

From Hathatpara to Shanghai

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JUST over a month ago, I visited Hathatpara, a small village near Bogra, to observe first hand how micro-finance and girls' education change people's lives and futures. There I met Hena Akhtar, whose family had moved there some fifteen years ago after the Jamuna devoured her home. Now, with support from BRAC, she supports a family of five and sends her three children to school -- a dream never realised in her own childhood. I met her, and many others with similar life experiences, during a field trip reviewing micro-credit and female education programmes that have been hallmarks of Bangladesh's success.

Micro-credit and girls' education will be showcased as two of Bangladesh's most successful poverty interventions, at a global conference in Shanghai in May, co-hosted by the World Bank and the Chinese Government. The conference focuses on examples of scaling up successful anti-poverty interventions, world-wide. The Prime Minister of Bangladesh, along with seven other Heads of State, will take part in the conference on "Reducing Poverty, Sustaining Growth" to be held in Shanghai, China, on May 25-27, 2004.

While Bangladesh is world-renowned now for its achievements in micro-credit and girls' education, its overall achievements in reducing income poverty (from over 70 percent at independence to less than 49 percent today), the striking improvements in life expectancy, near-universal primary enrollment, and reduction of its population growth rate often go unrecognised, even within the country. Bangladesh has been a leader in enrolling girls, and has cut infant mortality by half over the last two decades. By these measures of social progress, Bangladesh performs better than most countries in its income group, including neighbouring India, Pakistan, and Nepal. Immunization rates are better than most in the developing world. Bangladesh has already achieved the Millennium Development Goal (MDG) of achieving gender parity in primary education, and is on the way to providing universal basic education. Access to micro-credit, led by its world-class NGOs, has reached a scale that is unequalled worldwide.

Among many achievements of Bangladesh, the experience of delivering microcredit and girls' education were chosen as examples of "scaling up" development initiatives to be discussed at the forthcoming Shanghai conference. This sharing of experiences across countries is designed to help scale up successful practices, to accomplish the Millennium Development Goals (MDGs). The conference will examine, among other things, how successive governments in Bangladesh have supported education and microcredit programmes, within a successful framework for public-private partnerships. Among the key success factors for micro credit and girls education, are:

- a government policy framework that has strengthened the participation of non-governmental partners and enabled considerable innovation;
- visionary leadership and strong management structures within NGOs;
- strong support from development partners;
- in girls' education, sustained government attention and resources;
- active community involvement that helps increase accountability.

Our recent visit to microcredit projects and primary schools in Bangladesh confirmed that the country has indeed become a showcase for development, with much to teach the international community, and that important insights on poverty and women's empowerment come from those striving and working hard to escape hardship.

These are achievements which Bangladesh should be proud of and from which others can learn. Making the most of these successes is important, both to improve the morale and confidence of Bangladesh in its own achievements, and for Bangladesh's support in the international community. Let me offer two thoughts on how Bangladesh can build further on the successes in education and microcredit:

Firstly, NGOs need to continue as supportive partners to government in nation-wide programmes to eradicate poverty. It is essential that NGOs meet the highest standards of transparency and accountability. To achieve this goal, however, Government legislation should take care not to stifle the independence and operational flexibility that NGOs currently enjoy in Bangladesh. We trust that the newly proposed legislation on NGOs in Bangladesh will be based on extensive consultations with all stakeholders, particularly with the NGO community, and these consultations will influence the content of any change to the current draft.

A related issue is the charged issue of interest rates in micro-credit programmes. I share the view of many that there should be no interest rate cap and that NGOs should be allowed the flexibility to set interest rates. Secondly, for NGOs that are generating a surplus in their micro-finance operations, it is not at all obvious that they ought to lower their interest rates because of this surplus. Many of these NGOs also run social and empower-

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ment programmes in association with micro credit, and, in my view, it ought to be left to the NGOs whether they should use the surplus from micro-finance to run such associated programmes, schools and health services, or whether they should take advantage of a surplus to lower the interest charged on micro-credit. The real issue is transparency with clients and donors, and knowing how the surplus funds are spent.

Bangladesh has also made progress in areas *beyond* micro credit and education -- such as reforming its financial system, improving the environ-

ment for private investment, and increasing the transparency of government activities. However these successes have not reached a stage of showcasing them, and much more needs to be done in these arenas. If the people of Bangladesh want to move ahead with further gains, an honest look at the successes but also at all the potential still to be realised is much needed. In order to reach this potential and achieve higher economic growth for faster poverty reduction, Bangladesh needs to improve its law and order and economic security environment, and ramp up its infrastructure services, includ-

ing power, ports, etc., increase jobs and employment opportunities, and make services work better for all people.

Let me conclude by going back to what struck me most during this field visit. First, that people's own initiative, together with creative support from BRAC, BRDB, or Grameen Bank or from the female stipend programme of the government, allowed them to overcome the odds. Secondly, that the creative partnership of NGOs and the government on the ground helps in bringing out the people's potential, enabling them to control their own destiny. We witnessed the results of excellent government and NGO policies and programmes. I am convinced more than ever that Bangladesh has much to teach the world about scaling up microfinance and education, and in future, also other sectors. I look forward to hearing Bangladesh share these successes next month in Shanghai.

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