

Indo-Pak dialogue

The whole region has a stake in it

WE certainly feel upbeat and encouraged by the resumption of talks between India and Pakistan in Islamabad yesterday after more than 30 months of breakdown in relations. Though the two neighbours will have to go a long way, given the complex nature of the Kashmir dispute, the restart of dialogue is significant for many reasons.

What is quite noticeable is that the two sides have decided to proceed with caution and discretion, keeping in view the great need for confidence building through negotiations at different levels.

The stakes of the two countries in the successful outcome of the peace move are high, and the same is true when it comes to the smaller nations in the region. Bangladesh, as an active member of SAARC, looked with trepidation at the way regional cooperation was being held hostage to the animus between India and Pakistan. We wholeheartedly welcome the efforts being made to normalise relations between the two important members of SAARC. The pragmatism that the two countries have shown so far in approaching the question of coming to terms with each other, unruffled by the long standing Kashmir dispute, does indicate that they are sincerely striving for a forward movement in their relations.

The groundwork for the lengthy negotiations ahead has been done with appreciable patience and precision. The two sides, it is heartening to note, are treading cautiously and taking extreme care not to offend each other -- the first and foremost condition for making the maximum out of the peace process. This might have a positive impact on bilateral relations between other countries in the region as well. However, they must not allow any squinted vision or home-brewed political expediency to scuttle the mission.

Nothing would please us more than to see trade relations and cultural exchanges growing between New Delhi and Islamabad after the talks are over. Cricket is already exerting its sober influence, as the Indian national team is set to make its trip to Pakistan. The tour, we believe, will be a step forward in separating sports from politics. And it will definitely have a wholesome role in establishing people-to-people contact, the absence of which was felt so acutely in the past.

At the moment, things are on the right track for India and Pakistan. We hope the peace move will gather further momentum in the days ahead and blossom into an enduring rapprochement.

Microcredit summit

Time for a new thrust

WE take great satisfaction in the fact that Bangladesh is hosting the star-studded microcredit summit for the Asia/Pacific region. We regard this as a recognition of Bangladesh's pioneering role in establishing microcredit financing as a key instrument for alleviating poverty and providing economic opportunity, especially to women.

Of course, hartal took some of the lustre off the occasion. It may have caused a degree of inconvenience to the delegates. The organisers had pleaded with the AL to curtail hartals for the duration of the summit and fret that this unforeseen variable could be the sole wrinkle in an otherwise faultless preparation, but to no avail.

However, the hartal notwithstanding, the conference is an opportunity for the Bangladesh microcredit sector to shine. We have shown the world that, through microcredit, self-reliant economic activity can be organised among the poor. Nevertheless, it is also true that experience has shown that, while microcredit is a useful tool to fight poverty, it alone is not the answer.

The focus of this week's summit should be on how to adapt microcredit financing programmes to the need for reaching even more people, specially the ultra-poor. For instance, how microcredit can be refocused on creating employment and opportunity that go beyond the recipient of the loan is one area that can fruitfully be explored.

The first two millennium development goals are to reduce by half the number of people living on less than \$1 dollar a day and the number who suffer from hunger. If the microcredit summit could integrate working towards achieving these goals to its focus, it would be a great accomplishment.

HOSSAIN ZILLUR RAHMAN

MICRO-CREDIT has come a long way since it burst onto the global scene as a Grameen innovation over two decades ago. Ground realities of poverty have witnessed far-reaching changes. In Bangladesh, the most visible changes have been in reducing the everyday uncertainties of food, livelihoods and shelter for the rural poor. Household incomes have been supplemented and critically extended. With access to liquidity, the ability to cope with crisis and shocks in everyday lives has been strengthened. Spillover effects on housing, health-care and education have followed. The awesome discipline implied in weekly repayment has consolidated a behavioral norm which has proved so elusive within the upper reaches of the financial system, namely that, money borrowed must be repaid. Poverty remains but the experience of poverty is today on a qualitatively different plane. Certainly micro-credit has not been the only factor at work here but whether in terms of researched knowledge or casual observation, one would be hard put to deny its critical contribution.

Perhaps the most important change brought about by micro-credit is one not told through conventional poverty statistics at all. Thanks in no small measure to micro-credit, particularly through its institutional strategy of *samities* or self-help groups, the poor of Bangladesh have undergone something of a personality revolution, more assertive, proactive on opportunities, clearer on life-goals. The social reality may not have lost its oppressive features but the poor men and women of rural and urban Bangladesh are new protagonists on the scene and

societal outcomes are very much open. With perseverance and determination, they are forging a new ground reality of initiatives and signaling an escalating refusal to remain content with the vagaries of a poverty-laden fate.

