

S U M M A R Y

Global economic activity today is running at a pace never before seen in history. Over the past four decades, including the 1990's, average economic output expanded by five times over that seen from the beginning of human history until the middle of the present century.

Yet, during this same period of economic growth, the world's population doubled. The number of people living in absolute poverty expanded. The gap between rich and poor widened. Consequently, ecological destruction has reached proportions which placed the future viability of the human species in doubt.

If there is a clear lesson to be derived from the past four development decades, it is that economic growth is not the panacea, or cure-all, for what ails human society. Measurements of Gross National Product (GNP) do not necessarily translate into improvements in quality of life. Even the United Nations Development Programme (UNDP), through its Human Development Reports, has begun to demonstrate that growth is neither a necessary nor sufficient condition for the elimination of human deprivation. Economists have also dubbed this era as one of "jobless growth," as its rising productivity has been matched only by the growing ranks of the unemployed.

Thus, participants at the Fourth Asian Development Forum cited the need to re-examine the fundamental ways by which we live and operate. We must shed our obsession with growth, the participants said, and begin to rediscover our true community values, and what they mean for how we choose to allocate our efforts and remaining resources.

Current growth-led development paradigms — adopted by most governments, international financial and development agencies — must be re-assessed in light of the growing ranks of the dispossessed. We must recall historical factors which brought us to this state, assess alternatives, and map-out viable options still open to us.

The spice of life: How it all began

Even before the onset of colonialism, Asian communities already had well-developed economic and political systems. Asian villages functioned as self-sufficient units, or "little republics", producing almost every-

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thing they needed. They had a highly developed sense of equity and operated rigorous systems to ensure that no one got too much nor too little. Political, economic, religious and cultural systems were closely interlinked.

These early societies engaged in the cultivation of crops and other agricultural activities which ensured a fair level of food security. Only surplus was traded. A strong community bond ensured that no one would be allowed to suffer for want of assistance.

Over the centuries, however, self-sufficient villages began to disintegrate as capitalists stamped into the new colonial frontiers of Asia. Later, these small village "republics" were trampled underfoot by their integration into the global market system.

The first European colonizers made their bold ventures into Asia for a simple reason: to search for spices, specifically pepper. The colonial intrusion into Asia was initially driven by the Europeans' need to conserve their food supply through the long, cold winters. Without the spices to preserve the meat, it soon spoiled.

From barter, money became the medium of exchange. It served as a measure of value of all goods and services. If money was saved, its use as an exchange medium was merely postponed. With the rise of a monetary economy, the accumulation of surplus and wealth was facilitated.

Traditional patterns of community life were obliterated with the imposition of a centralized colonial rule. As a result, a dual economy emerged. While traditional villages persisted in many parts of Asia, trading capitals emerged as road and railway networks linked production outposts to the center of economic activity. Centralized administrations were set-up, managed by the colonizers and a new rising class of local elites.

Starting in the second half of the 19th century, the requirements for raw materials and labor of the emerging Industrial Revolution in Europe increased. Thus, tobacco, chromium, rice, bauxite, coffee, cotton, rubber, and jute, among others, were extracted from the territories. What resulted was a new kind of trade which sought to ultimately bring the whole world together under one global economy, no matter how many separate nations or political units it might hold. For even as the nation-states of Asia later gained their political independence, in most cases, the

umbilical cord which tied their colonial economies was not severed. Satellite village economies were linked to towns, towns to cities, and cities to production centers in the North.

There were those who resisted the gradual breakdown of village life. Gandhi was being realistic, not just romantic, when he said that: "The vastness of

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our country, the vastness of the population, the situation and the climate of the country have in my opinion destined it for a rural civilization. Its defects are well known, but not one of them is irremediable. To uproot it, and substitute it for an urban civilization seems to me an impossibility."

The latter half of the 20th century saw the rapid rise of a new power that would soon eclipse even the power of States: that of Global Capital. Transnational corporations (TNCs) and international financial institutions (IFIs) would leverage their new-found powers to shape the rules of a free market, towards that of a "borderless world" which would allow the unrestricted movement of goods and capital, but not of people, across territories.

Thus, over the past 30 years, a succession of Asian government administrations in national capitals launched their Five-Year Development Plans, aimed primarily at pushing their lagging economies forward under increasing global competition. Appended to these Plans were measures directed at poverty alleviation and social equity.

But a review of different Asian country experiences has shown these social reform measures seemed to represent mere feeble attempts to provide welfare and "safety nets" for poor communities and sectors, which became increasingly displaced and dispossessed as a result of the race towards economic growth. The "growth-at-all-costs" policy was itself



never placed under question. Policies and programs on rural development were largely formulated and implemented within a highly bureaucratic framework, ultimately benefitting only the feudal lords, bureaucrats, and a portion of the middle class.

