

# Issue is professionalism in NCBs

## Politicised boards breed corruption

BANGLADESH Bank (BB) governor's request to the finance ministry to recast Sonali Bank's board of directors has sparked a tiff with the minister who thinks it is not within the central bank's remit to make such a recommendation.

Furthermore, the finance minister pointed to the central bank's failure to arrest the alleged loan scam involving the Hallmark group.

We don't want be drawn into a perceptual or semantic debate over who has authority over what or who is responsible for the present misgovernance with NCBs.

More pertinently, we would highlight the issue of how the Boards of Directors of nationalised banks are constituted and who get to man them.

Experience tells us that usually political appointees from the ruling party make up such boards. In the appointment of the board members, little, if anything, about their background, for example, their professional experience, competence or personal probity is taken into consideration with due diligence. Political loyalty remains the criterion.

Consequently, such boards do the bidding of the ruling party when sanctioning loans, which lies at the heart of corruption and malpractice. Even the internal appointments may bear the stamp of political meddling.

In the process, transparency and accountability of the board of directors as well as the nationalised banks as a whole can be called into question every step of the way.

As a matter of fact, the supervisory role of the Bangladesh Bank or the finance ministry, for that matter, is negated at the root of the whole system.

At issue is the governance of the nationalised banks as such. Trading of blames or conflict over jurisdictions is simply rhetoric, so long as the banks' boards are not constituted of professional people of proven integrity, with banking experience and competence.

# Eruption of violence at Shahbagh

## The recurring pattern of death and violent protest must end

THE mayhem in Shahbagh following a Dhaka University student's death in a road crash at the notorious intersection on Tuesday was a sad and violent deja vu. We are increasingly facing two kinds of violence -- one, in the recklessness of callous and unskilled drivers with no regard for human life and the second, in uncontrolled public fury -- especially that of university students who take the law into their own hands -- resulting in damage to public and private property. The general public, meanwhile, are sandwiched in between the two forms of excess, sustaining bodily injury, damage to vehicles, and endless hours of being stuck in traffic stemming from the violence and roadblocks.

The problem, as well as its solution, is manifold. Road safety in the country overall is in a deplorable situation, with thousands dying in road collisions annually. Infrastructural development to reduce congestion and make the roads safer for commuters and pedestrians -- such as an underpass at the Shahbagh intersection which was promised back in 2006 -- is yet to take place. The Shipping Minister, also the Executive President of Bangladesh Road Transport Worker Federation, has often indulged the drivers of public transport by overlooking their educational qualifications, professional training and competence as irrelevant in the context of their providing a greater public service. Pedestrians, too, display a dangerous disregard for their lives and safety when they cross the street, ignoring traffic signals and movement on the pedestrian-unfriendly roads of the capital. Finally, those who erupt in violent protest following such incidents, lack the guidance which could direct them towards peaceful avenues of protest and demand for rights, while the law enforcers responsible for handling such situations seem ill-equipped to do so.

Sadly, every accident, every incident of death, injury and the violence following it, has gone in vain as there has been no change in the situation. We urge the authorities as well as institutions to do everything necessary to end this

# THIS DAY IN HISTORY

- August 30
- 1914
- World War I: Germans defeat the Russians in the Battle of Tannenberg
- 1963
- The Hotline between the leaders of the U.S.A. and the Soviet Union goes into operation.
- 1981
- President Mohammad-Ali Rajai and Prime Minister Mohammad-Javad Bahonar of Iran are assassinated in a bombing committed by the People's Mujahedin of Iran.
- 1995
- NATO launches Operation Deliberate Force against Bosnian Serb forces.
- 1999
- East Timor voted for independence from Indonesia in a referendum.

# Let not Grameen's tale be a tragedy

S.M. RASHED AHMED

THE amendment to the Grameen Bank ordinance has for all practical purposes robbed the Bank of its unique characteristic as a bank overwhelmingly owned by poor women. A bank for the poor and by the poor has been obliterated by a government ordinance; and that too by a democratically elected government. There was no compelling reason to do so as the record of Grameen Bank's performance is much superior by any standard to the government owned banks. Grameen's collective savings is around \$1.4 billion and its interest rate is the lowest amongst micro-finance lenders around the world.

