

EXPLAINING RECENT INTELLIGENCE REFORMS IN BANGLADESH*

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Abstract

This paper surveys the major intelligence reform initiatives in Bangladesh and examines the determinants of such reforms. Drawing on the secondary literature and expert interviews, it argues that recent intelligence reforms in the country can be explained by four factors: capacity gaps, coordination needs, crisis-driven demands, and external influence. The effects of these four variables are examined with empirical evidence. The paper concludes with a brief discussion of policy imperatives and directions for further research.

Introduction

Intelligence reform is one of the most important but least understood phenomena in the political discourse of Bangladesh. What is intelligence reform and why should we care about such reform? In their seminal works on intelligence agencies, Ami Pedahzur and Amy B. Zegart identify two major styles of reform: innovation and adaptation.¹ The former involves introducing new intelligence agencies and doctrines, whereas the latter emphasizes reorganizing existing agencies and their coordination structures. Loch Johnson suggests that the differences between innovation and adaptation are often vaguely defined, and the two styles may interact very closely in shaping the intelligence reform practices in a state. For instance, when the Central Intelligence Agency (CIA) was established in 1947, the Truman administration thought it to be an innovation in intelligence coordination. However, in the 1980s, the CIA chiefs recognized that smooth integration of intelligence was a distant reality, which led them to create several inter-agency centers and task

* An earlier version of this paper was presented at the National Seminar on "Bangladesh at 40: Achievements and Challenges" organized by the Asiatic Society of Bangladesh in Dhaka on March 14-15, 2013.

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1 Ami Pedahzur, *The Israeli Secret Services & The Struggle Against Terrorism* (New York: Columbia University Press, 2009); Amy B. Zegart, *Spying Blind: The CIA, the FBI, and the Origins of 9/11* (Princeton and Oxford: Princeton University Press, 2007).

forces at the CIA to adapt to the problems of coordination by focusing on “community-wide cooperation.”²

The issue of intelligence reform is quite puzzling in Bangladesh. This is due to the fact that after years of slow responses to change, the intelligence community in Bangladesh has recently gone through a process of innovation and adaptation. For instance, the fight against organized crime and terrorism has led to the creation of new intelligence entities and the expansion of existing ones. In addition, ad hoc structures for central intelligence coordination have been replaced with formal coordination mechanisms. In some cases new laws have replaced old ones providing more clarity to the mandates of security and intelligence agencies. In this backdrop, two central questions emerge:

- How has the intelligence community in Bangladesh changed over time?
- Which factors shaped the intelligence reforms in Bangladesh?

In addressing these questions, this paper is organized into several parts. First, it discusses the research methodology and provides a literature review. Next, it profiles the intelligence community of Bangladesh, and offers a quick snapshot on the major intelligence reform initiatives in the country. The author then develops a few hypotheses on intelligence reform and tests their utility with empirical evidence. The concluding section proposes some policy recommendations, and stresses the need for further research.

Research Methodology

This paper employs the method of structured and focused comparison to analyze various intelligence agencies and their reform practices in Bangladesh.³ It also examines the extent to which changes in the Bangladeshi intelligence community resembles or differs with other countries. For brevity and rigor, such cross-country comparisons are restricted to India, Pakistan, the United Kingdom and the United States.

Data for this paper were generated from standard published materials, such as books, newspapers, peer-reviewed journals, and official reports of concerned

2 Loch K. Johnson, “Preface to a Theory of Strategic Intelligence,” *International Journal of Intelligence and Counterintelligence*, Vol. 16, No. 4 (2003), p. 643.

3 For details on the comparative case study method, see, Alexander George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005), Chapter 3, pp. 67-72.

government organizations. The author also conducted a few interviews with serving and retired officials having firsthand knowledge of the security and intelligence agencies in Bangladesh. Two types of data are of particular interest here: (a) major intelligence reform initiatives taken by successive governments; and (b) immediate and long-term causes of those intelligence reform initiatives.

The timeline covered in this paper includes the reform initiatives introduced in the years between October 2001 and December 2013. This timeline enables us to look at the initiatives taken by three distinct political regimes: (a) the BNP (Bangladesh Nationalist Party)-led four-party alliance government (Oct. 2001-Oct. 2006); (b) the military-backed interim government (Jan. 2007-Dec. 2008); and (c) the AL (Awami League)-led fourteen party alliance government (Jan. 2009-Dec. 2013). It is widely held that political confrontation between the BNP and the AL has strongly encouraged the military to intervene in domestic politics by supporting an interim government from 2007 to 2008.⁴ Despite sharp differences in their political ideologies, successive governments have tended to use intelligence agencies for the consolidation of their power and the suppression of political dissent.

The timeline covered in this paper also coincides with the post-9/11 era. This offers an additional advantage of exploring the effect of the U.S.-led global war on terrorism on the intelligence reform practices in Bangladesh.

Literature Review

James J. Wirtz, a prominent intelligence studies scholar, once observed that unlike the United States, where “intelligence studies are considered to be a legitimate academic field,” the study of intelligence is relatively “underdeveloped” and a “taboo outside the official circles” in other countries.⁵ This is certainly a

4 The two parties follow sharply different ideologies. The BNP is a center-right political party, founded by General Ziaur Rahman, whereas the Awami League is a center-left political party, which led the Bangladesh independence movement at the direction of Sheikh Mujibur Rahman. The two parties maintain a dynastic style of leadership evident in the fact that Zia’s wife Khaleda Zia and Mujib’s daughter Sheikh Hasina have effectively centralized all decision making powers regarding their respective parties. In addition to the BNP and AL, there are two other major parties: the center-right Jaitya Party established by former military dictator Hussein Muhammad Ershad, and the Jamaat-e-Islami, which adheres to a fundamentalist Islamist ideology. For details, see Inge Amundsen, “Dynasty or Democracy? Party Politics in Bangladesh,” *CMI Brief*, Vol. 12, No. 6 (2013), pp. 1-4.

5 James J. Wirtz, “The American Approach to Intelligence Studies,” in *Handbook of Intelligence Studies*, edited by Loch K. Johnson (New York: Routledge, 2007), p. 36.

valid statement while referring to intelligence in Bangladesh context. Evidence can be found in the way most Bangladesh observers discuss intelligence issues on the margins of security sector reform (SSR) and counterterrorism studies, instead of treating intelligence as a distinct field of study. For instance, in their studies on SSR in Bangladesh, Imtiaz Ahmed and Jashim Uddin provide more emphasis on government efforts to reorganize the police, the judiciary, and the prison system, and less emphasis on intelligence agencies.⁶ While Amena Mohsin and Siegfried Wolf include the issue of politicization of intelligence, their central focus is on civil military relations and the prospects of democracy in Bangladesh.⁷ The conspicuous absence of intelligence issues as a central theme in the SSR literature is perhaps caused by a culture of silence, established by the colonial-era Official Secrets Act 1923 and sustained by the Right to Information Act 2009.⁸ Successive governments have used these laws, and a host of others, to deny any disclosure of information on the intelligence agencies.

In contrast to the SSR literature, the study of counterterrorism has offered a useful starting point to analyze intelligence reform in Bangladesh. For instance, a study conducted by the Bangladesh Enterprise Institute, a local think tank, stresses the need for intelligence reform in the fight against terrorism.⁹ The reports of the BDR Mutiny inquiry committees have also identified loopholes in the intelligence process and suggested greater coordination efforts to synchronize the intelligence production process.¹⁰ Recent reports on police

6 Imtiaz Ahmed, "Bangladesh," in *Security Sector Reform and Democratization: A Comparative Perspective*, edited by Heiner Hanggi and Carolina G. Hernandez (Geneva and Zurich: DCAF and Lit Verlag, 2013); M. Jashim Uddin, "Security Sector Reform in Bangladesh," *South Asian Survey* 16/2 (2009), pp. 209-230.

7 Amena Mohsin, "Bangladesh: An Uneasy Accommodation," in Muthiah Alagappa, *Coercion and Governance: The Declining Political Role of the Military in Asia* (Stanford, CA: Stanford University Press, 2001), pp. 209-225; Siegfried Wolf, *Civil-Military Relations and Democracy in Bangladesh* (Heidelberg, APSA, 2013).

