

Feature

Decentralization and Globalisation

by Atiur Rahman

PROFOUND changes have already taken place in the global political scene. Consequently, the economic scenario has also been undergoing drastic changes. With the collapse of Soviet Union not only the concept of bi-polarism in politics has ceased to exist, the very concept of centralisation both in political and economic spheres is being questioned. Although the aspiration for democratisation of the state has been on the rise, the actual operation of democracy on the ground has not been that satisfactory. Yet hopes for better sharing of power and other fruits of democratisation are still high on the agenda in most countries. While in the economic field the speedy globalisation through structural adjustment and liberalisation of trade may have loosened the grip of the centralised state there have been a number of fallouts as well. The vulnerable groups, especially who have not been able to organise and articulate their grievances, are being gradually marginalised. The 'soft' issues like efficiency, equity and ethics are being gradually eroded from the ongoing economic system. Bangladesh is no exception either in this respect. Both politics and economics in Bangladesh are under serious pressures from the marginalised groups. Both centralised administration and marketised economies have been failing to rise up to the aspirations of the people for effective democratisation of various institutions. This has already given rise to frustrations among majority of the people. This situation calls for greater degree of decentralisation both in politics and economics. Such a demand for increased decentralisation in Bangladesh is, of course, consistent with the renewed surge in enthusiasm for decentralised administration and participation world wide. Following factors may be identified for such a surge:

more bureaucratic than ever before. This has further eroded the base for decentralization.

Benefits of Decentralization

A Traditionally underdevelopment was thought to be not due to lack of resources or technology, but rather the end result of inability to make and implement collective decisions. The 'soft states' (as propounded by Myrdal) of South Asia could not prove effective for development as they could not make such collective decisions. Instead the successful economic performance of East Asian countries was derived from their superior ability to implement collective policies and decisions (Banuri, 1991). But today such a state centric view is now being increasingly questioned. One argument which is still attractive is that large groups are not conducive to reaching collective decisions, rather they lead to surrender of authority to a small number of decision makers (Olson, 1965). Again, the

cess. Decentralization can help reemphasize local communities so that they can control immediate decisions.

B Despite signs of growth in some sectors, the extent of absolute rural poverty has been increasing in countries like Bangladesh. The on-going poverty alleviation programmes implemented by the centralized state structure with an inherited bias towards regulatory functions invariably has been experiencing implementation failures. Local self-government with prior provision of social mobilization of the rural poor can go a long way towards countervailing such centralized state structures. The human resource development, pursued so far mainly to achieve some quantitative indicators (e.g. literacy rates, infant mortality rates, life expectancy, employment, status of women, hospital beds, primary health care facilities, nutrition), has not yet been able to make significant impact on the quality of

The states in South Asia, mostly convoluted during the colonial and post-colonial phases have lost their flexibilities and informalities and become more bureaucratic than ever before. This has further eroded the base for decentralization.

groups should not be so small that they cannot derive any benefit from the economies of scale. Hence, the trick then is to find the right organizational form for a society in which the decision making unit is small or decentralized enough to enable the formation of legitimate collective decisions, and large enough to permit the exploitation of scale of economies and interdependencies" (Banuri, 1991, P. 3).

Empirical Arguments

Several empirical arguments can as well be made to support decentralization. They include:

I The centralized state apparatus is overburdened with detailed issues. The fundamental government policies cannot be effectively implemented by such an apparatus. Hence, there is a need for divestiture of the centralized state's functions.

II With the existing drive for rapid globalization, the earlier tendency of modernization and homogenization of the society under centralized system of the state has, in fact, further divided most post-colonial society into Anglophile and Vernacular classes. A vast majority of the people has been marginalized and disenfranchised in the pro-

life. This calls for empowerment, a qualitative indicator, which can not be ensured by the existing centralized arrangements.

V Concentration of power, prestige and sources of income generation in the urban sector has been further encouraging people to migrate to the cities. Unplanned urbanization has been causing congestion and other kinds of environmental degradation. Decentralization can not only reduce the flow of the people from rural area to the cities, but also can create an opportunity for better management of urban problems.

