# GLOBAL SOUTH

Development Magazine

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# GLOBAL SOUTH Development Magazine

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Cover photo: A woman in northern Bangladesh takes part in a weekly microfinance group meeting
*Photo by Manoj Kr Bhusal*

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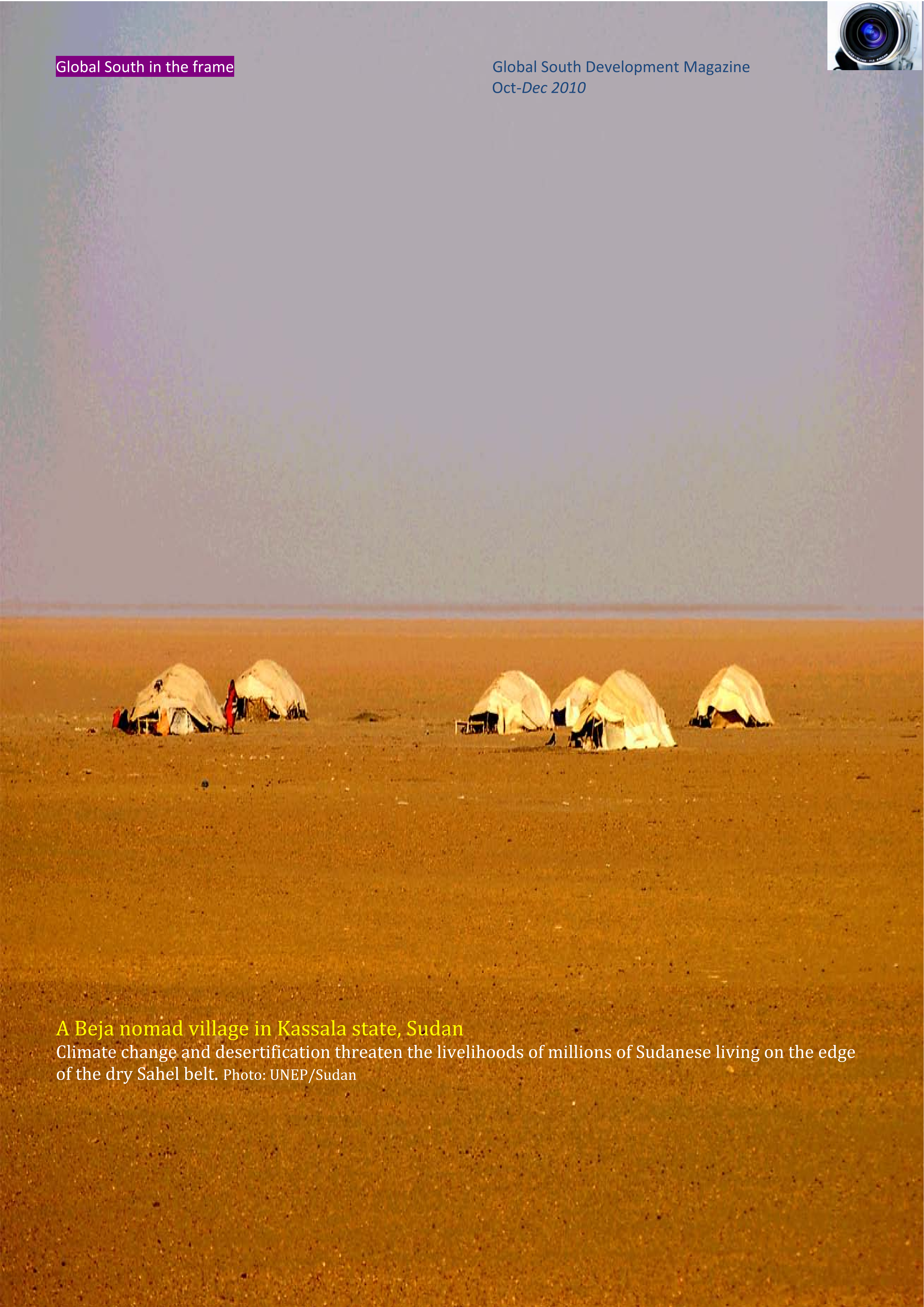

A Beja nomad village in Kassala state, Sudan
Climate change and desertification threaten the livelihoods of millions of Sudanese living on the edge of the dry Sahel belt. Photo: UNEP/Sudan

# ETHIOPIA: Five-year plan to halve new HIV infections

ADDIS ABABA, 23 December 2010 - Ethiopia's government has come up with an ambitious plan to halve new HIV infections, quadruple its annual condom distribution and put 85 percent of people who need life-prolonging HIV medication on treatment within five years.

An estimated 1.2 million Ethiopians are HIV-positive. According to the government, the country's national prevalence is 2.4 percent, with stark differences between urban HIV prevalence, which stands at about 7.7 percent and rural levels of under 1 percent.

According to UNAIDS, Ethiopia has already managed to bring down new HIV infections by over 25 percent since 2001. The country's HIV/AIDS Prevention and Control Office (HAPCO) says prevalence among young people is dropping.

"Data obtained from studies since 2007/08 and a draft national survey show that there are fewer and fewer young ones entering puberty being infected with the virus both in urban and rural areas," said Yibeltal Assefa, director of planning, monitoring and evaluation at HAPCO.

"When you see the capital Addis Ababa for example, [the] prevalence rate among the young ones [aged 15-24] was above 12.1 percent in 2005... Two years later, in 2007, it went down to 6.2 percent, exhibiting [an] almost 50 percent decline."

In its latest global report on the epidemic, UNAIDS reported decreases in prevalence among antenatal care attendees in both rural and urban areas of Ethiopia, and improved behavioural indicators such as fewer people who have had sex by the age of 15 and fewer people reporting sex with more than one partner in the past year.

According to the five-year plan, presented to parliament by HAPCO on 16 December, the government also plans to increase the coverage of antiretroviral therapy from 60 to 85 percent. Close to 400,000 Ethiopians require treatment for HIV.

Ethiopia is in the process of expanding the number of health centres to over 3,000 to reach its treatment targets. The plan also aims to increase national condom distribution from 97 to 400 million annually.

**Ignorance still a challenge**

While the country's progress is impressive, analysts say there is still much to be done. A recently released survey by research group Population Council and the UN Population Fund, UNFPA, found that stigma and ignorance were still common among young people.

"A considerable percentage of young people had never heard of condoms or had no exposure to them," the study found. "One third of young people [aged 12-24] felt that moral people do not use condoms; 48 percent of young people felt that condoms should not be used within marriage; and roughly half felt that condoms are used by promiscuous people."

"According to UNAIDS, Ethiopia has already managed to bring down new HIV infections by over 25 percent since 2001. The country's HIV/AIDS Prevention and Control Office (HAPCO) says prevalence among young people is dropping."

The authors recommended increased attention to marital transmission of HIV/AIDS and use of condoms within marriage.

**Including MSM in the HIV agenda**

The country's HIV plan aims to be comprehensive, but glaringly absent from its HIV strategies is any programming specifically for men who have sex with men (MSM), who generally fall into "most at-risk" populations.

According to Israel Tadesse, a lawyer at Addis Ababa city municipality, Ethiopia's criminal code imposes prison terms of 3-12 months on people found having sex with members of the same sex. Fear of legal repercussions is often a hindrance for gay people seeking HIV prevention and treatment services.

"There is anecdotal belief that the number of MSM is increasing but we don't have any credible or official study or data," HAPCO's Yibeltal said. "Ethiopia is no island to the global state of things so I am sure in the near future it will be a threat. Therefore, necessary intervention should be implemented but the problem so far is a hidden agenda. (PlusNews)

# Pakistan floods: Return to the village

According to the international humanitarian aid organization Oxfam, sixty-four households have now returned to the village of Dildarsipar in Jacobabad District, where Oxfam is working with YAP (Youth Action for Pakistan), a local

"The children are still afraid of the water – it's like they have a phobia."

organization. *Hygiene kits have already been distributed and hygiene committees have been formed.* In the shade a group of women talk about their situation. Below, Faroza, a member of the hygiene committee, sums up their story.

Escaping the flood

"We heard that there were floods and that water was coming but we were hoping that the water wouldn't be coming here – but it came. It came at night when we were sleeping. All we could do was take our children and some of our animals and head to the road. When we were escaping the flood we had no vehicle here so we had to walk for 5 or 7 hours in the heavy rain.

"We stayed there for 2 months and 14 days. People were living on the road, in government camps and camps run by other organizations. In the camps people had latrines, and some food but not enough. As women we faced a lot of problems… we had no sanitary clothes or pads.

**Returning home**

"We came back last month – about 4 weeks ago. When we first came back there was still a lot of mud and water around – up to the top of our legs. There were lots of snakes, mosquitoes and dead animals. It was terrible. We felt like it was doomsday… everyone thought they were going to die. Our children were crying because our homes and everything had been destroyed.

**"We heard that there were floods and that water was coming but we were hoping that the water wouldn't be coming here – but it came."**

"Before the flood we had a home but now we are living in tents. Our animals – our buffalos and cows – died in the flood. We could take so little with us and now our condition is very bad. Now the cold is blowing through the village and the mosquitoes are biting during the nighttime. Before our water system was in good condition… now our water is salty. But we are thankful to God for saving our children and saving our lives and 'Inshallah' we can make something of our future.

"The children are still afraid of the water – it's like they have a phobia. And now our children are very afraid of walking on the ground at night because of the snakes.

**Hygiene kits**

"Within one week of returning here we received the hygiene kits. They contain sanitary cloth, 2 towels, 15 soaps for personal bathing, 2 soaps for dishwashing and 6 soaps for washing clothes, a cooler and a bucket.

"The most useful item has been the soap for personal washing and for washing clothes because our clothes were very dirty, our children were very dirty and we didn't have any money to buy these things. Before we got these kits we were so muddy we looked like sweepers because we were always dirty, dirty, dirty. Now we have soap for hand washing, personal washing and for washing babies. We use another soap for washing pots and pans and soap for washing clothes – and we had a huge amount of dirty clothes. So we were very happy when we got these kits because we felt so much better and happy when we were clean, our babies were clean and our clothes were clean. Before we got these items, especially the soap, we were praying that someone would come and give us them.

"The soap is also helping to prevent skin diseases and rashes, and other diseases like diarrhea. My baby had diarrhea but after we had these kits I could keep my baby clean and now the diarrhea has stopped.

**Hygiene training**

"We've learnt that it's best for mothers to breastfeed their babies, that we should wash our hands after we've used the latrine, after cleaning babies, after handling animals, before a meal and before cooking.

"I'm a member of the women's hygiene committee. There are seven of us. It's our responsibility to tell others about good hygiene, to stop open defecation and to encourage people to keep the area clean."(Source: Oxfam international)

# Cancun, climate change and signs of optimism

CANCUN, 12 December 2010 - A new deal on climate change, struck in Cancun, Mexico, has brought greater optimism, and opened the way to addressing loss and damage in developing countries brought on by the impacts of global warming, including sea level rise.

The inclusion of the words "loss and damage", which could allude to compensation and a legal obligation on the part of developed countries, would have been unimaginable a year ago.

Countries have been asked to submit their views on the possible development of a climate risk insurance facility that would pay out after a severe weather event.

**"The governments not only acknowledged the gap between their current weak pledges and where they need to get to, they actually stated that emissions cuts needed to be in line with the science – 25 to 40 percent cuts by 2020 – and that they need to keep global temperature rise below two degrees"**

This was not the only surprise in the Cancun package. A Green Climate Fund, originally proposed by Mexico, will also be set up. "There is hope for the world," a young activist remarked.

The shape of a global climate change treaty - including adaptation beyond 2012 - was established in Cancun after delegates stayed up for two nights.

Despite this progress, South Africa - host of the next round of talks under the UN Framework Convention on Climate Change (UNFCCC), to be held in Durban at the end of 2011 - will have its work cut out if it is to add flesh to the frame between now and then.

"There is a lot of work ahead of us," said Alf Wills, South Africa's lead negotiator in Cancun. He told IRIN that they were requesting at least two rounds of talks at ministerial level ahead of the Durban meeting.

The problem was often a lack of political weight behind negotiating officials. "It is difficult for progress to be made, so we are supporting the call for two ministerial meetings," said Hasan Mahmud, Bangladesh's Minister for Environment and Forests.

Durban might also see all-night marathons to get an agreement - the larger and more contentious issue of establishing a legally binding agreement to cut harmful greenhouse gas emissions is still unresolved.

"In Durban we need a global deal that helps countries build a green economy, and that holds polluters accountable," said Wendel Trio, climate policy director of Greenpeace International.

"The governments not only acknowledged the gap between their current weak pledges and where they need to get to, they actually stated that emissions cuts needed to be in line with the science – 25 to 40 percent cuts by 2020 – and that they need to keep global temperature rise below two degrees [Celsius]," Trio noted.

**New climate fund**

The new Green Climate Fund will be governed by a board of 24 members, with an equal number from developing and developed

countries, and will be administered by the World Bank for the first three years.

This has not gone down well with developing countries. "We [the African Union] are working towards the creation of an Africa Green Fund, which will be administered by the African Development Bank – we want Africa's share of money to flow through that," said Dr Edward Kofi Omane Boamah, Ghana's deputy minister for the environment.

The Green Climate Fund will disburse money for adaptation support as well as efforts to reduce greenhouse gas emissions. "African countries are responsible for a negligible amount of emissions. We want most – at least 60 percent of the funds – to flow for adaptation," Boamah said.

"The new agreement also established a Cancun Adaptation Framework, with guidelines on providing support for adaptation. Civil society has called for the establishment of such a framework for several years."

The Cancun deal noted the 2009 Copenhagen Accord, in which developed countries pledged US$30 billion as fast-start finance for adaptation and mitigation efforts from 2010 to 2012.

The accord has generated a lot of acrimony in developing countries, who have accused rich countries of "double counting" their official development assistance (ODA) as support for climate change efforts.

In terms of the Kyoto Protocol of the UNFCCC, financial support has to be over and above ODA. "We still have to resolve the issues around transparency on the pledges," said Tosi Mpanu-Mpanu, chief negotiator of the Africa group at the talks in Mexico.

The Cancun agreement called on developed countries to submit details of their financial support to enhance transparency.

Connie Hedegaard, European Commissioner for Climate Action, told IRIN that she had met with several developing countries to provide details on Europe's support. "They have all been very happy and satisfied."

The new deal calls on developed countries to raise $100 billion a year by 2020 in long-term finance to help developing countries, "But they didn't establish any way of providing that money," Greenpeace's Trio commented.

**Adaptation**

"It [the deal] is not everything we wanted – the language could have been stronger – it 'recognizes' loss and damage … but I would have never thought any text would even mention loss and damage," said Ansarul Karim, a member of the Bangladeshi delegation who worked closely with the Least Developed Countries (LDC) group on the adaptation track of the talks.