8 Although the 2009 Right to Information Act created many provisions for public disclosure of information, Section 32 provides a legal blanket against disclosure of information by eight intelligence agencies in Bangladesh.

9 Bangladesh Enterprise Institute, *Public Information: The Role of Intelligence Agencies in Bangladesh, A Strategy Paper* (Dhaka: BEI, 2011).

10 Anis Uz Zaman Khan, Chairman of the Investigation Committee, *Revolt at the BDR Headquarters situated at Peelkhana: Report of the Investigating Committee Created for Investigation of the Heinous Massacre*, Submitted on 21 May 2009; Jahangir Alam Chowdhury, Chairman of the Investigation Committee, *Opinion: Investigation*

reform, terrorist financing, and tax intelligence, produced by the UNDP, the Bangladesh Bank, and the National Board of Revenue have also emphasized the need for intelligence reform.¹¹

While the existing literature on intelligence issues in Bangladesh covers a broad spectrum of administrative reforms, they lack any thorough analysis of intelligence reforms in Bangladesh and their causal explanations. The central goal of this paper is to address this deficiency by developing hypotheses and testing their utility with empirical evidence. A general overview of the intelligence community is presented below before analyzing the reform initiatives.

The Intelligence Community in Bangladesh

The term ‘intelligence community’ is used to refer to disparate security and intelligence agencies working for the protection of internal stability and external security of a country. Since the independence of Bangladesh in 1971, successive governments have established four major categories of intelligence agencies, with often overlapping responsibilities in the domains of: (a) national security; (b) defense services; (c) law enforcement; and (d) financial crime.¹²

The first category of intelligence agencies mainly represent the Directorate General of Forces Intelligence (DGFI) and the National Security Intelligence (NSI) but may also include the Special Security Force (SSF), and the Border Security Bureau (BSB). Collectively, they are responsible for safeguarding vital national interests, physical protection of very important persons (VIPs), and territorial integrity of the country. Among them, the DGFI, the NSI, and the

by the 20 Members of Army, May 2009; Shah Mohammad Saifuddin, ‘BDR Revolt: A Deadly Strategic Game Plan’, *South Asia*, May 20, 2009.

11 Government of Bangladesh, Ministry of Home Affairs, *Towards Police Reform in Bangladesh: Needs Assessment Report 2003* (Dhaka: UNDP, 2004); Police Reform Program, *Baseline Survey on Personal Security and Police Performance in Bangladesh* (Dhaka: UNDP, 2011); Bangladesh Bank, *Recent Reform Initiatives* (Dhaka: Bangladesh Bank 2012); Government of Bangladesh, *National Strategy for Preventing Money Laundering and Combating Financing of Terrorism 2011-2013* (Dhaka: Bangladesh Bank, 2012); National Board of Revenue, *Outline of Modernization Plan (2011-2016)* (Dhaka: NBR, 2011).

12 This typology is modeled on but expands Rob Johnston’s analysis of U.S. intelligence community. Johnston identifies three broad categories: (a) National-technical; (b) defense; and (c) Law Enforcement and Homeland Security agencies. See, Rob Johnston, *Analytic Culture in the U.S. Intelligence Community* (Washington, D.C.: Central Intelligence Agency, 2005), p.126.

SSF report to the Prime Ministers' Office (PMO), while the BSB reports to the reconstituted BGB, an entity under the Ministry of Home Affairs (MoHA). The DGFI and the NSI have some foreign intelligence collection capabilities, and they can access the intelligence resources of any other agencies in Bangladesh. The SSF focuses on VIP protection, which gives it the authority to demand information from any security service. Although the BSB operates under the MoHA, the Bangladesh Army maintains considerable influence through commanding and staffing the border force.

A brief profile of the intelligence outfits will provide insights into their origin and development. The DGFI and the NSI were formed in the immediate aftermath of the independence war.¹³ Currently the DGFI is headed by a serving major general while the NSI is led by a retired major general of Bangladesh Army. The two agencies have some overlapping responsibilities, especially in the domains of intelligence, counterintelligence, and counterterrorism. Critics observe that the DGFI and the NSI have often deviated from their original goals of providing impartial assessments on vital issues of national interests, and instead turned into the coercive instruments of political control by successive governments.¹⁴ The twists and turns in the political history of Bangladesh are responsible for such politicization of intelligence agencies.

In contrast to the DGFI and NSI, the SSF has a more recent origin. It was established in June 1986 as the President's Security Force (PSF), and was later renamed to Special Security Force in 1991 after the fall of the Ershad regime and the reintroduction of parliamentary system of government.¹⁵ A senior army official at the rank of major general heads the SSF. The force has four bureaus, including operation and protection, intelligence, logistics and training. Among the four agencies working on national security, the BSB has exclusive responsibility for producing and disseminating intelligence regarding border

13 After achieving independence from Pakistan in 1971, the new government in Bangladesh established the Directorate of Forces Intelligence (DFI) along the line of Pakistan's Directorate for Inter-Services Intelligence (ISI). The DFI was later renamed to DGFI in 1976.

14 Prime Minister Sheikh Hasina also made a similar observation during her visit to the DGFI headquarters in May 2014. See "Govt Does Not Want to Use DGFI Politically: PM," *New Age* (Dhaka), May 14, 2014; See also Mohsin, "Bangladesh: An Uneasy Accommodation," pp. 209-225.

15 Special Security Force (SSF), "History", <http://www.ssf.gov.bd/content/2.html>, accessed June 18, 2014.

crimes. It was created in 2010 as part of a larger reform initiative in the defunct Bangladesh Rifles.

The second category of intelligence agencies represents three defense services. It includes the Directorate of Military (Army) Intelligence, the Directorate of Naval Intelligence, and the Directorate of Air Intelligence. They report to the Ministry of Defense (MoD), which in Bangladesh is historically controlled by the prime minister. There are few publicly available data on such agencies, and hence they are excluded from further discussion.

The third type of intelligence agencies works on law enforcement and crime prevention. It includes the Special Branch (SB), the Criminal Investigation Department (CID), and the intelligence wing of the Rapid Action Battalion (RAB). Although these spy agencies work under the authority of Bangladesh Police, and report to the home ministry, critics observe that the police headquarters and the home ministry have less control over the operations of the RAB than over the SB and the CID. This is largely due to the fact that although RAB is headed by an additional inspector general of police, RAB's administrative and operational activities are heavily dominated by officials deputed from military services, who often interact more closely with the armed forces and the DGFI rather than the police headquarters and the home ministry.¹⁶

The SB, the CID, and the RAB have both clearly defined and overlapping responsibilities. Among its various statutory obligations, the SB works for the collection and analysis of political intelligence and immigration intelligence. It also provides immigration services to Bangladeshi nationals and persons of foreign origin.¹⁷ In that capacity, it plays a crucial role in analyzing political intelligence, and cross-border movement of persons using land, air, and maritime borders. By contrast, the CID is the lead agency for the investigation and analysis of criminal offenses such as murder, human trafficking, and terrorist attacks. Interestingly, the RAB is tasked with some of the core

16 Author's interview with retired and serving officials at various government agencies.

17 The other key responsibilities of the SB include security planning, registration and control of foreigners and verification of personal identification for passport issuing purposes. SB also gives protection to very important persons (VIPs), and works on immigration and passport control. Information regarding the political intelligence reform is classified. See Government of Bangladesh, "The Immigration Service," Bangladesh Police' <www.immi.gov.bd/faq.php> (accessed February 19, 2013).

responsibilities, which are also carried out by other police agencies. For instance, the Armed Police Battalions (Amendment) Act of 2003 authorizes the RAB to collect intelligence in respect of crime and criminal activities; and investigate any offence.¹⁸ These are precisely the domains of the SB, the CID, and their sister organization— the Detective Branch (DB). As a result of such overlapping responsibilities, various entities in the police intelligence network often engage in a turf battle over criminal investigation and crime analysis.

Why is the RAB tasked with some shared responsibilities, and in what ways does it differ from other law enforcement intelligence entities? As explained later in this paper the inability of the law enforcement and intelligence agencies in the countries to contain the growing level of crime and terrorism, especially in the late 1990s and early 2000s, have compelled the government to create a new police unit with more power and legal mandates. In doing so, RAB maintains an organizational structure which is sharply different from other police entities. For instance, as of June 2014, the operations of RAB are organized around fourteen battalions. This ‘battalion-based’ jurisdiction is sharply different from the traditional ‘Thana’ or police station-based anti-crime actions and law and order operations of the Bangladesh Police.

