

The Daily Star

FOUNDER EDITOR
LATE S. M. ALI

DHAKA TUESDAY APRIL 5, 2016

Ensure both security and speed

Screening export cargo

THE UK government's decision to impose a ban on direct cargo flight from Dhaka has badly hit Bangladesh's exports to UK, particularly exports of perishable goods. The daily export of vegetables to UK has come down to 50-70 tonnes from 80-100 tonnes.

The UK ban also requires Bangladeshi cargo flights to go through re-screening in a third country. The goods now have to wait twice to be screened, which not only takes an additional day to reach UK but also causes at least 20 percent quality loss of the goods. As a result, the exporters are failing to meet the deadline and maintain the quality of their products. If this trend continues, it will seriously hurt our overall exports.

The government has beefed up the screening process to address the security lapses, but the speed of work has been hampered by shortage of screening equipment. There are only four scanners to check more than 800 tonnes of goods everyday; the protracted security procedures have also slowed down export to other countries.

Earlier the government appointed a British firm to supervise security at Hajrat Shahjalal International Airport. While it should take all necessary measures to meet the security requirement, the government should also gear up its diplomatic synergies to take the UK government into confidence and remove undue security hassles in cargo shipment.

The government has already floated a tender for importing scanners and it should expedite the procurement process. Meanwhile, perishable goods need to be screened on a priority basis to compensate the time loss.

Money laundering and terror finance

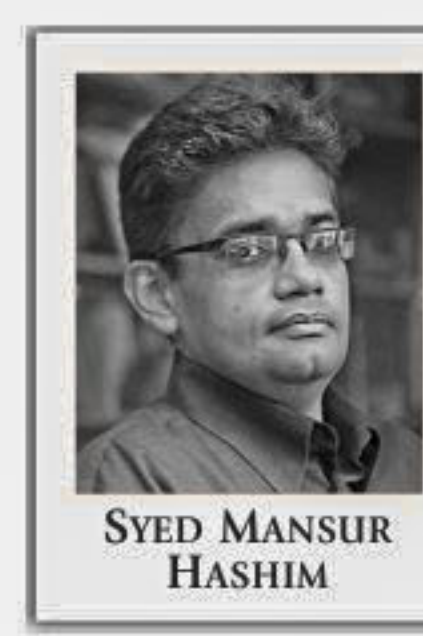
Act to avoid being classified 'risky'

THE news that Bangladesh might be classified 'risky' by the Asia/Pacific Group on Money Laundering (APG) is worrying. It is an issue that the government should take seriously. There are two sides to money laundering. Just think what the country could have done with the more than \$55 billion that was, reportedly, siphoned off from the country between 2004 and 2013 alone. The issue has taken a new and more ominous dimension since terrorism and money laundering have become interlinked and are addressed by nations as such to combat the menace. Although the government has formulated a strategy paper to tackle the twin issues, it is not as comprehensive as it might be since the method and modalities of operationalising the strategy is not specifically spelt out. That is what the APG has recently pointed out.

The country is also an underperformer in two indicators set out by the APG. Of them, one is swapping reliable information internationally, having an effective financial intelligence programme, and action taken against terrorists and their assets. The other assesses how effectively we use information gathered through financial intelligence and other activities in preventing money laundering and terror financing.

Our financial intelligence unit (FIU) must invigorate the process of inter-agency coordination and draw out specific plans to prevent laundering and terror financing. The existing laws against money laundering need to be implemented quickly. This is essential to uphold our national security interests. Foreign direct investment to the country will dry up if Bangladesh is classified as risky. The government should do away with all the impediments that hinder strict and rapid implementation of anti-money laundering laws.