Micro-credit has long won its initial argument that the poor are bankable. As the Micro-Credit Summit is being held in Dhaka, today's question is a different one: how effectively is micro-credit evolving to address the poverty challenges of today's ground realities. As the Millennium Development Goals have re-

micro-credit have to do with perceptions on unfairly high interest rate, neglect of 'social' dimensions, and lastly, neglect of the extreme poor. How valid are the above critiques?

Take the case of high interest rate. At one level, the criticism on high interest rate is more about social perception than a critique by clients who find micro-credit a much better option than traditional money-lenders or the inaccessible formal banks. Populist critiques here are often ill-informed and without merit. However, there are some real concerns. While a relatively high

awareness and confront any social resistance. Two decades down the line, micro-credit is a widely-accepted social reality and the informational dimension of social mobilisation has been universalised. Not only that, the financial discipline implied in high repayment rate has become something of a social norm.

These developments clearly raise questions about how critical earlier model of social mobilisation is required for further progress of the sector. Mechanical persistence with earlier mobilisational messages may likely lead to

placed to serve these segments of the clientele. How the borrower interest will play out must, however, remain an open question. From a policy point of view, the relevant concern is to ensure level playing fields which in this case means making sure that small/medium MFIs have preferential access to low-cost funds.

The third and from the standpoint of populist perceptions, the widest criticism of micro-credit has been its perceived neglect of the extreme poor. In reality, several arguments have been rolled into one here. That there is a self-selection bias

extreme poor may reflect more of a maturity argument, namely that having succeeded on the broad poverty front, micro-credit needs to ensure coverage of specific sub-groups who make up what may be characterised as the missing poor i.e. indigenous population, people living in remote areas, people losing traditional occupations etc.

But there is also a third argument hidden here. The focus on extreme poverty is a way of raising a broad moral critique of insufficient achievements of existing poverty reduction strategies including that of micro-credit. It is indeed a fact that despite three decades of 'poverty alleviation', forty percent of the population in Bangladesh still remain within poverty and there is also a growing problem of inequality. More than anything else, the moral critique is a call against complacency, against 'business-as-usual', a reminder if any was needed, that the battle on the poverty front remains the most critical of today's challenges. The urgency of this moral critique lies in re-vitalising the sense of mission which is too easily lost in the language of technical expertise, academic discourses and agency paradigms. Fighting poverty remains ultimately an intensely human challenge and it is a lesson and realisation which needs constant nurturing. It is our hope that the Micro-Credit Summit which is being held in Dhaka ultimately serves to re-ignite this sense of mission.

Hossain Zillur Rahman is Executive Chairman of Power and Participation Research Centre.

Perhaps the most important change brought about by micro-credit is one not told through conventional poverty statistics at all. Thanks in no small measure to micro-credit, particularly through its institutional strategy of *samities* or self-help groups, the poor of Bangladesh have undergone something of a personality revolution, more assertive, pro-active on opportunities, clearer on life-goals.

focused the global spotlight on poverty, it is the poverty mandate of micro-credit which demands a re-visit. This is important because the linguistic transition from micro-credit to micro-finance while an acknowledgement that the sector today is an essential component of the mainstream financial system, is also appearing to be a double-edged sword. Mainstreaming is often coming to be understood in a manner which obscures the focus on poverty per se: high repayment rate and MFI sustainability at the expense of poverty impact and borrower sustainability. And this is fuelling a populist critique which in its own turn is in danger of confusing the policy options involved.

The most important elements of the emerging 'poverty' critique of interest rate may have been warranted at the early institutionalisation stage of micro-credit, efficiency gains of the sector and the opportunity for MFIs to access low-cost funds clearly need to translate into some benefits for the clients in the form of lower interest rates.