The fourth group of intelligence entities focuses on financial crime analysis. It concerns the acquisition of intelligence role by the Bangladesh Bank (BB) and the National Board of Revenue (NBR). The BB is the central bank and the monetary authority in Bangladesh, while the NBR is the central tax administration in the country. Financial crimes such as money laundering and terrorist financing were long ignored and it was not until 2002, when a new anti-money laundering law was enacted paving the way for the creation of the Anti-Money Laundering Department (AMLDD) at the central bank. The AMLDD was later renamed Bangladesh Financial Intelligence Unit (BFIU) in 2012 with expanding remit in detecting and analyzing terrorist financing and money laundering.¹⁹ On the other hand the Central Intelligence Cell (CIC) was

18 Government of Bangladesh, *The Armed Police Battalions (Amendment) Act, 2003* (Act no. XXVIII of 2003) <bdlaws.minlaw.gov.bd/print_sections_all.php?id=593> (accessed April 26, 2013).

19 Bangladesh Bank, *Recent Reform Initiatives*, p. 25; “BB Forms New Intelligence Unit to Curb Money Laundering,” *New Age (Dhaka)*, January 29, 2012.

established by the NBR to detect large tax fraud and related financial crimes.²⁰ The BFIU and the CIC report to the central bank and the NBR, respectively, both of which operate under the Ministry of Finance (MoF).

It is quite interesting that the Bangladesh Ministry of Foreign Affairs (MOFA) does not have any separate intelligence agency. Instead, various geographical and functional wings of the MOFA and diplomatic missions of Bangladesh conduct research and analysis on foreign policy matters.²¹ There is no precise data on why the research wing of the MOFA has little competence in the domains of intelligence analysis. This is perhaps due to the fact that in making key decisions on external affairs, the foreign minister is heavily dependent on the prime minister who is the executive head of the government. In addition, the prime minister's foreign policy advisor, a post created by Prime Minister Sheikh Hasina, offers his expertise on vital issues. It is widely held that the prime minister relies on the assessments provided by the DGFI and NSI on important questions of foreign affairs.

In summary, two discerning trends can be observed in the composition of the Bangladeshi intelligence community. First, agencies working on national security and defense services are controlled by the armed forces. By contrast, agencies working on criminal offences, including financial crimes, are controlled by the civilian police, the central bank, and the tax administration, respectively. The first two groups report to the prime minister, while the latter two groups report to the home and finance ministers. Although the independent Anti-Corruption Commission does not belong to any of the category discussed above, it has emerged as a key agency in investigating corruption charges.

Recent Intelligence Reforms in Bangladesh: A Snapshot

Since 2002, successive governments have taken more than a dozen initiatives to reorganize the intelligence agencies in Bangladesh. These reforms have focused on counterterrorism, coordination structure, financial crime, and border intelligence (See table 1).

20 Syed Md. Aminul Karim and Md. Alauddin, "Emerging Tax Issues in Asian Countries," IMF Japan High Level Tax Conference for Asian and Pacific Countries, January 31-February 3, 2002, Tokyo, Japan, p. 27.

21 See Ashfaqur Rahman, "Whither Bangladesh Foreign Office?" *The Daily Star* (Dhaka), January 20, 2013; Staff Correspondent, "The Daily Star-CFAS Roundtable: Proactive Foreign Policy Sought," *The Daily Star* (Dhaka), May 8, 2008.

Table 1: Major Intelligence Reforms in Bangladesh, 2002-2012

Year	Reform Initiatives
2002	Enacting Anti-Money Laundering Act; Creation of Anti-Money Laundering Department (AMLDD) at the Bangladesh Bank (BB)
2002	Opening of DGFI Counterterrorism Wing
2003	Enacting Armed Police Battalion (Amendment) Act
2004	Enacting Anti-Corruption Commission Act; Creation of an independent Anti-Corruption Commission (ACC)
2004	Creation of Central Intelligence Cell (CIC) at the National Board of Revenue (NBR)
2004	Creation of RAB under Bangladesh Police
2004	Creation of NSI Counterterrorism Cell (CTC)
2006	Creation of DGFI Counterterrorism Intelligence Bureau
2007	Reconstitution of Anti-Corruption Commission (ACC) by appointing a new ACC chief
2008-present	Modernization of the Special Branch (SB) and the Criminal Investigation Department (CID) as part of the Police Reform Project (PRP)
2009	Creation of National Committee for Intelligence Coordination (NCIC) at the Prime Minister's Office (PMO)
2009	Creation of National Committee on Military Resistance and Prevention (NCMRP) at the Ministry of Home Affairs (MoHA)
2009	Creation of National Coordinating Committee (NCC) on financial sector reform at the Ministry of Finance (MoF)
2010-2012	Disbanding the Bangladesh Rifles (BDR) and Creation of Border Guard Bangladesh (BGB) under the Ministry of Home Affairs (MoHA)
2010-2012	Replacement of BDR's Rifles Security Unit (RSU) with Border Security Bureau (BSB) at the Border Guard Bangladesh
2012	Creation of NSI Combined Threat Assessment Center (CTAC)
2012	Enacting Money Laundering Prevention Act and Anti-Terrorism Act
2012	Replacing the AMLDD with the Bangladesh Financial Intelligence Unit (BFIU) at the Bangladesh Bank

Sources: Media reports and author's interviews.

While the existing list of intelligence reforms presented in table 1 does not provide an exhaustive catalogue, it certainly represents most of the recent reform initiatives discussed in the public domain. One is curious to know the determinants of such reforms. It is in this context, we now turn into the theoretical explanations of intelligence reform in Bangladesh.

Explaining Intelligence Reforms: Some Plausible Hypotheses

Which factors influenced the recent intelligence reforms in Bangladesh? How can one explain the timing of the reforms? In addressing these questions, I argue that it is possible to generate a set of testable propositions on intelligence reform and examine their utility in the context of Bangladesh.

According to Richard A. Best, Jr., most intelligence reforms in the United States have come to address three goals: to improve efficiency of the intelligence community, to respond to specific intelligence failure, and to refocus intelligence community requirements and structure.²² Writing in the U.K. context, Ken Kotani also makes a similar observation. Kotani's analysis of the Joint Intelligence Committee (JIC) reforms focuses on the British Government's desire to improve the coordination structure by removing intelligence analysis from the influence of policymakers and politicians.²³ For post-colonial states like Bangladesh, India and Pakistan, such coordination reform cannot be achieved without changing the redundant laws and reducing the political role of secrete services.²⁴

Regarding the timing, most studies suggest that although intelligence reform is a continuing process, the incidence of a major security crisis or intelligence failure can act as a catalyst for drastic reforms. For instance, the Institute of Defence Studies and Analyses (IDSA) reveals how the Research and Analysis Wing (RAW) was created splitting the Intelligence Bureau (IB) in the aftermath of the Indo-China and Indo-Pakistan wars.²⁵ The failure of the IB to predict the war plans of China and Pakistan have played a significant role in shaping the formation of the RAW.²⁶ The reports of the 9/11 Commission and the

22 Richard A. Best, Jr., *Proposals for Intelligence Reorganization, 1949-1996* (Washington, D.C.: CRS, 2004); Mark M. Lowenthal, *Intelligence: From Secrets to Policy* (Washington, D.C.: CQ Press, 2006), p. 275.

23 Ken Kotani, "Recent Intelligence Reform in the United Kingdom," *The National Institute for Defense Studies News*, 142 (2010), pp. 1-6.

24 Muhammad Nurul Huda, "Reforming Minds and Attitudes," *The Daily Star (Dhaka)*, August 13, 2011; Hassan Abbas, "Reforming Pakistan's Police and Law Enforcement Infrastructure: Is It Too Flawed to Fix?" *USIP Special Report*, No. 266 (February 2011), pp. 9-12;

25 Institute of Defence Studies and Analyses (IDSA), *A Case for Intelligence Reform in India: IDSA Task Force Report* (New Delhi: IDSA, 2012)

26 IDSA, *A Case for Intelligence Reform in India*, pp. 15-16; See also, Shirin Mazari, "India's Unconventional War Strategy," *Defence Journal*, January 1999. <http://www.defencejournal.com/jan99/rawfacts.htm>, accessed June 18, 2014.