Preventing illicit money outflow



SYED MANSUR HASHIM

SIPHONING off money and repatriating it to foreign lands has been a systemic problem in Bangladesh for at least a decade. We are informed by a draft assessment

report by the Asia Pacific Group on Money Laundering (APG) that Bangladesh runs the risk of being labelled a 'risky country' unless steps are taken to tackle money laundering and terror financing. According to a report published in The Daily Star on April 4, "US\$55.88 billion has been siphoned off from Bangladesh in the past 10 years, according to Washington-based research and advisory organisation Global Financial Integrity".

We first made the news of being a "risky" country in 2010 but managed to wean ourselves away from that branding in 2014, thanks to prudent policy measures. That we are again running the risk of going back to "risky" spells trouble for our ratings and image. What becomes clear from the APG and other reports by Global Financial Integrity (GFI) is that not enough is being done by the Bangladesh Financial Intelligence Unit (BFIU) to collaborate with other international agencies in an effort to restrict money laundering and funding terrorist activities.

Indeed, we understand from the statements made by BFIU representatives that the upholding of standards has everything to do with the implementation of technical standards set by APG (Bangladesh is also member of APG). Terror financing and the illicit flow of funds remain global problems. Other countries have far greater experience handling and countering these channels of funds and our central bank needs to get a move on in improving areas of deficiency. Apparently we have scored "medium" in certain crucial standards, viz., exchange of accurate information, financial intelligence programme, and steps taken against terrorists and their assets. What is clear is that Bangladesh has submitted

technical compliance response and effective response measures to APG last April and June, but as the latest draft report points out, we still have a lot more to do, particularly due to a lack of coordination between relevant ministries, division and agencies.

When we take into context the areas of illicit fund flow, it is trade mis-invoicing that remains the primary tool for illegal transfer of funds out of a country. This practice involves where trading partners write their own trade documents, or arrange to have the

top five Asian countries involved in IFF over the ten year period covered, the funds that have flown out over the decade is roughly 1.5 times the current fiscal budget of Bangladesh.

So what is to be done to prevent Bangladesh from being demoted? BB has assured that necessary improvements will be made by July to avoid being labelled "risky". And it is not merely a set of measures that BB must take, rather, steps have to be taken by a wide range of agencies, including the National Board of Revenue, law enforcement agencies and several government departments,

standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system: "Regulators and law enforcement officials must strongly enforce all anti-money laundering laws and regulations already on the books. This includes prosecuting criminal charges against and imposing appropriate penalties upon employees of financial institutions who are culpable of allowing money laundering to occur."



A delegation of the APG visited Bangladesh last October to inspect different initiatives to restrict money laundering and terrorist funding. During the visit, the team couldn't get any clear idea about which government agency leads probes in lawsuits over money laundering and terror financing.

documents prepared in a third country (also known as re-invoicing). The practice, according to a report by GFI, allows for "fraudulent manipulation of the price, quantity, or quality of a good or service on an invoice allows criminals, government officials, and commercial tax evaders to shift vast amounts of money across international borders quickly, easily, and nearly always undetected." The study "Illicit Financial Flows from Developing Countries: 2004 - 2013" prepared by GFI covers only mis-invoicing of goods trade. And although Bangladesh does not come in

simply due to the fact that combating the illicit flow of funds requires a collaborative approach between and among various bodies. As is evident from a report published in this paper on April 4, "a delegation of the APG visited Bangladesh last October to inspect different initiatives to restrict money laundering and terrorist funding. During the visit, the team couldn't get any clear idea about which government agency leads probes in lawsuits over money laundering and terror financing."

