

## Support It to the Hilt

The preparations for debarring bank loan defaulters from contesting the parliamentary polls have moved another step forward. The Prime Minister has okayed the EC's draft bill on the subject. It now goes to the Law Ministry for vetting before being sent across to the Parliament. It is poised to be legislated in a very nearly half-empty parliament through the instrumentality of the BNP's majority in it.

The whole process may look somewhat mechanical but the principle it seeks to implement has everybody's unqualified acceptance. The people want the loan defaulters out of electoral contests. Persons without financial probity have no right to represent people. This is a ground rule which is religiously followed in democracies around the globe.

The prodigality of their expenditure on the one hand obscures the chances of less moneyed, but otherwise quite eligible, candidates to win the polls and on the other, it opens the flood-gate for the tyranny of other forms of ill-gotten money.

It is to put a brake on such degenerate elections that the political parties suggested to the EC that the Code of Conduct for the polls must include a ban on electoral contests by delinquent loanees. This they did despite being locked in a long-running battle on the question of a neutral caretaker government to oversee the elections. In other words, here is one area in which they have forged a mini-consensus, an oasis amidst the aridity of political stand-off.

This is basically a one-point law seeking to debar the willfully defaulting borrowers from contesting the polls. It is understood that those who are identified as loan defaulters by the scheduled banks will attract the application of the law. Still the law, in the form, it gets eventually adopted, should be reflective of the opposition's point of view, though they are not in the parliament to make themselves heard. The opposition needs to be cooperative on this particular issue even from outside.

This law would be incomplete though without an effective enforcement of the limits on election expenses which are coming in a tow.

## Private Clinic Hiccup

The cancellation of licences of as many as 20 private medical clinics and the operation of 130 diagnostic centres without licences are indicative of what has been going on in the name of healthcare in the country. The private hospitals, with rare exceptions, are viewed as money-spinning centres. The Director of Health which has faulted them for not maintaining the required standards has indeed done a good job. But the question that troubles our minds, is how could they operate so long without conforming to the set rules?

What evidently has been missing is monitoring of the services rendered by these medical facilities. Private medical establishments are expected to offer quality service bringing in an element of competition in the sector. Instead, many of them are concerned with profit margins rather than providing facilities that would give them a competitive edge over others. The results are: hardly a radical improvement in service, indiscipline and loss of people's confidence in the system.

The Directorate of Health, on its own admission, cannot enforce decisions on the erring clinics and diagnostic centres. This is enough of a reason why a medical mess is being created. The directorate must be empowered to move against the faulting establishments. It may not have magisterial powers to exercise, but it can ask for help from the proper authorities. Unauthorised operation of clinics or diagnostic centres must be duly dealt with according to the law of the land.

Who is to be held responsible for wrong diagnosis and treatment at those centres? The primary responsibility ought to be the clinics' and the overall one should be vested in the monitoring authority. There is, no doubt, a need for giving more power to the directorate but that is only to bring the medical establishments in order through an implementation of the Medical Clinics and Hospitals Ordinance, 1984.

## Highway Robbery

Where crimes of all descriptions are on the rise, people feel exasperated to keep a count of a particular variety. What is, however, surprising is that the police authority had circulated orders no less than 15 times last year for the district police administrations to get into action and bring an end to dacoities in vehicles on highways, but to no avail.

The instructions reportedly were that the police must patrol 24 hours a day on the highways. But seemingly the district police administrations have failed to carry out the central office's orders. The reported non-compliance with the higher authority's orders must be gone into and infractions, if there are any, would serve to be dealt with; because highway patrol has assumed a critical importance with the rapid growth of road transportation.

The police do have a shortage of vehicles, equipment and gadgets. But they can only make out a strong case for themselves provided they have patrolled the highways enough to identify their actual requirement and demand its fulfilment.

