

## DEVELOPMENT, BUSINESS AND POLITICS -

### BANGLADESH EXPERIENCE IN EMPOWERING THE POOR

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The liberation war of Bangladesh which lasted for eight months during 1971, left a sad memory in the minds of Bangladeshis. The Pakistani occupation Army butchered three million innocent people leaving the economic and social life in a pathetic situation. With little or no effort to industrialise, the economy depends nearly 50% on the agricultural sector. The density of population being one of the highest in the world, the majority of the people are either landless labourers or marginal farmers with 1 to 1.5 acres or upto 4 acres of land.

Between 1971 and 1976, the poor in Bangladesh were fortunate to have number of social leaders taking interest in improving their life situations on humanitarian considerations. Dr. Fazole Hassan Abed, Dr. Quasi Farooq Ahmed, Prof. Mohammed Yunus and many others drawn from various backgrounds of finance, academia and the like, driven by the concern for the poor started working at the grass roots level through the organisations they helped to evolve. Today, three major organisations, BRAC, PROSHIKA and GRAMEENA BANK, are operating on a massive scale in accessing credit delivery system to the poor, with an outreach of about 45 lakh households brought under rural village institutions by a systematic institutions building process promoted and supported by the NGOs. However, another 55 lakh households below poverty line struggle for survival without any outside assistance. This is the story of the households (each household has an average of 5 - 7 members) who are below the poverty line. But there are equal number of households which are relatively better off but not comparable with their counterparts in developed countries.

BRAC and Proshika in Bangladesh have passed through three different stages and changed their strategies to counter the exploitative system by the vested interests. By and large during 70s ie. in early stage providing relief in kind and cash to the needy was practiced. The impact of this strategy was assessed after

working for few years. The result was disheartening as the poor did not get the desired benefit. Then the community development approach was adopted where village co-operatives were promoted to help the poor to get the resources and services. Studying the working of the system showed that the poorest of the poor are still unable to get the benefit fully. Different studies and researches exposed the cruel truth that the non-civil society was controlling and exploiting the major portion of resources available in the country. The social net comprising of the political community, civil bureaucracy, army autocracy, land lords, business communities and trade union leaders in the vicious structural power game siphoned of the resources and services meant for the poor. Here the NGOs intervention was imminent to enable the poor to have direct access to resources and services by eliminating the vested interests. Concentration of the people and target group approach for building people's institutions is the ongoing strategy adopted by NGOs to ensure the poor to have direct access to resources and services by avoiding the vicious social web.

The development scene in Bangladesh has witnessed different experience at different periods depending upon the relationship between Government organisations and Non Government organisations. The period of relief operations by NGOs was generally ignored by Government Organisations. They were unaware of the quiet revolution going on in the field of development. As the momentum of NGOs activity gained ground with the change in the strategy and involving the village community, the relationship was one of mutual suspicion and rivalry. NGOs gradually realised that the government is the major actor in development with huge resources of men and material and NGOs cannot replace the government in development effort. Mutual confidence building exercise resulted in government realising the effectiveness of NGOs work which was only complementing to government's effort. It is astonishing to know in as late as 1995 the government officials were not aware that BRAC and Proshika were running 40,000 non formal primary education schools. NGOs also need to educate GOs not to look at the poor as objects to receive benefits but partners to be involved in the development process.

The formal financial institutions in Bangladesh are mainly accessed by business and industrial community which forms a meagre 6% of the total population. Priority sector lending to the rural and urban poor for the micro-enterprise does not seem to be the agenda for the formal Banking sector in Bangladesh. This situation resulted in BRAC and Proshika along with Bangla Grameena Bank to act as Financial Institutions to provide soft credit to the poor in rural and urban Bangladesh. While BRAC charges a flat interest of 15% per annum Proshika provides credit at 12% interest on reducing balance basis. The interest recovered is expected to cover the administrative cost of the credit delivery services. By and large both the institutions have the system of beneficiaries organised into village based institutions to directly have an account with them to have access to credit. This system does not route the credit delivery through the formal banking institutions, which takes away the opportunity for the poor to interact with local banks which are the main instruments of financial activity in the country. The poor fail to understand the technicalities of dealing with formal banking system. This situation is not conducive or creates a situation for BRAC and Proshika to move away from the activity of credit management, even after working for a long period.

Infact, these organisations, including Bangla Grameena Bank, are running the credit delivery system as a commercial enterprise to sustain themselves. Informal discussions with the top management revealed that the credit delivery component of their programme is the one which can be sustained without the support of the external donors. Though Mr. Quasi Farooque Ahmed, Executive Director of PROSHIKA feels that once the formal banking sector takes up the credit needs of the poor, the NGOs can withdraw from credit related activities, which is a remote possibility as of now.

The total population of Bangladesh is in the order of 12 crores which forms population density of about 850 person per sq.km. Nearly 50% of the population are below the poverty line. The outreach of the major informal credit delivery organisations put together provide credit to 4.5 million households of the rural and urban poor. The effort of two national NGOs and Grameena Bank operating with

higher administrative cost are unable to reach all those under poverty line. The population classified coming above poverty line can at the most be called as better-off who also needs access to the credit delivery systems. Vastness of these NGOs with inevitable bureaucratisation is not the answer for the sufficient and effective access to the credit by all the poor in the country. The situation calls for a two pronged strategy of developing more and more smaller NGOs and strongly influencing the government policy to expand the formal banking sector activity to reach the rural and urban poor.