The illusions of growth

Despite global economic progress, a large portion, or as much as 20 percent, of the world's population continues to be composed of citizens who find themselves on the bare edges of survival, majority of them in rural areas. Each year, 13 million to 18 million people die of hunger and starvation. Equally damaging are the effects of this growth in poverty statistics on the socio-cultural fabric of communities, and on their environment.

The growth-led development vision, in its purest form, defines progress almost entirely in terms of the economic value of production output. Its proponents focus their attention almost exclusively on the budgets of government, production sales, and investments of formal sector enterprises, giving special attention to transactions flowing through international markets and contributing to foreign exchange earnings.

Growth in output is assumed to be a function

of capital investment, which in turn is assumed to be a function of savings. For poor countries to generate sufficient savings which, in turn, is viewed to finance necessary capital investment, it is presumed that foreign investment, loans and grants provide a satisfactory substitute. Market forces, proponents further claim, will distribute the benefits of growth to all sectors in the society, in proportion to their economic contribution. Thus, poverty is seen merely to be a result of inadequate economic growth, and capital investment is seen to be its cure. Along with capital and technology, people are viewed as one input to the production-driven-growth process. Their participation is defined by their roles as laborers and consumers.

Thus, proponents of growth-led development focus their efforts almost exclusively to enlarging the economic pie, leaving the distribution of benefits to unseen market forces.

Over the past three decades, IFIs, multilateral donors and TNCs — the main proponents of growth-led development and wielders of international capital in the form of “development” aid — gained increasing influence over poorer Asian economies, with little or no regard for community realities. With scant financial resources, Asian governments often accept whatever money is offered by these institutions, even with strings attached.

In Nepal, foreign aid constitutes about 21 percent of its national budget, and donors openly dictate development priorities under threats of aid withdrawal. The situation is even more pronounced in Bangladesh, where nearly all development activities are financed by aid. Because its government is heavily aid-dependent, foreign officials from lending institutions visiting Bangladesh would have a disproportionate say in what the government does - or even thinks - during their brief stay.

Growth proponents further stressed that since it is market competition which propels the economy to prosper, government's role is mainly to promote private investments, leaving “development” to the mechanisms of an open and free market. Thus, governments are called upon “to do their job best by staying out” through privatization, deregulation and liberalization of the market. At best, economic policymakers point out that public expenditures should be earmarked for the provision of basic services (especially infrastructure support to complement private investments), or to fund the upliftment

of the poorer sectors left behind by society's march to progress. These have been the hallmark of many National Development Plans.

Yet, the kind of growth proposed by these plans needs much closer examination. Driven by profit, investors tend to go to where raw materials are cheapest, labor is docile, and social and environmental regulations are weakest. They staunchly advocate for the opening and deregulation of markets, as this makes it easier for them to seek communities where they can make the most profits. Investment capital recognizes no boundaries, is not rooted nor attached to areas or communities. It seeks to make the highest returns at the shortest possible time through a relentless extraction from nature's reserves. Neither the social costs nor the environmental damage are internalized, nor factored into production costs.

Thus, the relentless pursuit of economic growth and the unhampered intrusion of capital into investment areas tend to uproot Asian people from their livelihood and communities. As a result, there is an observed breakdown in community life as traditional bonds are replaced by consumerist values. People become increasingly alienated from their spiritual connection to nature and community. The process sets people apart from nature, and legitimizes the view that humanity not only has the right but also the obligation to exploit nature's bounty. This paradigm is rooted in the institution of money, which has created a powerful illusion that everything has a price and hence, can be bought. As such, most people today hardly produce anything to satisfy their own needs. Practically everything people want must be bought, and everything people produce must be sold. Work becomes a chore that is paid, rather than an expression of one's creativity and community service.

In the Philippines, for example, the effects of an export-oriented economy continues to be felt in provinces hardest-hit by poverty. Negros Occidental in the country's central region has its vast, fertile agricultural lands devoted almost entirely to the cultivation of a single export crop - sugar - rendering the livelihoods of entire communities wholly dependent on unstable prices in the world market. Thus, when the price of sugar crashed in the world market in the 1980s, it was the landless *hacienda* workers and their children who suffered through the worst pains of famine — not for lack of local resources, but for lack of work, simply because the *hacienda*

owners chose to let their lands go idle.

Similarly, in the coastal town of Beserah, Malaysia, a booming trade and tourism industry have displaced small, artisanal fisherfolk from their livelihood, and have made them even more dependent now on outside fish traders and tourism operators.