A 'Flexible specialization model' of new organizational forms along with small enterprises, new information and computer technology has proved quite successful in improving both growth and equity in some countries. This model presupposes existence of a vibrant local communities with strong personalized commitment to each other. Centralized state structure is contrary to spirit of this model.

VII Domestic resource mobilization remains a major constraint to development in the Third World countries. Taxation is always a

difficult proposition. A fine balance between revenue generation and delivery of public services can be an acceptable solution to this problem. This requires decentralization.

VIII Decentralization can help tailor the development projects/programmes in line with people's need perception.

IX The national government, can acquire better legitimacy if people get better public services through local governments.

However, despite so many arguments in favour of decentralization there are strong criticisms against it as well. They include: the fear of anarchy, the necessity of coordinating the actions of various local agencies, of enforcing compliance with rules and laws, of ensuring responsibility and accountability, of protection of the rights of individuals and smaller groups, and the need to establish mechanisms for dealing with official negligence, waste, corruption and misuse of powers. Without undermining these criticisms, democratization of governance still requires decentralization. It, of course, takes a long time to derive benefits of decentralization. All successful models of decentralization were based on continuity with the past. But in Bangladesh, this continuity has been missing. Decentralization has undergone so much of ups and downs, it is nearly impossible to construct a clear picture of its evolution. The colonial rule surely disrupted the community based local self-rule. But the post-colonial rulers have not given the desired priority to this either.

Before the advent of the British rule, the self ruled community was more important than western knowledge based governance superimposed from outside. Like South East Asian, we too have strong heritage for flexible, consensus based decentralised administration. Indication for such a reality is available in Tagore's writings as well.

"The government is beyond the comprehension of Samaj (community). So never we expected much from the state. If we did, surely we had to compromise with our freedoms. If the community becomes dependent on the state it loses its own bite. This was never the case for us. We survived the rules of many kings. The samaj never ceased to function. It never allowed outside intervention for anything, big or small. As a result, the Samaj continued to provide its essential services." (Rabindranath Tagore, Inner Strength (Bangla), Completed works, vol II, p.628, 1393 BS, Vishvay Bharati).

With such an indigenous intellectual base, it is quite ironic that we are still struggling with the sterile debate on decentralisation and centralization.

democratic and calamity situation, affluent section of the society come forward with charitable approach to assist those who are in need. Presently this grant approach has been properly institutionalized and flow of charity does not limit within the geographical boundaries. The manifestation of such regular flow of charitable fund is the grant based voluntary organizations called the non-government organizations.

In grant approach both at national and grassroots level,



Members at meeting: Group approach

may not agree to increase the grant amount.

Under the circumstances, we must look for an effective but cost-covered mechanism. If we can adopt a cost-effective example then utilisation of excess liquidity of commercial banks can properly be utilized, which will provide benefit for the banks, self employment for the poor people and also create employment opportunities for many in intermediary organizations, meaning NGOs.

Such an example has been created by Agrani Bank with the advice from FSRP allowing ASA (Association for Social Advancement) to borrow without real property collateral. Hence I tend to a cost-effective model in poverty alleviation by ASA a national NGO in Bangladesh.

Poverty alleviation is a very popular word and slogan which is uttered and used by all sections of people almost every day in every meeting, seminar and public meeting. With all of our participation poverty is not being alleviated and the pertinent question is, why?

Before answering the why, let us define what does poverty mean to us. Apparently, a family which cannot maintain livelihood from the income of its members is placed below poverty line but in concrete term we mean a family whose monthly income is less than Tk. 1,200/- is under poverty

line. Now I am coming to the question, why we could not alleviate or reduce poverty meaningfully. The answer is that we did not make attempt very seriously to combat poverty? Some may say that resources are limited, people are idle, no economic opportunities and so. And there were some attempts taken which also could not provide desired result due to strategic mistakes.

