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Exploring the Impact of Corruption and Governance on Poverty in Developing Countries: A Comparative Analysis of Pakistan, India, and Bangladesh

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ABSTRACT

The article examines the effect of corruption and governance on poverty, especially in Pakistan, India, and Bangladesh. The paper brings to the foreground the roles that the World Bank and the United Nations have played in fashioning development policies in these countries. Nevertheless, those interventions demonstrate a very strong dependency on the existing local governance systems and the levels of corruption that hamper poverty reduction strategies. In terms of its methodology, the research utilises a qualitative secondary data analysis method whereby data collected from different journals, reports, and institutional documents are analysed. Thus, it allows for comparative analysis of the quality of governance as well as the impact of the latter on poverty in the three countries. The analysis shows that due to relatively stable governance in India, the poverty rate has decreased; however, Pakistan and Bangladesh may face higher negative changes due to the corruption and bad policy implementation. These vices in the so-called “third world” nations have soaked up funding that would have otherwise been used to develop the nation, compromised the needs of the needy, and slowed down poverty eradication. On this note, the study concludes that international interventions regarding governance should be sensitive to the local governance factors and corruption indices. A top-down approach is inefficient, and a bottom-up approach is necessary to fit each country’s needs to fight poverty and assist in sustainable development.

INTRODUCTION

States’ development policies are largely shaped by international organizations, especially in the third world states, including Pakistan, India, and Bangladesh. Organizations like the World Bank and the United Nations have an important part in all of this. The World Bank was established in 1944, focusing its objectives on the reconstruction of the world after World War II; however, over the years, its mission has shifted toward eradicating poverty and supporting development (Pereira, 2020). It pledged up to \$160 billion for handling the health, social, and economic impacts of COVID-19 to ensure that developing countries can continue on their developmental path (worldbank.org, 2021). Further, it has provided conditional loans and advisory that has spelled policy changes with emphasis on components of structural adjustment programs (SAP) in the 1980s and the 1990s. Such programs, designed to sustain economy liberalization and market reforms, did not spare criticism for the consolidation of chronic poverty in the long term and the augmentation of income inequality, primarily due to the decrease of governmental purchases on social needs and services (Burdekin *et al.*, 2002). This paper seeks to understand how such international interventions affect governance and corruption and hence poverty in Pakistan, India, and Bangladesh.

The United Nations as a global institution was formed in 1945 and has a much broader mandate than just international peace and security. The United Nations Development Programme, or UNDP, its flagship organisation, has a budget of approximately \$7 billion per year across more than 170 countries in the areas

embracing sustainable development, governance, and poverty eradication (UNDP.org, 2024). In September 2015, the United Nations and its 193-member states officially launched the SDGs, which are a total of 17 global goals designed to end poverty, improve equality of income distribution, and combat climate change by 2030. The SDG has been embraced by all 193-member states of the UN and provides a universal framework for development strategies. However, the ability of countries to execute these goals is not the same; the funding deficit to meet the SDGs stands at up to \$2.5 trillion per year for developing nations only (unctad.org, 2020). This increased reliance on external funding has also drawn concerns relating to the degree of damage that may be inflicted on the states by international players proffering development models that may not always be relevant in the region or local environment.

While the World Bank and the UN have provided much-needed assistance to developing nations, the primary issue is the effectiveness and relevance of these approaches to country-specific environments. As Wolff (2020) highlighted, the World Bank has been at the centre of criticism largely because of its promotion of market liberalisation, privatisation, and austerity measures. For example, in sub-Saharan Africa, which received the most implementation of the Bank’s policies in the 1980s, the continent recorded lower growth rates, increasing poverty levels, and deteriorated social protection nets on social facilities such as health and education (Ferdous & Ullah, 2023). Regardless, these policies, which were planned on a global level, were criticised as being ill-adapted to the various nations and often ignoring the political realities

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in each country. Similarly, the UN's SDGs, although recognised globally, are not very easy to deploy across different nations with different levels of development. As observed, implementation of the SDGs in post-conflict or developing countries that have a relatively poor institutional framework is difficult due to difficulties in funding and problems of governance.