# The Consultancy Business

by Dr Saleemul Huq

*It is undeniable that in a very real sense the reason for much bilateral and even multilateral aid for Technical Assistance is employment generation for professionals of the aid giving country*

ment of goods and has been well documented. Indeed, one of the arguments being used in favour of continuing ODA in the donor countries in the face of severe budget cuts is that it is good for business.

However, the purpose of this article is not to take to task the donor countries or international agencies on their predilection to foist foreign consultants, although an assessment of the usefulness and particularly the cost vs benefit of foreign consultants is long overdue. I will rather focus on some of the national level problems associated with this practice and suggest some possible new ways of thinking in future.

### Capacity Building in Government

The ostensible reason for most Technical Assistance is to build national capacity to carry out particular tasks, such as studies, planning exercises, feasibility studies or other technical activities for which there is no capacity (or insufficient capacity) in the country. Even if it is assumed that this presumption of insufficient capacity is true and there is genuine need for foreign expertise to train and develop national capacity, the experience so far has been sadly disappointing. There are innumerable examples of projects in almost all sectors where multi-million dollar, multi-year, foreign-expert-heavy, TA projects have been attached to government departments or ministries and given training to people in the agency or ministry concerned only to have the entire set up wither away once the money and foreign experts disappear. It is certainly not true, at least not in all cases, that the officials on the government side who underwent training (often in-

cluding higher degrees abroad) were not able to learn the techniques adequately. Rather I would argue that it is in the nature of our government system that it is inherently impossible to retain centres of expertise within government agencies and ministries.

There are several reasons for this. One reason is that most government jobs are transferable and hence a person trained to carry out a particular function in one part of an organization gets transferred to another part where his training is no longer relevant and the person replacing him does not have the requisite training. This is even more true in ministries where the officials undergoing training will be lost from the ministry itself after a few years. The second reason is that the government system of administration and particularly pay scales and seniority rules, where a person joining a department one day after another must remain perpetually junior despite any differences in their individual capabilities. This is intrinsically against the idea of merit based competence which is (or at least should be) the hall mark of any technical, scientific or research oriented work. It is absolutely impossible for the government to keep the best and most talented of its professionals (of which it still has many) unless it can break out of these bureaucratic practices and introduce merit based approach to promotions and remuneration. The pity is that because of these unrealistic rules the most talented professionals in the government are the first to leave either to go abroad or into private practice, thus bringing down the average level even further.

### National Capacity Building

It is of course unlikely that the government will overnight see the light and transform its rules of seniority and pay scales to accommodate the most talented ones. Therefore, there is an alternative strategy that may be adopted in the short term and that is for the government (and also the donors) to broaden the definition of "National" capacity building from merely "Government" capacity building which has been the practice in the past. Bangladesh now has significant technical, professional and indeed research capabilities in organizations outside the government including the Universities like BUET, research institutes like BIDS, NGOs like BRAC, Proshika and BCAS, banks like Grameen Bank and even some private sector consulting organizations like BCL, BETS and DDC. This capacity is as much a national asset as any within the government agencies and ministries and hence such organizations, even if they are not part of the government, are legitimate candidates to receive or at least be equally involved along with relevant government agencies as recipients of Technical Assistance in future. Indeed I would argue that in order to develop truly sustainable technical capacity in any given sector, merely building that capacity in the relevant government agency will be inherently unsustainable. However, building capacity is parallel in suitable institutions outside the government at the same time will be far more sustainable in the long run. This is true even from the view point of the government agency concerned who will no longer have to face an uphill battle

to get more foreign funds to hire foreign consultants to keep their capacity alive as they will be able to rely on Bangladeshi institutions to provide such technical assistance in future.

### Consultancy Potential

Indeed many of the institutions outside the government have over the years built up considerable expertise in their own fields and are at par with the best in the world. They are thus in a position to compete in the international market place if they were given sufficient opportunities and incentives. Organizations like BRAC, Grameen Bank, BCAS and some private consulting companies have already started to provide their expertise to other developing countries in the region like Nepal and Myanmar. There is great potential to do more provided adequate opportunities and incentives are given. One way would be to recognize consultancy services as a legitimate "export" business which is exporting expert manpower and thus earning foreign exchange for the country. This would allow companies and even NGOs to travel abroad to explore the export potential. In this case the export product is their skills rather than any tangible product.