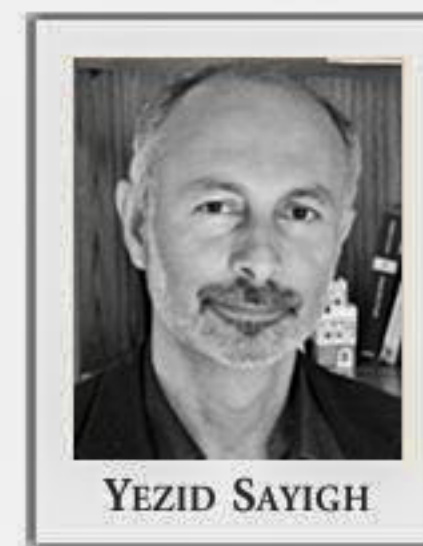
As pointed out by Financial Action Task Force, an inter-governmental body established in 1989, which sets

Precisely what steps the government is going to take to tackle the twin problems of money laundering and terror financing is up to the policymakers. That we cannot merely sit by and let things continue is obvious. But what is evident is that merely having good intentions and policies are not enough to combat money laundering. It is enforcement of those policies that bring about changes. It is either that, or ending up a few notches down in the list of countries that are considered most risk-prone in terms of money laundering and terror financing.

The writer is Assistant Editor, The Daily Star.

PROJECT SYNDICATE

Reforming the Arab security state



YEZID SAYIGH

EXPERIENCE across the Arab world demonstrates that when it comes to security-sector reform, technocratic approaches are inadequate. Simply

put, a technocratic focus on upgrading skills and operational capability, in the absence of improved governance of the security services, can be easily subverted by anti-reform coalitions, resulting in the continuation of regressive patterns of behaviour.

This is especially true in polarised political and social environments – the most obvious cases today being Egypt, Iraq, Libya, and Yemen, not to mention Bahrain and Syria. But even in countries where there is some degree of political pluralism and an absence of civil strife or domestic armed conflict – such as Lebanon and Tunisia, and potentially the Palestinian Authority and Algeria – incremental approaches can achieve only partial success. Creating a fully modernised and accountable security service requires more than technocratic tinkering.

Regardless of formal legal frameworks, barriers to effective audits prevent the monitoring of financial flows to and within the police and internal security agencies. Moreover, such institutions are often able to absorb formal anti-corruption training and yet continue with business as usual.

For effective security-sector reform in the Arab world to occur, the shroud of secrecy surrounding the sector must be removed. But among the Arab states, only Yemen drafted a Freedom of Information law after 2011. Conversely,

several state institutions blocked a proposal by Egypt's Central Auditing Agency for legislation stipulating citizens' right to access information regarding corruption in any governmental agency.

The problem, as Egyptian researcher Dina El-Khawaga has argued, is that it may be impossible "to introduce reform on a structurally corrupt basis." What is needed is broad and effective oversight of public procurement, fuller transparency regarding budgets and routines, and substantially upgraded, multi-agency monitoring of national borders to dismantle illicit networks involving the security sector. Arab states like Jordan have shown that reducing corruption in the security sector enables significant improvements, even in a challenging environment comprising long borders, extensive black market trade fed by wars in neighbouring states, and large refugee populations.

Effective governance of the security sector requires sustained political will at the top of the government, particularly a readiness to push reforms to sectors of the government and economy with which the security sector interacts. But change of this order of magnitude is highly contentious, and its path and outcome cannot be easily predicted or steered, no matter how determined the governmental leadership is.

There is a grim paradox at work here. The move toward more pluralist politics in Arab states has unleashed deep social divides over the nature and purpose of policing – divides that invariably complicate the reform process. For example, some demand that the security services should enforce religious values.

The specific dynamics of security-sector reform varies among states, depending on past modes of policing

and the circumstances in which the authorities are challenged and forced to change existing structures. But, in most cases, people either look to the state and its officially mandated agencies to resolve problems and provide basic law enforcement, or would prefer to do so rather than resort – or just as often submit – to alternative, non-state providers. As a result, governments can claim a powerful legitimacy in embarking on reform efforts.

Despite support for the state as the ultimate arbiter of law, increasing social polarisation in many Arab states over the last two decades has impeded consensus on how to restructure and reform policing. Marginalisation of up to 40 percent of the population, who live at or below the poverty line, has fuelled political challenges, in turn subjecting entire social segments to targeting by official security bodies.