In light of all these events, it has become necessary for citizens to re-examine a new path to development: one which operates within the economic framework of community, and places people at the center of its efforts.

Fighting back: The village community as alternative

The struggle of Asian communities to protect their livelihoods serves not only as an act of protest, but a reassertion of their rights and human dignity.

Sustainable livelihood refers to the means by which a community meets its basic needs for food, shelter, clothing, security, recreation, and spiritual upliftment, as well as management of its resources. Its operational principles are shared prosperity, stewardship of resources, interdependent relationships among sectors, and a bias towards poverty alleviation. Indeed, village-centered development is a stark contrast to current business economics where profit is the sole motivation, and the community is often sacrificed at the altars of economic progress.

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According to Gandhi, community economics is organized on the basis of non-violent occupations involving no exploitation or envy of others. It is organized not on the basis of rights, but on the duties of citizens. Those who engage in occupations do not merely earn their living, but contribute to the good of the community through their labors.

A community-based development model recognizes the capacities of people to manage their

resources and surroundings in a sustainable way. It reaffirms the kind of community life where people observe greater accountability for their actions. It recognizes that since the poor do not have the same mobility as investments do, the heart of development efforts must start where people are. This way, macro-economic policies become a mere reflection of the aggregate reality of communities.

In economic practice, the true value that society gives to each human activity is reflected in the way by which it organizes its balance sheet and book of accounts. The accounting system society adopts also defines the goals of its economy.

The current growth model measures "devel-

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opment" in society, through its productive output, as expressed in society's Gross Domestic Product (GDP). Upon closer examination, however, GDP as a true measure of development is flawed, for two reasons:

- GDP bases its measurement on the output of firms, rather than on the income generated by households. In turn, the measurement of business-enterprise economics relates only to the formal sector, thus excluding a substantial portion of non-formal activities (i.e., subsistence production, sidewalk vending and similar unrecorded activities) on which most people depend for their livelihoods, and.

- Business entities do not internalize the social and environmental costs of their production. The GDP makes no account of loss of environmental resources or the deterioration in the education level of the workforce over time. Labor is treated as a commodity expense, and little or no monetary value is given to a community's resources and environment.

Little wonder then that neo-classical eco-

economic planners tend to overlook the true quality of household life in the face of growth and ignore the real social and environmental costs to a community a business enterprise may bring.

In contrast, an alternative community accounting system takes into account the aggregate human productive activities over a given area, where the household, firm and other entities are subsumed. As a complete reversal of current practice, a community accounting model uses the household as its basic unit and assigns variables to all community resources.

Community enterprises seek to redefine the development agenda in terms of the pursuit of transformation, rather the search for growth. They are organizational entities providing economic and social benefits for a group of beneficiaries. Development is defined as equity-led growth while the path towards equitable growth is holistic, self-sustaining, participatory, and people-centered.

People-centered development is not anti-growth; it calls for a selective kind of growth that emphasizes equity and overall increases in community well-being, gives preference to dispossessed people, and restores the environment. Skeptics who dismiss community-based development as "mere revival of a romanticized tradition" are mistaken; and so are critics who say that community-based development has no place in today's reality of global competition. For across Asia, a countless number of communities are taking bold initiatives to re-assert a kind of development that has eluded them for so long.

NGO responses and actions

After decades of working among communities, NGOs have come forward with a more confident agenda. They seek to revitalize people's bonds with their community and environment through positive, community-based actions. Increasingly, local communities and urban neighborhoods across Asia have begun to confront the rising tide of global market integration through the self-assertion of their rights over their space and livelihoods. More than mere strategy, theirs is an act of fighting back for survival. This growing people's movement is taking shape in the form of savings societies and people's banks, community enterprises, women's forums, and many other forms of self-help, voluntary action.

In most parts of Asia, NGOs have simply taken over where government has failed, such as in

the delivery of basic services. This has been the case in the Philippines, where 20,000 NGOs scattered all over the country respond to the problems of countryside development through community organizing, education and training, primary health care promotion, agricultural extension, and cultural activities that revive community life.

One emerging trend in Philippine NGO activities is the venture towards integrated area development. This area-based approach not only seeks to hasten the development of village clusters; it addresses equity concerns within communities. Thus, efforts towards agrarian reform are combined with agricultural production; producers and consumers are linked through cooperatives; and people interact with local governments in the formulation of area development plans.

Villages in Nepal, on the other hand, have had a long tradition of mobilizing self-help groups as part of their survival response. Earlier groups carried out activities such as agricultural labor exchange, construction and repair of irrigation canals and roads, organization of rituals and festivals and others. These groups later developed into NGOs with more systematic approaches in community-based planning, mutual help, and advocacy on national and international issues.