There is also a widespread perception that micro-credit is neglecting social aspects of dealing the poverty challenge, in particular a perceived abandonment of 'social mobilisation' in favour of quick credit disbursal. How valid is such a perception? When the group approach was pioneered in the early days of micro-credit, social mobilisation in the form of a long gestation period proved necessary to build the social and informational

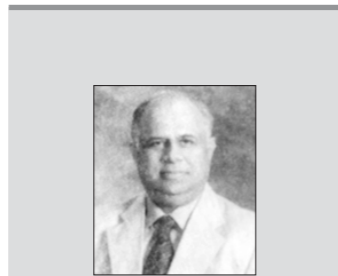
'awareness fatigue' on the part of borrowers. Where, however, the critique is of merit is regarding competition between large MFIs (micro-finance institutions) who have the strength to go for immediate disbursal and locally-based small/medium MFIs who undertake a gestation phase prior to disbursal. There are no easy answers here since it is the borrower interest which must dictate the process. A preferred outcome may be the one in which large MFIs concentrate on the upper segment of the clientele who require little by way of social mobilisation and the smaller MFIs concentrate on the middle and lower segments for whom a gestation phase may remain critical. It is arguable that locally-rooted MFIs may be better

against the extreme poor within the existing micro-credit model has now been well-established through research. This realisation has spawned compensatory initiatives as in projects specifically targeted to the extreme poor.

The policy issues here, however, merit some clarification. While it is true that a self-selection bias operates against the extreme poor, it does not necessarily follow that all extreme poor are willing clientele for micro-credit. An important segment of the extreme poor may not be prepared or able to bear the rigorous repayment discipline of micro-credit; their immediate interest may lie in wage employment or safety net programmes.

At another level, the focus on

From fame to shame



IKRAM SEHGAL
writes from Karachi

Pakistan a nuclear capability, (2) the public is aware that AQK carried out this clandestine operation with great difficulty against the combined opposition of the US and other western countries, and therefore subscribes to the conspiracy theory that they mean to physically eliminate AQK, (3) the public disbelieves that AQK could have taken any initiative without official sanction (and/or connivance) and feel he is being made a scapegoat to cover the wrongdoings of others in

world very reluctantly came to terms with Pakistan's nuclear potential as an India-specific deterrent as legitimate self-defence. On the back of India's 1998 Pokhara explosions, it gave us the opportunity to come out of the nuclear closet and become a declared nuclear power rather than remain a clandestine one. The world should have regularised us as a recognised nuclear power and not imposed sanctions upon us, we would not have further need for our clandestine

plans from North Korea with cash on the barrel.

Within Pakistan our media and politicians seemingly unable to understand the necessity for acting responsibly and are trying to accomplish their own political objectives. In effect they are destabilising Pakistan in trying to overturn the ruling regime on this issue, playing into the hands of our detractors. Without our nuclear deterrent, India could have gambled a conventional offensive against

very few dared say so, it was generally believed that he was skimming money from procurements, the "no-questions asked" attitude accepted this blatant corruption as legitimate. Gradually an image of omni-potency, of being above the State, was built up, carefully nurtured by AQK, his associates and his friends. The Musharraf regime gets good marks for institutionalising accountability, even though NAB is quite selective. In this case NAB must target AQK

taken two months since the assassination attempt on the President to sack an intelligence chief, a totally useless character whose time in office was spent gathering real-estate or going after his own "enemies". Nuclear proliferation to the so-called rogue states, Iran, Libya and North Korea, considered by the world to be unstable and dangerous is a serious matter. The President has a real dilemma, notwithstanding AQK's "confession", how to separate the State from the actions of a rogue scientist so that the rogue scientist does not take the State down with him for the sake of his own hide and his illegitimate billions. What about his pre-emptive media strike that AQK had already launched in the form of rumours, leaked stories, etc implying that whatever he had done was done with official sanction, a sort of a "reverse blackmail", holding the country to ransom in bartering his freedom? AQK had already compromised the security staff meant to keep an eye on things, among those detained are two retired Brigadiers and one retired Major.

What Pakistan requires from AQK is a full rendition of the clandestine underworld organisation/individuals and a return of the loot that he illegally acquired. The government must proceed against the Pakistanis involved and inform US and other governments about those of different nationalities in the illegal "export" chain. Giving AQK a pardon may be a suitable stopgap compromise to contain the possible public outcry; now his network must be dissembled with full vigour. We allowed AQK to run riot at the expense of the country, in sowing the wind thus we must be prepared to reap the whirlwind.

Ikram Sehgal, a former Major of Pakistan Army, is a political analyst and columnist.