Silberman-Robb Commission in the United States, and the Butler Committee in the U.K. also offer similar views toward the need for intelligence reforms after major failures.²⁷

The role of external actors is also quite important in understanding the timing of intelligence reform. This is mostly evident in the case of the U.S.-led global war on terrorism. In response to al Qaeda's 9/11 terrorist attacks, the United States invaded Afghanistan and called for an international coalition to fight transnational terrorism. The United Nations and its numerous conventions, protocols, and resolutions on counterterrorism also put enormous pressures on countries to reform their legal and intelligence structures. As a corollary to the UN-led global counterterrorism regime, the Paris-based Financial Action Task Force (FATF) emerged as an initiative of the G-7 industrialized countries in setting international standards on fighting money laundering, terrorist financing, and proliferation financing. Security studies literature is rich with the description of how countries across the world are forced to amend their legal frameworks and intelligence practices to comply with global standards.

On the basis of the above discussions, four hypotheses on intelligence reform can be derived. These hypotheses focus on four independent variables – capacity gaps, coordination needs, crisis-driven demand, and external pressures. The first three variables provide domestic level inputs whereas the remaining variable presents external inputs to shaping the intelligence reforms. The hypotheses and the logic behind them are presented below.

*Hypothesis 1: If serious capacity gaps exist in the security and intelligence agencies of a country, a government will respond by creating new agencies or expanding the remits of existing ones.*²⁸

The logic of the first hypothesis is clear. If capacity gaps in the intelligence agencies are identified in a country, the cost of inaction is prohibitive, as this

27 National Commission on Terrorist Attacks Upon the United States, *The 9/11 commission Report* (New York and London: W.W. Norton & Company, 2004); The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, *Report to the President of the United States* (Washington, D.C., March 31, 2005); Chairman Lord Butler of Brockwell KG, *Review of Intelligence on Weapons of Mass Destruction: Report of a Committee of Privy Counsellors* (London: TSO, 2004).

28 Stan A. Taylor and David Goldman, "Intelligence Reform: Will More Agencies, Money, and Personnel Help?" *Intelligence and National Security*, Vol. 19, No. 3 (2004), pp. 416-435.

may increase the possibility of intelligence failure.²⁹ Therefore, national decision makers have an incentive to bring necessary changes to address capacity gaps. Several Bangladeshi scholars have also stressed the need for capacity building in law enforcement and intelligence agencies to bolster the counterterrorism efforts of the government.³⁰ Capacity gaps can be measured by looking into the shortfalls in human, financial, and technical resources, as well as the lacking in legal mandates.³¹ As illustrated by the 9/11 terrorist attacks, the effect of capacity gaps should not be overestimated. This is due to the fact that coordination demands may also play a useful role behind intelligence reform. This leads us to develop a second hypothesis:

Hypothesis 2: If the demand for intelligence sharing increases, a government will respond by changing the existing coordination mechanism.

The logic of coordination reform hypothesis is straightforward. Intelligence agencies often work in compartmentalized environment and thus inhibit the demand for sharing.³² Therefore, enhancing the capability of existing agencies will be necessary but not sufficient. Most governments will complement such capacity building approaches by reforming the intelligence coordination structure.³³ Coordination reform may require replacing ad hoc practices with

29 According to Amy B. Zegart, “The vast majority, 268 recommendations, or 79 percent of the total [recommendations offered by various commissions to reform U.S. intelligence community], resulted in no action at all.” Zegart suggest this inaction caused intelligence failure prior to the 9/11 terrorist attacks. See Zegart, *Spying Blind*, pp. 34-36.

30 M. Sakhawat Hossain, “Capacity Building of Law Enforcement and Intelligence Agencies,” in Farooq Sobhan (ed.), *Countering Terrorism in Bangladesh* (Dhaka: UPL, 2008), pp. 37-82; People’s Republic of Bangladesh, *National Strategy for Preventing Money Laundering and Combating Financing of Terrorism 2011-2013* (Dhaka: BFIU, 2012), p. 16.

31 After the 9/11 terrorist attacks, the United States emphasized hiring more analysts with foreign language skills, and expanding the size of covert operators to fight against transnational terrorists. See National Commission on Terrorist Attacks Upon the United States, *The 9/11 commission Report*; Aris A Pappas and James M. Simon, “The Intelligence Community: 2001-2015: Daunting Challenges, Hard Decisions,” *Studies in Intelligence*, Vol. 46, No. 1 (2002), pp. 39-47.

32 Sometimes the compartmentalized culture is created to protect data from adversaries. However, over-emphasis on secrecy may impede the prospect of timely action.

33 Muhammad Nurul Huda, “Capacity Building and Coordination at Field Level of the Government Agencies in Preventing Terrorism,” in Farooq Sobhan (ed.), *Trends in Militancy in Bangladesh: Possible Responses* (Dhaka: UPL, 2010), pp. 101-107.

formal structures or creating a new authority to lead the intelligence community. In the backdrop of the 9/11 terrorist attacks, United States took several initiatives to facilitate coordination reform: the creation of the Department of Homeland Security (DHS) and the introduction of the post of Director of National Intelligence (DNI) are noteworthy here.³⁴ The DHS was designed to bring together various internal security institutions while the DNI would replace the Director of Central Intelligence (DCI) as the new intelligence czar.³⁵

While capacity gaps and coordination needs may be addressed as part of routine transformations in the intelligence community, this is hardly the case. For instance, Amy Zegart argues that, due to their bureaucratic organizational ethos, which discourages drastic change, the U.S. intelligence community failed to adapt to the changing realities of the post-Cold War era.³⁶ She also suggests that unless intelligence failures exposed the limits of American security system, major reforms were not initiated. As stated before, Richard Best's analysis of the U.S. intelligence community and the IDSA report on India's intelligence agencies also stress that intelligence reform initiatives are often taken in response to a specific failure. This leads us to develop a third hypothesis:

Hypothesis 3: If a crisis exposes the failure of intelligence agencies, government officials tend to respond to the crisis by drawing crucial lessons from past failures.

As explained before, the logic of such crisis-induced reform hypothesis is simple: intelligence agencies are bureaucratic organizations, and therefore resistant to change.³⁷ In addition, governments may use such agencies as the

34 The position of Director of National Intelligence was created in the United States to ensure better coordination of disparate intelligence agencies. See Richard A. Best, Jr., *Intelligence Reform After Five Years: The Role of the Director of National Intelligence (DNI)* (Washington, D.C.: CRS, 2010).

35 In the past homeland security responsibilities were split among various agencies whereas the DCI would hold two hats – one for the Central Intelligence Agency and the other for the U.S. intelligence community. In both cases, inter-agency collaboration was a major problem.

36 Amy B. Zegart, "September 11 and the Adaptation Failure of US Intelligence Agencies," *International Security*, Vol. 29, No. 4 (2005), pp. 78-111; Kotani, "Recent Intelligence Reform in the United Kingdom," pp. 3-6.

37 Stafford T. Thomas, "The CIA's Bureaucratic Dimensions," *International Journal of Intelligence and Counterintelligence*, Vol. 12, No. 4 (1999-2000), pp. 399-413.

political police, and ignore the demand for necessary reform.³⁸ The effects of such challenges – bureaucratic inertia and politicization – will be weakened in the aftermath of a major intelligence failure. This is due to the fact that the governing elites will learn from past failures, and introduce necessary changes.³⁹

The three hypotheses presented above illustrate the effects of domestic level variables on intelligence reform. By contrast, the next hypothesis stresses the effect of external influence on intelligence reform.⁴⁰

Hypothesis 4: If national decision makers are unwilling or unable to respond to the needs for intelligence reorganization, external influence will facilitate such reform.

External influence may come from diverse actors such as international allies, foreign adversaries, powerful states and international organizations. Foreign actors may use both positive incentives and coercive pressures to persuade intelligence reform in a state. In making crucial decisions on intelligence reform, states may wish to resist coercive external pressures but appreciate any positive incentives such as the offer of financial and technical assistance. However, when the cost of resisting an external pressure outweighs the benefits of doing so, a state is likely to respond positively by introducing intelligence reform.

