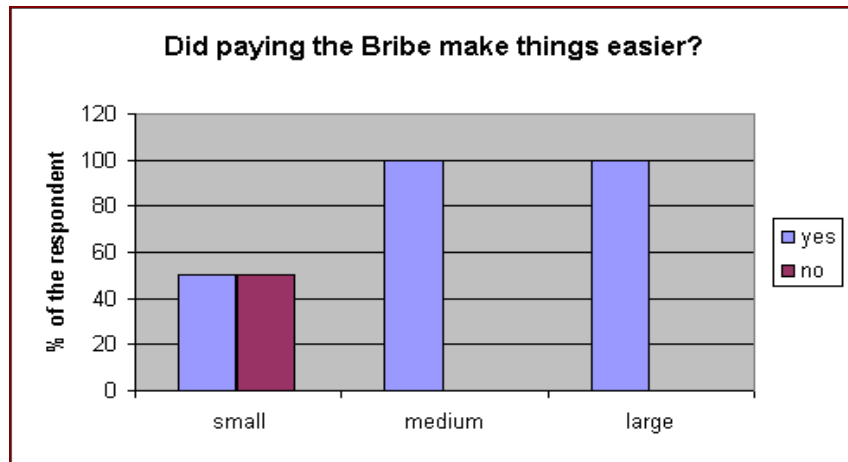
Table 4:			
Do Businesses find the Law Enforcement Agencies cooperative?	% of the respondents		
	small	medium	large
Yes	0	22	0
No	100	78	100



Prevalence of corruption in the Law Enforcement Agencies

Corruption may take place in various forms in the Law enforcement agency, such as abuse of authority, nepotism, favouritism, fraud, patronage, theft and deceit, etc. According to the survey, law enforcement is one of the most corrupt Government agencies. Of the total respondents, 77% from medium enterprises who had interaction with the police reported some sort of corruption. They had paid bribes for getting help of the police. At the same time, 67% of the respondents from large enterprises also reported they had paid bribes to the inspector and Officer in Charge (OC) of the Police Station for getting their service. Surprisingly, 100% of the large and medium enterprises claimed that paying a bribe to the officials of the law enforcement agencies made things much easier for them. Bribes were also paid to file a complaint by 78% of the respondents.

Did paying the Bribe make things easier?	% of the respondents		
	small	medium	large
Yes	50	100	100
No	50	0	0



Corruption is widespread among the law enforcement agencies when it comes to transporting goods. Businesses claimed that they had to conduct illegal transactions for transporting their commodities throughout the country. Vehicles transporting goods had to purchase “coupons” from traffic police to move from one police station (*Thana*) to another to avoid harassment. This sort of harassment has become unbearable for medium and small enterprises and being unable to make the illegal payments, police brings up false charges against them for which they had to pay hefty fines.