I am not explaining all such failures but explaining a successful example how this can be done. To implement such poverty alleviation programme two alternative ways are prevailing such as grant approach, which is taken by most NGOs and another approach accepted by very few NGOs is non-grant approach which is closer to commercial approach.

Non-grant and Grant Approach

Most activities are carried on by government in our country for middle-class people through non-grant approach. Even the private sector operation in service delivery among poor and rich is also based on non-grant approach. This is popularly known as commercial services. The grant approach came into being based on charity. When people are in distress, in epi-



Self employment: Members at work

recipients are not feeling very much actively involved, not hard working as such because the flow of fund will be their automatically, though for the time being in a non-sustainable manner.

In the non-grant approach productivity, effectiveness, hard working attitude are found which is much needed for overall development as well as for sustainability.

ASA Model

ASA as an NGO started its operation based on the grant approach during 1989. During 1985 the idea of self reliance and sustainability came to the mind of the implementers and they chalked out a plan to reach the goal. Systematic attempts have been made since 1991 through cost effective 'saving and credit programme' for poverty alleviation among poor women. Within three years of dedicated work, ASA could develop an innovative model for reaching the goal of self reliance. ASA presently

DARKER shades succeed and engulf the skies of Dhaka, as the flushed sun begins its descending course. At the juncture of a winter evening, a gracious convocation has taken place. It is a little past five p.m. in Dhaka, but in the distant lands of most of the twenty three participants of the 10th International Dialogue Programme of the Grameen Bank, it is either the cusp of night or the beginning of a new day. African nobles and dignitaries, Lebanese academics, Pakistani economists, Canadian researchers, authors, social workers, professionals, bankers, Filipino, Indian, Ethiopian, Nepalese, Sri Lankan, and many more, have assembled and await to be oriented to the programme. However, some are oppressed with such somnolence they can barely sit straight. Others look around with anticipating eyes. Despite these differences of bearing, there is an enveloping feeling of unanimous accord. Evidently, they had come with one particular intent. The Grameen Bank in collaboration with the Grameen Trust inaugurates the Grameen International Dialogue Programme for individuals and organizations who have initiated or have plans to initiate pro-