The proposal for a loss and damage mechanism has been a contentious issue. In various drafts of the climate change deal during the past two years it has always been noted in brackets, indicating that it was an unresolved issue.

The new agreement also established a Cancun Adaptation Framework, with guidelines on providing support for adaptation. Civil society has called for the establishment of such a framework for several years.

In another important development the framework calls on countries to enhance understanding and cooperation on "climate change-induced displacement, migration and planned relocation".

Again, developing countries felt the language could have been stronger, but NGOs said the fact that displacement and planned relocation were recognized was a good "first step".

"The positive language on adaptation in the final text is only worthwhile if it is linked to increased funding, with at least half going to adaptation," said Laura Webster, head of policy at Tearfund, a development agency.

The agreement calls for an adaptation committee to provide support to countries, right down to the local government level, "But there is no financial support linked to this committee," said Antonio Hill, a climate change policy expert at Oxfam, an international relief agency.

Nevertheless, Cancun has added hope and impetus to future negotiations. "We want a legally binding deal in Durban," said Bangladesh's minister Mahmud. "We have to work towards it." (Source: IRIN News)

# The International Aid Agenda and Cuban Internationalism


Victoria Peel Yates

> "The golden age of aid seems to be in jeopardy; perhaps what is needed is a revolution in the system of aid delivery. And what better country to look to for revolutionary inspiration than Cuba? Despite the hardships faced by the Caribbean's largest island since the collapse of the Soviet Union, Castro's Cuba has remained dedicated to helping other developing countries, particularly those emerging from the clutches of colonialism. Renowned for having one of the best health and education systems in the world, what Cuba lacks in financial capital it makes up for in human capital."

Love it or hate it, development aid is an inescapable fact of the twenty-first century development agenda. From the focus on growth of the 1960s, the poverty-driven programmes of the 1970s, the failed structural adjustment of the 1980s and the 'good governance' agenda of the 1990s, to the present, when aid has become part of popular culture. Aid is cool. Popularised by the ever-smugger aging Irish rock stars Bono and Sir Bob Geldof, aid is enjoying its heyday. Or is it?

Ten years into the twenty-first century, and one of the most heated debates in development surrounds the effectiveness of the aid agenda. We are bombarded on a daily basis with appeals for donations, particularly from organisations working in sub-Saharan Africa, and are led to believe that making contributions is the 'right' thing to do. Philanthropists such as Bill Gates, whose eponymous Foundation has taken it upon itself to develop a malaria vaccine, regularly make the headlines for their large-scale hand-outs. Sir Bob himself continues to organise concerts to raise awareness of and funds for Africa's plight, as well as advising on Tony Blair's Commission for Africa and regularly appealing to G8 leaders. The glamorisation of aid has led us to believe, unquestioningly, that it is an inherently 'good' thing.

However, this view has caused controversy amongst development scholars, some of whom have argued that what Africa in fact needs is less aid, not more. They contend that flooding African economies with aid encourages corruption and dependency, which in turn lead to inefficient economic management and a lack of incentives for countries to develop; for, if they do, the flow of funds will dry up and eventually stop altogether. Furthermore, the conditions imposed by donor governments and organisations have rendered it virtually impossible for recipient countries to meet the demands placed upon them.

Even more polemic is the accusation that international organisations are inefficient in their distribution of aid, and that funds often do not reach their target, the most needy and vulnerable people in some of the world's poorest developing countries. This was dramatically demonstrated recently by the 'Live Aid scandal': the revelation that funds raised by the high-profile event were reputedly distributed among rebel leaders and used to arm rebel fighters, an accusation which Sir Bob, of course, vehemently denies.

The golden age of aid seems to be in jeopardy; perhaps what is needed is a revolution in the system of aid delivery. And what better country to look to for revolutionary inspiration than Cuba? Despite the hardships faced by the Caribbean's largest island since the collapse of the Soviet Union, Castro's Cuba has remained dedicated to helping other developing countries, particularly those emerging from the clutches of colonialism. Renowned for having one of the best health and education systems in the world, what Cuba lacks in financial capital it makes up for in human capital. And it is this human capital that Cuba exports to other developing countries, a system which has come to be known as 'Cuban internationalism'.

Cuban internationalism has two main foci: humanitarian disaster relief, and health and education. Cuban medical and volunteer teams are often quick to arrive on the scene of major natural disasters, although you would be forgiven for not knowing that Cuba was in fact among the first countries to send doctors and aid workers to earthquake-stricken Haiti earlier this year; this fact was totally ignored by the international press. Those in need of serious medical attention, such as victims of the Chernobyl disaster, have been brought to Cuba to receive free treatment, and hundreds of foreign nationals receive free medical training in Havana.

> "The glamorisation of aid has led us to believe, unquestioningly, that it is an inherently 'good' thing."

> "By taking a leaf out of Cuba's book, the focus of the Western aid system could be shifted towards sustainability and capacity building through training, health, and education, with less emphasis on financial flows."

Aid has a distinctly political agenda, and critics of Cuba have accused it of trying to gain political allies through its system of internationalism. However, Cuba has in fact offered support to countries with which it is not politically aligned. It has offered disaster relief to regimes with which it does not see eye to eye, such as Nicaragua and Chile. Following the devastation of New Orleans by Hurricane Katrina in 2005, Havana offered to send medical personnel and aid workers to the affected area, an offer that was declined by Washington.

In 1998, the aftermath of Hurricane Mitch, which wrought havoc throughout the Caribbean and Central America, prompted the establishment of the Latin American School of Medicine (ELAM) in Havana. The aim of the ELAM was to provide medical training to talented students from underprivileged backgrounds across Latin America, students to whom the doors of education would otherwise be closed. The ELAM now also accepts students from the Middle East and North Africa, and graduates of the School are internationally recognised as highly trained doctors, even in the US.

Critics of Cuban internationalism point out that these newly trained doctors often return home to countries where the lack of medical infrastructure makes it difficult for them to practice. This criticism is not unfounded, but it should be noted that as a system of aid it seems to be far more sustainable than the continuous stream of ever-increasing financial aid flows espoused by Western governments. Periodic reincarnations of the aid system have tried and failed to put right what has gone wrong before. The simple fact is that this model is not working. By taking a leaf out of Cuba's book, the focus of the Western aid system could be shifted towards sustainability and capacity building through training, health, and education, with less emphasis on financial flows.

Restructuring the aid system and changing the way in which we view aid is a challenge for the twenty-first century. Despite the glamorous appeal of charitable giving and the dissemination of the aid ethic in popular culture, it is increasingly clear that aid does not work. Cuban internationalism seems to offer a viable alternative, with the potential for scaling up if Western governments are willing to ditch the accepted doctrine and start an aid revolution. ***(Victoria is Global South Development Magazine's country correspondent for Argentina and can be reached at victoriapeelyates@gmail.com)***

# Conserving Forests to Reduce Human-induced Green House Gas Emissions in Developing Countries

## *A Personal Reflection from the Cancun Climate Talks*

By KIMBOWA RICHARD

I participated in the recently concluded UN Climate Change talks in Cancun (Mexico) for a week (29 November – December 6, 2010), as an NGO Observer where I took particular interest in the negotiations and discussions regarding Reducing Emissions from Deforestation and Forest Degradation and enhancement of forest carbon stocks in developing countries (REDD+). This is because REDD+ has been a progressive discussion item compared to other areas from Copenhagen, and continued to receive a lot of (donor) attention in the build-up to Cancun. This was evidenced by the high number of side events in Cancun that sought to show case their experiences, projects and discourses from all around the world.

Hence, it is not surprising that it is one of the agreed areas in the 'Cancun agreements'. Despite this, from the sides, REDD+ still needs to address fears, expectations and critiques from a wide range of actors.

**REDD+: Silver bullet or Trojan horse?**

REDD**+** is a mechanism to create an incentive for developing countries to protect, better manage and wisely use their (tropical) forest resources, thus contributing to the global fight against climate change as well as national development.

This has radical implications for the ways in which tropical forests are valued internationally. Forest assets which were formerly unattractive are now the subject of increased attention from Northern and Southern governments, financial markets and international NGOs.

According to the International Union for Conservation of Nature and Natural Resources (IUCN), pilot REDD projects in 40 developing countries are already underway as a result of the 2009 Climate change talks in Copenhagen.

According to UN-REDD, REDD+ strives to make forests more valuable standing than cut down, by creating a financial value for the carbon stored in standing trees. In the long term, payments for verified emission reductions and removals, either market or fund based, provide an incentive for REDD+ countries to further invest in low-carbon development and a healthier, greener tomorrow.

To the contrary, emissions from deforestation and degradation through agricultural expansion, conversion to pastureland, infrastructure development, destructive logging, fires and other practices account for nearly 20% of global greenhouse gas emissions.

But REDD+ critiques like the Global Justice Ecology Project view this initiative as a 'trojan horse', despite its appeal on face value. Among others, REDD+ will restrict access to forests for livelihoods and cultural practices by having forests commoditized resulting in landlessness and evictions. In addition, REDD+ will degrade livelihoods as the lure of the 'market' will force forest dwellers to succumb to external pressures to degrade and destroy their own homes. But the Cancun agreement does not address whether market-based mechanisms such as carbon trading can be used to finance REDD+. Instead, it includes new decisions that encourage donors and the private sector to continue deploying billions of dollars for countries that lower rates of deforestation.

"In the long term, payments for verified emission reductions and removals, either market or fund based, provide an incentive for REDD+ countries to further invest in low-carbon development and a healthier, greener tomorrow."

On the other hand, moderate actors like Women Organising for Change in Agriculture and Natural Resource Management (WOCAN) insist that implementation of this initiatives meets some basic standards so as to

mitigate the anticipated negative effects like those being highlighted by Global Justice Ecology project. Working in over 80 countries in the Global South, WOCAN is part of a new IUCN–led gender initiative that aims to ensure that women are integral part of the negotiations on REDD+.

Women make up 70% of the world's poor, providing up to 90% of the food in forest dependent communities, depend on forest resources for gathering fuel wood, forest fruits, vegetables and medicines. Hence in many rural societies, it is only women who have accumulated the traditional knowledge about food and other household products that forests supply.

"REDD+ will restrict access to forests for livelihoods and cultural practices by having forests commoditized resulting in landlessness and evictions. In addition, REDD+ will degrade livelihoods as the lure of the 'market' will force forest dwellers to succumb to external pressures to degrade and destroy their own homes."

"Women are again the missing link despite their critical role in climate action."

In this regard, the REDD+ gender initiative is raising a 'red flag' for REDD+: that women are *again* the missing link despite their critical role in climate action. "Donors sponsoring REDD initiatives do not mainstream gender in projects on the ground even though they have mandate – and hence obligation to do so", says Lorena Aguilar, IUCN's Global Senior Advisor on Gender.

**African Delegates on REDD+: Differing expectations and interpretation**

Much as the negotiations were in progress, a snapshot of the views from African delegates that I interviewed indicated a differing level of understanding and expectation regarding REDD+. A delegate from Cote d'Ivoire, who preferred anonymity, noted that REDD+ is very new. "All I know is that REDD+ is about forest conservation and I come to Cancun to have more information about it', she added. But Edi - a biomass researcher from the same country feels that REDD+ should be put as part of a coherent global forest management strategy, not a stand-alone initiative in order to benefit Africa.

Jumah working on a REDD+ pilot project in Zanzibar (Tanzania) feels that somehow the process is in the right direction with eight community-based pilot projects already underway in Tanzania. He has hope that in less than five years' time, positive results will be harnessed that will inform further development and fine–tuning of REDD+ implementation in Tanzania. But he cautions that all this depends on the ongoing international negotiations and expressed the wish for more community based approaches to REDD+ in addition to the focus on scientific issues in development of the relevant strategies.

A delegate from Malawi expressed ignorance about REDD+ and noted that from past presentations, it would appear like REDD+ might make people poorer. 'Politics of who benefit, that is played out by developed countries and development agencies will determine our fate', he summed it up. From neighboring Zimbabwe, a delegate expressed optimism that for dry Africa, REDD+ is the way forward just like the tropical forest countries (like in the Congo basin) have hitherto benefited from the Clean Development Mechanism (CDM). 'REDD+ is better for us', he noted.

"a lot more needs to be done to address the lingering fears related to fairness and transparency in sharing the benefits accruing from REDD+, securing participation of women and Southern governments in decisions related to REDD+ implementation"

Despite this polarised debate, the Cancun talks reached an agreement on REDD+. This is expected to revitalize and increase funding flows to support REDD+ readiness and invigorate donor pledges for REDD+ that now amount close to US$5 billion for early actions until 2012.

**Cautious optimism on REDD+**

But negotiators, decision makers and implementers of REDD+ need to take caution, as we look forward to the implementation process leading up to the next Conference of Parties scheduled to take place in South Africa, from November 28 to December 10, 2011. From the above experiences, I strongly feel that a lot more needs to be done to address the lingering fears related to fairness and transparency in sharing the benefits accruing from REDD+, securing participation women and Southern governments in decisions related to REDD+ implementation. **(Kimbowa is Global South Development Magazine's Country Correspondent for Uganda and can be reached at kimbowarichard@yahoo.com)**

# Myths of Microfinance

MANOJ KR. BHUSAL
*Text &Photo*

One year ago, in the autumn of 2009, the image of microfinance that I was harboring for years changed dramatically. There was a time when we would take professor Mohammad Yunus, the founder of the Grameen Bank, virtually as the Messiah of the developing world who could use his magic wand of microfinance and lift the 'third world' out of poverty and pave the way to prosperity. I remember there was also a time when our blogs would be crammed with speeches and interviews of *successful* microfinance practitioners and we would urge our viewers to spread the *holy* message of microfinance so that the poor could free themselves out of poverty and get empowered.

However, while the world still kept rejoicing the *miracles* of microfinance, my understanding about this internationally loved system changed to a greater extent when I spent three months in northern Bangladeshi villages studying microfinance and talking to hundreds of microfinance 'beneficiaries' who had been accustomed to microfinance institutions and agencies for decades.

After my stint of three months in Bangladesh; the land of microfinance pioneers with millions of active microfinance service users, informally known as the motherland or the Mecca of microfinance, I came to realize that microfinance was being practiced in a different way than most of us knew through the world media. The Novel Peace Prize somehow sanctioned the practice of microfinance as a noble concept that helped the poor, but it was apparently visible that the prize didn't compel the practitioners to adopt pro-poor strategies and sustainable working methodologies. I also found that microfinance was riddled with miraculous myths which the rest of the world almost blindly believed.

I was still in Bangladesh when we were preparing for the first issue of Global South Development Magazine. The UN Climate Change summit in Copenhagen had been the centre of global attention and we decided to write our cover story on that topic instead.

Finally, we have been able to write a cover story on microfinance and our regional editors and country correspondents from different parts of the world have extensively contributed to it. They have shared their personal experiences with microfinance and have reported what they have witnessed in their regions. Had it been published a year ago, there is no doubt; it wouldn't have been so wide and extensive.