Furthermore, the determination to crush dissent affects the urban middle classes, which might otherwise be the strongest proponents of security-sector reform in this area. Both Egypt and Syria are prime examples of this. The sectarian nature of Iraq's security sector and partisan polarisation in the Palestinian Authority imply similar risks.

Severe political and constitutional breakdown, as well as extensive social and institutional fragmentation, also hampers – or, in cases like Libya or Yemen, blocks – reform. Even Egypt, with its highly centralised and bureaucratized state, has devolved certain policing and security functions in marginalised urban communities or rural areas to baltagiyeh (thugs) and to former henchmen of the ruling party, village headmen, and clan elders.

Clearly, formalising policing and adjudication on the basis of clan,

sectarian, or ethnic identity – as has happened with the revolutionary militias of Libya, the Shia Hashd militias in Iraq, or sectarian party militias in Lebanon – can be highly damaging. But the past emphasis on centrally managed security sectors has made them a crucial asset in political contests, enabling them to escape oversight and benefit from de facto legal impunity. So a better balance is needed to mitigate the concerns of diverse social and political actors whose participation is needed to renew constitutional frameworks, strengthen the rule of law, and revive national identity and state institutions in a context of democratic transition.

The bottom line is that security-sector reform cannot be undertaken in isolation from the wider process of democratic transition and national reconciliation. Today's Arab states in transition are discovering how difficult it is to replace deep-seated authoritarian practices and relationships with sustained democratisation, a process that depends crucially on transforming their security sectors. The added focus on counter-terrorism is further impeding reform, though the failure of unreformed security sectors to fulfil this role effectively, such as in Egypt and Tunisia, should cause it to have the opposite effect.

Those who advocate both democracy and security-sector reform must show consistent unity of purpose, build societal consensus and political coalitions for their programmes, and formulate coherent, sustainable policies. Only then might the political, economic, and social roadblocks to creating modern, accountable security services be overcome.

The writer is Senior Associate at the Carnegie Middle East Center. COPYRIGHT: PROJECT SYNDICATE (Exclusive to The Daily Star)

COMMENTS

"No headway in probe" (April 2, 2016)

Kamrul Islam

There is no justice in Bangladesh and that's why there is no headway in the probe.

Mohsin Hossain Sohel

The government remains busy crushing its opponents. They have no time to pay attention to other issues.

Salahuddin Jamal

Till now, nobody has been detained or questioned; only the family members of the victim have been questioned by the law enforcers. What kind of investigation is this?

"Harassment of women has increased up to 74% in last one year" (March 31, 2016)

Sameena Hossain

When perpetrators go unpunished, these types of crimes tend to increase.

Lina

Is there any safe place for women in the world?

LETTERS TO THE EDITOR

letters@thedailystar.net

They never said anything good about the Muslims

A majority of Americans now agree with banning all non-citizen Muslims from the United States, according to a new poll coming less than four months after Donald Trump first proposed the policy. A YouGov/ Huffington Post poll published a couple of days ago found that 51 percent of Americans now support the ban, up from 45 percent in December. The same poll also found strong support for Senator Ted Cruz's proposal to "patrol and secure" Muslim neighbourhoods, with 45 percent of Americans

in favour of this outrageous proposal.

Nothing good is ever said by the West about the Muslims, I never heard anything good in school about the Muslims. I think the only good thing I ever heard about the Arabs was that, "Well, we did get our numerical system from them."

It is really unbelievable how narrow-minded the West has become.

Ted Rudow III, MA
CA, USA

Home delivery service for passport

The Agargaon passport office always remains overcrowded and there always seems to be a shortage of manpower, not to mention the absence of enough parking spaces in front of the office. People have to stand in line for long hours. In many countries, the entire application process can be done online and citizens can get their passports home-delivered. This saves a lot of time and energy for everyone. I believe that the government should give this idea a serious thought.

Aminur Rahim
New DOHS, Mohakhali
Dhaka