This paper aims to investigate the influence that the International Organisations such as World Bank and United Nations on governance and corruption in poverty minimise in Countries such as Pakistan, India and Bangladesh. They explicate how these institutions' policies and supports impact governance structures and levels of corruption, thereby impacting economic inequality and poverty levels. Even in their attempts at trying to maintain good governance through programmes such as the Sustainable Development Goals (SDGs), the efficiency of these policies differ greatly owing to varying governance attributes and corporate vices in each nation. This research provides a descriptive comparative analysis of how governance and corruption effects development agendas to demonstrate the rich and dynamic nature of the tension between the global and the local. About these interventions, the analysis seeks to establish their developmental and sovereignty impacts, seeking to draw light on the future effects worthy of these nations' economic equity and poverty.

MATERIALS AND METHODS

In this research, secondary qualitative data are used to explore the corruption and Governance on Poverty in Developing Countries i.e. Pakistan, India, and Bangladesh. Secondary data was chosen having regard to the fact that it provides an overall picture of the studies done and the various debates in this area. The target sources included journal articles and conference proceedings and articles obtained primarily from JSTOR, Google Scholar, and institutional repositories. For this kind of analysis, it was necessary to use key words like "governance quality," "corruption impact," "poverty reduction strategies," and "comparative regional analysis" to make sure that the obtained data would be timely and covered both the past and current situation.

The sources comprised journal articles from peer-reviewed journals, for example, the World Development and the Global Governance journals, which offered and outlined the nature of international organisations in the formulation of development policies. Further, reports of government and institutional publications, including the World Bank Annual Report and United Nations Human Development Report, were used to make the data authentic and recent. The UNDP, UNCTAD, and IMF reports were also used to capture the analysis of global development and the effect of international organisations. In data analysis, content analysis was used as a method that enabled the researcher to systematically analyse the collected documents and reports. This strategy was selected since it helps determine common trends and

cycles from the data collected. Some of these include policy conditions, financial assistance, poverty reduction, and sustainable development themes. Due to the limitations in the content analysis procedure, comparisons could be made between the regions as well as the time periods, thus enabling the author to comprehend the variety of effects of the above organisations.

Issues of credibility, integrity, fairness, and trust were kept all through the research process, such as in the selection of proper and authentic sources to use. All data was retrieved from either open-access or institutional databases only. Again, the research excluded bias in that equal importance was given to both the positive and the critical view to arrive at more reliable conclusions.

RESULTS AND DISCUSSION

Governance Quality and Poverty Outcomes across Pakistan, India, and Bangladesh

Quality of governance also plays an important role in poverty dynamics, with the Pakistan-India-Bangladesh series reflecting the variation in policy outcomes owing to effectiveness of governance therein. A sound and stable political environment and fairly decent governmental transparency in India is the rationale for the persistent reduction of the poverty rate from 45% in the early nineties of 1993 to only 21.9% in 2011 (Sarangi, 2024). However, localized governance issues and corruption still stall these improvements in many states, hindering efficient disbursement of resources.

However, Pakistan and Bangladesh demonstrate relatively higher levels of challenges compared to the other countries in the analysis. Growth in poverty level in Pakistan is accredited to poor governance and a high corruption index, particularly in the public sector, which has hampered policy implementation (Ali Khan & Alam, 2020). The corruption index in Pakistan is high; 31 on the Transparency International Corruption Perceptions Index 2020, which corresponds to the slow and gradual decline in poverty in the country, now stands at about 24.3% according to (Khan, 2021).

Despite their successes over the years, Bangladesh still has governance challenges that are worse in rural areas, specifically: Bangladesh has cut the poverty rate from 44.2% in 1991 to 14.3% in 2016, according to Hongmei & Yuchun, (2022). This is because administrative problems and corruption deficiencies in leadership structures iron out the equitable delivery and localization of development programs and thus only partly harness the economic growth to effectively eradicate poverty across all regions.