The following pages will present a vivid picture of microfinance in different parts of the world and hopefully will also raise a stimulating debate on the topic.

The first few pages will present my own findings in Bangladesh in a jargon-free language and the story will continue with other articles and interviews that have made this issue of Global South Development Magazine a special issue.

## Microfinance: a global darling

In search of various alternatives to help the poor, especially of the developing world, come out of poverty; microfinance emerged as one of the most applauded and almost unanimously celebrated interventions for poverty reduction since the 70s. Apparently, there have not been sufficient studies to testify these anecdotal claims, but many donor agencies, non-governmental organizations, microfinance institutions and governments across the globe continue to regard microfinance virtually a genuine innovation to help the poor and, more specifically, as an impeccable tool for women's empowerment.

Though different microfinance schemes follow different patterns and aim at achieving different results, a majority of microfinance institutions (MFIs) have always been underscoring women's empowerment and poverty reduction, two major targets of the Millennium Development Goals (MDGs), as their primary and most prioritized goals of microfinance interventions.

Primarily, my observation and findings were aimed at finding out the nature, as well as, the extent of the alleged link between microfinance and women's empowerment.

## Women's empowerment

My own study and some other recent studies done in different parts of the developing world suggest that though long-term microfinance beneficiaries do participate in difference microfinance schemes for several years, there has not been any significant increment to the choices they have and the level of control and power they possess. During my own study also, it was found that the long-term microfinance beneficiaries did exercise a slightly improved opportunity of social mobility and an added value of self-worth, but miserably failed to secure an enhanced economic future and challenge the longstanding issues of gender disparity and powerlessness. My findings concluded that the link between microfinance and women's empowerment is not as strong as generally perceived.

> "the link between microfinance and women's empowerment is not as strong as generally perceived"

It was also clearly seen that only one intervention such as microfinance or adult education cannot dramatically change the lives of the women who have historically been oppressed in the traditional patriarchal society. Moreover, empowering an individual apparently seemed to be a complex phenomenon, which was affected by many factors such as, educational opportunities, the upbringing, family support, marital status, age and even ethnicity.

Moreover, microfinance was taken as a pure and transparent financial service by both, long-term as well short-term, beneficiaries and irrespective of its impact on economic betterment or empowerment, microfinance was valued by the poor. The fact that many women have continued to participate in the group meetings, borrow credit, deposit savings for more than a decade also illustrates that they have found microfinance as a valuable and worthy service, but only a financial one.

## Microfinance in Bangladesh

Bangladesh is considered as the birthplace of modern microfinance which started nearly four decades ago with the inception of the Grameen Bank. The Grameen Bank model and microfinance in general got unprecedented international coverage and sheer admiration when its founder Mohammad Yunus was awarded the Nobel Peace Prize in 2006.

Microcredit Regulatory Authority (MRA), a government body established to regulate MFIs in Bangladesh, reports that when MFIs were required to obtain a license from the MRA, 4,236 MFIs/NGOs applied within the stipulated period. This clearly shows the vast number of MFIs providing different microfinance services in Bangladesh. Many of the service providers, unquestionably, are NGOs, government-owned banks, commercial banks and the Grameen Bank.

The industry reportedly serves more than 30 million poor people across the country, employs nearly two hundred thousand workers and it is believed to have contributed for socio-economic progress of Bangladesh.

According to MRA, despite the fact that more than a thousand institutions are operating microcredit programs, only 10 large Microcredit Institutions (MFIs) and Grameen Bank represent 87% of total savings of the sector (around BD taka 93 billion) and 81% of total outstanding loan of the sector (around BD taka 157.82 billion). In order to 'bring microcredit sector under regulatory framework' the Bangladeshi government ratified "Microcredit Regulatory Authority Act, 2006" which envisaged the establishment of a regulatory authority now known as Microcredit Regulatory Authority (MRA). The authority provides operating license to MFIs, sets limits and investigates their performance.

### Outreach and financial needs of the poor

It was found that many microfinance agencies provided financial services to the most disadvantaged and neglected populations in Bangladesh, though, some MFIs chose not to work in some particular areas, such as the flood affected Char areas. However, their presence in other parts of Bangladesh was very visible.

Almost everywhere, one of the most fascinating aspects of microfinance institutions (MFIs) is that they have virtually replaced the traditional and often oppressive money lending system practiced for ages and the MFIs

> "One of the most fascinating aspects of microfinance institutions (MFIs) is that they have virtually replaced the traditional and often oppressive money lending system"

have provided financial services to the poor neglected by so called market oriented formal financial institutions.

Nevertheless, field experiences show that the money that is distributed as credit is far less than the actual need or the demand of the poor. It is often common for microfinance practitioners to utter the worries of their own sustainability when such issues are brought up. The fear of their own sustainability is compelling many MFIs to implement strict measurement criteria while assessing the credit consumption capacity of the poor.

Microfinance is often advocated as a whole

*Microfinance credit users participate in a tailoring training in northern Bangladesh*

industry entirely dedicated to women, and this gender preference is obviously admired by donor agencies, but excluding some exceptions, it was found that women were likely to get lesser loans in comparison to their male counterparts who were regarded as more credit-worthy and were provided larger amounts. This trend was visible in a number of 'world-famous' MFIs too.

Microfinance is often seen as a magic bullet for all types of poor and all types of families, but it was apparently seen in Bangladesh that microfinance does not have equal or similar impact on all service users. Better-off families are able to bear larger risks, make more productive investments and get higher returns, whereas, extremely poor families, incapable of managing even a smaller risk or family crisis, are bound to face severe problems to thrive, if not head to a total failure.

### Control and Participation

The issue of the control of microfinance schemes and their participation is a crucial one. Though user-participation has been advocated a lot by NGOs as well as MFIs, in practice, it is still found that microfinance schemes are developed as 'products' and marketed in their working areas, however, the service users are not consulted in designing such 'products'. Their participation in decision making of service delivery is also neglected.

## Five Myths of Microfinance

* First is the idea that poor should be self-employed rather than work for wages. That is contrary to the whole history of successful economic development.

* Second is the idea that loans are the main financial service needed by the poor, whereas they really need savings and insurance.

* Third is the idea that credit is what builds enterprise, whereas the truth is that entrepreneurship and management are more important.

* Fourth is the idea that the non-poor don't need credit, whereas the truth is revealed in market-based banking: higher incomes can handle higher debt.

* Fifth is the idea that microcredit institutions can become self-sustaining, whereas all experience shows that new enterprises in poor areas that are built on credit alone rarely emerge from dependency.

(Vijay Mahajan, Basix)

### A minimalist or holistic microfinance?

Well, it is not very just to point fingers at MFIs and make bumpy generalizations, but no matter how they are advertised, microfinance schemes we have seen in many parts of the developing world are either minimalist or kind of holistic, the former being most prevalent and virtually indifferent to the actual needs of the poor. As its name says, a minimalist microfinance does give money to the poor, often in high interest rates, but neglects other important aspects.

Many case studies show that a minimalist microfinance has many limitations and, thus, cannot contribute effectively to financial and social empowerment of the poor. If the focus of the MFIs is on poverty eradication and empowerment, not merely on providing financial services to the poor, instead of a minimalist microfinance, a holistic microfinance with vigorous educational and skill-training opportunities should be devised and implemented. It would certainly be wise to look for new models of microfinance where the poor are not necessarily entrepreneurs, but active stakeholders.

### Motivation & Micro-entrepreneurship

During my own study in Bangladesh, it was found that a majority of the beneficiaries did not have any plan, motivation or idea to develop themselves entrepreneurs. For a considerable number of women, microfinance seemed to be mere one of the survivalist activities they had adopted in their harsh everyday reality. This clearly shows that tapping the motivation of the poor has still proved to be challenging for many NGOs and MFIs.

> The focus should be on building capacity of the poor, not merely on raising income of the poor.

In many disaster affected areas, we have seen that microfinance often goes together with relief tents and biscuits, but examples show, microfinance or credit programs don't give productive results when applied in disaster affected areas where people are, in fact, expecting relief instead of credit. The experience with the short-term beneficiaries in my study in Bangladesh shows that people facing natural disaster or serious family crisis generally tend to have low level of motivation and lack entrepreneurial spirit and the credit offered on such occasions is very likely to be used for consumption purposes instead of producing something. Though credit for consumption itself is a valuable 'product' for many poor people, for instance, for those who are facing temporary or seasonal unemployment, but it's not preferred by all types of beneficiaries, such as disaster hit people who are fighting for survival and rehabilitation.

### Access and interest rate

The interest rate is probably the most discussed issue in the microcredit world. There is a well formulated myth that MFIs, despite their own owes and hardships, charge very little interest from the poor, which is not true in many many instances. Unless they have received subsidies from government or donor agencies, MFIs do set interest rates that are very high, in some cases even up to 60%.

Despite high interest rates they charge, many MFIs fail to do enough work on building capacity of the poor. Skill trainings and other additional services such as home-to-home technical assistance remain inadequate and inconsistent. Some beneficiaries receive more than a dozen trainings, sometimes with no apparent

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*An unequal distribution of land is one of the major causes of poverty in many developing nations.*

needs, while others participate scarcely once.

On the other hand, in many cases, a total dependency on microcredit seems to be counterproductive. Families with other earning members and fairly good amount of land are more likely to succeed than the landless or the hard-core poor.

## Credit use

Procuring a loan for consumption or for other members of the family, such as the husband or a son, is also practiced widely. Though women are put at the forefront, credit procurement, in fact, is taken as a family affair and men are also active players of credit use and repayment. Credit obtained by women is not necessarily used by women.

## Towards a better microfinance

Microfinance won't go away easily and there is no strong reason for why it should go away. However, better microfinance practices are needed should it be continued as a tool for economic empowerment of the poor. Compared to the institution based banking model of microfinance, village based cooperative modeled microfinance groups were found to be more effective and functional in my study area in Bangladesh.

On the other hand, microfinance institutions should be willing to make necessary changes in the way how they have been working. In many case studies it has been found that credit is sought for one purpose and used for something else. For instance, the money obtained for vegetable cultivation could be used for a daughter's wedding. Instead of only distributing credit and collecting savings, microfinance institutions should be aware of what their service users are doing and how they are progressing in their income generating activities.

Many NGOs and MFIs might have microfinance schemes in the same region, but often there is a complete lack of cooperation between them. MFIs don't take each other as stakeholders, but virtually as business competitors. Microfinance practitioners admit that almost no information is shared between them which results into serious 'overlapping' and those who actually need credit might remain unnoticed. MFIs should be ready to share relevant information and work in an integrated manner as after all what they want to achieve is the same: poverty reduction and women empowerment.

Similarly, many case studies from Bangladesh as well as from other parts of the world show that skill trainings and additional services which are supposed to be combined with a loan are either missing or not enough. Even if they are present, excluding some exceptions, such trainings normally last from one to four days without having a significant impact on the knowledge of the poor. It would certainly be productive and farsighted to design and implement a relatively long training period and educational programme with specific objectives.

MFIs have been traditionally assessing the success of their microfinance programmes basically in the light of the repayment rate and self-sustainability, whereas, the real impact on the beneficiaries is not adequately prioritized. It is important that MFIs should promote independent academic studies and research in order to testify the anecdotal claims promulgated and happily cherished by them.

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It was found during my study in Bangladesh that microfinance filed organizers (MOs) who were constantly in contact with the service users seemed to have possessed sufficient financial management skills, but weren't trained enough to effectively help the beneficiaries in their income generating activities. By training the MOs effectively, MFIs can effectively address the technical assistance issues and guidance needed for their beneficiaries.

Poverty in many developing countries seems to be directly linked with the issue of land ownership and, similarly, patriarchy and traditional norms seem to be fuelling the oppression and subjugation of women. It's important that NGOs/MFIs as agents of social change should be working more towards addressing structural problems by building pressure and raising public awareness.

*Women in northern Bangladesh gather for a weekly repayment meeting. Microfinance has often been termed as an industry entirely dedicated to women.*

## Donor Agencies and Microfinance

Donor agencies admire microfinance. That's for sure. Let's not discuss here the cause behind the intimate affair between donors and microfinance institutions, but like in an ordinary love affair, they too, at times, have tussles and unrealistic expectations.

Field experiences show that donor agencies have failed to recognize minimalist microfinance solely as a basic financial service to the poor. They should exempt from harboring unrealistic expectations. Minimalist microfinance is not a panacea.

> Donor agencies should recognize the minimalist microfinance solely as a financial service to the poor and be exempt from harboring unrealistic expectations. Minimalist microfinance is not a panacea.

In addition, there seems to be a growing expectation amongst donor agencies that MFIs should be self-sustainable and at the same time they should be able to cater a quality service, and provide training and educational activities for the service users. That, however, seems to be practically untenable. If microfinance is to succeed and bear more productive results, there should be a plenty of skill trainings and educational opportunities organized for the poor, and MFIs should get enough support for such endeavors.

If donor agencies help MFIs to set up a separate comprehensive training/educational unit intended for microfinance service users, there is no doubt that more productive results will be achieved and a meaningful process of empowering the poor will begin. The focus should be on building capacity of the poor, not merely on raising income of the poor.

Similarly, there should be more support to 'pro-poor' research activities and initiatives. For instance, during my stay in Bangladesh, a local media reported that a scientifically developed high-yielding variety of paddy was found to be immensely beneficial in alleviating the harsh effects of the Monga, a seasonal famine in northern Bangladesh. Similar attempts should be encouraged, funded and facilitated by the donor agencies.

As has already been realized by some microfinance practitioners, development workers, donor agencies and academicians, there needs to be alternative models of microfinance in the coming days. Though there should not be an alternative for providing basic financial services to the poor, when it comes to entrepreneurship and involves different stages of production, pricing, promotion and distribution, mostly the illiterate and unskilled poor seem to have found it difficult to compete in the vibrant market economy, bear and deal with different types of risks and fare in a successful way. An alternative or complementary model of microfinance could provide subsidized credit and financial support to university graduates, who are also often collateral-less, but might possess different skills, knowledge and entrepreneurial spirit; and in turn, they could train and employ the poor. Dozens of poor people interviewed during my stay in Bangladesh wished to have a job instead of the opportunity to become entrepreneurs. ***(Author can be reached at manoj.bhusal@silcreation.org)***

# Microfinance and development: Do the math

**By LYKKE E. ANDERSEN**

**"Money often costs too much."**
*Ralph Waldo Emerson*

The development community has for years been heralding microcredit as a means to escape poverty, but some very simple math suggests that we need to be cautious about pushing it too much.

To do this simple math, let's compare the life-stories of two fictional boys who are both born poor. Let's call them Micky and Savvy. Both work part time from age 10 earning 1 dollar per day, but they live at home with their parents, who provide for their basic needs. Micky spends his hard earned 7 dollars every weekend with his friends, while Savvy saves them and manages to invest his modest funds at an average real rate of return of 10% per year (mostly by lending money to needy friends and relatives).