Another useful step would be for the government to drop its long established system of "Apartheid" in the consultancy field where a foreign "expert" right out of university can be hired for up to ten times (the average cost of a foreign consultant these days is about US\$15,000 per month) compared to a Bangladeshi expert with the highest academic qualifications and decades of experience just because the latter has a Bangladeshi passport.

Such discrimination against our own citizens is really uncalled for and extremely short-sighted. Indeed it would be in the government's own interests to remove the differential between foreign and national consultants and let each individual or firm compete on the basis of their respective competencies and skills regardless of the nationality of the proposed expert. It hardly seems logical that by merely obtaining a foreign passport (which a few Bangladeshis have now done) an individual becomes ten times more skillful!

### Conclusion

It is clear from the above that Bangladesh has come a long way in the last two and a half decades in terms of building national capacity both within as well as outside the government. It has succeeded in establishing a very substantial base of technical expertise in a number of spheres including banking for the poor, participatory planning, social development, informal education, immunization delivery, civil engineering, socio-economic studies and a host of others which have been recognized both at home as well as abroad. The time is therefore ripe to unleash this capacity so that it can realize its full potential and thus benefit the national even more. A few concrete and simple steps in this respect would be to (i) allow all future donor or even GOB funded TA projects to target suitable institutions outside government as well as those within government; (ii) allow an open competition for selection of experts and consultants regardless of their nationality and (iii) allow the consultancy business to be treated as an export business with the concomitant facilities required. These simple steps would go a long way to developing national capacity in Bangladesh even further.

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## State of the Economy : Alarm Bells!

*An independent Central Bank, coming out with sound advice, should be taken as an asset rather than being viewed as an obstacle to government policies*

THE Annual Report of the State Bank of Pakistan (SBP) for the year 1994-95 seems to have created a stir in financial circles, certainly much more than one can recall in the recent past. However, the full import of the financial implications on the economy as enunciated in the Report has not yet become general public consumption, the common man remains unaware of the catastrophe likely to befall him. The Government reaction has been subdued enough to be called as non-reaction. Maybe they are all "Infantry-men" in the Finance Ministry and know that when under fire to keep their heads down. While the detailed reaction from professional economists and other experts of the country is still awaited, the layman should expect the worst, our financial sins have finally caught up with us. Some aspects of the Report beyond the cold statistical data and figures must be brought out for the benefit of the general public.

The SBP Report has not said anything vastly different from what the SBP Governor and his senior colleagues have been saying publicly for some time, that the tight fiscal control practiced in the first year of the Ms Bhutto regime has virtually ceased. Anyone following the SBP Governor's speeches and that of his Chief Economic Advisor would confirm as to what was to be expected in the Report, the finest in the years since its inception (and probably the last really independent one). However, given the greater drama going on in political circles, the many warnings about problems confronting the economy have been largely ignored, both by the rulers and the masses. Even the Opposition has not been able to focus the mind of the masses on these issues. Earlier

statements or speeches of the Governor, SBP covered only one or two aspects of economic management and prognosis thereof in the country. The SBP Annual Report has now given an integrated picture of the entire economy with the result that the impact sounds totally different from the one emerging from piecemeal analysis. The report is not critical, in fact it is analytical. What emerges is that there are a number of serious lacuna in the economic management and that the agency or agencies responsible for such lacuna have been identified. Thus it is not fair to criticize the State Bank as having just woken up from Rip Van Winkle's sleep on the economy.

If the Report is perceived to be flawed in terms of analysis one would like to see an attempt at alternative analysis. There may be different views as regards economic objectives, their priorities, strategy to achieve those objectives and a host of other things. For one there are political constraints with which the SBP can be familiar but for which its approach may be theoretical and may not have the same practical compulsions of survival as any ruling political party, therefore an alternative version on analysis can be given which can come out with different conclusions.