Corruption's Influence on Economic Inequality and Development Efforts

It is evident that corruption significantly alters the required outcomes of foreign aid and undermines development processes, especially in poverty reduction, as a policy instrument across the developing world. In Pakistan, corruption has ensured that funds planned for development purposes have been syphoned to individuals,

leaving poverty reduction programs ineffective (Zandile & Phiri, 2022). For example, the country failed to diversify its resources that have been estimated to be costing the country 3 percent of GDP per year due to corruption with such funds as the rural development funds being embezzled, hence high poverty rates in the rural areas to date (Matallah, 2022).

India still receives a lot of international help; however, the corruption of resources deployed inequalities economic growth and enduring income disparity. According to Medas (2022), one-fourth of the national development budget is embezzled to corruption each year, thus hampering the efforts to reduce inequality.

In the same way, Bangladesh is experiencing a financial revolution, but due to corruption, development funds given by the World Bank and United Nations have been misused. This mismanagement is seen within the poverty trends, as urban areas are recording reduced poverty rates as compared to rural areas where corruption is rife (Fuseini *et al.*, 2022).

These examples show that, aside from distorting the effectiveness of foreign aid, corruption distorts economic development and increases inequalities in these countries, counteracting the aims of development policies in these countries.

The Role of the United Nations in Promoting Sustainable Development Goals (SDGs)

The United Nations (UN) has played a central role in advocating for the effectiveness of the Sustainable Development Goals (SDGs) as a framework towards social, economic, and environmental developments. The UN adopted the SDGs in 2015, and 193 member states signed up for them; there are 17 goals, with targets aimed at addressing poverty, inequality, and climate as well as others, including the achievement of 2030 (Cojocar *et al.*, 2022). The UNDP holds the key position within the United Nations system, especially when it comes to helping countries mainstream the goals in their development agendas. For instance, the used official poverty rate, which reflects the recent statistics of Bangladesh, indicates that the process of reducing extreme poverty has been impressive. According to the Household Income and Expenditure Survey, HIES 2022, the extreme poverty rate in the country slightly declined to 5.6% in 2022, which is in comparison with the extreme poverty rate of 12.9% in 2016. The upper poverty rate now stands at 18.7% in 2022 from 24.3% in 2016, as reflected in UNDP.org, 2022).

Rwanda is another country that demonstrates how the UN coordinates with the government to mainstream SDGs in the country's policies. Thus, Rwanda's extreme poverty rate was reduced from 16.3 percent in the year 2014 to 13. It aims at reaching 9% by 2020, and in line with that, the country is fairly positioned to meet most of the SDG targets, especially health and education (World Bank, 2023). Through the involvement of the UN, the national priorities have been taken towards development

standards that are globally acceptable, and all policies have been made to have sustainable results.

However, there are numerous problems to date, especially in the area of funding for the development of the SDGs. unctad.org (2020), for instance, calculated that based on the current level of investment in SDG-relevant sectors, developing countries need \$2.5 trillion annually. In weak governance and institutional settings, the SDGs still do not lend themselves well to implementation. For example, sub-Saharan Africa today has 40% of its population living in extreme poverty even when there are concerted efforts at the global level; this means that global support and investment cannot be relaxed but continue to be needed (World Bank, 2023). These disparities confirm that, while in terms of some indicators the goals of the SDGs have been significantly achieved, there are still significant difficulties in their implementation at the global level.

Challenges and Opportunities in Balancing International Influence with National Sovereignty

International organisations, though useful, add a layer of complexity when it comes to reconciling national sovereignty with global power dynamics in developing nations, particularly. Bazbauers (2020) observed that institutions such as the World Bank and the United Nations influence development policies through funding, policy recommendations, and capacity building. However, these interventions can sometimes pose a threat to national sovereignty. For instance, the SAPs by the World Bank in the 1980s stated that specific economic changes had to be implemented before loans could be provided; this restrained a country's ability to advance particular policy objectives. These conditions in Zambia resulted in the privatisation of state-owned enterprises but were accompanied by unemployment and poverty, thereby revealing the clash between global and local interests (Saunders & Caramento, 2020).