By the age of 20, they both move away from home and start working full-time. Paid work only pays a miserable 3 dollars per day, so Micky decides to start his own business instead. He borrows 6500 dollars from a microfinance institution in order to buy the necessary equipment to run his business (for example a used car to become a taxi driver), and this allows him to earn twice as much as a paid worker for the next 10 years (i.e. 6 dollars per day instead of 3, from age 20 to age 30). The real interest rate charged by the microfinance institution is 30% per year, so Micky wisely decides to spend as little money as possible on himself (2 dollars per day, which is right at the poverty line) and uses the remaining 4 dollars per day to pay back his loan.

In contrast, Savvy does not have access to credit, so he has to accept the job that pays the miserable 3 dollars per day. Like Micky, he keeps his expenses low at 2 dollars per day, which leaves 1 dollar per day in savings, which he manages to invest at 10% per year, just as he has been doing since he was 10 years old.

By the age of 30, Micky has handed over all his savings during 10 years to the microfinance institution (14,600 dollars – more than twice the amount he borrowed and 2/3 of everything he earned), but his debt has only grown, now amounting to about 8,700 dollars. His equipment has worn out, so he can no longer earn 6 dollars per day, and instead has to take a regular job paying 3 dollars per day. He is now heavily indebted, and has to reduce his expenditures to an absolute minimum (1 dollar per day, which is at the extreme poverty line). The remaining 2 dollars per day he pays to the microfinance institution.

In contrast, Savvy has been building up his savings one dollar per day, and by the age of 30 he is worth more than 20,000 dollars, so he decides it is time to improve his living standards (he doubles his daily expenditures from 2 to 4 dollars). He is still only earning 3 dollars per day as a regular, unskilled worker, but the returns on his small investments allow the additional expenditure without reducing his capital.

Unless Micky declares bankruptcy or otherwise defaults on his debt, his debt will accumulate for the rest of his life, reaching a staggering 20 million dollars by retirement age (60 years). In contrast, Savvy can keep increasing his expenditures regularly, reaching levels far above the poverty level and far above his income level; and still see his net wealth increasing. Figure 1 compares the net wealth of Micky and Savvy over time under the abovementioned assumptions.

*Figure 1: Net wealth of Micky and Savvy, from age 10 to age 60*

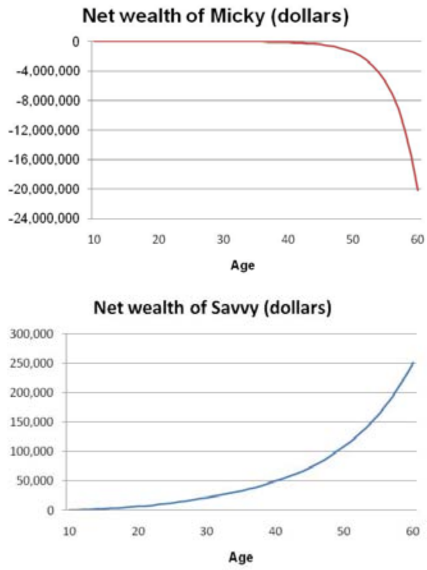
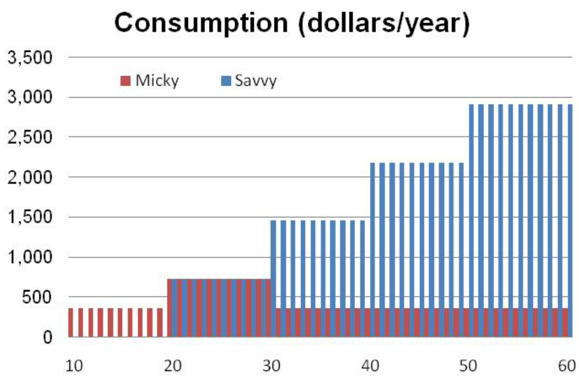



Figure 2 compares the annual consumption of Micky and Savvy. Micky, due to his microcredit loan, has been living in extreme poverty most of his life, with an accumulated expenditure of only 23 thousand dollars during the 50 years. Savvy, although he has earned only 48 thousand dollars in accumulated labor income, was able to sustain accumulated consumption of 76 thousand dollars and still has savings worth a quarter of a million dollars.

*Figure 2: Annual consumption of Micky and Savvy, from age 10 to age 60*



A lousy little loan, which seemed like a good idea at the time, doomed Micky to a life in extreme poverty and heavy indebtedness, while Savvy, who couldn't get a loan, did very well. When real interest rates are above a few percent, it makes a huge difference whether you are on the borrowing side or the lending side of the credit transaction. And in the world of poor people and microcredit, real interest rates are always in the two digit range.

In some cases it makes sense to borrow money, even at 30% interest. For example, if you borrow money to buy goods that you are sure to sell very quickly, this may allow you to take advantage of business opportunities that you would otherwise be excluded from. This is why most micro credit is used by the informal commerce sector. For productive activities, microcredit rarely makes sense, and for housing and consumption purposes it is a distinctly bad idea.

Microfinance institutions will of course never let debt grow into the millions. Instead they would confiscate the few assets the borrower has, including even his home. In case of group credit, they may also confiscate assets from other borrowers in the group, if these are unable to pay the debt. The devastating consequences of not complying with the monthly payments to a microcredit institution make defaults relatively rare, as borrowers will do anything in their power to comply, even borrowing informally at an even higher rate.

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**"if you thought micro credit will help solve the problem of poverty, you might want to do a bit of math to understand the astonishing power of compound interest."**

Thus, if you thought micro credit will help solve the problem of poverty, you might want to do a bit of math to understand the astonishing power of compound interest.

***(Lykke is Global South Development Magazine's country correspondent for Bolivia and can be reached at Lykke.E.Andersen@gmail.com)***

# 54 commit suicide in AP due to microfinance debts, says SERP

*Novermber 2010*

The crisis in the southern Indian state of Andhra Pradesh over microfinance-induced suicides has taken an ugly turn with a report published by *Microfinance Focus*, a news portal on Friday.

The media report based on a fact-finding report prepared by the Gender Unit of SERP (Society for Elimination of Rural Poverty) said 54 deaths were microfinance-related, out of 123 cases of alleged harassment by some of the largest and well-known microfinance institutions in the state.

Alok Prasad, CEO of MFIN (Microfinance Institutions Network) which represents NBFC microfinance firms has reportedly responded to *Microfinance Focus* query that the lobby group is in the process of constituting a "high powered team" to look into the alleged suicides in AP.

SERP, an autonomous society of the state rural development department, which prepared the report declined to comment on the verification process and the methodology used in the report. However, it gives instances where borrowers were harassed by MFIs.

In one case the borrower's 16-year-old daughter "was asked to do prostitution for repayment, She was kept in a house under lock, under wrongful confinement, and the girl committed suicide."

In another case, Jayaramappa of Madakasira SC colony, Madaka sira mandal, Ananthapoor district, took 64,000 rupee loan from three MFIs and on Oct. 3, 2010, he "committed suicide because of MFIs (began) harassing his wife and abusing her in filthy vulgar language," the report said.

Another glaring example of MFIs abetting suicide for insurance was cited in the report. Sale Ganesh of Sitharampoor, Rangareddy district, was subjected to "harassment and abetted commit suicide for getting insurance amount," the report said.

**In one case the borrower's 16-year-old daughter "was asked to do prostitution for repayment, She was kept in a house under lock, under wrongful confinement, and the girl committed suicide."**

Though the report sourced more than half of the 123 cases from local media reports, which require verification, certainly the report will strengthen the case of the state government against microfinance institutions in Andhra Pradesh. Recently the government issued an ordinance asking all the MFIs in the state to register themselves with the district development agency but the MFIs moved high court against the ordinance.

But the entire issue has brought forth an ugly picture of the microfinance concept that was ushered in the mid-1970s by Nobel laureaute Muhammad Yunus of Bangladesh.

The names of MFIs in the SERP report include SKS Microfinance, Spandana Microfinance, SHARE, Asmitha, L&T's microfinance and BASIX Microfinance. (Adapted from IB Times)

# Women face hurdles to make savings!

By **MARY NAMUSOKE**

In 2009, Margaret Nakandi together with her husband – Joseph Kisakye harvested ten sacks of maize. From this harvest, the couple saved at least one million Uganda shillings (about $350). Because they had worked together, the husband felt, it would be right to offer Two hundred thousand shillings (about $70) to his wife Nakandi.

By that time, the major problem Nakandi had was buying a simple cell phone at Uganda Shillings One Hundred Thousand (about $35), and she kept the rest of the money. In the next season, Nakandi recalls that they managed to harvest maize and coffee worth two million shillings, from which the husband gave her five hundred thousand ($175).

"This forced me to go and open an account in the savings scheme. As I was there, some people told my husband that I had gone to the bank with millions of money and so I was becoming disloyal to him. He came looking for me and eventually chased me away, asking where I had got all that money. I explained to him that it was only Six hundred thousand which I had kept from the harvest but he could not listen to me. He said I did not need to keep money in the bank. And that, if I wanted to do so, he would help me to keep it." Nakandi, a resident of Mayobyo in Bulera Sub county Mityana district narrates.

**"When we sell one of the domestic animals, he wants to take the money. If I get my share, I have to keep it in the house, and we use my money to buy household items like salt, sugar, until it is finished. He believes that if I join the savings scheme, i may get bad behaviors from there like cheating on him,"**

Like Nakandi, Fiona Nambalirwa of Kikandwa in Kalwana Sub County Mubende district says for many years, her husband has not allowed her to save money in the credit schemes in their village.

"When we sell one of the domestic animals, he wants to take the money. If I get my share, I have to keep it in the house, and we use my money to buy household items like salt, sugar, until it is finished. He believes that if I join the savings scheme, i may get bad behaviors from there like cheating on him," Nambalirwa says.

These are some of the many Ugandan rural women, who are struggling to better their living economically amidst those challenges. For the past few years, The Ugandan government has been encouraging citizens to form Savings and Credit Cooperatives (SACCOS) in their communities. At least each and every Sub county by this time has got a Sacco, where residents can keep and save their money. Mubende and Mityana districts indicate that most of these Saccos are dominated by men, with few women.

In Mityana town Council, women joined and formed a group from which they have started Sacco. The Nkokonjeru Women's Sacco in Mityana district has a membership of over three hundred and sixty eight active members. "Out of these members, one hundred and ninety nine are women and they are the most active members. They save a lot, others borrow and they pay in time," Ruth Kasozi, a Sacco official notes.

While attending one of their meetings recently, women appealed to their husbands to allow them access the services of these Saccos. "We are wives, mothers and caretakers, but we engage in a number of economic activities. We are able to earn, save and borrow, then pay back, but our husbands do not allow us to join the Saccos," one of the women, who preferred not to be revealed, said, as the rest of the women cheered her up.

In response, Lydia Karungu, a government official in charge of the Saccos in the central Region warned husbands over the practice. Karungi says women are the most powerful and hard working and so must be given a chance to access credit and saving services.

"This practice I have heard should stop. Women are the planners of the home; they are the best at taking care of the home. They can save money better than men, they can even earn better than men, given a chance to work.

Many times, husbands die and the women remain in full control of the families. In such an instance, the woman suffers a lot if she had not been actively working before." Stakeholders must come on board to strongly support women, in the issues of savings and credit.

**(Mary is Global South Development Magazine's special correspondent for women's issues in Africa and can be reached at namusokmaria@yahoo.co.uk)**

*A house wife attending to her piglet. Many rural women in Uganda keep animals to earn a living. Photo: Mary Namusoke*

# Microfinance in the Middle East and North Africa

By CATRIONA KNAPMAN

In an era of development theories which focus on individual and community empowerment, microfinance plays has become an important strategy; encouraging individual entrepreneurship and offering opportunities for micro or small business development. Microfinance has spread across the globe in many different forms and guises, it is offered by many different institutions, from banks to NGOs, each with their own ethos and objectives. In the Middle East and North Africa (MENA) region, its development has been more limited than in other parts of the developing world.[1] Yet, many actors, including political figures and Microfinance Institutions (MFIs) are now promoting the growth of microfinance in the MENA region, citing success stories of women's empowerment and economic growth in other regions.[2] In the midst of the mass popularization and promotion of microfinance it is worth standing back and asking, what real value does it bring and what can it offer to tackle the development problems in the Middle East.

The extent to which microfinance operates in MENA varies considerably across the region: Morocco, Egypt and Jordan are described as being the most developed markets, with Egypt and Morocco receiving almost 77% of microfinance funding for the whole region. Emerging markets are Yemen, Syria and Tunisia, whereas other countries, such as Algeria and Libya, have barely any activity, very low market penetration and little MFI activity.[3] Many operators see it as a growing sector and are keen to attract more clients in the region, proposing options such as expanding from mainly micro-credit provision to other types of microfinance, such as savings[4] or combining Islamic Finance and microfinance, to respond to local interests. [5]

"there is a significant lack of independent information available regarding the impacts of microfinance. Studies carried out offer limited samples and are quick to point out benefits, but slow to mention problems encountered or disadvantages"

"the issue of economic growth through microfinance or other forms must be seen in the light of the wider civil and political problems in the region which, until tackled, will impede the free development of every individual"

Yet, as a form of economics heralded to benefit individuals, it is vital to assess the impacts of existing microfinance activities in the MENA region. As Jon Westover points out in his appraisal of the sector worldwide, there is a significant lack of independent information available regarding the impacts of microfinance.[6] Studies carried out offer limited samples and are quick to point out benefits, but slow to mention problems encountered or disadvantages.[7] Furthermore, many studies are carried out by MFIs or other interested parties. A further difficulty is the correlation between microfinance and national economic growth. Microfinance works on an individual, local level and its impacts on national growth or decline are difficult to assess. Furthermore, its focus on bettering the economic power of individuals necessarily dictates that its general impacts can be difficult to assess and statistics are dangerous to generalise.