Bureaucracy as a dynamic system of management is necessary in large scale operations despite its red-tapist hiccups. Both PROSHIKA and BRAC do suffer from negative aspects of bureaucratisation. However, while in BRAC, the system is seen as supportive bureaucracy to run the administration effectively, the PROSHIKA management feels inconvenient technicalities are reduced to a major extent by making area offices independent by enabling them to make 95% of the decisions at the area office level. BRAC & PROSHIKA, professionally managing the development work through large scale mobilization of masses into organised grassroots level institutions, are an eye opener to the N.G.O.s in the world over to be large and effective instead of being small and isolated who will be cared for nothing.

Politics and development are inseparable. The organisations involved in empowering the people and being the conscious keepers of the marginalised should enable the people to participate in the political processes with a greater impetus. PROSHIKA and BRAC along with a network of NGOs, Association for Development Agencies in Bangladesh (ADAB) have organised a national level education programme during the last general elections and the voters response was positive in terms of eliminating or voting out corrupt and inefficient candidates. To an inquisitive enquiry regarding social leaders and NGO's direct involvement in the electoral process, the consensus was that those who are involved in empowering the poor should not be detracted to get into power themselves. But the effort of social leaders over a period of 25 years is yielding result very slowly and in small sops trickling down to the poor as for example in enhancing allocation to poverty alleviation by hundred million taka during the current budget. This is

highlighted as an achievement by the two big organisations who have done noble work which neither the army or the democratically elected governments have done. This is no satisfactory situation if the poverty alleviation is to be expedited fast. The poor, the NGOs and the social leaders must strongly speak through the language of politics which is the ultimate faculty which decides the fate of the nation and its people in a democratic set up. While the general opinion is that it is upto the social leaders to get involved in direct political process, there was no rejecting the idea thrown up for discussion.

INSTITUTE FOR DEVELOPMENT POLICY ANALYSIS AND ADVOCACY (IDPAA), the advocacy wing of Proshika and BRAC's research and analysis faculty along with other NGOs have created good impact on the people, Government and NGOs at national and international level. At Govt. level the NGOs have succeeded in being invited for pre budget discussions resulting in enhanced allocation for poverty alleviation. IDPAA has taken up crucial issues to influence government's policy. "Banning Dirty Dozen" is a campaign against banning certain deadly pesticides. The effort of IDPAA succeeded despite the strong business lobbies. Campaign for more credit for the poor is a beginning in the effort to make banking sector awake to the needs of the poor. Asian Development Bank, influenced by the campaign on Forestry issues made by NGOs and Proshika in particular, has advised government to incorporate the recommendations. Another ADB project, resettlement of urban poor, is being influenced by NGOs through ADAB on various issues like rehabilitating slum/ squatter dwellers both within and outside Dhaka city. Effort is being made to stop indiscriminate slum eviction and persuading the Election Commission to register the slum/squatter dwellers as voters.

Advocacy effort has another dimension which NGOs not only in Bangladesh but all over the world need to address to. Sometimes 'affluent NGOs in hurry' tend to be over enthusiastic and their effort may be counter productive. The climax seems to have reached in Washington World Summit on Micro Credit emphasising on reaching 100 million poorest of the poor by 2010 AD. BRAC and Proshika, like their counter parts elsewhere, out of their experience realised sustainable development is a slow process achievable by developing people's institutions and

involving people in their own development. Merely increasing the purchasing power through credit delivery system may help multi-national corporations to sell their consumer goods but does not socially and politically empower people. The Indian experience of 'Loan Melas' has made the poor non-credit worthy as the poor never looked at loan as loan but as grant not returnable. In fact, the effort of Micro Credit Summit may even undo the process based good work done by the NGOs. Proshika and BRAC need to mobilize the support of NGOs all over the world and strongly take up such issues through their advocacy effort.

Sustainability of BRAC and Proshika as NGOs to pursue work with the same tempo and magnitude would be possible if the consortium of donors continue to support them. BRAC has the staff strength of 16000 personnel with annual budget for 1997-98 at 4000 million takas. Proshika has 2653 full time staff with the annual budget for 1996-97 at 2362 million takas. Both the organisations may recover the service cost in institution building and credit operation through saving and credit programme. But the Health and Education programmes need continuous support. Mr. Quasi Farooq Ahmed hopes to influence the government as these areas are also the government's responsibility. However, at present there is no immediate threat to withdraw support from donors due to their own compulsion. Considering the possible fall out, BRAC is already in the business venture through Aarong, sales outlet of handicraft goods, printing press, milk processing unit etc. Proshika, though there is no such effort in business ventures, is trying to earn through selling services and recovering cost from credit delivery system and software programme. But it is evident that both the organisations are in the business for self sustainability : Business of Banking, trading, software development etc.

NGOs in Bangladesh with the approval of the Election Commission have involved in educating the voters during 1996 General elections resulting in remarkably effective impact to change the pattern of voting. There is a strong campaign going on to establish local self-governments to enable people's Rule at the Grassroots level. The NGOs have mobilised 4.5 million households below poverty line into village institutions. Their effort in the field of health and education has benefited millions of people. No political party, whether ruling or

opposition, is in a position to ignore NGOs with the kind of impact they have created amongst the rural and urban poor. The NGOs have successfully come together on various issues and if they succeed in working together on the political front they are in a position to ensure political superiority of the poor and the downtrodden.

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