Economic developments in Pakistan in the years ahead crucially depends on what we can make of the macroeconomic analysis given in this SBP Report. An independent Central Bank, coming out with sound advice, should be taken as an asset rather than being viewed as an obstacle to government policies. Unfortunately bureaucracy labels

anyone disagreeing with its policies as an "enemy" and translates that to the incumbent rulers as a potential threat to the political government. Government being a supreme authority not only in terms of taking decisions but in accepting the final responsibility and results thereof can always reject any advice if not found feasible or pragmatic in terms of sound governance since the recommendations of the State Bank are not mandatory. An independent microanalysis throws up options, if we have a few more reports written independently and analytically on the economic

ing it, says an insider. But his frustrated ambitions there have given him something of a chip on his shoulder and that doesn't help. Bhutto should have a panel of economic experts capable of giving her solid advice, says the same source. But only Yaqub falls into that category. Basically she's dealing with a bunch of bureaucrats with whom you can't proper discussion. If she had a better team, most of the problems could have been overcome and Pakistan would still be on the IMF programme. We realized the extent of our problems later on. The potential for a harsh public reaction to

revenue receipts, given the excess amount it has already borrowed, the Government seems unlikely to meet any of the financial targets it had set itself, viz (1) GNP growth rate of 6.5% (2) budget deficit not more than 5% (3) rate of inflation not to exceed 9.5% and (4) limiting domestic liquidity at 13%.

The government had already run afoul of the IMF in the last fiscal year 1994-95, having not stayed with any of the targets set in their budget. The targets for fiscal year 1995-96 were already not in conformity with IMF parameters the second year running and the problems seems to have been compounded by failure in attempts to achieve these. This will not endear them to the IMF as reflected in the rather cool reception given to the presentation of VA Jafarey and party in Washington this month.

The most worrying aspect in the economic analysis is what the budgetary shortfall will do to the rate of inflation, estimated by experts to be much more than that showed by the Government (the SBP maintains it to be 13%, some experts consider it closer to 22%). As the budget deficit increases and GOP is forced to further resort to bank borrowing and therefore increasing monetary supply, inflation will continue to virtually fuel itself. As much as the Ms Bhutto regime practiced austerity in fiscal 1993-94, the lack of control early in fiscal 1995-96 is extremely alarming. It is therefore quite reasonable to assume that GOP will not meet its own budgetary targets two years running. The stage is then set for inflation to run out of control as government resources come under pressure and monetary

control goes out of hand. The only alternative to resort to fiscal austerity is most unlikely, in the current politically charged atmosphere but that bitter medicine must be swallowed.

The devaluation of the Indian Rupee has further put us into economic doldrum as our textile sector has come under renewed pressure because of Indian exports, already very competitive in the international market, which have become too much for our products to compete with. On the other hand devaluation creates its own set of problems as far as inflation and debt servicing are concerned. The only recourse is to augment the revenue-gathering machine to bring more people into the tax net as increasing direct and/or indirect taxation will have its own dampeners on the economy as well as inviting public reaction. Trial balloons, like terminating of servicemen's pension commutation, have already been shot down because of rather severe adverse comment. It seems the only way left for GOP is to inflate utility charges like electricity, gas bills, etc. Unfortunately this can only be done to a point lest it lead to possible consumers' revolt. The general public, particularly the salaried class, is already close to breaking point as to its ability to keep on bearing additional financial burdens.

Ms Bhutto must heed the advice of the SBP as given in its Annual Report. A sensitive politician, she has already reacted by asking SBP to work out fiscal austerity measures in consultation with the Government. Furthermore, she must not reinforce failure, it is time to put some of her economic team out to pasture. It is prudent not to wait till we are forced to use wheelbarrows to cart enough money to the market to pay for a loaf of bread.