A Planetfinance study examines impacts in Syria, yet with no baseline figures to refer to, drawing real conclusions from the research is difficult. A European Investment Bank (EIB) study attempts to pool together the results of various studies to offer a general overview of microfinance in MENA. The study highlights positive impacts for women who gain greater autonomy and decision

[1] Figures suggest that 1% - 5% of clients are based in this region. Isobel Coleman states that of 70 million households in the developing world with a microfinance loan, only 1% are in MENA. CGAP states that 5% of its clients are in the MENA. See: Isobel Coleman, *Microfinance - An Untapped Resource for the Middle East*, Council on Foreign Relations, 19 December 2004, http://www.cfr.org/publication/7616/microfinance_an_untapped_resource_for_the_middle_east.html; and CGAP, Microfinance funder survey, 2009, http://www.cgap.org/gm/document-1.9.40541/2009%20Funder%20Survey%20Regional%20MENA.pdf

[2] Paul Reynolds, BBC News, Dialogue for democracy in G8 Plan, 10 June 2004, http://news.bbc.co.uk/1/hi/world/americas/3794561.stm

[3] CPAG, Donors and Investors Overview, 2009 CPAG Microfinance Survey, http://www.cgap.org/p/site/c/template.rc/1.11.131056/1.26.14005/

[4] European Investment Bank and Nodus Consultores, FEMIP, *A review of the economic and social impact of microfinance with analysis of options for the Mediterranean Region*, April 2008, p 29-31 http://www.eib.org/attachments/strategies/femip_microfinance_2008_en.pdf

[5] Ibid

[6] Jon Westover, *"The Record of Microfinance: The Effectiveness/Ineffectiveness of Microfinance Programs as a Means of Alleviating Poverty"*, Electronic Journal of Sociology (2008)

[7] The studies used are discussed in the EIB analysis. It finds only 5 impact studies to look at in MENA and states that many of these studies only considered 2 or 3 variables. EIB, *supra*, p22-24

making power through participation in microfinance projects.[8] At household and business level improvement is seen in income levels.[9] However, in the studies cited these positive benefits apply to half or less of people interviewed and there is no comment or analysis of the cases where individuals have not seen positive impacts or have seen other impacts.[10] This is also the case in a Planet Finance review of its performance in Syria, where in an assessment of a large array of impacts, less than half of the clients interviewed perceived positive changes following participation in a microfinance project.[11] Despite some positive impacts, it seems microfinance causes no change or negative impacts in many cases. Further investigation and analysis is required to understand these effects and should be considered when developing future projects.

As well as the direct impacts of microfinance, in most MENA countries the particular institutional organisation poses problems. MENA countries are generally led by an overly powerful executive, keen to promote economic growth, but not necessarily proactive in creating growth which will benefit all citizens. Furthermore, many MENA countries operate legal systems, many of which are governed by Islamic Law principles which restrict certain commercial contracts and forms of economic investment. Indeed, many governments in the region have not created regulatory frameworks for microfinance in the region and many operators cite this as a problem.[12] Other regulatory issues also impede growth in this sector including: few consumer protection measures; bureaucracy; and restrictions on deposit –taking.[13] If governments continue to fail to control business development in this sector and vitally, fail to protect consumers participating in these projects, they are doing little to guide or control microfinance to the benefit of their citizens.

This article has attempted to highlight some of the issues surrounding microfinance in the MENA region. Although it criticises a sometimes overly-idealised development strategy, this author certainly does not want to overlook the fact that this type of investment has worked well in many contexts and that there exists real potential for development and empowerment through this form of investment. Yet, independent information gathering and real debate about this issue, as opposed to mass promotion of its benefits, will most certainly improve the quality of microfinance for all those involved.

Major actors should develop strategies which support those involved to develop the capacities they need to make schemes work in their favour. Actors must be vigilant to ensure that the scheme has real benefit for those involved and does not worsen poverty for participants. Furthermore, states should develop mechanisms which hold MFIs to account for ethical behaviour and provision of real support and careful assessment to potential entrepreneurs. Finally, the issue of economic growth through microfinance or other forms must be seen in the light of the wider civil and political problems in the region which, until tackled, will impede the free development of every individual. Indeed, microfinance, even if successful, can only be one step in part of a bigger march for tackling development problems throughout the Middle East.

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[8] European Investment Bank and Nodus Consultores, *supra*, p 26-28 http://www.eib.org/attachments/strategies/femip_microfinance_2008_en.pdf

[9] Ibid. p32

[10] This study points mentions that only 4 out of 5 studies considered consider microfinance to create a positive impact at individual, household and business level in the MENA region, yet the paper does not discuss the details of the different negative results, or attempt to explain or understand these. European Investment Bank and Nodus Consultores, *supra*, p 26-28)

[11] Microfinance Impact Assessment and Market Research Survey, UNRWA – Microfinance Department – Syria http://admin.planetfinancegroup.org/upload/medias/fr/impact_assessment_and_market_research_survey__unrwa_md_syria_2008.pdf p22- 49

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# Microfinance in pictures

By LINGSON ADAM

Tanzania has since the 1990s attempted to embrace microfinance as an approach and a tool in the fight against poverty. Several institutions including commercial banks, and nongovernmental organisations have offered a hand to support microfinance. Micro financing relies on private and charity institutions. However, the sector has always been so much challenged to the extent that the poor majority rely on their own mobilizations, hence, the mushrooming of savings and credit cooperative societies and associations in the recent past. These, however, still have failed to a large extent and haven't been able to save those who hardly have anything or very little to save. As a reaction to this situation, local arrangements, such as; revolving funds starting from little by little contributions (Kibati, upatu, WORTH -literacy, community banking, and small business development', Village Community Banking – VICOBA etc) have been welcomed.

*A weekly women's group banking session in Moshi district council, Kilimanjaro region Tanzania*

*Mobilization strategy: women with support from few men, use drums, dance and theatre to mobilize others*

*(Lingson Adam is Global South Development Magazine's Regional Editor for East Africa and can be reached at alingson@yahoo.com)*

# Tomorrow's microfinance: Just giving loans or making investment in the poor?

By DINESH POUDEL

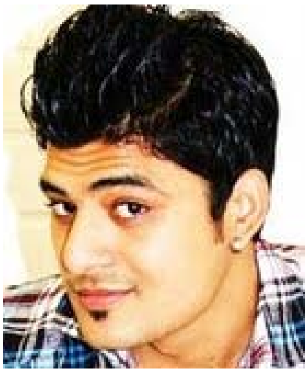
Besides the fact that 130 millions of the world's poor are being served with the microfinance services, the rapid growth of microfinance institutions has been seen since last three decades.

It can be argued that microfinance has some positive benefits to those who do not have an access to other formal financial institutions. Nevertheless, the focus of microfinance has been so called ''social entrepreneurs'' who are self employed, household based entrepreneurs rather than those who really are qualified for the profitable micro enterprises.

The poor borrowers who fall below the break-even point in providing loans or deposits below which banks lose money on each transaction. So, there is always profit orientation no matter if it's a bank, private lenders or poor borrowers.

There is a saying, ''A poor gets always poor and the rich gets rich'' which can be attributed to the availability of resources and their use.

The money is fungible as always so it might not be congruous for all the poor borrowers all the times, especially for loans that are borrowed in regard to start a business or invest to generate money. The main risk herein for a client is to think if they can payback?



This is as hard question as 'what came first: chicken? Or Egg?' To those clients (poor) who don't really know what generates profits and when? How much to invest?

Microfinance can always make sense only when a client starts a successful business and repays so that he /she has some amount of saving to re-invest by their own risk ( risk again! ) . Microfinance Institutions (MFIs) do not seem to be interested in looking at the issue from the borrowers' perspective and ensuring that the poor don't get deeper and deeper to the well of loan cycle and poverty from where there is no possibility of coming out.

**"Tomorrow's microfinance should not only be lending money to the poor but should also make investment in them"**

**"Microfinance can always make sense only when a client starts a successful business and repays so that he /she has some amount of saving to reinvest by their own risk"**

Tomorrow's microfinance should not only be lending money to the poor but should also make investment in them specially to boost their entrepreneurial skills which could be education, training, right guidance to start up the right bag pack for the journey or risk free or less risky investment endeavors. It has often been rightly argued that basic requirements like food, shelter, and employment are often more urgently needed than financial services. There is no doubt that these contentions are well founded.

No matter how much water you pour on the bottle there is always a bottle neck point which has to be widened for smooth follow of water inside the bottle without risk of pouring out. So, the microfinance tools cannot always solve the problem of the poor borrowers until or unless the investment is made to train the enterprenual skills and let them be '' safe ''.

***(Dinesh is Silver Lining Creation's Marketing Manager and can be reached at dinesh.poudel@silcreation.org)***

# Can There Be a Workable Microfinance?

**By JAMES BELGRAVE**

**An Interview with Oxford Microfinance Initiative's President, Vicente Solera Deuchar**

When you meet Vicente Solera Deuchar, President of the Oxford Microfinance Initiative (OMI), you are immediately impressed and humbled by a young man with clear vision, dedication and commitment to the work he believes in. Operating out of Oxford University, with no office space and a staff of volunteer students and recent-graduates, one would expect OMI to be a clumsy affair. Yet behind the humble exterior lies the simple vision of a volunteer-run consultancy committed to microfinance, and one that makes a real difference on the ground.

We spoke for some time about the general issues surrounding microfinance. On a global level there are important debates underway around the goals that it can achieve and whether or not (after much initial hype) it can serve as a development 'silver bullet', or whether is risks becoming yet another development fad. The sceptics place an emphasis on the risk of microfinance institutions exploiting their clients through business practices, with the recent sagas surrounding SKS and Compartaremos serving as examples.

Vicente's conclusions, however lead him to believe that "in principle...microfinance is a very powerful tool. Providing financial services to poor people is really giving them opportunities" he continues, "but we need to ensure that it is done in a competitive spirit, being careful not to give institutions the power to charge disproportionately high interest rates".

> *"I think that if you have a reliance on donor funding, it doesn't provide you with the right incentives to take things forward in a sustainable way."*

"Microfinance institutions should try to reach a level of financial sustainability in a way that fits in with their social objectives" Vicente explains, "as relying on donor funding is not a sustainable way to run a business, as we witnessed in our project in India". OMI did some consultancy work for an international microfinance institution that faced severe financial difficulties, after their donors withdrew their funding on very short notice. Up until that point they had created a wildly unsustainable program - what resulted was a situation in which the income they received from their repayments was barely half of what their operating costs were. "I think that if you have a reliance on donor funding, it doesn't provide you with the right incentives to take things forward in a sustainable way" he concludes.

*Vicente Solera Deuchar*

When asked about the danger of mission drift, Vicente seems to focus. "People need to recognise that microfinance cannot help all groups in society" he explains, "If people begin to think that microfinance can directly serve every kind of client, then in a sense that's drifting from the mission of providing financial services to those that need it most and attempting to provide microfinance to absolutely everyone".

"That's not to say that microfinance won't help the very poor" he explains, "rather that there needs to be a recognition that microfinance isn't the only thing that can work".

Vicente is nonetheless conscious of guarding against lending to clients who aren't really the ones who need it most, "you're serving a market of poor people who are in desperate need of financial services. If you drift from that and start serving the slightly better off (who generate more profit), then that market has been excluded".

Thus at times, social objectives can be compromised by economic ones, especially in such a volatile economic climate, Vicente agrees. He nonetheless points out that "serving the poor should not be inherently unsustainable in financial terms. BRAC is saying that by running it like a business operation, whilst keeping the social objectives as primary, we can turn microfinance into a sustainable operation very quickly".

Set up in 2009 by four Oxford University students as a volunteer microfinance pro-bono consultancy initiative, the organisation grew from twenty-five members in its first year to more than fifty this year.

Vicente describes their role as that of a "fresh pair of eyes", that can pick things up quickly and make a big

"That's not to say that microfinance won't help the very poor" he explains, "rather that there needs to be a recognition that microfinance isn't the only thing that can work".

difference to organisations that might not have the resources or research capabilities that OMI can provide. He states their aim as "helping organisations of all sizes whatever challenges they might face". He does however admit that there is an element of career-building in volunteering for OMI, with students and graduates gaining experience in development consultancy that is both intellectually challenging and beneficial to their CV. One can't help noticing that it is, as a result, a win-win situation.

I asked him to describe some of their projects to give me a better idea of the work OMI are involved in and he was all too eager to describe a selection of the ten projects they have been involved in so far.

"Last year we were involved in a very challenging Islamic microfinance project, looking at how you can make Shari'a-law complaint microfinance", he says proudly, given the complexity of such a project. "The objective of the project" he tells me "was to carry out a survey of the whole field and to discover what constituted best practice, with the final aim of opening up funding opportunities for the organisation". For such a small and inexperienced organisation, they clearly punch well above their weight.

A second and more practical and successful project that Vicente was eager to tell me about was one with a Colombian start-up microfinance organisation that needed capital raising help and consultancy on avoiding mission drift whilst scaling up. "The project was a success" he tells me, "our recommendations were implemented and we set them up with some good potential donors".

A third and by far their most successful and complete project was with the Malawi-based Microloan foundation. OMI undertook a feasibility study of a potential project being set up in Zimbabwe, and investigated stability in the region as well as existing domestic microfinance players and markets. Vicente and another member of OMI travelled to Zimbabwe, conducting interviews and research in-situ and presented the Microloan foundation with a comprehensive final report. "We've since spoken to them, and it looks like they will be investing in Zimbabwe and providing financial services to many poor people" he tells me proudly, adding that "it's so rewarding that our work has been and will be used".

When asked what message he would send to other young motivated individuals thinking of setting up a similar initiative he states confidently that "it is not particularly difficult to set up and is something that can go a really long way".

"Before joining OMI", he says, "I considered setting up a consultancy as a crazy idea, but it turned out to be remarkably easy. You have to identify an organisation that is willing to find you a project that will be of practical use to them, you recruit some volunteers, and as long as you know a little about microfinance and are willing to learn its actually quite easy. The difficulty lies in locating the right people, as at university there are many activities all competing for time" referring to the hundreds of societies at Oxford, "but our work provides practical experience that will make a difference on the ground".

I ask him about the future of microfinance and he assures me that "Microfinance is not unsustainable; SKS showed that it can be profitable as well as sustainable. It will thus continue to expand and grow into new markets".

"One side issue we're working on" he adds, "Is whether microfinance has a place in the UK. Pilots have been launched in the US" he says, referring to a recent New York project set up by Grameen bank, "which use microfinance as an alternative to standard ways of providing. But the extent to which microfinance needs to be limited to the developing world is up for debate." ***(James Belgrave is a recent graduate in MA Development Studies from IDS and can be reached at jamesb@ids.ac.uk).***

# Can Microfinance Save Face as its Reputation Crumbles?

By DEANNA MORRIS

Over the past few decades, investment in microfinance has increased because from a business perspective it has been seen to be an extremely lucrative industry due to what the Global Researcher recently called "extraordinary returns on investment". However, opponents of the microfinance industry, particularly those who are critical of companies entering the industry as a for-profit business investment rather than those microfinance institutions (MFIs) interested in poverty reduction, are questioning the practices and sustainability of the microfinance industry. In the face of a crumbling reputation of the industry, this article is an attempt to highlight some of the issues involved and point to possible solutions that can help it regain trust and respect from borrowers, and its critics, as it continues to expand and attract investors at a staggering pace.

***So what exactly are the problems?***

One of the biggest critiques of the industry is lenders' extremely high interest rates, which often are presented in a deceivingly positive light, when in fact interest rates are incredibly high and can leave borrowers heavily indebted. It has been argued that "…as more capital and competition enter this market, interest rates will likely come down and more impoverished borrowers can be reached" (Global Researcher, p.81). However, when one looks back historically this has not necessarily been the case. Micro-lending programs have been around for 25+ years and as new players have entered the market creating even more competition, interest rates still remain extremely high, which begs the question: is increased competition spurring greed and encouraging investment in microfinance for the wrong reasons?