Since this essay examines intelligence reforms in Bangladesh, it is possible that some hypotheses are more valid than others in explaining a particular reform initiative. It is also possible that the explanatory variables—capacity gaps, coordination needs, crisis moments and external pressures—may interact with each other in causing certain types of reforms.

38 For an excellent analysis of how intelligence agencies may turn into political police, see William W. Keller, *The Liberals and J. Edgar Hoover: Rise and Fall of a Domestic Intelligence State* (Princeton: Princeton University Press, 1989). See also, Loch K. Johnston, "Preface to a Theory of Strategic Intelligence," *International Journal of Intelligence and Counterintelligence*, Vol. 16, No. 4 (2003), pp. 654-655.

39 John Hollister Hedley, "Learning From Intelligence Failures," *International Journal of Intelligence and Counterintelligence*, Vol. 18, No. 3 (2005), pp. 435-450.

40 For a cogent analysis of the domestic versus external determinant of intelligence reform, see Jeanne K. Giraldo and Harold A. Trinkunas, "Terrorist Financing: Explaining Government Responses," in Giraldo and Trinkunas (eds.), *Terrorism Financing and State Responses* (Stanford: Stanford University Press, 2007), pp. 282-296.

Research Findings

This section tests the utility of the four hypotheses.

Hypothesis 1: Capacity Gaps

Recent reforms in the domain of counterterrorism intelligence provide useful evidence to support the capacity gaps hypothesis. Let us begin with the DGFI and the NSI—the two most powerful intelligence agencies in the country, which have gradually adapted to the threat of terrorism by opening new cells, wings, and bureaus on counterterrorism. The evolution of the DGFI's Counter Terrorism Intelligence Bureau (CTIB) from the agency's counterterrorism wing and the introduction of the Combined Threat Assessment Center (CTAC) at the NSI reveal that the two agencies have not only been competing against each other but also addressing their capacity gaps in producing all source intelligence on the radical Islamist groups and their clandestine networks.

An interesting question emerges: although civilian law enforcement and intelligence agencies are primarily responsible for fighting terrorism, why did the DGFI as a military-controlled agency and the NSI as a mostly civilian agency come to acquire overlapping responsibilities over counterterrorism intelligence? The answer is straightforward: groups, motivated by left-wing revolutionary ideology and radical Islamism, have often attempted to “undermine the national and territorial integrity of Bangladesh, whether directly or indirectly.”⁴¹ Therefore, terrorism is not considered to be a mere internal security problem, which can be controlled by civilian agencies. Instead, it is rightly seen by the government as a national security threat, the assessment of which requires the involvement of both military and civilian intelligence agencies, with an extensive collection efforts at the national level.

If the acquisition of new counterterrorism responsibilities represented an adaptation for the DGFI and the NSI, the creation of the Rapid Action Battalion (RAB) as a paramilitary force was seen by many as an innovation in law enforcement and intelligence. This is due to the fact that RAB was established in 2004 to augment the capability of Bangladesh Police in fighting serious crime and terrorism.⁴² Former law minister Moudud Ahmed's testimony reveals

41 ATM Amin, “Developing a Counter Terrorism Strategy for Bangladesh,” in Farooq Sobhan (ed.), *Countering Terrorism in Bangladesh* (Dhaka: UPL, 2008), p. 30.

42 International Crisis Group, “Bangladesh: Getting Police Reform on Track,” *Asia Report*, No. 182 (Brussels: ICG, 2009).

the utility of capacity gaps hypothesis. Ahmed, who played a vital role in creating RAB, said: “Our police are inadequate. They do not have sophisticated weapons nor do they have sufficient training. It is not possible to raise the police to a sufficient standard.”⁴³ The creation of RAB, in Ahmed’s view, offered a useful tool to address these concerns with police. This is due to the fact that about half of RAB’s 10,000 personnel are supposed to come from the armed forces whose rigorous physical training and better weapons and tactics were thought to overcome the deficiency in existing law enforcement agencies.

Law minister Moudud and other proponents of the capacity gap hypothesis suggest that government responses to address the deficiency in police came in several stages. Initially, Prime Minister Khaleda Zia’s administration (2001-2006) tried with a few ad hoc police teams, such as the Rapid Enforcement Force, the Rapid Action Team, the Cheetah and the Cobra. These short-term police teams gained initial successes but failed to restore the law and order situation. Khaleda Zia’s government also deployed the army and border force to combat serious crime and terrorism.⁴⁴ Successes achieved during these anti-crime drives by police, army, and border forces were limited and short-lived.⁴⁵ Drawing on the lessons of these anti-crime drives, in 2003 the government amended The Armed Police Battalions Ordinance 1979 to establish the RAB. The Armed Police Battalions (Amendment) Act 2003 authorizes the RAB to perform several internal security duties such as recovery of illegal arms, apprehension of armed gangs of criminals. As stated before, it also gives the RAB two exclusive duties: intelligence and investigation.⁴⁶

Successive governments have not only equipped the RAB with sophisticated weapons, but also provided it with the indemnity for excessive use of force

43 Quoted in Roland Buerk, “Bangladesh’s Feared Elite Police,” *BBC News*, December 15, 2005.

44 The Army-led Operation Clean Heart and the BDR-led Operation Spider Web were aimed at hunting down armed militants and terrorists in the country. See Rounaq Jahan, “Bangladesh in 2003: Vibrant Democracy or Destructive Politics?” *Asian Survey*, Vol. 44, No. 1 (2004), p. 59.

45 ABM Ziaur Rahman, “Countering Terrorism: Responses of Stakeholders,” in Imtiaz Ahmed (ed.), *Terrorism in the 21st Century: Perspectives from Bangladesh* (Dhaka: UPL, 2009), p.169.

46 See Articles 6aa and 6bb of The Armed Police Battalions (Amendment) Act, 2003 (Act No. XXVIII of 2003) <bdlaws.minlaw.gov.bd/print_sections_all.php?id=593> (accessed 26 April 2013).

against criminal suspects. This is evident in numerous extrajudicial killings in RAB operations, some of which are attributed to RAB's intelligence wing.⁴⁷ RAB defends its position by asserting the right to use proportionate force during gunfight with criminal suspects. It also claims that all incidents of gunfight with suspect are investigated either by the police or by judicial magistrates.⁴⁸

The effect of capacity gap is also evident in the SB and the CID. The longstanding employment of these two agencies in spying on private citizens and political parties have not only eroded their professional competence but also turned them into the political police of the incumbent governments. Recognizing their limits, the donor-funded police reform project has targeted, among other strategic priorities, improved efficiency of immigration service, criminal intelligence, and crime investigation. Some of these goals in better policing and intelligence were accomplished by providing new training modules, scientific equipments, and teaching professional ethics.⁴⁹

Recent trends in the domain of financial intelligence seem to further confirm the effect of capacity gap hypothesis. Prior to the creation of the Anti-Money Laundering Department at the Bangladesh Bank in 2002, which was later renamed to Bangladesh Financial Intelligence Unit in 2012, the government possessed no dedicated agency to collect and analyze information on money laundering and terrorist financing. Similarly, prior to the formation of Central Intelligence Cell at the National Board of Revenue, the tax investigation unit of NBR had serious shortfalls in detecting tax evasion.⁵⁰ The government responded to such limitations by creating the BFIU and the CIC.

Support for the capacity gap hypothesis can also be found in the fact that the Anti-Corruption Commission was formed in 2004 and later reconstituted in 2007. Here the political will of the government proved to be a decisive factor in

47 Human Rights Watch, *Judge, Jury, and Executioner: Torture and Extrajudicial Killings by Bangladesh's Elite Security Force* (New York: HRW, 2006); More recent allegations focus on a criminal case, in which senior RAB officials in Narayanganj city killed seven people in exchange for monetary benefits. See "Ex-RAB Officer Tareque Admits Link," *The Daily Star* (Dhaka), June 18, 2014.

48 Interview with a senior RAB official; Also see, M. Moyeenul Haque, "RAB Operations – An Insider's View," in *RAB Journal 2008* (Dhaka: RAB Legal and Media Wing, 2008), pp. 84-85.