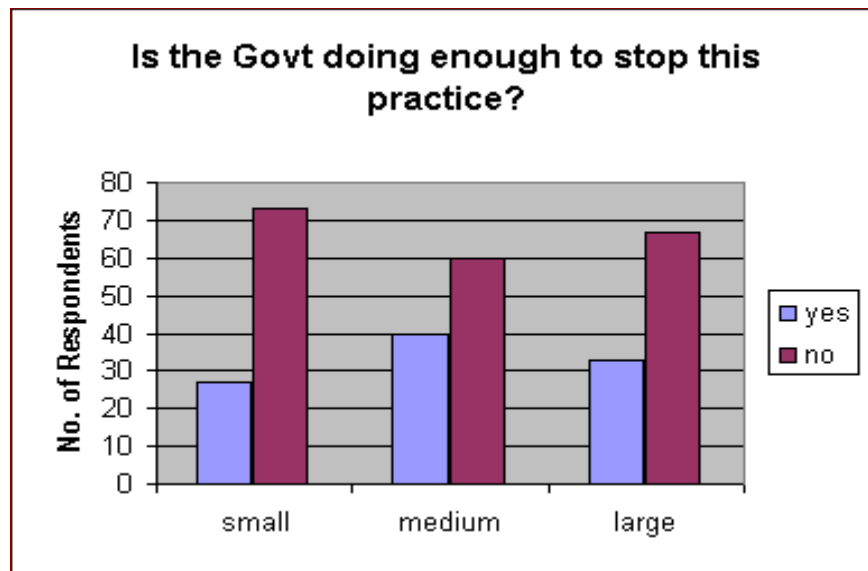
Quality of the services

Only 13% of the small and medium enterprises and 7% of the large enterprises found the quality of the Police service to be good, while the rest of the respondents said it was either average, or poor. When asked to compare with the neighbouring countries, 40% to 60% of the enterprises said the quality of the Law enforcement agency of this country was much worse than the neighbouring countries.

Is Government doing enough to wipe out the corruption?

Is the Government doing enough to combat corruption? When asked this question, respondents were found unhappy with the efforts of the Government. They commented that the Government promised to do a lot, but when it came to implementation, those plans do not always work or if they do, it is not sustained for too long. The efforts of the Government towards fighting corruption always changes as soon as the Government changes.

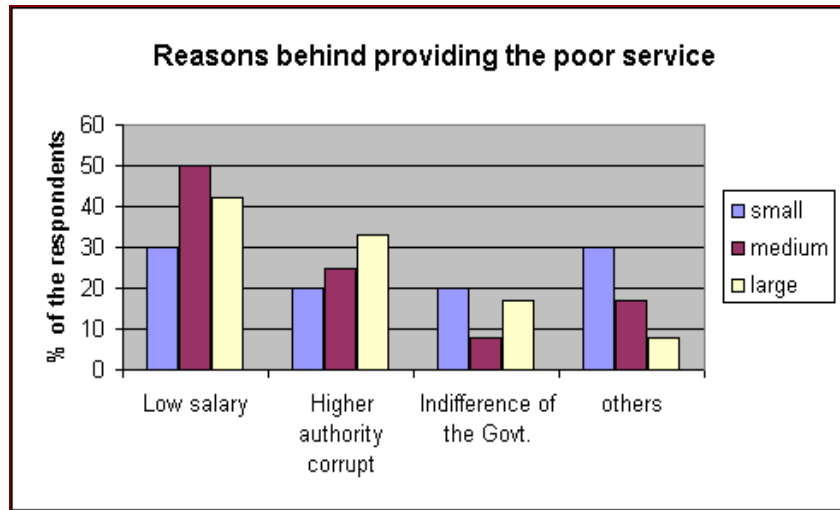
Reasons behind providing the poor service	% of the Respondents		
	small	medium	large
Low salary	30	50	42
Higher authority corrupt	20	25	33
Indifference of the Govt.	20	8	17
Others	30	17	8



5.2.2.3 Sources of unethical practices

It was widely alleged that to get things done, one had to often make unscheduled and illegal payments to these law enforcement agencies. The opportunity cost of such payments is much lower for the large enterprises and because such payments are unavoidable, enterprises often keep a provision for handling these cases. Because now it's becoming a part of the businesses, enterprises look at it as an expected cost and so public agencies continue to take such unrecorded payment. It has become a strong, vicious cycle from which neither the service agency nor the consumer could escape.