In many instances, it is the villagers themselves who define their own path to development. One example can be seen in the complete transformation of Ralegan Siddhi — a village in Maharashtra State, India. In 1976, the agrarian economy of the village was shattered due to massive soil erosion, deforestation, recurrent droughts and overall environmental degradation. Ralegan suffered from acute scarcity of water and chronic shortages in food supply. As a result, there was total decay in the economic, social and moral life in the village.

But the persistent efforts of the villagers of

Ralegan Siddhi over a span of 20 years paid off, bringing complete transformation to the community. The village not only achieved self-sufficiency in foodgrains, milk, and fodder but now sells its surplus to nearby villages. Such a dramatic turnaround was made possible by a simple program adopted by the villagers, wherein they identify priority activities. There were no grand economic designs to speak of, only a simple, day-to-day problem-solving process. Because they could easily relate to the objectives and see the immediate benefits, the villagers' talents and energies were put into maximum use. This contrasted with government's incomprehensible macro-economic policies.

Elsewhere, NGOs learned that by building on local capital, villages and towns could be revived. In the southern town of Tagum, Davao del Norte in Southern Philippines, for example, an alternative



ADF participants with the Prime Minister Girija Prasad Koirala of Nepal

financing cooperative that rivals commercial banks now operates in full gear. Born from humble efforts, the Tagum Cooperative Bank now provides its members with a variety of services, foremost of which are credit loans. Members are given higher interest rates for their savings than those given by commercial banks. The bank now ventures into community development projects by extending agricultural assistance to its farmer-members.

Similarly, the Cooperative Development Foundation, an NGO working among rural women in the state of Andhra Pradesh, India, has created a self-

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sustaining cooperative enterprise whose operations are wholly-financed by members' contributions. By offering lower interest rates on loans, the cooperative has broken the rural women's dependence on usurious money lenders, and, in the process, generated huge savings which are reinvested in the communities.

Active people's participation is vital to the success of any community-based enterprise. The foregoing examples show that if people are involved from planning to implementation, they gain a sense of true ownership of the enterprise and their participation goes deeper. Tangible benefits are important; and so is the organization of the poor.

The challenge for NGOs is how to expand existing successes in community initiatives — by covering larger areas, sharing technologies and approaches, linking up efforts, and pushing for reforms in structures and policies of governments and financial institutions. In the face of stiff opposition from vested interests, NGOs and communities, will have to take a “leap of faith” in their efforts to restore community balance. However, they must start by addressing critical issues and internal constraints restricting community efforts. Some of the critical issues noted include:

- *Addressing cultural barriers and resistance to change.* In India's Ralegan Siddhi village, for instance, villagers themselves posed the first barrier. Initially, there was difficulty in convincing the community of the power within themselves to solve their own problems without relying on a government that has distanced itself from them.

- *Addressing the needs of women.* Most communities, including NGOs, suffer from a general lack of awareness and appreciation of the conditions

and needs of women. Women's situation is often aggravated by the fact that they tend to be bypassed by most development efforts and organizations still tend to be male-dominated.

- *Understanding the fallacy of growth.* The dominant economic system has become part of the community's psyche. The lure of media and a consumerist culture present powerful images that must be countered.

- *Overcoming dependency.* Systems of patronage remain deeply entrenched, especially in communities where local officials, money lenders, landlords and capitalists are often both hated and revered. Some act as conduits of external aid and peddlers of influence. Even within the growing “development industry,” the chronic lack of funds has also put NGOs at the mercy of the funding agencies. Rather than building on self-reliance and self-sustainability through utilization of community resources, aid is often chosen as the easy way out. In Nepal, this is known as the “donor's trap” wherein the donor controls the organization and its activities. Once donor support is withdrawn, the organization collapses.

- *Building local capacity.* Building local economies and livelihoods demands new skills which NGOs sorely lack. In Nepal, limitations in NGO capabilities were noted in financial accountability, activity planning and monitoring, and cooperation with local government structures. Most NGOs have also been found to lack enough skills to successfully implement larger-scale development projects. In Sri Lanka, NGOs are often hampered by lack of formal training in administration and management.

- *Reforming the policy environment.* Indonesian, Malaysian and Bangladeshi NGOs have to contend with constant pressure from governments that severely limit their activities.

- *Building inclusive alliances and strategies.* Narrow parochial and sectoral thinking (but not self-interest) still dominate many local development approaches. Communities and NGOs need to break out of fixed mindsets, and begin to contextualize their efforts within the socio-economic realities of the larger society.