Financially, Grameen is self-reliant and has not taken donor's money since 1995. Most importantly, according to Grameen Bank's internal survey, 64% of the borrowers who have stayed with the bank for five years or more have crossed the poverty line. Significantly, changing the original character of the Grameen Bank, hailed for its solid achievements at home and abroad in transforming the lives of the rural poor women, was not in the election manifesto of the party in power when it sought people's mandate during the last election.

The essence of democracy is that it is a "government by discussion." In the context of modern democratic dispensation this includes, among others, parliament, political parties, members of civil society and crucially those affected by any decision of the government, particularly involving reputed institutions which have stood the test of time such as Grameen.

A democratic government elected by massive majority of the people is expected to take into account the wishes of the people and to make a genuine effort to reach consensus on issues where the nation is clearly divided. International opinion and those of our partners in development need also to be taken into account.

After all, an LDC like Bangladesh cannot live in splendid isolation! Nothing of this sort was done in the case of Grameen. It was a long battle for Grameen, Yunus and friends after the legal case was lost. Dr. Kamal Hossain, one of our most eminent jurists, and others expressed disappointment and dismay at the outcome.

This was followed by series of steps by the government leading to the final decision involving approval of the amended ordinance. It has given the government, which has a mere 3% ownership of the Bank, practically full control of the Bank and rendered it into another "cookie cutter public organisation" as Yunus calls it, strip-

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ing the women members of their control and voice.

It is the unique characteristics of the bank of the poor and its solid achievements in alleviation of poverty and empowerment of women which brought international recognition to Grameen, its founder and Bangladesh -- the Nobel Peace Prize. That was our treasured moment and an ineffaceable achievement in our history. Yes, it is Yunus and our poor mothers, sisters and daughters who brought this glory to Bangladesh. A country prone to natural and man-made disasters, chronic instability and intermittent failures of democratic political process has a positive story to tell the world.

I had written earlier about my personal experience when their Imperial Majesties in Japan showed great admiration for Grameen and its founder;

the acceptability I got in the militant municipalities of Kosovo as the UN Representative because Grameen was there to assist the poor women find employment, which was scarce following the conflict. Grameen's women directors played an active role in important policy decisions including, among others, introduction of pension fund for borrowers, life insurance, scholarships and higher education loans for children and healthcare etc. "Without the input by the women members," as Yunus noted, "such decisions may not have been taken."

To say that poor women borrowers are not qualified to run Grameen is an affront to democracy and its cherished principles. After all, we seek the

votes of the overwhelmingly poor men and women of Bangladesh to get elected and form the government!

Grameen has made outstanding contributions in the process of changing the stereotype image of the role of women in development in a predominantly Muslim society. The sight of the poor women representatives of 8.3 million women on the dais in Oslo, Norway, receiving the Nobel Prize for peace in the full glare of world media is an unprecedented achievement for Bangladesh, which years of our diplomacy may not have been able to achieve.

The image of Bangladesh has become synonymous with the image of Grameen and Yunus; and it is not only in just one superpower country as some naively believe, it is around the globe. There are now Grameen type programmes in almost every

country in the world; its support and popularity are not confined to foreign governments alone but include members of the parliaments, political parties, influential members of the civil society and the people at large -- particularly the women. This uncalled for and undemocratic decision of the government on Grameen may do irreparable damage to the image of Bangladesh and cause a serious setback to the realisation of the goals of our foreign policy, diplomacy and development. It is a tragedy for Bangladesh and Grameen; history will pronounce its verdict on it.

There are formidable challenges ahead of Bangladesh -- achieving consensus for holding a free and fair election; poverty alleviation; democracy and development; looming food, energy and water crisis, among others. We need international support and national consensus to collectively face and overcome what clearly will be a critical testing time for the nation.