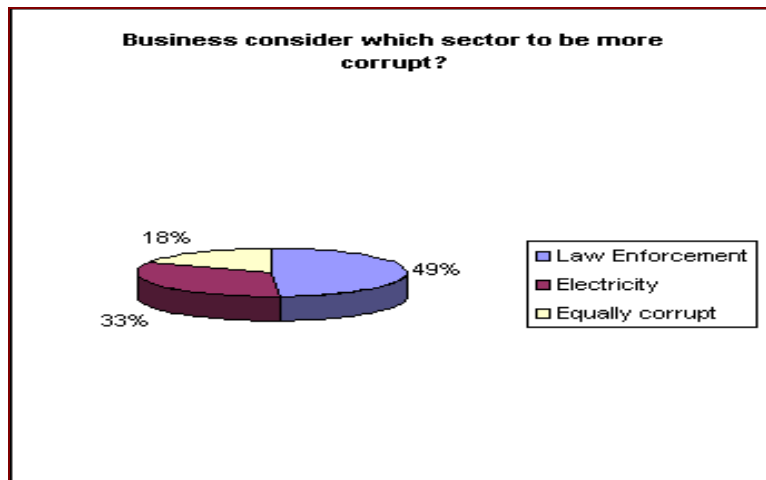
Nearly 50% of the medium, 42 % of the large and 30% of the small enterprises who dealt with the Police alleged that poor public incentive is one of the main causes behind corruption. However, 20% to 30% enterprises think the higher authority is most corrupt and this in turn starts a chain reaction, which leads to middle and lower level officials also indulging in corruption.



5.2.3 Comparison between the two sectors in providing services

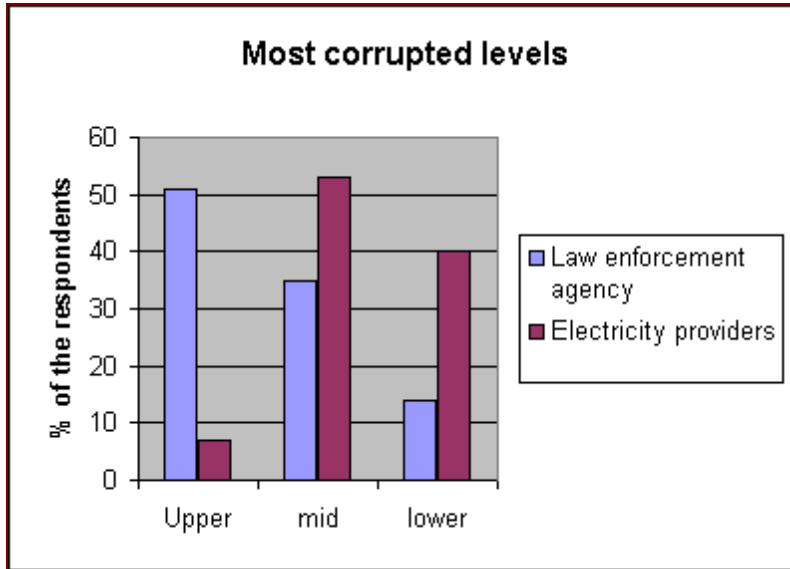
The study identified a comparative analysis of the sternness of corruption between the Law enforcement agency and the Electricity providers. It was found that 49% of the respondents consider the Law Enforcement agency to be the most corrupt, while 33% of the respondents consider the Electricity providers to be the most corrupt. However, 18% of the respondents consider both sectors to be equally corrupt.

Overall comparison between two sectors			
% of the Respondents	Law Enforcement	Electricity	Equally Corrupt
	49	33	18



It was also found that the upper and mid level of the of the Law enforcement agency were the most corrupt, while mid and lower level of the electricity providers were most corrupt.

Which level most corrupt	% of the Respondents		
	Upper	Mid	Lower
Law enforcement agency	51	35	14
Electricity providers	7	53	40



5.3 Stage 3

An institutional survey on performance or delivery of public services in the two sectors was conducted to obtain information on the services from a provider's point of view. For this stage of the study, 5 senior ranked officials from each of the service delivery agencies (namely, Police and Electricity Service) were selected for the interview.

5.3.1 What do the providers think?

To view the other side of the coin, the electricity providers and Law enforcers themselves were approached and they were asked the same type of questions that the business people were asked. But this time the questions were from the provider's point of view.