Future directions

- As communities get organized, NGOs will have to take on additional roles. It is not enough that

NGOs continue to implement their own projects in relative isolation. They must begin to engage in the larger policy debates on economic policy and on the true state of poverty — through public awareness campaigns and direct discussions with governments and external institutions. Macro-policies have had damaging effects on development efforts at the community level.

- In building-up their case for village-based development, the NGO community should develop tools by which they can better analyze the true “net worth” of community activity and resources, and can put forward arguments and data in the form of economic analysis. NGOs must increasingly become “bilingual” in their approach — that is, able to speak the language of people on one hand, as well as the language of economic planners on the other hand. A community-based accounting system that measures the totality of aggregate human productive activities in a community, including the real costs of a community’s assets, resources and environment, is one system which could be explored. This is often referred to as the “community-based accounting system”.

- From this, a new paradigm of a community-based economy emerges — one that links productivity with the well-being of households, and not of corporations; that values livelihoods for its true income, rather than as mere “labor” or an expense of production; and that seeks to restore balance in the community environment as a life-support system, rather than as a free resource of nature to be exploited.

- In developing sustainable livelihoods, communities should focus on consistency with basic needs, preservation of their resource base, use of environment-friendly technology, wide distribution of benefits, and harmony with cultural/religious values; they should develop their plans with broad participation.

- NGO livelihood programs should closely be tied to agriculture, since it continues to be a major contributor to many local economies and the main source of livelihood for poor rural populations. A similar emphasis, however, should be given to non-farming rural activities as a source of alternative livelihood.

- NGOs and local communities must address the lack of access to credit in the countryside. They

must recognize the innate capacities of the poor to generate savings, honor their debts, and build-up local capital, if given the opportunities and tools to do so. They must start from where people are, and build on what they have. Rural women play an important role in the building of community social enterprises.

- Training for “social entrepreneurship” within communities must be actively promoted. “Social entrepreneurs” are those who are able to combine a “hard-nosed” business approach with the delivery of basic needs and services to a community. It is the spirit of service, not the mere drive for profit, which motivates the enterprise. Cooperative ownership and control must be emphasized.

“People-centered development is not anti-growth; it emphasizes equity and overall increases in community well-being...”

- Special attention must be paid to the needs and capacities of rural women, given the various socio-economic and cultural burdens that impinge on their lives in community.

- NGOs must break out of their isolation, and strengthen collaborative efforts with other NGOs as well as the government for delivery of services. Successful field experiences in the scaling-up of development projects must be shared. Linkages must be expanded.

- Experience shows that area-based networking among NGOs and people’s organizations helps not only in knowledge-sharing; equally important is its role in providing mutual protection and support, in lobbying efforts, and in building-up a politically and economically potent force. One tried approach is the creation of “networks of villages”. Integrated area development approaches help people to build-up on locally-available resources, community capacities and existing initiatives.

- Multi-level, tripartite mechanisms among NGOs, local governments, and the central government could be set up, to promote larger-scale commu-

nity projects and to access central government resources to meet community needs. Working with government need not mean cooptation by the highly influential elite. NGOs strive to make the state more responsive to community needs, and more representative of its interests.

- NGOs must continue to advocate for policies that effectively decentralize and devolve state power and resources to the village-level. Village-based development must be made central to national economic policy. Where devolution laws do exist, such as in the case of the Panchayati Raj in India and the Local Government Code of the Philippines, NGOs and local communities should explore and exploit the full potential of the Law.

- To expand voluntary action, NGOs must seek reform in existing laws that restrict their democratic space. These include infringements on basic human rights such as the freedom of association, speech and assembly, as well as official regulations on their registration, funding and mobility.

- NGOs aim to catalyze the formation of autonomous, community-based organizations of the poor around principles of self-help and self-reliance. Indeed, NGOs have pioneered participatory approaches and have given "people empowerment" its varied institutional forms. For the power of the poor to transform lies in their numbers; and it is only through organization that the poor can assert their "right" power. The challenge ahead is how to help people to re-claim their sovereignty over increasingly

larger areas affecting their own lives, so that in the pyramid of power, the apex will eventually be left with the mere "residuals" of power. This is the Gandhian concept of *Lok Niti*, or People's Politics, as opposed to the centralized politics of the State and the Market, or *Raj Niti*.

- Finally, NGOs must strengthen their own systems of accountability, and avoid creating community dependence on their external assistance. They must expand beyond the scope of their immediate circles, to create strategic working alliances with other sectors of civil society. NGOs must embark on new frameworks of thinking and analysis, to enable them to come to better grips with the emerging global market economy. □

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