49 Author's interview with UNDP experts on police reform project in Bangladesh.

50 Karim and Alauddin, "Emerging Tax Issues in Asian Countries."

strengthening the anti-corruption investigations. For critics, corruption charges against the lawmakers of the ruling party are hardly investigated and prosecuted, whereas similar charges against the opposition parties are taken quite seriously by the ACC. Interestingly, the partisan role of the ACC was quite different when the military-backed caretaker government of Fakhruddin Ahmed appointed retired army chief General Hassan Moshhud Chowdhury as the ACC chairman. During his tenure as the ACC chairman, Moshhud Chowdhury initiated corruption investigations against many political leaders including the BNP and Awami League party chiefs Khaleda Zia and Sheikh Hasina, respectively. It became quite apparent that while some of the corruption charges against Khaleda and Hasina might have been well substantiated, the ACC was used as an instrument of the military-backed caretaker government to implement a ‘minus two’ formula.⁵¹ The goal of the ‘minus two’ formula was to cleanse Bangladeshi politics by removing the corrupt and the criminals so that a third force of civil society leaders with clean image could come to govern the country.⁵²

In summary, recent intelligence reform practices in the domains of counterterrorism, immigration service, criminal investigation, and financial crime provide useful evidence to support the capacity gap hypothesis.

Hypothesis 2: Coordination Needs

The second hypothesis focuses on coordination needs. Coordination can be centralized or decentralized. The former provides a strategic tool for intelligence sharing by bringing up various agency heads, whereas the second offers a useful mechanism to synthesize field-level intelligence efforts.

Evidence suggests that the absence of an effective intelligence sharing mechanism led to the creation of at least three coordination bodies—the National Committee for Intelligence Coordination (NCIC), the National Committee for Militancy Resistance and Prevention (NCRMPP), and the National Coordination Committee (NCC-AML/TF) on anti-money laundering and terrorist financing. Prior to the formation of these coordinating committees, there was hardly any central coordinating body to facilitate intelligence sharing.

51 Iftekhazzaman, “Can We Expect an Effective ACC?” *The Daily Star* (Dhaka), February 23, 2010.

52 Inam Ahmed, “Walking the Edge,” *India Today*, May 28, 2007.

Instead, national core committees of senior officials worked on intelligence cooperation on an ad hoc basis, which was hampered by bureaucratic inertia, and competition between various agencies.⁵³

After the BDR Mutiny in February 2009 revealed the cracks in the ad hoc intelligence coordination structure, Prime Minister Sheikh Hasina established the NCIC in July 2009 to centralize the intelligence coordination process. Located at the Prime Minister's Office, the NCIC is composed of the cabinet secretary, principal secretary to the prime minister's office, director generals of NSI, DGFI, SSF, and inspector general of police.⁵⁴ The chiefs of RAB, SB, and CID assist the NCIC in performing its activities.⁵⁵

A close look at the composition of the NCIC suggests that it addressed the thorny issue of bureaucratic competitions, by giving due importance to both civilian and military intelligence agencies. For instance, in the past the prime minister would give disproportionately more importance to the intelligence assessments of the DGFI and the NSI, and cared less about what analytical reports the other agencies could offer.⁵⁶ However, the government struck a balance between the civilian and military agencies by ensuring that the list of NCIC participants was expanded to include the national police chief, and heads of principal security and intelligence agencies which work under the Ministry of Home Affairs. For many analysts, compared to the past practices of informal coordination, the NCIC represents a major transformation in which various agency heads meet the prime minister on a regular basis and share their assessments with the apex committee members.

According to home ministry officials, the formation of NCMRP in May 2009 was also an innovation in coordinating strategic communications against terrorism and religious militancy.⁵⁷ Although the NCMRP comprises seventeen

53 Kawser Ahmed, "Defining National Security Matters and Need for Founding a National Crisis Management Body and Its Functionaries," in *The Battle Without Borders* (Dhaka: Osder Publications, 2010), p. 167.

54 M Abul Kalam Azad, "Work on Counterintelligence Unit Under Way," *The Daily Star* (Dhaka), January 23, 2010; "PM to Sit with Intel Agencies Today," *News Today* (Dhaka), December 26, 2010.

55 "Security Forces Capacity Building," *Security Risks-Com*, January 1, 2011.

56 Author's interview; "B'Desh Forms National Committee to Coordinate Intelligence Activities," *Zee News* (India), August 3, 2009.

57 Interview with senior officials at the Ministry of Home Affairs.

delegates from various ministries such as the home, law, education, religious affairs, local government, and information ministries, officials from the principal law enforcement and intelligence agencies also attend its meetings. The anti-militancy committee mobilizes concerned agencies at the district, sub-district, and local government levels to denounce terrorism and all forms of extremism. According to former police chief Muhammad Nurul Huda, district-level coordination bodies still exist but they lack any authority to synthesize operational intelligence.⁵⁸ The NCMRP has the potential to address this gap, but critics observe that the NCMRP is overrepresented by the government ministries and security agencies and under-represented by the members of civil society and human rights bodies. This has created a danger of abuses of power by the government and its agencies.⁵⁹

Like the NCIC and the NCMRP, the National Coordination Committee (NCC) on financial crimes was formed in August 2009 under the leadership of finance minister Abul Maal Abdul Muhith. The finance minister chairs the NCC, and its membership comprises the central bank governor, and secretaries of finance and bank divisions, and ministries of home, foreign, and law.⁶⁰ Over the last few years, the NCC was responsible for the formulation and implementation of policies regarding money laundering and terrorist financing.⁶¹ According to one senior official in the Bangladesh Bank, the main task of the NCC was to reform the legal regime so that Bangladesh could gradually improve its compliance with global standards set by the United Nations and other multilateral bodies such as the Financial Action Task Force (FATF).

Although the NCIC, the NCMRP, and the NCC emerged as fully operational coordinating bodies, a few other proposals on intelligence coordination mechanism did not gain any currency. The concepts of the National Crisis Management Committee (NCMC) and the Quick Reaction Force (QRF) are two such cases. In the backdrop of the BDR Mutiny, there were repeated calls for creating a crisis management committee, which would not only include the prime minister and key cabinet members, but also the chair of parliamentary committee on national security, and leader of the opposition party in the

58 Huda, "Capacity Building and Coordination at Field Level," p. 104.

59 Ahmed, "Bangladesh," in *Security Sector Reform and Democratization*, p. 16.

60 See "National Committee Formed to Finalize Anti-Money Laundering Action Plan," *The Financial Express* (Dhaka), August 2, 2009.

61 GoB, *National Strategy*, Annexure, p. iv.

parliament.⁶² Given the highly polarized political culture in the country, in which personal hatred between the key leaders of mainstream political parties often impede the process of democracy; the idea of a crisis management committee was a utopia. Recognizing that NCMC has no future, the Bangladesh Army proposed the formation of a readily deployable quick reaction force, which could be used to deal with mutiny, terrorism, and hostage situations.⁶³ If established, the QRF could also be deployed to the United Nations peace keeping missions. Till date, no concrete actions have been taken to raise the QRF.

The preceding discussion shows the existence of three high level coordinating bodies. Although the NCIC is the most powerful coordination body, it does not include border and financial intelligence agencies. The newly created border intelligence agency BSB is absent from the NCIC structure due to its lack of competence and maturity. On the other hand, since the financial intelligence agencies participate in a finance ministry-led committee, they are perhaps excluded from the NCIC to avoid any duplication of efforts. For critics, the absence of border and financial intelligence entities is largely due to their infancy. Since both entities have been recently formed, their potential contribution to national intelligence coordination is underappreciated at the moment but may increase over time.

Hypothesis 3: Crisis-driven Demand

The third hypothesis posits that intelligence crises and failures can act as a catalyst for major reform. Consistent with the expectation of this hypothesis, intelligence failure leading up to the BDR mutiny had a decisive effect on reshaping the border intelligence.⁶⁴ The reconfiguration of border force intelligence and the creation of two national coordination bodies provide useful evidence to test the crisis-driven reform hypothesis.