## AS I SEE IT

Ikram Sehgal writes from Karachi

problems more frequently than once a year, things can definitely improve in terms of economic options available to the Government.

The incumbent Governor SBP Dr Muhammad Yaqub enjoys great reputation in the financial circles of the world as a man with an incisive mind, intellectual integrity and sound analytical approach to problems. To quote *Euromoney*, "The sole economist in the core group of four which has been dealing with the IMF is Mohammad Yaqub, the Governor of State Bank of Pakistan, the Central Bank. He spent most of his career with the Fund (IMF) but, in 1993 took early retirement from it after failing to gain promotion beyond the rank of Assistant Director. He knows the Fund's line of argument very well. So he can be very tough in counter-

a tough budget also became obvious quite suddenly. However, others maintain the IMF would have been more amenable had the government kept its lines of communication open. The Fund is in the business of lending money, says one of its former officials. It was keen to keep Pakistan on board."

In an interview to Ahmad Rashid of *The Nation* given just before the release of the Annual Report, Dr Yaqub let it be known that the Government had exceeded by Rs 7 billion in the first two months of the fiscal year it's self-imposed budgetary mandate not to borrow from the banks more than the Rs 30 billion it had promised for the full year. While every government does tend to borrow heavily in the first few months of the financial year to cover the time-lag against

## To the Editor...

### No more Yasmins, Marzinas!

Sir, The cases of two teenaged girls being raped (one of them killed by the perpetrators) by the members of the "law enforcing agency" within a span of two months, are reflections of the society's fast plunge into darkness. These perhaps are only representative incidents which get publicity, thanks to the news media. There, sadly, may be many more such cases which never get to the surface to attract news coverage and therefore, remain unknown to the mem-

bers of the public. The society woke up after the Yasmin incident at Dinaipur. The magnitude of the stir, which led to the unfortunate deaths of seven more innocent but brave persons protesting the incident, would perhaps has been enough to keep any society's conscience guarded against re-enactment of similar acts, at least for sometime. But this was not to happen in our case! With us, unfortunately the "ball" rolls on with the momentum generated by the elements of mismanagement and injustice of the past years. Another Yasmin, in the

name of Marzina, and now at Chuadanga, gets news coverage!

The Marzina incident is sad and at the same time outrageous; she got molested by the persons to whom perhaps she begged protection when realizing what fate was in wait for her. What poor Marzina perhaps does not know (or does she?) is that in the hands of the very power-protectors the society is becoming powerless!

The manner The Daily Star gave coverage of the incident is praiseworthy. They place the news item in a column right next to Mr Anam's

commentary cajoling the national leadership — the Prime Minister and the Leader of the Opposition — to shun their egos, exchange sane words, open avenues for safeguarding the national interest, and create atmosphere where teenagers, Yasmins and Marzinas do not have to experience a primitive torment, living in the modern times.

Ladies, wake up to bring succor to the society which already has seen many Yasmins, many Marzinas, and many wrongdoings! Farhad Chowdhury Elephant Road, Dhaka

### "Dowry and Divorce"

Sir, I was shocked after reading the report titled "Alarming rise in divorce cases in Rangpur. Lalmonirhat" on 1st October 95 in the Daily Star. Marriage Registration Act could not help our sisters of the two districts. God knows how many divorced women are there in Bangladesh. This is not new that divorce incidents spark sensation among the elite but sensation does not help our ill fated village women. Healthy growth of the urban society is not pos-

sible as most of the divorced women are compelled to be engaged in begging and prostitution. Dowry seeker greedy husbands are responsible for the miserable lives of our women. Culprits like one Firoz Sarkar (who divorced his young wife Parvin, a BA student, for not getting Taka 25,000 and a colour television as dowry just after 25 days of the marriage) should be punished. Husbands must declare that they will not torture their wives for dowry if not they will be treated seriously. Shakhina Parvin Khan Mirpur, Dhaka