by Anita Aparna Muyeed

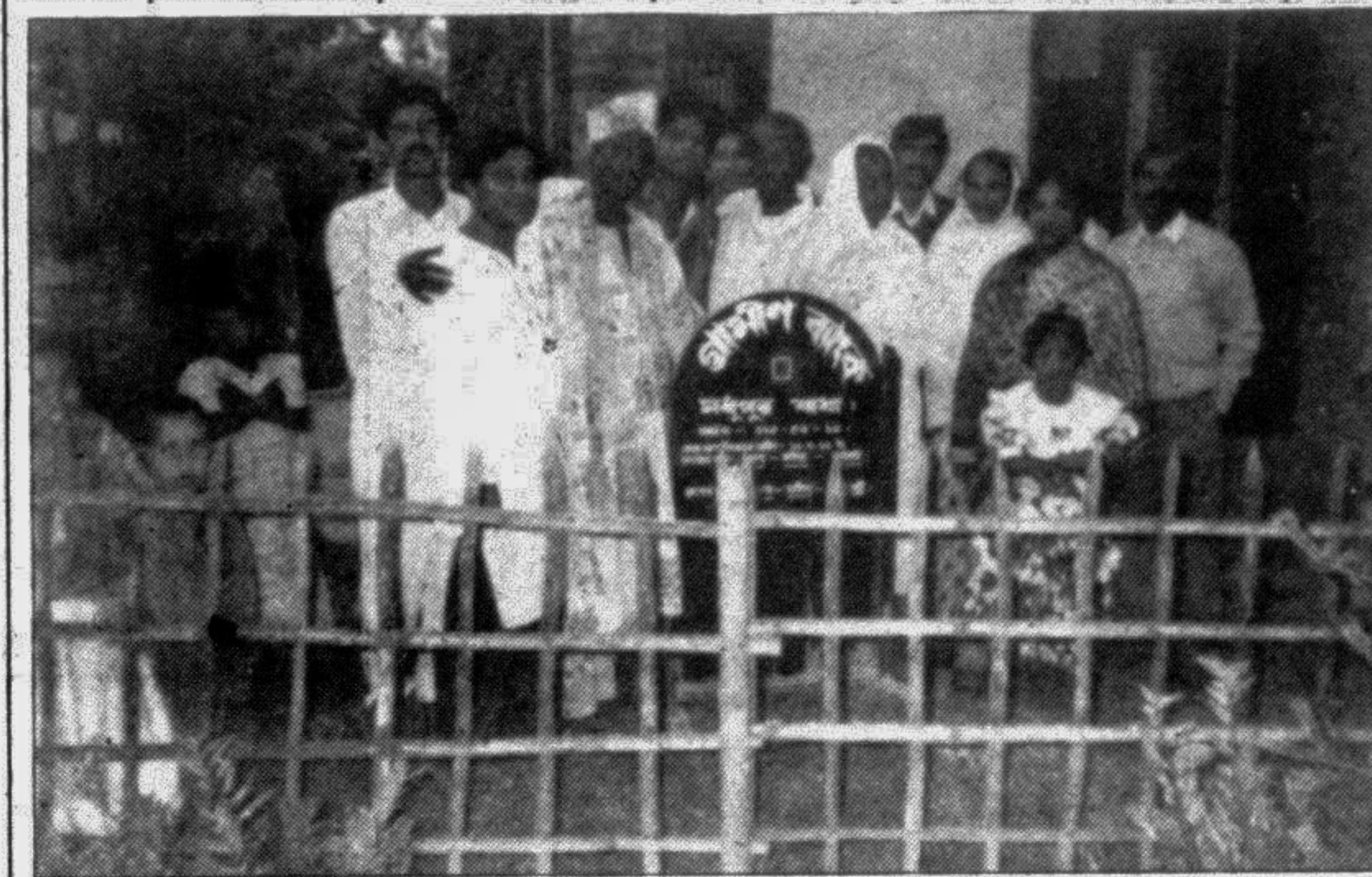
Grameen Bank system.

The 10th International Dialogue was held from Nov 26th to December 8th in its first phase the participants spend six days at the Grameen branches to observe the formation and functioning of groups, training of group members and the day to day operations of the Grameen employees. With the inclination to observe and devise future projects, we commenced our mission towards the countryside. Early, at the dawning of morning, my group, composed of a Grameen Bank facilitator and two participants (Wane from Mauritania and Akande from Benin), headed northward toward Tangail. As we approached the village, we sensed the walls of formality surrounding us gradually thinning and we held a firm belief that the wearing away would surely continue in the days lying ahead.

As we pulled up through a gate, I noticed an overhead gantry where vines had been left to creep and hang aloft the entrance. To my left, lay a small garden containing young trees and flower plants. Behind it stood a simple, red brick and

Our stay at the village proved to be an enriching experience for the participants. They not only assimilated to the structural and operational procedures of the Grameen Bank, but also had the opportunity to absorb the surrounding culture and environment. Every day, very early in the morning, we would send out for nearby villages, to observe Grameen operations, and every time, the sensuousness of nature astounded me. I would notice the browns, greens and yellows of the rice paddies and the mustard fields, enmeshed with the white of the thick morning mist. Every morning, the sheltering sky would embrace a pale colored sun, behind the quiet roads and distant silhouettes working in the fields. Then, the leisurely mounting of the sun, would gradually disperse the gray of the mist and diffuse the chill of the morning wind. Every day, a new picture would emerge, and I would behold the soft, indolent scenery transforming into an industrious, dynamic day.