AS I SEE IT

What Pakistan requires from AQK is a full rendition of the clandestine underworld organisation/individuals and a return of the loot that he illegally acquired. The government must proceed against the Pakistanis involved and inform US and other governments about those of different nationalities in the illegal "export" chain. Giving AQK a pardon may be a suitable stopgap compromise to contain the possible public outcry; now his network must be dissembled with full vigour.

authority, (4) without documentary evidence of illegal monetary and real-estate holdings of AQK (and his 10 associates) being made public, the population is skeptical about his alleged corruption, (5) the public feels that AQK's international vilification is only being used as a pretext by a Western/Indian conspiracy to de-nuclearise Pakistan, (6) there is general skepticism AQK could have gotten away with it without active connivance of senior army officials and financial experts, (7) Pakistan's existing nuclear programme can only be sustained by keeping the procurement process secret, (8) the government desperately needs to sustain the morale and address the insecurity of other nuclear scientists not tainted by AQK's shenanigans and (9) preserve the sanctity of our nuclear deterrent by keeping secure its operational employment.

Pakistan did not acquire nuclear expertise as a weapon *per se* but as a deterrent to India's capability. The

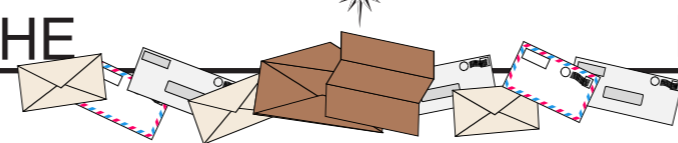
time supply sources. The world must partly accept responsibility for forcing us to remain in the nuclear nether world. The external view is two-track, having recognised Pakistan's legitimate self-defence needs given our conventional disparity we have with India, the US simply wants nuclear proliferation to stop. Terrorists upset the ante with 9/11 so that the unthinkable has now become a distinct possibility, the use of a "dirty" nuclear bomb to kill masses of people. The other world view is an orchestrated extension of the motivated and vested interest of India in de-nuking Pakistan and get us declared a "rogue State", at the very least to close down our nuclear supply network. For nuclear imports, we do not need to make apologies to anyone but the "exports" of plans, drawings, components etc to countries such as Iran, Libya and North Korea are not only illegal but something else. It is interesting to note that Ms Benazir acknowledges we bought missile

Pakistan, whether they would have succeeded or not is open to question but the collateral damage to our economic infrastructure would be incalculable. AQK cleverly force-multiplied his popularity by the help of media persons paid huge payments of money to embellish his reputation. The May 1998 explosion took AQK's image to a high within the country even though there is doubt whether the device was from Kahuta Research Laboratories (KRL) or Pakistan Atomic Energy Commission (PAEC). PAEC probably did most of the work at Chagai but could not compete with AQK's established place in the hearts and minds of the Pakistani populace, one doubts if there is name recognition from Dr Samar Mobarakmand among 3-5 per cent of the population. With this perception of unadulterated adulation, how do we deal with our hero well knowing he was also blatantly corrupt in allowing his openly corrupt lifestyle? Though

and his associates, particularly in seizing their assets. Accountability in Pakistan is usually compromised by, viz (1) active neglect and (2) benign neglect. "Active neglect" involves looking the other way while knowing that certain categories of people have free rein to loot and plunder while "benign neglect" allows a favourite is allowed to run riot by feigning ignorance of his/her misdeeds.

By the time the President removed AQK from KRL two years ago and put him in an Advisory post, documented intelligence about the complex nature of his illegal holdings was available. Even so when US officials Richard Armitage, Christina Rocca and Lt Gen Abizaid (separately) briefed Musharraf last October about AQK's involvement in nuclear proliferation through a vast underground network, the nuclear proliferation charge should not have been a surprise for the President. We have a failure of intelligence in critical areas at critical times; it has

TO THE EDITOR TO THE EDITOR TO THE



EDITOR TO THE EDITOR TO THE EDITOR

Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing.

Lifestyles in the 21st century

Some instances of modern philosophies of life were spotlighted in the two editorials in The Daily Star of January 2004. One dealt with the proposed increase in the number of seats in the parliament (in an LDC) to continue to remain in political power by the current regime (suspected); while the other editorial pointed to the business greed of physicians in the shameless way the local private medical clinics are operated.

There are many other instances in other sectors of society, some of which would be mentioned in the lines that follow. Stark, naked materialism is being exploited in the name of democracy and offering 'better' services to the clients in various public services.