The electricity providers

Many of the businesses complained that it takes too long to get an electricity connection, and it seems that the main reason behind such delays was problems with the infrastructure. Also, before providing the connection, the providers examine all the existing conditions like availability of transformers, distance of the place from the sub station, etc. which results in further delays. Refuting the allegation that the Application process was complicated, one high official from the REB informed that they distribute electricity through 70 Palli Bidyut Samities (PBS) and all of these Samities have a "One Stop Service" that helps to complete the necessary process in order to get an electricity connection.

When it comes to bills that do not make sense, all the officials interviewed admitted that this has happened previously, and although there is no department or a "Complaint box" in place, they do their best and investigate the matter, but usually, the complaints turn out to be baseless.

When it comes to allegations of taking a bribe, the officials said that actions are immediately taken, especially when it's a very serious case where the culprit's employment is immediately terminated.

Regarding illegal connections, the officials claimed that this came more from the Consumer's side and they have nothing to do with it. To prevent this from happening, the officials informed that they have a vigilance team that monitors these illegal connections, and at the same time, the providers conduct motivational meetings at the community level to encourage consumers to be honest and refrain from taking illegal connections.

Many officials commented that interference from the political parties prevailed severely in the Power Sector, who also influenced the Boards.

“One REB official, on condition of anonymity, informed that a very low ranked official from REB escaped from the allegation of bribery even after all necessary evidence was provided, when a high official involved with the party in power simply made one phone call”.

Furthermore, the officials said that there was no fund for any future developments. They also said that it was necessary to have prepaid meters to curb tampering and cheating on electricity bills, although this is an expensive proposition. Many of them also agreed that the currently existing pay scale in the power sector was not adequate.

The Law Enforcers

It has been found that most actions taken by the Police-be it good or bad- are seriously influenced by people wielding power. Although the Police can take action very quickly and almost immediately, quite often these are affected from interruptions and interventions from the Political party that is in power during that period. At the same time, the police do their level best to please the party in power, rather than trying to serve the general public. Also, it seems that there is no special unit in the Police force that can investigate alleged corruption by officials.

When it comes to which level is corrupt, it would seem that most businesses are of the opinion that, more or less all levels are equally corrupt, but in a way, it is the upper level of the Police that seem to indulge more in corruption. The main reason, it seems, for the Police indulging in corrupt practices is their very poorly structured pay scale. A lack of incentives, along with zero risk allowance and very little logistical support results in the provision of very poor quality service and indulging in corruption by the mid and lower level of the Police. On the other hand, there seems to be no provision for providing any form of International training.

When we look at the structure of the Police, it immediately comes to our attention that this structure was established during the British colonial era, and this structure, along with many of the rules practiced by the Police which can be deemed nothing less than obsolete, still exists and is practiced and implemented even today. At the same time, the Police do not have the independence to make their own policies, but rather, most of these policies are made by the concerned ministries.

Looking at the make-up of the Police force, it was found that most of the work force is at the lower level, and in most of their cases, they seem to have a very limited educational background and they are not very well trained, and because of this, their behaviour towards the general public is also very poor.