The lack of transparency over interest rate payments has left many borrowers more indebted than they had understood. This is further compounded when the borrower education and training component of micro-lending (which is vital and takes center-stage in poverty-reduction centered micro-credit programs) is inadequate or missing since it does not represent a direct return on investment for profit-motivated institutions.

Another problem is the questionable tactics, such as intimidation and public humiliation, used to recover debt from participants. This results in borrowers taking out even more money from local money lenders, whose interests rates are often considerably higher than those of MFIs, to pay back initial loans; thus putting the borrowers into even more debt, which runs opposite to microfinance's overall stated goal of poverty reduction. As more micro-lenders are entering the market, allowing people to take out even more loans, fears are

"One of the biggest critiques of the industry is lenders' extremely high interest rates, which often are presented in a deceivingly positive light."

"Another problem is the questionable tactics, such as intimidation and public humiliation, used to recover debt from participants."

"industry ethics and integrity are further questioned when a MFI begins its business practices as a not-for-profit, in which it may be benefiting from international aid funds, only to later change itself into a for profit organization" rising concerning the integrity of the industry and that this cycle of indebtedness is being continued, rather than mitigated.

Finally, industry ethics and integrity are further questioned when a MFI begins its business practices as a not-for-profit, in which it may be benefiting from international aid funds, only to later change itself into a for profit organization, that goes public on the stock exchange and makes only a few people (i.e. its largest share holders) extremely rich. Examples of this can be seen in both India and Mexico, with the organizations such as SKS and Compartamos Banco.

***So what can be done?***

As the microfinance industry grows in the coming years it is necessary to have regulations or regulating bodies put in place to ensure for transparency, prevent interest rate gouging, and protect citizens from becoming over indebted. This is not to say that the industry should be so heavily policed that it eventually becomes strangled, but that minimum standards should apply to ensure a level of responsibility and best practice. To do this many look to interest rate caps as the solution, however creating a cap on the amount of interest charged actually works to make the microfinance market unviable. Interest rates are needed to cover lending risks, inflation, the cost of capital, etc, all of which can fluctuate depending on the MFI. Caps can also drive borrowers to more flexible means of financial service such as that offered by local money-lenders or loan sharks whose higher interest rates can leave borrowers worse off. Thus other solutions must be realized. One example can be found in Peru, which is known for "having the best business environment for microfinance, in part because the regulator has successfully set and enforce rules on capital buffers, leading to a more stable" lending industry (The Economist, 2010). Implementation of MFI accountability and regulation standards such as this will be helpful in creating an industry structure that is reliable and less prone to gouging the poor with high interest rates, forcing them into a cycle of debt, and/or being subjected to harsh repayment enforcement.

However, aside from the critique of MFIs, one of the positives results of micro-lending is that it is also helping the poor build savings, particularly through initiatives such as Oxfam's *Saving for Change* program. Savings for Change (SfC) is considered to be a form of savings-led microfinance; this specific program typically focuses on women and is horizontal in structure. The initiative allows groups to save, lend, gain interest on their savings through lending within the group and determine

**"Although there are deficit areas, organizations with strong education and training programs, as well as reasonable interest rates, will continue to be successful in achieving the overall goal of poverty reduction."**

these interest rates as a group, by working together in the overall creation of the program. A key component of SfC is training; a variety of tools to train groups are used, particularly through visual and oral training methods to compensate for illiteracy. Therefore, programs which focus on savings are much more helpful than microcredit, which just issues small loans to tide people over during emergencies. In addition, savings initiatives can also fill the microcredit finance gap, which currently stands at around $US 260 billion[1], since savers would borrow from their group's own invested capital, allowing them to set their own interest rates rather than depend on international investment and high interest lenders.

In summary increased regulations, such as the example presented of Peru, and new initiatives such as programs like Saving for Change may not be a panacea however initiatives such as these can work to alleviate some of the issues discussed, such as high interest rates, forceful debt recovery practices and companies entering the market for the wrong reason. Overall there are definitely some struggles and shortfalls faced in the microfinance industry. Although there are deficit areas, organizations with strong education and training programs, as well as reasonable interest rates, will continue to be successful in achieving the overall goal of poverty reduction. However as more companies, particularly those with profit making objectives, enter the market the necessary steps must be taken to prevent incredibly high interest rates and practices that force the poor into a cycle of indebtedness.

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[1] Lending currently stands at $44 billion, whilst it has been estimated that the industry needs at least $US 300 billion (calculated by Joan Trant from the International Associate of Microfinance Investors. These finding were discussed in an interview by the Global Researcher. (2010). "Evaluating Microfinance: Do Small Loans for Poor Entrepreneurs Help End Poverty?")

# The Real Entrapment of Latin American Miners

Photo: Luis Hidalgo/Reuters

## *Missed opportunities in media coverage of Chile's miners' rescue*

**By IOULIA FENTON**

The breaking news of 33 miners trapped some 700 meters below the surface of the San Jose mine in Chile after a collapse on the 5th August this year took the world by storm and captivated the hearts and souls of the media and the public alike. News of the progress of their rescue poured in and we learned every intimate detail of each of the trapped men, from what they like to eat for breakfast to the complications of their love lives. Since then, ad hoc news stories have appeared of other unfortunate souls in similar predicaments around the globe. In the last few months of 2010, the BBC alone reported on fatal and near fatal mine trappings in Ecuador, China and, most recently, New Zealand, reminding us that the risks associated with mining are not endemic to the developing world. The Chileans' actual rescue, a staggering 69 days later, caused another surge in interest and earned them the record of the longest time survived trapped underground. The extent of coverage of the human-interest story behind the Chilean miners, however, was not replicated for the other stories since or those that came before. For example, in the year before the August 2010 Chilean miners' entrapment, other reports of trapped miners with stories of happy rescues and terrible tragedies were documented in China (with a February 2009 incident affecting over 400 men), Australia, Colombia, India, South Africa, Rwanda, Canada and the US to name a few, which together did not generate the same level of coverage as the Chilean tale.

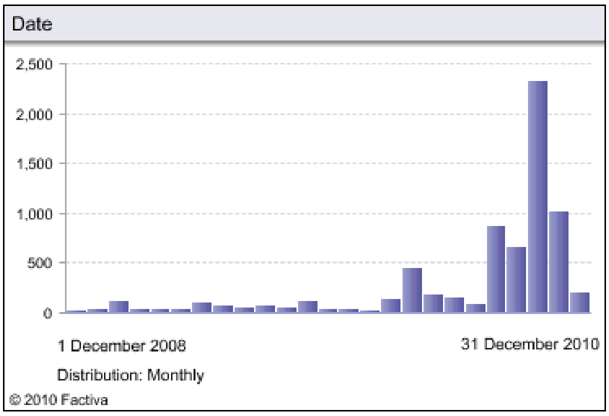
> "The real human tragedy here lies in the loss of the lives of millions of miners in places like Potosi, dying prematurely, slowly and painfully. Their situation and working conditions have changed little in the last few centuries and they see no prospect for change."

for 'trapped miners' on Factiva (which compiles searches on news headlines around the world), reveals that despite hundreds of trapped mining events in the last two years, news coverage had soared around the time of the Chilean trapping story and again around the time of their rescue, with a significant drop in mining story news coverage throughout December 2010 (see the bar chart below). The previous smaller peak

"Slavery may have been abolished one hundred and fifty years ago, but enslavement (through lack of choice) in mining all over Latin America is still a reality. Yet the focus of even the most trusted and prestigious news outlets in the last six months has been more concerned with gossip and trivial information about the 33 survivors in Chile."

around March 2010 was caused by the story of 153 miners trapped after floods in Xiangning, Shanxi, China.

Reportage has centered heavily around human interest stories and despite the high risk the mining industry represents to the health and safety of its workers, the extent of human loss of life resulting from terrible working conditions has largely been ignored. In the West, when we think of mining, we think of mechanized operation, yellow hard-hats and well-paid project safety officers. The reality for millions of men, women and even children in poor countries could not be a starker contrast to this. Many have been grandfathered into the profession and are forced to work in the mines by a combination of social pressures and lack of alternative opportunities, and though many communities have based their entire livelihoods around the mining industry, working conditions are much more dangerous than in developed countries due to lack of investment in the latest safety equipment, lower standards of health and safety regulation and weaker worker rights, enslaving




*News Coverage of "Trapped Miners" Stories in Major News and Business Publications around the World.*

generations of miners to a precarious existence.

As the media mining interest begins to fade, Latin America, with its rich history and tradition in mining, and the Potosi mines of Bolivia in particular, with their substandard conditions and low pay, provide perfect case study examples with which to dive in a little deeper and bring the spotlight onto those forgotten by the recent media splurge, before it is relegated to the archives of news fads.

First, let me provide a snapshot on the history of mining on the continent with a focus on the working environment and the culture of unavoidable servitude[1]. Going all the way back to the fifteenth century, it is no secret that the Spanish (and European) colonial Conquest (1492-1570) was largely driven by the 'worship of silver and gold', and the mining, processing and transport of precious metals. The discovery by the Spanish of large silver deposits at Potosi in Southern Bolivia (the highest city in the world, towering at 4,090 meter above sea level), led to their development in 1545. A huge city built up around the mountain and by 1573 it had the same population as London and by 1650 it was the largest and richest city in the World, ten times the size of Boston.

The locals will tell you tails of such wealth and riches that you could find almost any item imaginable to have been made of silver. The wealth that collected in Potosi and that transferred to Europe was largely built on the backs of Indian and African slaves, which was also the case for mining all across Latin America. Even with the abolition of slavery on the continent (including Chile in 1823, Bolivia in 1831, Peru in 1854, and the last of Latin American countries being Brazil in 1888), the mining industry in South America was still largely based on force and indebtedness of workers. The conditions in the underground mines led to the demise of thousands of Indian workers due to mercury poisoning, other mine-related health effects, and general exhaustion.

A technological revolution in mining and transition to open-pit mining of the 1960s generally led to big improvements in the conditions under which miners worked, and mid twentieth century saw big improvements made due to the militancy of Latin American trade unions. But fast-forward to today's Potosi and a different picture emerges.

On a tour of the mines, our guide, a young ex miner-turned tour operator, Juan Jose, gives us a little bit of insight. According to him, the mountain only has a few more decades at most before it either collapses or there will be no minerals left to mine. Whilst, after almost 500 years of mining, it was only 10 years ago that a few of the larger syndicates (into which the miners are organized) have installed electrical pulling mechanisms to winch up the heavy rock-laden barrels up to the surface. The rest still carry the ore to the surface on their backs in 35kg sacks. The transportation system of rocks within the mine itself is still based on pairs of

[1] Based on a detailed account by Dore, E. (2000) "Environment and Society: Long-Term Trends in Latin American Mining", *Environment and History*, Vol. 6, No. 1, pp. 1-29 and Eduardo Galeano's infamous 1973 book "Open Veins of Latin America", Monthly Review Press, New York.

miners manually running the large-sized metal containers along tracks. As they pass by in the tunnels, it is customary for visitors to give gifts of coca leaves, cigarettes, fizzy drinks or Ceibo (the miner's tipple of choice to get through a hard days' work – a 96% volume clear spirit). Throw in one meal a day at most and that is what makes up the typical diet of a miner here, there is simply no appetite, especially as it is suppressed by the coca and the altitude.

As you slide further into the mine shaft, sometimes on your hands and knees, a dizziness ensues from lack of oxygen and an over-bearing presence of other gases and heavy particles in the tunnels, which taste like acid and feel like sand against your airways. "Arsenic and asbestos", proclaims Juan Jose, upon noticing our discomfort, as he chews on his coca leaves and grins with black stained teeth. He does not expect to live past forty. And he is pretty spot on, since that is the life expectancy for the residents of Potosi, now one of the poorest places in the World. The biggest cause of death is lung-related illness. It is estimated that over eight million men have died in these mines from these and other afflictions and mining accidents, whilst up to a thousand 8-12 year olds toiling in the mines today are likely to suffer similar fates upon reaching middle age (BBC, 2004) [2].

In addition, miners and their families as well as other local people suffer indirect effects from environmental pollution and unregulated mine discharge. Perhaps not so much unregulated, but definitely insufficiently policed, since broad and progressive environmental legislation became law in 1992, however it remains largely ignored by the mining industry at Potosi and elsewhere. Evidence comes from a recent study of the acid drainage in the economically vital, but heavily polluted Rio Pilcomayo downstream from Potosi. The study found concentrations of heavy metal contaminants to exceed government permitted levels at all tested sites, leading the authors to conclude that the discharge from the mines exceeds regulatory levels too[3]. This is particularly a problem since the local population is then exposed to these chemicals through ingestion of contaminated water, agricultural products (which are also sold all over the country, thus spreading the contamination further) and fish (since lower Rio Pilcomayo is a major commercial Bolivian fishery).

"If the media can evoke such interest and sympathy for a group of miners who were trapped beneath the earth's surface for 69 days, it should be able to build on that and give its attention and support to people who have been trapped beneath an oppressive industry for the last 500 years."

What is really striking in all this is the lack of choice. Juan Jose is one of the lucky ones able to escape from the twelve-hour backbreaking days, six days a week at a daily rate of 100 Bolivianos (a mere $12.50 US). Most miners are not so lucky, yet as far as they are concerned there are no alternatives. They are largely

uneducated and provide unskilled labour, so even if they did know of other opportunities, most would be powerless to do anything about it.

The real human tragedy here lies in the loss of the lives of millions of miners in places like Potosi, dying prematurely, slowly and painfully. Their situation and working conditions have changed little in the last few centuries and they see no prospect for change.

In light of the Chilean miner entrapments, a huge opportunity to put pressure on the powers at be for real change by highlighting these people's appalling working conditions and lack of health and safety regulation enforcements in the industry they (and 500 years of their ancestry) gave their lives too, has largely been missed in the recent media mining frenzy.

Slavery may have been abolished one hundred and fifty years ago, but enslavement (through lack of choice) in mining all over Latin America is still a reality. Yet the focus of even the most trusted and prestigious news outlets in the last six months has been more concerned with gossip and trivial information about the 33 survivors in Chile. If the media can evoke such interest and sympathy for a group of miners who were trapped beneath the earth's surface for 69 days, it should be able to build on that and give its attention and support to people who have been trapped beneath an oppressive industry for the last 500 years.

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[2] BBC (2004) "*History echoes in the mines of Potosi*", by Becky Branford, BBC online news, 18th October 2004, available online: http://news.bbc.co.uk/2/hi/americas/3740134.stm

[3] Strosnider, W. H., Nairn R. W. and Llanos, F. S. (2007) "*A Legacy of Nearly 500 Years of Mining in Potosi, Bolivia: Acid Mine Drainage Source Identification and Characterisation*", paper presented at the 2007 National Meeting of the American Society of Mining and Reclamation, Gillette, WY, 30 Years of SMCRA and Beyond June 2-7, 2007.