A couple of days earlier, the DS carried an article from a Bangladeshi living abroad

(Brisbane) proposing that the duties and responsibilities of the MPs in the JS be reviewed, to exclude development projects, and confine the MPs' jurisdiction to parliamentary affairs only, to avoid possible hidden business interests, to devote exclusively to public service. Of course, there can be an uproar from the MPs, but the point is that the elected parliamentarians should be aware of their place in society, and not misuse their presence for personal benefits. The way the number of seats is being increased unilaterally is highly questionable.

South Asia is a big, big market with plenty of untapped resources for exploitation by the industrialised countries, which (the latter) are facing a setting-sun scenario for the last two decades. The economy is ailing and the reserves in the fields of economic and energy exploitation have to be updated with more areas prepared for future projects. The current US stance in global politics

is naked and unashamed control the energy resources anywhere and everywhere in the world, with preemptive strikes, bypassing the UN!

The Muslim world is still dozing. There are too much communication and societal gaps between the rich and poor Muslim nations, and the role of OIC is pathetic. It takes several generations to build up a new nation. Dhaka has failed in three decades, but it is not a solitary example. It is a part of the overall pattern in the third world.

The politicians have failed to deliver (everywhere), and are trying to muzzle the press. They are in the limelight and get bonus for the huge noises they make (and unmake). There is a background war between propaganda and development, and the commission agents are depriving the benefits to the masses. Politics as a tool, and as a goal (public service) have different current images the

medium is damaging the message. Who cares? The messengers themselves (the governors) have negative images. The minority continues to exploit the majority of the impoverished.

The control of the mass media by the affluent west still continues. The standard of living and birth rate in the developed countries are going down (Japan, population growth rate is 0.01 per cent compared to around two per cent), causing alarm in the western Think Tanks. The Cancun skirmishes were not an isolated case. Is genetic engineering causing the dreaded chicken, 'flu, the new variation of sars and beef disease?

Anyway, it looks like that this new millennium century is going to bring major changes in the rotting civilisation of materialism. Bangladesh also has to come out of the vicious negative moral circle. One issue is sure: the world is short of genuine leaders today,

surpassing frontiers.

Alif Zabr
Dhaka

'State of the Union' message

In his 'State of the Union' message, which is inter-linked with the November 2004 presidential election, President George Bush turned his failures in Afghanistan, Iraq, and 'war on terrorism' into grand successes. Moreover, he was totally silent about his fiasco on 'Road map' for ME peace.

We wonder if President Bush has ever thought of the real and core reasons behind 9/11 massacres.

Everyone knows and believes that the US blindly supports the macabre killing, oppression and suppression of the innocent Palestinians by the Israelis. Denial of statehood and independence of Palestine by the US-Israel axis is the main cause behind terrorist

activities across the globe.

Had there been a free Palestine, there would surely have been no September 11, 2001. In the name of capturing Osama bin Laden, a Saudi millionaire fugitive living in Afghanistan, President Bush has killed thousands of innocent Afghan people.

Today the name, fame, prestige and honour of the USA have come down to the lowest ebb all over the world, thanks to the policy of Mr. Bush.

Commenting on George Bush's 'State of the Union' address, US Senator Edward Kennedy said, "Bush has put a spin on the truth to justify a war that could well become one of the worst blunders in more than two centuries of American foreign policy." "By attacking Iraq and Afghanistan Bush has added to the flame, allowing terrorist activities in different places of the world," Kennedy added.

Another US leader accused

President George Bush of leading the United States into isolation and creating a new "Axis of evil".

It may also be mentioned here that only a few days ago in an anti-globalisation movement, over 100,000 people from 130 countries met in Mumbai, India, and Keun Soo Hong, a prominent South Korean pacifist, addressing the assembly said, "The greatest threat to the world is from the US and its President, George Bush."

In the domestic matters, President Bush has evaded many important issues. He has, however, asked the Congress for a 1.7 trillion tax cuts that would benefit the rich Americans. Furthermore, George Bush is doing nothing while the US has lost more jobs than any time since the Great Depression in 1929.

OH Kabir
Dhaka-1203

City of jobless

Having innumerable showrooms of a variety of entertainment goods in different areas, Dhaka really looks elegant. But what is odd looking and troublesome is that people gather before the showrooms for watching different programmes on television channels. As a result, pedestrians cannot move freely on the footpaths.

The problem is aggravated when rickshaw-pullers join the enthusiastic crowd. Most of these people appear to be jobless. I do not understand why the owners of those showrooms keep televisions on for hours together.

Is there anyone to look into the matter?

Md. Firy Mahmud
Surja Sen Hall
Dhaka University