6. Possible Remedies

6.1 *The remedies for Power Sector Service Improvement*

- Introduction of one stop service for handling all the applications for new electricity connection;
- Introducing simple and computerized application process;
- Promoting accountability and transparency in all departments of the service agencies.
- The appointment of independent and competent board of directors in service providing agencies would help combating political and bureaucratic hassles in the management of power utility.
- Executing body of the electricity service providers should be given authority to work independently. All sorts of political interference should be removed.
- Establishing efficient units in service agencies for receiving complaints and for taking necessary action immediately, without any delay
- Vigilance team who are responsible for preventing illegal connection, should perform their duties sincerely and with dedication;
- Power shortage is one of the main reasons for poor service delivery. Steps should be taken to increase the power production by alternate sources of energy like solar, wind, atomic power, renewable energy etc.
- Importing electricity from neighbouring countries to overcome the current crisis. This can be done by lowering Government expenditure on luxurious items.
- Creation of awareness for using less electricity during peak hours as much as possible;
- Load shedding should not be the only means to reconcile the demand to available capacity. Institutional capacity and operating efficiency of the power suppliers should be improved to provide the consumers best possible services.
- Pre paid meters should be introduced in all areas.
- Abuse of equipments from the stores should be strictly controlled so that timely delivery to the consumers can be ensured.
- Introducing training and motivate the relevant personnel of the power distribution companies for not involving in corruption with the consumer in meter tempering, illegal connection, by passing etc. and thereby reducing system loss.
- Developing Social Campaigns for establishing consciousness among the consumers as well as the service providers regarding proper use of power.
- The existing salary structure of the organizations providing power should be overhauled and the pay scale should be matched with the current cost of living.
- Corrupt officials should be penalized severely so as to discourage corruption by their peers.
- Bangladesh Energy Regulatory Commission (BERC) should be made more efficient with appropriate human and other resources and adequate power and authority.
- There should be a restriction on the activities of the Trade Unions, and they should not be allowed to interfere in the matters of management and operational issues.

6.2 *The remedies for Law Enforcement Agency Service Improvement*

- Law enforcers should be empowered to work independently, and all kinds of political interference should be removed.
- There should be an introduction of one stop service for handling cases.
- There is a lack of proper training and motivation. Quite often, the Police seem to forget that their job is to serve the people.
- Reform of the Police Service is required so that Police become a trusted partner to address the community needs rather than being a 'feared force' of the state.
- Police must remain accountable to the Law, and to the People.
- Corrupt Police personnel should be given exemplary punishment, with this being implemented by a neutral tribunal.
- There should also be recognition and reward for the honest and efficient Police officials.
- It must be ensured that there is strict adherence to the code of conduct through proper monitoring.
- A new ordinance was proposed in 2007 to replace the old ordinance that was drawn up in 1861. This new ordinance should be passed immediately so that the police force can keep up with modern times.
- Despite the existence of some good regulations, they are usually not followed. Thus the implementations of these regulations should be ensured.
- Service delivery should be decentralized, which in turn will make the state more responsive to the needs of the people.
- The Police force should be provided more training and they should be modernized.
- To insulate the police from Political Influence, Officers should be hired, transferred and promoted based on merit by an independent commission.
- The police-population ratio should be increased (i.e. more Police officers should be recruited)
- Radical restructuring of the police department is needed to control corruption in the department and to enhance its efficiency in order to improve the law and order situation in the country.
- Introducing standard retirement scheme for the police officers so that they feel secured after their retirement.

7. Concluding Remarks

William Shakespeare in Julius Caesar wrote "Men at some time are masters of their fates: The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings".

It's high time to change the mentality of the people involved not only in the public service agencies, but also those who control these agencies. Yet, the question remains: when and how? For this a combination of proper monitoring, practicing accountability along with proper incentives to work honestly is extremely necessary.

Both the Law enforcement agencies and the Power Sector play a vital part if Bangladesh is to achieve its target of becoming a developed, industrialized nation. Yet, our findings show that many small, medium and large enterprises are not satisfied with the level and quality of services provided by these agencies. Regarding the Law Enforcement agencies, it seems that the government should do more to improve on their pay structure. Inadequate fund for development in the relevant sectors poses a further impediment, and the lack of government incentives and appropriate support, particularly in the current economic climate, make it very difficult for entrepreneurs as well as the service providers to take advantage of trade opportunities that may exist. However, time has come to also pay attention to the positive outcomes and implement these outcomes even further. It seems that a lot is being done to reduce corruption in the power sector. Through this study, we have tried to bring to the attention of the relevant authorities the problems that prevail in these two service providing agencies as seen from the business perspective, and we have also made some short term and long term recommendations on how these agencies can improve their services. By implementing our recommendations and perhaps even more, we believe that the services of these two relevant agencies can improve, and that way, it would be business enterprises that would benefit the most.