# Ethnic Wounds, Rise and Reforms in Rwanda


To the outside world, Rwanda still exhibits an image of genocide, massacres and ethnic tensions, however, things are changing fast within the country. Rapid economic growth followed by successful national reconciliation has taken the country into a new era. Rwanda has become an example of progress and development in recent years. Analysts say things which are not possible in other African countries have been possible in Rwanda.

A meticulous government planning is the major factor for change, says **Alexis Rusine**, General Secretary, Congress for Labor and Brotherhood in Rwanda, who has been working in different parts of Rwanda as a labor rights activist for more than ten years.

Global South Development Magazine's Editor-in-Chief **Manoj Kr. Bhusal** met and interviewed him in Helsinki where he was invited as a guest speaker to a seminar. Some excerpts from the interview:

"In statistics we see people in our country having good records, but in real life many households, many families are poor and we are struggling to change this"

"we have a system which we copied from our culture and revised it. We call *imhigo* system. The system helped us to strive forward fast. *Imhigo* means to pledge, to say we will be achieving this goal and these goals"

**When the world thinks of Rwanda all the memories of genocide and ethnic tensions still seem to be superseding other facets of the country. How do you see Rwanda as a country heading toward development and progress?**

Yes, in Rwanda, as a state we have seen many achievements in development parameters, for example, in terms of reducing child mortality and maternal mortality. Then there have been achievements in terms of health promotion. We have a system of mutual assistance which helps all communities, even the countryside, the rural women, rural families participate and get access to healthcare and that has considerably reduced the level of infant mortality. We have also seen that in terms of gender equality promotion, Rwanda is known as a state that has received good recognition. We have also seen that economically Rwanda is trying hard to organise itself in terms of increasing economic growth and, in addition, many other tangible things are there.

**Could you tell us a bit about the work that you do as a labour rights activist?**

We work for the rights of the workers and the problem we are trying to tackle is that of the workers, labourers. It's not enough to say that we have done well in GDP; we have a sound economic growth and so on. When the country is moving so fast, if there is no sharing and equal economic distribution, problems and issues of inequality will rise up. As far as these issues are concerned, Rwanda does not have a good record. We stress that this kind of wealth which is being created has to be distributed to all the participants of production which are workers, employers and that in turn will reduce social and economic inequalities.

And what we are trying to do on the workers side is to bargain; to negotiate with employers, to negotiate with the government so that a minimum wage is set up because at the end it is through salaries, decent salaries that the economic growth is distributed equally. If this does not happen, we will see some people getting richer and richer and the others becoming poorer and poorer and the first millennium development goal of reducing poverty will not reached at all. In statistics we see people in our country having good records, but in real life many households, many families are poor and we are struggling to change this.

*Rwanda is enjoying rapid economic growth 16 years after the genocide in which 800,000 people were killed.*

**You mentioned quite many positive changes also. Basically who are the agents of change in Rwanda?**

Yes, it is the committed will of the government to work hard and we have a well recognised and a succeeded decentralisation system. The system requires government agencies to work harder than the private sector. The Rwandan government administration is known to be (comprised of) hard workers than the private sector and even the civil society cannot follow the way our civil servants are working. In fact, we have a system which we copied from our culture and revised it. We call *imhigo* system. The system helped us to strive forward fast. *Imhigo* means to pledge, to say we will be achieving this goal and these goals and each administrative level at the grass root has to pledge to the tangible results they have to achieve within a timeline. They have to work hard so that those tangible results are achieved on time and they have to pledge in front of the government, in front of the prime minister, in front of the president. The whole administrative system is pledging saying that they will be giving good services to the people, for instance ensuring health services to people and once you said it you have to work hard to get it done, otherwise, you will be removed.

"We have to strengthen our civil society so that the voice of the citizens, of the vulnerable people from the grass roots is listened to"

"There are issues of equal distribution of wealth and issues of democratization which is still in a fragile state."

**It appears that the change has been possible because of the agents within Rwanda, what do you think of those agents who are outside Rwanda? For example, the international donor community, how have they been helping?**

Of course, we have donors who provide a lot of help to the educational system, to the health sector. They support the decentralisation process and also the civil society. Support also goes to the development of the private sector. International help as well as foreign investment are important, but there are issues of transparency, good management of funds and regulation. A strong will of the Rwandan government as well as international solidarity is required.

Maybe this has something to do with our history. We came from a tragic history and then we had a will to succeed faster, to stabilise our country and all the people from the grass root really want to see a stabilized Rwanda, better than last year, better than yesterday.

**What are the main challenges that Rwanda still faces in terms of fighting poverty, fighting discrimination, fighting inequality and powerlessness among people?**

We haven't seen a well developed private sector which could serve as an agent of change. Most importantly, we have to strengthen our civil society so that the voice of the citizens, of the vulnerable people from the grass roots is listened to. This is important not only to give voice to the voiceless, but also to ensure unity as well as social cohesion which is very important for a country like Rwanda. There are issues of equal distribution of wealth and issues of democratization which is still in a fragile state. When there is an election, people tend to think of the past and fear what if the country moves back to its tragic history. People want to see the politicians come together to find a common ground for our future so that what we are doing, in the long run, is going to be sustainable.

**In many African countries, many Western companies have been accused of extracting resources in an exploitative way. How is the situation in Rwanda? How the country has been using its natural resources?**

We have realised that the Rwandan economy is a knowledge based economy as we do not have many natural resources in the country. Under the framework of the EDPRS (Economic Development Plan Strategies) we have been trying to, and I am convinced as a citizen, that we must invest in people. We have people who are willing to work, people who are willing to strive, get out of poverty. So, we have to invest in the education skills, ICT so that despite the lack of natural resources, the people can emerge in the labour market and can compete with the East African regional economies. What we are trying to ensure is that there are people who are proud, who are very skilled and we believe that would be the basic fundamentals of our economy.

**You mentioned a very interesting point about the knowledge based economy. Many developing nations nowadays are grappling with the issue of human capital flight or the brain drain. How does it affect Rwanda?**

In Rwanda we think that our country has been built by the people who came back from exile. We had a Diaspora from 1959 and they came back to Rwanda with new ideas. They came from America; they came from Uganda and from Belgium. They came with more than three decades of experience abroad. They came with new insights. However, we do value our culture and traditions. At the moment also, people go abroad mainly for economic pursuits. And I think that is not bad at all because we are now in a globalised world where people can move freely. The problem is those people not coming back or not having an input in the country. We also have a Diaspora which is now contributing concretely to the country's development by making an investment, helping their families and I think we have to get a framework where intelligent people who are searching for better jobs have freedom to move, but they are also well sensitized that they have a duty and the responsibility to come back somehow in many forms to their motherland to contribute to its development.

"What I have realised at the grass root level is that ordinary people live together with a problem. There are testimonials of communities where women, widows from the genocide, the Tutsi widows married to Hutus, the people who were sentenced are living together because they have to deal with the basic issue of survival"

"Maybe this has something to do with our history. We came from a tragic history and then we had a will to succeed faster, to stabilise our country and all the people from the grass root really want to see a stabilized Rwanda, better than last year, better than yesterday"

**As I said earlier, when people think of Rwanda including myself, we sort of tend to think in terms of its ethnic tensions. How is the sentiment among people now in terms of ethnic tensions and hate that used to be there?**

The ethnic issues, the issues of Hutus and Tutsis are quite complex issues and they are not quite well talked about. I myself have been working in peace building issues for more than ten years. What I have realised at the grass root level is that ordinary people live together with a problem. There are testimonials of communities where women, widows from the genocide, the Tutsi widows married to Hutus, the people who were sentenced are living together because they have to deal with the basic issue of survival. However, when it comes to politics, the leadership, these issues are not well tackled yet.

However, I think, we have to somehow go beyond these issues. Of course, we cannot forget our past, but we can learn from it, we can listen to it. We can learn and listen in such a way that it helps us to overcome different divisions at the time of economic struggle. Unity is an essential thing. I tell the young people that their generation should go beyond ethnicity. At least you have to try; you have to think yourself first as a Rwandan. There is no political system called the Hutus or the Tutsis. We are together in a nation. We have one money, one currency, we have one oath and our interests have to come before our divergence. At times, finding a consensus is not easy, but we have to dialogue. There are some important issues which can be solved only through dialogue. Acceptance of others, acceptance of mutual suffering, of a common past are important issues. Only then we can find a common way to move forward. We also need to understand that we did suffer, but it wasn't for nothing. We suffered but we can really show the world that we can come up from these sufferings, genocide, massacres and be a capable and strong nation. That is our dream.

**As a person who has been constantly fighting for social justice and equality, do you have any message to the international community and people like you in the developing world who are also fighting for social justice?**

My only and strong message would be that there is one human kind. We have a saying in Rwanda that when someone suffers, you should feel that at any moment that suffering could be yours as well.

I also call for solidarity, an international solidarity that can monitor and control rights violations and connect ordinary people across borders. It is people who suffer and cause suffering so it is through that type of common understanding we can materialize our dreams.

We have witnessed an emergence of new economic forces; new powers and different geopolitical interests have been seen. Tensions and conflict are likely to occur in such situations and that is why we call for an international solidarity and common understanding. We have to think beyond mere economic interests. The issue of social justice requires a global as well as regional attention. We call on to our government leadership, international agencies such as the UN to take the issues of human rights violations seriously and promote the interests of civil society as well as to protect the basic and labour rights of the working class.

# Invisible Deaths and New Reform Policies in Tanzania

By MOSES C MASAMI
Text &Photos

The man in the picture was pictured begging on a highway on a sunny day. The man probably will sit there for more then eight hours with his hands raised up as you can see him in the picture.

A year ago one man of the same frailties was found dead in the middle of the streets. After a careful investigation by the police, it was mentioned that 'hunger' was the cause of death.

Reportedly, when he was taking his last breaths, he stayed without eating continuously for three days, but he never stopped raising his fading hands to ask for a help hoping someone would stop by and give him a loaf of bread or even a glass of water. No words could come out of his mouth as doing so would weaken him further. The man was languished on the road, terribly with terrible thirst for water and extreme hunger. Those who passed by never 'noticed' how weak the man was nor did the light flash their minds to make them at least turn their faces on him. They were all used to him, a man sitting along the corridors of Indian shops, raising his hands, hands that were like traffic sign on the side of the road.
As his hands were always seen raised, people assumed he was okay. Unsurprisingly, it took them almost a month to notice that the man's hands were no longer there and his shadow could not even be traced anymore. Probably, this was because his death was too sudden and fast.

Now that he was out of the streets, people felt like *something was missing;* you could hear them in corridors of streets and tea cafes talking about how the dead man used to talk, raise his hands, where he used to sleep and the dresses he used to put on!

Dear readers, this is just part of a hundreds of stories you might hear or read from all over the world of people languished in poverty, in the streets.

This country has heard of many stories about a very famous, blind and street beggar by the name of Matonya whose origin is within the capital city, Dodoma. His popularity spread all over the country for, he has continuously been returning to the City of Dar es Salaam after several efforts of the City Council to drive him off the streets back to his home village.
Everytime he lands back in the city, he lands back with ten more friends of him doing the same 'business.'

One confusing and rather interesting fact about this man's life is that, it is believed that he is one of the richest men in his home village owning a number of cattle, and a huge portion of fertile land for agricultural activities but because the begging business appeared to pay him much, he has since then opted to make it his career!

It is obvious for people to think that for how long the man would keep on begging where he would take his last breathing moments.

Almost 49 years after the independence in 1961, what you still see in Tanzania is a vast difference between the poor and the rich and the widening gap between rural and urban populations. A vast majority of Tanzanians live in villages, often in dilapidating living conditions; under leaking roofs and insufficient or poorly organized sanitation facilities.

Some people believe that it is a shame, naturally, that this country takes with it day after day under regional and international sphere that, after all the natural wealth (lakes, ocean, minerals, national parks, fertile land and historical tourists adventures) , years of peace and political stability, the country still is poor and its people cannot afford to build standard toilets.

Today, the government is advocating of its intention to have better housing and better living standards for its people; better health and educational services-but it is not clear how and when that is going to happen.

Like the Matonya genres, despite of the wealth and resources that this country holds with it, the government has been asking for aid from donors; over 50% of its annual budget comes from contributions made by international donor countries and other international organizations like the IMF.

People certainly have welcomed the government for coming up with new strategies aiming at reducing poverty rate in the country and strengthening country's economy (locally know as MKUKUTA, National Strategy for Growth and Reduction of Poverty [NSGRP]).

The strategy works almost within every social and economic sector, educational sector, health sector, agricultural sector, and many more. Each sector therefore, implements the strategy for sustainable achievements of the crucial needs and requirements in the respective sector

**"there is still a big number of primary pupils who keep sitting on the floor under leaking roofs and cracking walls; secondary schools do not have enough teachers, one book at a university level is being shared by more than 15 students; country roads are not accessible at all during rainy seasons; excessive power cut has now become the national song while subjecting the government into billion dollars debts backed up by a battle of corrupt transactions"**

Indeed, from the strategy, people to participate in different health and educational projects as a result, more schools have been built, increase in the number of health centres has been possible; clean water services have been expanded to reach those areas which previously had no such services.

The strategy has also enabled the least disadvantaged groups of women to get loans for development purposes and build up their income capacities, the fruits of which are apparent to those who have been lucky to receive the same loans, mostly, those in towns.

But with the establishment of the *kilimo kwanza* Policy in 2009(agriculture first), the *mkukuta* strategy seems to have been geared up as farmers in the villages can now be reached and are encouraged to put more efforts into agricultural production.

The government, through the responsible ministry, provides free agricultural infrastructures (inputs) to needy small farmers through vouchers distributed by registered agents to help farmers expand their farms, use better seedlings and apply advanced insecticide to protect their farm products and produce health and excess yielding for commercial and consumption purposes.

The government has gone far beyond by establishing new market places, restricting uncontrolled sale of cash and food crops outside the country, and controlling market prices to avoid the possibility of farmers selling their crops below the market price. The government has also opened up more bonded warehousing where it buys cash and food crops and keep them for emergency purposes (e.g. hunger and draught).

Indeed, these are incredible achievements and the government has to be supported for such efforts. How far these achievements by the government have helped its citizen get away with poverty or strengthen the country's economy to get rid of Matonya's shame under regional and international level? This is obviously a difficult question to answer.

At times when the country and ordinary Tanzanians appear to be waiting for a miracle, a strong wind of poor provisions of health services and worse living conditions is massively blowing.

Nevertheless, there is still a big number of primary pupils who keep sitting on the floor under leaking roofs and cracking walls; secondary schools do not have enough teachers, one book at a university level is being shared by more than 15 students; country roads are not accessible at all during rainy seasons; excessive power cut has now become the national song while subjecting the government into billion dollars debts backed up by a battle of corrupt transactions.