We need leadership now to rise to the occasion and the demands of time and history. We cannot fitter away our precious energy on non-issues and divide the people and the nation along partisan lines. In democracy, governments will come and go but the state is sacred, and no government is mandated by its people to inflict irreversible damage to the national image and interest of the country. I call upon the government to see reason, repeal this undemocratic ordinance and restore Grameen Bank's independence and its original character. If this is not acceptable, let the government seek mandate from the people through its manifesto in the next election on this issue and meanwhile maintain the status quo of Grameen. Wisdom lies in accommodation and amicable settlement; conflict will help neither the government nor the nation.

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# Breaking the Padma Bridge logjam

ZIAUDDIN CHOUDHURY

IT has been nearly two months since our face-off with the World Bank on Padma Bridge financing, and the latter's decision on cancellation of the proposed credit. In the last two months we have heard rhetoric from two extremes of the spectrum. It ranged from denouncement by some of the decision by the world organisation as biased, one sided, and self-serving, to recognition of the decision by others as appropriate and deserving for our government's failure to redress the accusations of corruption in the project. We heard our political leaders giving public vent to their chagrin with loud denials of any wrongdoing in the project by any public official. We also heard rhetoric of going to the extra length of announcing to the world the intention of going it alone. Some overzealous patriots even lauded this utopian promise and suggested ways and means to fund the project by floating bonds.

Barring some sane sections of the population that tried to bring some sense into this hot headed debate and foolish pounding of chests, the majority of our current leaders tried to ride their high horse of self-righteousness without trying to see or do what is the best way to come out of this impasse. An impasse many outside observers view as our own making.

There is no point in going over the main issue that led to the cancellation of the credit and the subsequent stalemate. But there are certain facts that we need to remind ourselves in the cacophony of rhetoric before they get lost in the noise.

First, we need this bridge as an

essential element of our desperately needed expansion of transportation infrastructure. Second, we need a huge of amount of funding to build this bridge that we cannot assemble with our meager domestic resources despite all our bombastic claims. Third, this huge funding is only possible from external sources and that too at a concessional rate. Fourth, the external source of funding for our

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country has always been coordinated and arranged by the World Bank -- an institution that has stood by us since our birth. Since Bangladesh joined the World Bank in 1972, the Bank through its soft term lending agency International Development Agency (IDA) has provided about one-quarter of all foreign aid commitments. Fifth, more than two-thirds of funding of our Annual Development Program -- the core of our economic development activity -- is provided by our external partners led by the World Bank. Can the rhetoric of self-righteousness and oratory of going it alone to build the bridge hide these stark realities?

Countries that depend on goodwill and support of external partners for

development can ill afford to lose their trust, let alone their financial help. Bangladesh is no China, the country that went ahead finding alternative ways (largely domestic resources) to build the \$22.5 billion Three Gorges Dam Project when the World Bank that time declined to participate in the funding citing environmental concerns. Bangladesh is no Malaysia where the leader of the coun-

individuals who have been tainted by suspicions of misconduct in the Bridge project. In parallel, the government should assure all its development partners including the World Bank of its honest intentions to pursue what is in the best interest of its country and demonstrate to these agencies that the country is not beholden to any individual or individuals. That the government and its leaders hold the country's interest over and above all politics and political supporters.

We may have started on a wrong foot, but we have not yet lost the momentum to correct this wrong step, gain support and garner funds to build this bridge. The logjam in financing can be broken not by rhetoric or counter accusations, but by taking steps to remove the misgivings in the minds of our external partners.

It is not guaranteed that the World Bank financing will be automatically restored when the government reopens the dialogue and agrees to take corrective steps. The Bank, like our government, has its own processes and a decision making Board. But at least the right steps by our government will demonstrate to our other external partners of our honest intentions, and that may lead to a path for a new collaboration.

We build bridges to cross barriers, facilitate traffic and provide access. However, bridges are more than meet the eye. The Padma Bridge, when built, should provide an example of building relationships -- relationship of trust, friendship, and international collaboration.

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