Cultural barriers have always created delicate situations, where offense and hurt



The branch manager (from left), the bank workers & participants pose for a picture in front of the Madhupur Branch Office.

grammes based on the Grameen Bank model, to serve the poor by supplying them access to a credit-delivery system. The Dialogue provides an opportunity for participants to gain direct exposure to the philosophy and operational procedures of the Grameen Bank. It also allows participants to become acquainted to individuals and institutions who are already active in the field of poverty alleviation through replication of the Grameen approach. The Dialogue provides a forum for mutual learning and sharing of experiences, and an in-depth exposure to the

white cement structure. We had attained our destination, the Madhupur Branch Office, where we were to spend the next six nights. We were shown to our rooms and left to rest. In my room, I sat on the sole piece of furniture, a choki with a mattress spread over it. The soft gray concrete floor, the white-washed walls, and the simplicity of my bed gave the room a monastic feeling. At that moment, I would have never imagined that I would feel nostalgic about the place. Madhupur was not only a beautiful village, but a village full of beautiful people.

are common by-products. Probing into different cultures and environments, no doubt, guaranteed a valuable learning process. But like any learning process, the participants had to face up to many revelations that were not always pleasant or attractive. Akande from Benin, always wearing his eye-catching traditional garb and adorned with his royal necklaces and beads, was a major source of attraction everywhere we went. The dark colour of his skin was a topic of much pernicious gossip. Initially, he took it at heart and was very dispirited. He accused the people of being igno-

rant and racist. But with time and further interactions, he learned to laugh it off. Yet, at times, even Akande's curiosity went out of bounds and fringed on disrespect. What startled me the most is when he forced his way into a sacred Hindu temple despite my explanations and despite the fact that the villagers clearly expressed their reluctance to let him enter. These subtle conflicts, on both sides, did not cease to recur during our stay. But towards the end we all had a better understanding of our respective cultures and somehow forgave each other for our infractions.

The Dialogue is contrived for the participants to realize that they cannot simply pluck out the ready-made structural and operational procedures of Grameen Bank, import them to their countries and expect to create a viable credit system for the poor. In order to create a sustainable model, the Dialogue requires that participants try to uncover the reasons behind its structural and operational maneuver. It requires the participants to try to understand the mentality of the people concerned; to attempt to grasp the manner in which they think and react. At the end of our six day sojourn, we had secured a much clearer representation of the Grameen structure, its reasoning and its people.

The second phase, succeeding the "rural plunge," took place at the head office. Here, the participants were brought together to share their experiences. They were asked to re-attempt to understand the levels of poverty witnessed at the field level, in order to draw out the essential elements of a viable credit system for the poor. The Dialogue allowed the participants to assess and ascertain whether replication or adaptation was possible in the sometimes desperate socio-economic contexts of their countries. Some of the participants, before leaving Dhaka, presented their action plans their project proposals at the plenary session.

To me, my short stay at the village was a most humbling experience. Had I not seen it with my own eyes, I would have never realized the degree of poverty and hardship that our people are made to endure. Had I not been there, I would have never experienced the satisfaction that I felt when I read in their eyes, the hope and faith that they had in life and in Grameen Bank. Professor Muhammad Yunus, Managing Director of the Grameen Bank, had forewarned us in his inaugural speech six days ago that, "It becomes very painful when it comes time to leave", and he was right. The day we headed back towards Dhaka, I left with a heavy gush of sorrow. Nevertheless, like the villagers themselves, I knew that things were going to change for the better, and I left with a sentiment of peace.

Cost Effective Poverty Alleviation

by Md Shafiqul Haque Choudhury

THE World Bank report on Bangladesh of 1994, From Stabilization to Growth, prescribes that our investment must rise to 18-20 per cent related to GDP for accelerating the growth of the economy and reducing poverty. It is a well known fact that the financial institutions in Bangladesh are facing a surplus liquidity of more than Tk. 2,500 crore which is not properly utilized, whereas 70 per cent of informal credit sector's demand is not yet being met by the existing capacity of the financial institutions mentioned by Dr A M A Rahim, former planning secretary in his article in "The Daily Star" titled Credit Market and Micro Enterprise.