The chain of events during the BDR Mutiny suggests that members of the Rifles Security Unit (RSU) failed to report to its higher authorities any sensitive information regarding disaffected border soldiers. Instead of delivering

62 The three defense service chiefs, key intelligence chiefs, and police chief would also represent NCMC. See Azad, "Work on Counterintelligence Unit Under Way."

63 Shakhawat Liton, "Army Seeks to Form Crisis Unit," *The Daily Star* (Dhaka), June 8, 2009.

64 see Anand Kumar, "Reconstitution of the Bangladesh Rifles." *Journal of Defense Studies*, Vol. 4, No. 2 (2010), pp. 116-124.

advanced information to their superior authorities, several dozen RSU members actively participated in the mutiny.⁶⁵ Other agencies also failed to predict the outbreak of a mutiny, which destroyed the BDR's command structure. Lessons learned from the BDR mutiny influenced the way the border guard has been reconstituted since 2010. This is evident in disbanding the BDR and creating the Border Guard Bangladesh (BGB) with newly screened personnel. The RSU was also replaced with a new BGB intelligence network, which emphasizes fusion of information among analysts at the battalions, regional sectors, and central headquarters.

In retrospect, intelligence failure prior to the BDR mutiny provides useful lessons, which have strongly shaped the Sheikh Hasina government's decision to form the two coordination committees such as the NCIC and the NCMRP. The national probe committee on BDR mutiny, led by retired government official Anis Uz Zaman, found that the complicity of RSU members with the mutineers, and lack of inter-agency collaboration between the BDR headquarters and the home ministry officials contributed to intelligence failure prior to the mutiny. Therefore, the committee recommended that two intelligence coordinating bodies be established – a central intelligence coordination structure; and a national crisis management committee.⁶⁶ The Anis Uz Zaman committee also emphasized better coordination between various intelligence and law enforcement agencies.⁶⁷ As explained before, the government responded positively to the idea of a central intelligence coordination structure and ignored the concept of crisis management committee.

While the events of BDR Mutiny have had a quick effect on the government's decision to form the NCIC, the idea of creating the anti-militancy national committee (NCMRP) has had a long period of gestation. Political observers suggest that the rise of militant Islamist groups such as the Harkat ul Jihad al

65 After criminal investigations, the Bangladesh Government accused 113 RSU soldiers, of whom four were acquitted and 109 were given prison terms, ranging from four months to seven years. Each convict was fined Taka 100 (less than \$1.5). Four of the accused RSU men were acquitted as allegations against them were not proved. See Staff Correspondent, "RSU Was Aware, but Kept Mum," *The Daily Star* (Dhaka), December 20, 2010; Staff Correspondent, "Intelligence Unit Let It Happen," *The Daily Star* (Dhaka), May 9, 2010.

66 "A Summary of the National Probe Report on the BDR Mutiny," *The Daily Star* (Dhaka), May 29, 2009.

67 Khan, *Revolt at the BDR Headquarters*, p. 26.

Islami (HuJI), the Jamaat ul Mujahideen Bangladesh (JMB), and the Jagrata Muslim Janata Bangladesh (JMJB), and their alleged involvement in several high profile terrorist attacks from 1999 to 2005 have encouraged the previous governments of Khaleda Zia and Fakhruddin Ahmed to form an inter-agency anti-militancy committee. In fact, both the BNP-led four party alliance government (2001-2006) and the military-backed caretaker government (2007-2008) recognized that an anti-militancy committee would not only coordinate the works of various ministries but also allow the intelligence agencies to share their terrorist threat assessments.

Why was then May 2009 chosen as the timeline for establishing the NCMRP? There are two possible answers: First, although the idea of a similar anti-militancy committee were contemplated for quite some time, especially since the JMB's 2005 country-wide terrorist bombings, bureaucratic inertia and lack of inter-agency collaboration put enormous pressures impeding the birth of the committee. It appears that the home ministry exploited the crisis moment of the post-mutiny period in 2009 to establish the NCMRP. Second, widespread concerns over possible connections between radical Islamist groups and the BDR mutineers offer an additional explanation.⁶⁸ Although no conclusive evidence was found to establish militants-mutineers connections, intelligence assessments warned of the possibility of looted weapons and explosives falling into the hands of criminals and terrorists, who might be intent on destabilizing the country.⁶⁹ Senior officials at the home ministry and the major intelligence agencies note that the NCMRP was created in response to such threat assessments.

In summary, intelligence failures leading to JMB's country-wide terrorist bombings in 2005 and the BDR mutiny in 2009 have significantly shaped the structures of the border intelligence agency and the formation of the national coordination committees. This paper has also mentioned similar crisis-driven reforms in India, the U.K. and the U.S. Are there any historical precedents aside from the 2005 JMB bombings and the 2009 BDR Mutiny, which may provide

68 Md. Asadullah Khan, "Mutiny or Conspiracy?" *The Daily Star* (Dhaka), March 7, 2009. Also see Kumar, "The BDR Mutiny," pp. 109-111.

69 Shafqat Munir, "The BDR Mutiny in Bangladesh: Understanding the National and Regional Implications," *RUSI Commentary*, March 26, 2009; Anand Kumar, "The BDR Mutiny," pp. 109-110.

further credence to the crisis-driven reform hypothesis in Bangladesh? The answer is yes.

The creation of the paramilitary Jatiya Rakkhi Bahini (National Defence Force) as an auxiliary police force in February 1972 and its absorption into the Bangladesh Army in October 1975 also illustrate the crisis-driven reform hypothesis. Although Bangladesh's independence leader Sheikh Mujibur Rahman established the Rakkhi Bahini as a loyal militia force to contain organized crime and terrorism and to consolidate his regime security, the Rakkhi Bahini was eventually turned into a state within state with huge mandates in intelligence gathering and law enforcement.⁷⁰ Despite widespread criticisms of human rights abuses including torture, enforced disappearance, extrajudicial killings, Sheikh Mujib not only planned for the expansion of the Rakkhi Bahini but also enacted the Jatiya Rakkhi Bahini Amendment Act 1974 to give it "immunity from prosecution and other legal proceedings."⁷¹ It was not until the assassination of Mujib in a military coup in August 1975 that the Rakkhi Bahini was abolished and merged with the armed forces through the Jatiya Rakkhi Bahini Absorption Ordinance 1975.⁷²

Several questions flow from the above analysis: To what extent have the DGFI and the NSI seen Mujib's killing in 1975 and Zia's murder in 1981 as cases of intelligence failure? How have successive governments reformed the DGFI and the NSI to enhance their professional competence? It is beyond the scope of this paper to examine the utility of the crisis-driven reform hypothesis with further historical evidence. Further studies should address this deficiency.

The preceding discussions demonstrate the effect of domestic factors on intelligence reform. The next hypothesis examines the effect of external influence on intelligence reform.

Hypothesis 4: External Influence

The fourth hypothesis suggests that if national decision makers fail to respond to the needs for intelligence reform, external influence will facilitate such

70 Talukder Maniruzzaman, "Bangladesh in 1975: The Fall of the Mujib Regime and Its Aftermath," *Asian Survey*, Vol. 16, No. 2 (1976), p. 121.

71 Human Rights Watch, *Ignoring Executions and Torture: Impunity for Bangladesh's Security Forces* (New York: HRW, 2009), p. 5.

72 See, *Jatiya Rakkhi Bahini (Absorption into the Army) Ordinance, 1975* (Ordinance No. LII of 1975). http://bdlaws.minlaw.gov.bd/pdf_part.php?id=505, accessed June 20, 2014.

reform. External influence may come in two forms: carrots and sticks. The first refers to the offer of incentives, while the latter implies the use of coercive pressures. The incentive structure may include funding and technical supports whereas coercive pressures may focus on punitive actions against non-compliant practices. As stated before, external influence may come from two major sources: states and international organizations. For the purpose of brevity, this paper examines the effects of influence from several sources: the United States, the European Union, the United Nations, and the Financial Action Task Force.