Eventually, the country has now been divided into two major groups; the haves, minority government top officials, who protect the interests of the so called investors by 10% commission and the haves not (majority citizens) who are now regarding themselves as refugees in their own country-the invisible men, women and children raising their hands for a help just like how the dead man mentioned in the beginning of this article used to do.

Surprisingly, the government has introduced a highly ambitious plan to kick out poverty by 2015, one of Millennium Development Goals (MDGs) at a time when ighty percent of its major local industries are all privatized while mining centers, banking institutions and mobile companies are in the hands of foreign investors.

**(Moses is Global South Development Magazine's country correspondent for Tanzania and can be reached at cyrilmos@hotmail.com)**

# "These are exciting times to be young in the developing world"

**When many of her friends and colleagues were busy setting up their ambitious careers in big multinational companies, Nisha Singh, a management graduate of London Business School, UK and an electronics engineer of Mumbai University, decided to quit her job at Google and started working for the education of under-privileged children in her native city Gurgaon, India.**

**Her 2 years of experience in community activism made her realize that local politics was pivotal in shaping decisions and ensuring their implementation. Frustrated by slow and corrupt bureaucracy, she herself decided to stand in municipal elections and be a direct agent of change. In a recent interview with Global South Development Magazine, she explains the reasons behind joining politics and shares her future plans are as a young politician. Excerpts:**

**Why did you decide to join politics? What's your motivation?**

I am standing for City Council elections because I want to make a contribution to improving the current state of civic infrastructure in Gurgaon. Condition of roads, traffic jams, cleanliness and hygiene of public places, safety of residents, availability of water and electricity are issues that impact the everyday quality of our lives. By getting civic authorities to direct their resources and funds to infrastructure building projects, without corruption take its toll, I can make a significant contribution.

Gurgaon is known as the Millennium City, as it is the hub of many technology giants and other big national and international companies. However, lately citizens have started referring to it as the Minimum City because of the deplorable civic conditions. In spite of so much being said and discussed in all forms of media, on social networking sites, issues being raised by citizen groups and efforts of Residents Welfare Associations, year after year we suffer the same woes. It is, as if, all this effort is wasted and no one seems to be listening because very little changes on the ground.

I too have tried to be effective in getting work done for my area by putting up issues in front of the officials of civic authorities. I have had some success but it takes a long time for things to move. The system is bureaucratic, red tape and slow. Hence, I have decided to stand for elections, if elected become part of the system and then influence the system in a positive way from within. I believe by becoming part of the system I can influence infrastructure development in Gurgaon in a more effective manner.

**Isn't it possible to serve your country/people as a committed professional also?**

Yes it is possible to serve your country and people in an effective manner as a committed professional. Many not-for-profit organisations or NGOs in India operating in diverse areas like education, eradication of poverty, health issues and diseases, women and child welfare, environment, governance reforms etc are extremely effective in tackling these important issues. What they do and achieve is not something

**"In general there is a growing feeling that Indian politics, which has so far been dominated by the 50+ politician, needs young, educated and motivated people to become more politically active. Indian youth feels strongly about issues like corruption and bad governance. I think there is a growing interest among young and educated people who have no political background to come ahead and join politics in order to make a difference."**

that can be substituted by any government programs. They play a big role in the social development of India and their advocacy efforts help to shape important social policies of the government.

It is also possible to serve our people and country by investing part of our skills, time and resources in activities that help to improve our environment, community, area or city. Many people are very effective in bringing about awareness to important issues by writing about them in media or writing blogs.

Others volunteer their free time while others engage in philanthropy.

What I strongly believe is that we as citizens of a growing nation, each one of us, need to be socially aware and active in our own way. We can effectively deal with issues like corruption and social injustice by standing up against them. Likewise, protecting nature, water and energy conservation, pollution control is a responsibility of each one of us as our efforts can make a difference to our surroundings.

**What do Indian youth think of politics? What have you seen so far?**

Indian youth forms 40% of Indian population, a sizeable proportion, which will shape the future of India. In general there is a growing feeling that Indian politics, which has so far been dominated by the 50+ politician, needs young, educated and motivated people to become more politically active. Indian youth feels strongly about issues like corruption and bad governance. I think there is a growing interest among young and educated people who have no political background to come ahead and join politics in order to make a difference. Many such young people have reached out to me after seeing me stand for these elections. Such people, who will stand only for their ability and good governance, and not for their caste, region or religion, are the need of the hour. However, I think there is that uneasiness of unknown and of uncharted territory that stops them from taking the first step. Plus, any kind of support system that can guide, encourage and support such people is lacking in our country. I think the leading political parties should encourage young people to be more active in such societal issues. Further, the NGO sector should consider developing some kind of support systems that can help young people that are interested in pursuing politics as a career.

**What do you think of the situation of human capital flight from India or from the developing world in general?**

Human capital movement is a global trend and I think this trend will only grow with time as nations becomes more and more dependent on each other. People will move where the opportunities are. And it is not entirely bad. In fact it is good in many ways. When people move across nations they gain new perspectives, become more open minded and learn new skills. They become global citizens and contribute to not only their resident country but to their home country too. Take my example. I lived and worked in London, did my master's degree in a business school there and the biggest learning for me was from my interactions with my classmates who came from over 50 countries across the globe. After 3 years of living abroad when I decided to return to India, I came back with a broader outlook and a greater ability to understand and relate to people and issues. There are many people who are now returning to India after living in developed countries. This is because the desire to return one day was always there, and combined with good career opportunities in a growing market, they are now able to take the step of returning.

**Do you have any message to the youth of the developing world? (Especially to the ones who are in the West)**.

The developing world has lot of challenges and opportunities ahead. My message to the youth is that these are exciting times to be young in the developing world. The youth need be completely committed to their personal growth, their nation's growth and the growth of the world. By personal growth I mean being committed to acquiring education and skills so that they can make use of employment opportunities and raise their standard of living. By nation's growth I mean becoming 'aware citizens'; aware of their rights and of their responsibilities. Stand up for themselves and others when their rights are violated. Corruption is one of the biggest problems and biggest drain on resources that the developing countries face. The youth of the nation need maintain personal integrity and fight against corruption and other forms of social evils – like exploitation of women and children and hatred in the name of religion. When I say growth of the world, I mean developing a broad outlook where we respect other religions, faiths and cultures and also are committed to preserving and protecting the environment.

***(Photo: Nisha and Gurgaon city, Additional information about Nisha and her election campaign can be found at http://www.nishasingh.in/)***

# WikiLeaks: A Battle for the Truth?

By LAWIN KHALIL MUSTAFA

*My Administration is committed to creating an unprecedented level of openness in Government. We will work together to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government.*
**Barack Obama**

Evidently, this statement signifies the importance of having transparent governance systems and ensuring the public's participation in decision-making processes which can be called "a greater democracy." However, the WikiLeaks revelations have raised much controversy on whether such transparency is desired within the ruling framework. Some condemn it for being irresponsible, illegal and an institution of terror. Others praise it for propagating the 'truth' and defend freedom of the press. Needless to state, WikiLeaks has tried the limits of transparency and censorship in modern day journalism and government affairs.

Many statespersons and governments appear rattled and threatened by the leaks especially the United States whose Justice Department was reported of their aims to prosecute Julian Assange, the founder of the site, and WikiLeaks under the Espionage Act. Numerous private companies and online payment systems such as Visa, Mastercard and PayPal terminated their services in response to protect their "terms of service" and hinder the organisation's "illegal" leaking activities. Some of these terminations or suspensions were also cited as a result of indirect pressure from the US government, for example, the US Senator Joe Lieberman had personal interference in Amazon and Tableau Software's closure of services to WikiLeaks. Amazon has denied such pressure to be a factor.

In general, the leaks have been scripted to risk national security of the US and the lives of people in other countries. However, such claims remain to be proven and WikiLeaks is yet to be judged in the court of law. Nevertheless, the radical actions taken against the organisation, in spite of the lack of evidence of illegal conduct and judgement by law, raises much concern on existence of democracy. It is not the leaks which are alarming but the fundamentalist reactions of the government to neutralize and discourage citizens and journalists to exercise their power and freedom in raising their voice to spread the truth and efforts made for promoting accountability of abusive power structures

> "It is not the leaks which are alarming but the fundamentalist reactions of the government to neutralize and discourage citizens and journalists to exercise their power and freedom in raising their voice to spread the truth and efforts made for promoting accountability of abusive power structures."

On the other hand, numerous media institutions and the public have expressed their support and sympathy to WikiLeaks. In a letter sent to Prime Minister Julia Gillard which was initiated by the Walkley Foundation and signed by ten members of the Walkley Advisory Board and elites of the Australian media, the following statement was made.

"*In essence, WikiLeaks, an organisation that aims to expose official secrets, is doing what the media have always done: bringing to light material that governments would prefer to keep secret. It is the media's duty to responsibly report such material if it comes into their possession. To aggressively attempt to shut WikiLeaks down, to threaten to prosecute those who publish official leaks, and to pressure companies to cease doing commercial business with WikiLeaks, is a serious threat to democracy, which relies on a free and fearless press.*"

So what happened to freedom of expression and freedom of the press? What happened to the potential human rights violations revealed through the leaks? Why are they not being investigated but an institution's commitment in disseminating the 'truth' to the public is being "hunted" by the very system which preaches openness, participation and accountability? Are these the government's attempts to promote justice and democracy or is it an institution of hypocrisy committed to secretive atrocities?

"we are witnessing a monumental period in history where governments and power holders are required to mirror their decisions and actions and respond to the international community"

WikiLeaks is an exemplary proof of what the free web and independency of a media organisation can achieve in terms of holding the potentially abusive power holders and structures accountable to the public and other stakeholders. According to Julian Assange, WikiLeaks has published more classified documents than the rest of the world press combined. He adds the following remark:

*"That's not something I say as a way of saying how successful we are - rather, that shows you the parlous state of the rest of the media. How is it that a team of five people has managed to release to the public more suppressed information, at that level, than the rest of the world press combined? It's disgraceful."*

Regarding human rights violations and abusive practices, media institutions have either been manipulated by the power-holders to keep the citizens in an eclipse of awareness or they have miserably failed in their efforts and duty as a watchdog to expose abusive acts, for example, the controversial and indiscriminate killings of civilians revealed in the leaked video called "Collateral Murder." WikiLeaks presents the need for independent press institutions which can efficiently deliver unbiased and free-from-influence reports to the public. This is in the interest of achieving that "greater democracy."

Today, we live in a technological era where the possibilities of new media, web journalism and relative ease of communication have promoted citizen journalism to a great extent. Citizens, independent journalists and media institutions are able to have a more active and participatory role in influencing matters which concern them and their respective families, communities, society, and even international communities. People are more easily, rapidly, independently and in unity able to report about human rights abuses, developmental needs, or other sensitive issues which require local, national and international interventions. People are freed from the chains of influences which function against humanity and below the surface. If freedom of expression and freedom of the press is not protected, then the public risk being voiceless and powerless and decision makers and governments can enjoy immunity to consequences of their actions committed against the law and human rights.

Regarding WikiLeaks, we are witnessing a monumental period in history where governments and power holders are required to mirror their decisions and actions and respond to the international community. An attempt in disempowering and neutralizing voices which enabled such accountability is an attempt to "assassinate" the 'truth' and our fundamental rights. As Ron Paul, the Republican Congressman of Texas stated:


*"In a free society we're supposed to know the truth."*

*"In a society where truth becomes treason, then we're in big trouble."*

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# Lula, Nitish and the Politics of Development

Where does political power come from? 'From the barrel of a gun', Mao Zedong, the Chinese supremo of the Communists used to say. Democracies favored the word ballot over battle, but when it came to securing power, often corruption, mismanagement, vote rigging, and on one way or the other, violent means of securing power were happily pursued. Many 'democratic' nations still enjoy such practices, but this year two remarkable exceptions were seen and were widely reported by the media.

The outgoing Brazilian president Luiz Inacio Lula da Silva and recently reelected chief minister of Bihar, India Nitish Kumar are remarkable examples in the global political spectrum who saw 'development' to be the real source of political power instead of corruption, vote rigging and false promises. Lula da Silva is leaving office as the most popular president in Brazil's history and Nitish is (re)entering office as 'the best chief minister in India'.

In Lula's and Nitish's eyes, power stemmed not from the barrel of a gun or rigged ballots, but from their unflinching devotion to development and their highly charismatic ethical integrity.

> "This is the time all political figures in the developing world realize that today's politics is going to be the politics of development, but not of outdated creeds, stale ideologies or unattainable utopias."

Within 8 years of his presidency, Lula managed to give Brazil a new identity which is primarily based on its booming economy, widespread progress and pervasive optimism. It was during this period, 30 million people managed to rise from poverty in Brazil. The country has received a new label at the international arena and remained virtually untouched by the global financial crisis.

Whereas, Bihar, an eastern state of India, used to be regarded as the poorest and most disadvantaged region in the entire country until a few years ago. However, its face is changing and it's happening so very rapidly. The man behind the progress is none other than its Chief Minister Nitish Kumar.

When Nitish took office in 2005, as some analysts noted, Bihar was in a total mess. However, within five years, he performed virtual miracles in the region. His reforms were not merely limited to building roads and hospitals, but he initiated extensive reform schemes that included reducing crime, improving employment opportunities, schemes such as bicycle and meal for school kids and fast track courts for justice delivery on time.

These two examples show that development is a top priority in the developing world. People's awareness is raising and they are going to vote for a candidate who is committed to development and reforms. This is the time all political figures in the developing world realize that today's politics is going to be the politics of development, but not of outdated creeds, stale ideologies or unattainable utopias.

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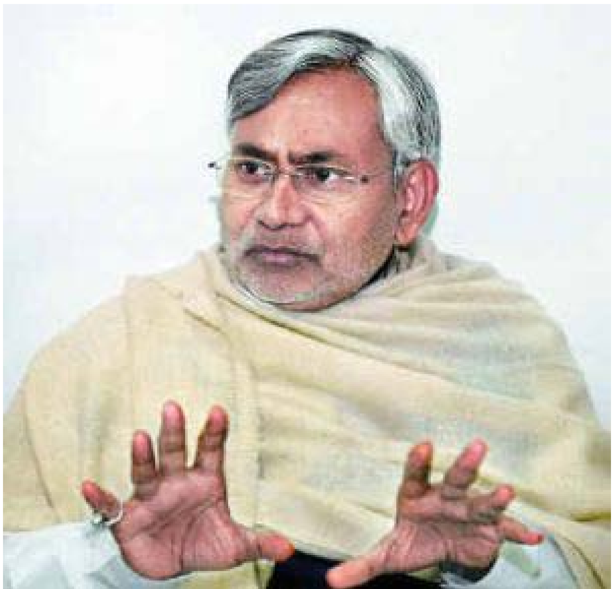

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