A BIDS study conducted several years ago revealed that more than Tk 800,000 crore was loaned by the money lenders throughout Bangladesh besides formal rural credit by the financial institutions.

When in one hand there is surplus, in another hand, shortage of rural credit flow. When on one hand more effort is needed, on another, rural branches are closing down. However, we appreciate the closing down approach because subsidized programme cannot be allowed to run; every enterprise, whatever its nature, should not be allowed to function with loss or subsidy after two years of operation.

Hence there's an urgent need to develop viable cost-effective institutions to carry out the task. Dr Rashid in the same article mentioned about involving NGOs. Thanks for his commendable confidence on NGOs. It may be mentioned here that a vast majority of NGOs are engaged in rural credit but their management costs, credit cost are shown free which means its from grant. Few smaller NGOs are operating credit very effectively in smaller areas with subsidized management cost from outside donors. If they expand their involvement for providing more credit for more people, generally donors



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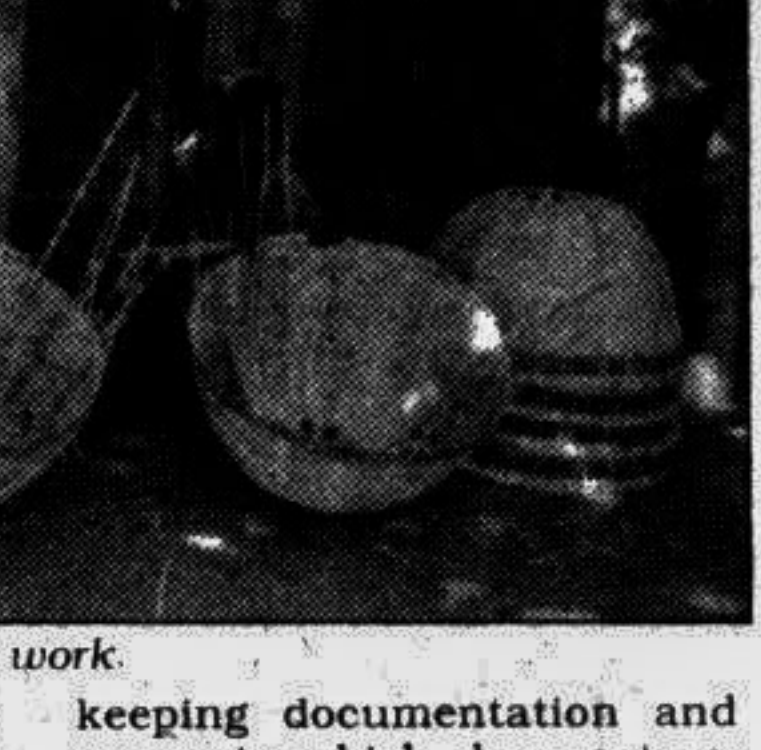
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borrow Credit fund from government source and commercial source with a range of interest rate from 4.50 to 9% per annum. By refunding regularly ASA proves its effectiveness in poverty alleviation through cost effective approach which is often acclaimed as a model.

Salient features of the model are: 1) The rate of recovery approximately 100%; 2) Efficient fund management through decentralised management approach; 3) It's cost-effective as expenditures are managed properly, low cost and appropriate according to the standard of work; 4) Less complicated mechanism of



Self employment: Members at work

keeping documentation and accounts which does not require additional manpower; 5) Work load, group members management are based on suitability and distance which saves time and money and contributes to low cost management; 6) Size and volume of work is based on capability at moderate level for minimizing cost of hiring very qualified staff for big volume and size of operation; 7) A unit of 1200 group members can distribute credit worth Tk 36 lac through revolving process while Tk 12 lac is available through five field; 8) The unit can become cost effective at the end of 7th month's operation along with covering backlog deficit; 9) Group members can make profit of 300% per annum or three times of their initial investment; 10) Within six years group members may become self reliant at present standard.