However, there are possibilities to bring the external aid in correlation to the domestic goals. There are a few countries that have been able to incorporate these international recommendations into their settings. For instance, China partially adopted World Bank reforms during its transition in the 1980s by retaining state control over some strategic sectors while liberalising others; this contributed to steady GDP growth of 9% going forward. Globally, it increased at a rate of 5% per year between 1980 and 2000 (worldbank.org, 2023). This selective openness facilitated China to gain knowledge from the international world while at the same time keeping a grip on some of the crucial policies.

Another opportunity is to make use of such global development paradigms as the United Nations' Sustainable Development Goals (SDGs). Other nations like Rwanda have synchronised their sectorwide and national development frameworks with the SDGs, as they have successfully enhanced poverty rates and health care, though they maintain sovereignty on how such goals are localised and implemented (worldbank.org, 2023). They

also show how recipient countries try to maximise use of the aid provided while trying to retain control over the direction of their development.

CONCLUSION

In conclusion, IOs' impacts on governance and poverty in Pakistan, India, and Bangladesh reveal that development actor changes worsened the situation. The World Bank and UN have supported poverty reduction and governance improvement, but their efforts rely on local governance and corruption. Thus, this support is favourable for resource inflow but bad for setting circumstances that may harm local people.

Though corruption persists, India's governance reform has reduced poverty. Pakistan and Bangladesh suffer the most from management and corruption, which hinders poverty eradication. These findings highlight the significance of specialisation and the disparities in politics and economy across countries and regions.

Sustainable Development Goals (SDGs) are the UN's 2030 agenda's worldwide efforts to address poverty, inequality, and climate change. However, attempts to attain these aims show that institutional setups vary by region, and financing shortages are particularly difficult in underdeveloped countries.

This study claims that identifying and measuring corruption, taking into consideration the target country's governance and a realistic evaluation of corruption, is a critical feature of effective development aid. Understanding sovereignty and country conditions helps international organisations operate better together and benefit countries.

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Appendices

Appendix A

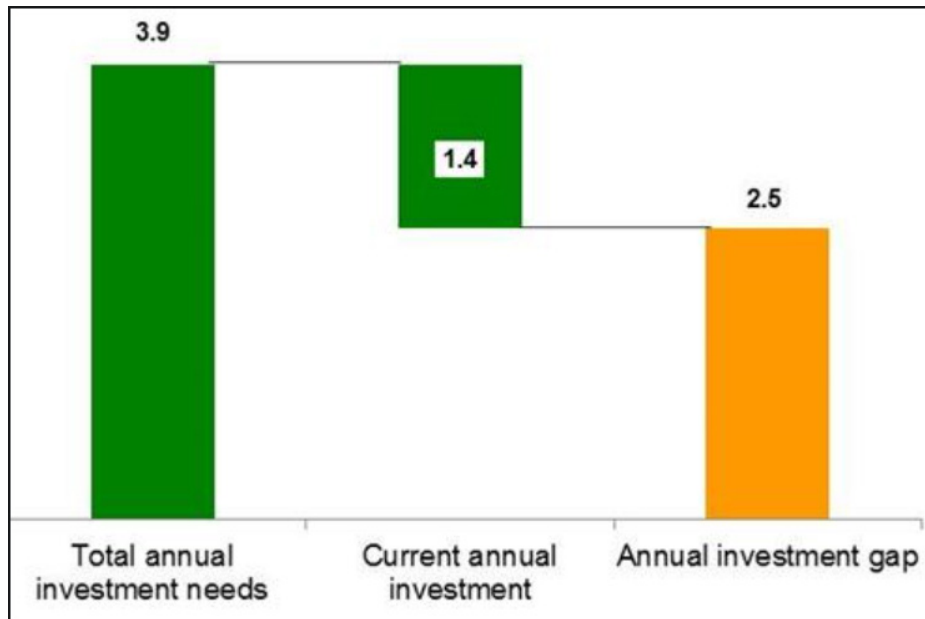


Figure 1: Estimated annual investment needs in key SDG sectors, 2015–2030 (unctad.org, 2020)