Data on criminal and financial intelligence reform in Bangladesh support the validity of the external influence hypothesis. With an estimated US\$45 million multi-year and multi-donor support, Bangladesh Police and the UNDP have embarked on the Police Reform Project, which has not only worked on gender mainstreaming and strategic leadership issues, but also targeted improvement in criminal investigation and criminal intelligence analysis.⁷³ As part of the police reform initiative, funding support from the European Commission, the executive organ of the European Union, has offered an incentive to create the Trafficking in Human Being (THB) Unit at the CID. Although the newly created anti-trafficking unit is too small to cover the mammoth task of investigating hundreds of cases, it offers a useful example of how donor-driven reform agenda can assist an intelligence agency to adapt to the growing threat to human security.⁷⁴

In addition to foreign aid, external pressures have also had positive effect on intelligence reform. This is sharply evident in the case of constant pressures of the U.S. State Department to improve the anti-trafficking regime in Bangladesh.⁷⁵ In a similar manner, pressures from the U.S. Treasury have also had significantly influenced the way the Bangladesh Bank has reformed its financial intelligence unit. According to one Bangladeshi analyst,

73 Bangladesh Police is the implementing agency and the UNDP is a donor coordinating agency for the police reform project. For a detailed critique of the police reform process in Bangladesh, see ICG, “Bangladesh: Getting Police Reform on Track.”

74 The THB was created with nine officials only.

75 The State Department’s pressure came in the form of its downgrading Bangladesh from ‘Tier 2’ to ‘Tier 2 Watch List’ in the 2009 Trafficking in Persons Report. This downgrading underscored the necessity of legal and intelligence reform to comply with the global anti-trafficking regime.

The US [United States] has been keeping a close watch over the terror situation in Bangladesh. This is evident from the US pressure on the [Bangladesh] government in 2002 for the enactment of the AMLA [Anti Money Laundering Act], long before the surfacing of JMB [Jamaat ul Mujahideen Bangladesh – a radical Islamist group]. Since then it has been *hammering the government* to complete probe into the alleged money laundering cases and to take some actions (emphasis added).⁷⁶

In addition to the U.S Treasury, the Financial Action Task Force (FATF) has also put enormous pressures on Bangladesh to introduce a series of legal and administrative reforms in the domain of financial intelligence. The FATF is a global standard setter in the fight against money laundering, terrorist financing, and proliferation financing. During interviews, senior officials at the central bank and the ministries of home affairs, foreign affairs, and law and parliamentary affairs describe how Bangladesh risked being blacklisted for non-compliance with the global standards on anti-money laundering and countering of terrorist financing (AML/CFT). According to a senior official at the central bank, Bangladesh has been committed to bringing necessary reform in the financial sector “to avert any global negative impact” and to “meet the demand of global watchdog [such as FATF].”⁷⁷

In order for Bangladesh to improve its compliance with the global AML/CFT regime, there was a need for changing the existing laws regarding anti-terrorism, anti-money laundering, and countering of terrorist financing. These legal reforms would ensure that money laundering, terrorist financing, and proliferation financing are adequately criminalized and an independent financial intelligence unit is created to detect, analyze, and help prosecute such crimes. As stated before, in accordance with the requirements set by the FATF, the finance ministry-led national coordination committee steered the process of legislating the Money Laundering Prevention Act 2012 and the Anti-Terrorism Act 2012.⁷⁸ The new laws have repealed their past versions in an effort to comply with the global AML/CFT standards. As a result, banks and non-banking financial institutions are now required to report suspicious transactions to the Bangladesh Financial Intelligence Unit (BFIU).

International pressures also came from the United Nations Security Council (UNSC) and various multilateral conventions. To understand how the UN

76 Rahman, “Countering Terrorism: Responses of Stakeholders,” p. 175.

77 Nazmul Ahsan, “FATF Lists 5 Deficiencies in BD’s Financial Sec” *The Financial Express* (Dhaka), July 9, 2012.

78 “National Committee Formed,” *The Financial Express* (Dhaka), August 2, 2009.

pressures were channeled, one has to look at the UNSC Resolutions 1267 and 1373, both of which focus on targeted sanctions on terrorist financiers. The UN Counter Terrorism Committee also requires member states to assess their legislation regarding UNSCR 1373. In addition, a host of UN conventions on transnational organized crime and terrorist offences, such as the 1998 Vienna Convention on drugs trafficking, the 1999 UN Convention on the suppression of terrorist financing, and the 2000 Palermo Convention on transnational crime had significantly influenced the way the security and intelligence agencies in Bangladesh have adapted to the evolving threats of transnational crime and terrorism. It is abundantly clear that the cumulative effects of pressures from the FATF and the UN have strongly shaped the way Bangladesh has introduced reforms in the financial intelligence sector.⁷⁹

External influence can also explain the expansion of counterterrorism capabilities of the DGFI, the NSI, and the RAB, each of which competes to become the lead counterterrorism agency in the country. Participants in this research suggest that after the 9/11 terrorist attacks, U.S. pressures played a crucial role in encouraging the DGFI to acquire new counterterrorism responsibilities. These pressures would often come from senior officials at the U.S. State Department's Office of Coordinator of Counterterrorism as well as the Department of Treasury's Financial Crimes Enforcement Network.

Although external variables can provide useful insights into understanding reforms in the domains of counterterrorism and financial intelligence such variables appear to have less utility in analyzing reforms in the border intelligence apparatus, national intelligence coordination, and tax intelligence. As described before, the latter three changes were influenced by domestic pressures such as capacity gaps, coordination demands, and intelligence failure.

Policy Recommendations

Several policy recommendations flow from the central research findings.

- First, capacity building should be an ongoing process. Intelligence practitioners and national decision makers should not wait until a major failure to initiate necessary changes. Although this paper focuses on the capacity of individual agencies, it also recognizes the importance of improving the capability of intelligence coordination structures.

⁷⁹ Bangladesh Financial Intelligence Unit, *Managing Core Risks of Financial Institutions: Guidance Notes on Prevention of Money Laundering and Terrorist Financing* (Dhaka: Bangladesh Bank, 2012).

- Second, national level intelligence coordination is necessary but not sufficient. There is an urgent need to promote operational collaboration among field level intelligence agencies. In addition, border intelligence and financial intelligence entities need to be strengthened and brought under the purview of the National Committee for Intelligence Coordination.
- Third, an autonomous research center outside the intelligence community should be formed to examine the cases of intelligence failures. The proposed center should study missed opportunities and lessons learned.
- Fourth, external assistance from the EU and the UNDP has brought useful changes to the criminal investigation capability. In addition, pressures from the FATE, the United States, and the United Nations have helped developing the financial intelligence unit and a national coordination body on anti-money laundering. Building on the preexisting reforms, Bangladesh should continue to enhance the capability of intelligence agencies and their coordination structures.

Conclusion

This paper has accomplished several tasks. First, it profiled the intelligence community in Bangladesh and mapped out the major intelligence reforms in the country. Next, it developed a set of testable propositions on intelligence reforms, and examined their utility with empirical evidence. The central research findings show that recent intelligence reforms in Bangladesh can be explained by four factors – capacity gaps, coordination needs, crisis-driven demands, and external influence.

Despite its accomplishments, this paper has a few limitations. It does not address the issue of democratic control of intelligence agencies. Although Bangladesh claims to be a parliamentary democracy, there is no legislative oversight body to control the budgets, personnel or acquisition policy of the intelligence agencies. The judiciary also lacks any control mechanism over the intelligence agencies. In the absence of any legislative or judicial oversight mechanisms, the executive branch in general and the prime minister in particular have effectively monopolized the control over intelligence agencies.

The executive monopoly over the intelligence community has created several problems. It has certainly reduced the possibility for bringing greater degree of transparency and accountability in the way security and intelligence agencies operate. Other problems relate to the absence of any overarching intelligence law and an intelligence strategy which could provide well defined tasking for the agencies and clarity in their legal mandates. A study on Pakistan's

intelligence community suggests that in the absence of any well defined tasks and clear legal mandates, the security and intelligence agencies remain vulnerable to manipulation by the incumbent political regimes.⁸⁰

In conclusion, the four hypotheses tested in this paper offer only plausible explanations. It is important to conduct further research to learn about the changes and continuities in the security and intelligence agencies of Bangladesh. Future studies should expand the timeline of analysis, and include more variables and country cases. They should also give adequate emphasis on the issue of democratic control over the intelligence agencies.

80 See, Frédéric Grare, *Reforming the Intelligence Agencies in Pakistan's Transitional Democracy* (Washington, D.C.: Carnegie Endowment for International Peace, 2009).