The writer is Chief Executive, ASA

Sowing Seeds of Hope in Rwanda

Harry Clegg writes from London

As the struggle for power continues in Kigali and in the refugee camps in neighbouring countries, an initiative that may prove even more important has been launched — to rescue from possible oblivion the seeds of Rwanda's key food crops. Gemini News Service reports on a unique programme to preserve a nation's agricultural diversity.

APOCALYPTIC scenes of attempted genocide and disease in Rwanda have tended to obscure a more subtle threat to human survival — the extinction of crop varieties uniquely suited to conditions in this part of the world.

The war has halted agricultural production and with estimates that less than 25 per cent of crops will be harvested this year, food shortages are increasingly likely.

Most Rwandans are subsistence farmers who will return to tiny, hillside farms that they planted, then abandoned in April. They will glean what meagre crops are left in the weed-choked fields. To fend off starvation, they will be forced to eat the seeds they need to plant the next crop.

In response to this crisis, the Consultative Group on International Agricultural Research (CGIAR) has launched "Seeds of Hope," a crash programme to rescue, multiply and distribute seeds of Rwanda's most important food crops before they disappear forever.

CGIAR is an informal group of donors, including the World Bank and the United Nations Development Programme. "The seeds aren't to eat, they're to plant", explains Dr William Scowcroft, deputy director of the Colombia-based International Centre for Tropical Agriculture (CIAT), one of a string of international agricultural research centres administered by CGIAR.

On this scale, he says. Rwanda relies on seven crops — beans, plantains, sweet potato and yams, cassava, sorghum and maize — for 60 per cent of food consumption and 77 per cent of protein intake. These crops also provide the main source of income for the country's 1.25 million farmers.

The Seeds of Hope programme aims to introduce varieties of key crops to 400,000 Rwandan farmers by 1996 as a first step to restoring the country's food security. Coordinated by CIAT, six CGIAR centres have already begun to increase seed stocks, much of which are based on material housed in CGIAR genebanks.

The seeds are being multiplied jointly with national agricultural programmes in Burundi, Kenya, Tanzania, Zaire, Ethiopia and even Colombia.

A seventh CGIAR centre, the Rome based International Plant Genetic Resources Institute (IPGRI), is compiling an inventory of Rwandan genetic resources that are held in collections worldwide to identify additional sources of seed. Once increased, the seed will be distributed — along with food aid by aid agencies and non government relief groups.

While Seeds of Hope is the largest and most dramatic international effort to repatriate local seed to areas racked by conflict, it is not the first time that CGIAR has been involved in such a programme.

In 1986, the International Rice Research Institute (IRRI) in the Philippines helped reintroduce rice seeds to Cambodia that had disappeared during the long civil war. The

"lost" varieties, collected in the early 1970s and stored in the IRRI genebank, are now grown extensively by Cambodian farmers.

In Somalia, conflict has all but destroyed the country's agricultural base and has led to the loss of its national seed collection. Fortunately, a duplicate set of some 300 samples of sorghum and maize was hand-carried from the country by an IPGRI collector in 1989 — at the request of the Somalia Government and deposited in the Kenya genebank.

These samples, along with seeds of various species currently housed by CGIAR genebanks in India and Nigeria and national genebanks in Russia and the United States, constitute some of the last remaining Somali germplasm. The seeds are currently being multiplied in Kenya in preparation for their return to Somalia where they could form the basis of a revitalised agriculture.

The loss of indigenous genetic resources in countries such as Cambodia, Somalia and Rwanda has prompted CGIAR to develop mechanisms to quickly identify sources of local seed and facilitate their return, home in an effort to restore agriculture production, all too often a silent victim of war. Tragically, there is no shortage of opportunities to put such mechanisms into play.

IPGRI is currently trying to locate collections of Afghanistan's most important food crops and Iran has offered to provide assistance in their multiplication prior to reintroduction. — Gemini News

The writer is a British freelance journalist formerly based in Colombia.