

Some Sidelights from the Conversation with Yunus

"CONVERSATION with Mohammad Yunus" which we are pleased to publish as the lead piece in this week's magazine section is a feature we have been planning to put together for a long time. This delay, caused by one reason or another, had started making me feel guilty of paying less than adequate attention, through this newspaper, to our own success stories, however few they may be, like Grameen Bank and BRAC. I had mentioned this lapse of the media in Bangladesh at a seminar months ago, without realising that *The Daily Star* too could certainly do better in this field. Come to think of it, this paper could do better in all different areas which form parts of daily journalism.

Indeed, it was an article on the Grameen Bank I had read in *The International Herald Tribune* in the mid-eighties, not in any Dhaka newspaper, that first helped me to appreciate the tremendous contribution made by this institution to promoting self-employment among the rural poor in Bangladesh through an innovative credit system. The writer of the piece was Jonathan Power who has done some immensely readable features on seemingly dull development issues in the *Third World*. Through years of experience and hard work, Power has mastered the technique of identifying a success story in the midst of an impoverished setting of a developing country and then writing about it in human terms. So, the piece about the Grameen Bank contained all the basic facts and statistics about this institution. But it also had the human angle, an insight into the personalities of people involved, such as the rural women whose lives had changed through the help they received from the bank, in the form of collateral free loans, a couple of young executives who had given up lucrative jobs abroad to work on this project and, of course, Dr Yunus, the founder and Managing Director of the organisation. A few days later, another article by Power on the bank appeared in *The New Straits Times*, the leading English-language daily of Kuala Lumpur where I was then working for an international organisation at the last stage of my 25-year stay in Southeast Asia.

There is, indeed, no denying the fact that the press in the West and in Southeast Asia has published a great deal more on the Grameen Bank than our own newspapers. Whether Yunus

takes this indifference of our media to his outstanding work for the rural poor in his stride or feels a little hurt, I would not know. That's one question we forgot to put to the professor-turned-banker — is that a right expression? I wonder — during our two-hour long conversation. If we had brought up the subject, Yunus might have attributed the local media's poor coverage of the Grameen Bank to its lack of interest in grass-root development as such, beyond reporting the usual rhetorical statements of our political personalities. On this issue, as on a few others, he would have got my agreement to a large measure.

Another area of disappointment, almost bordering on frustration, for Yunus relates to the attitude of major political parties and of their top leaders towards the work of the Grameen Bank, an attitude that is partly ambivalent and partly indifferent. At one stage, he

difficulty in collecting its bad debts when another organisation in the same field, like the Grameen Bank, maintains 98 per cent ratio in recovering its outstanding loans.

OUR long conversation with Mohammad Yunus was bound to reveal some differences between the team of *The Daily Star* and the Chief of the Grameen Bank on a few broad issues relating to the development process in Bangladesh or, for that matter, in any Third World country.

It was stimulating, almost inspiring, to listen to Yunus on the battles he has fought — and won — in helping the poorest of the poor, through his unique rural credit organisation. In the process, he has developed a straightforward down-to-earth approach that is free of academic jargon and political slogans. What's

between raising the productivity of the economy, the development of infrastructure, a collateral-free credit system for the poorest of the poor, among others.

Again, quoting from a study by two of our noted experts, Rehman Sobhan and Hashim, Yunus suggested that 70 per cent of all foreign assistance pumped into this country since liberation has gone back to the donors in one form or another, without producing much benefit for Bangladesh, with the remaining 30 per cent eaten up by local consultants and an unproductive administration. The latter probably included kickbacks and pay-offs to handful of corrupt officials and middlemen. In short, it is a story of total failure.

On the face of it, I do find it all rather simplistic. However, I am prepared to give it a close attention on the basis of, say, 20 case studies of projects undertaken and implemented in Bangladesh during the past two decades, with external assistance.

When any research organisation is ready to undertake the proposed study, we will select the projects at random. However, they should include some of my own favourite ones, such as, UNICEF's immunisation programme and its project for supply of drinking water in remote rural areas; a whole range of programmes of BRAC, especially in the field of adult literacy; the Grameen Bank and several of its new projects, including the housing programme; the rural electrification project; and the Friendship Bridge built over Buriganga with Chinese assistance.

The study may not be complete unless we have talked on the subject with some of our experts who, at one time or another, worked in or even directed the Planning Commission or the Ministry of Finance, since the liberation in 1971. They would include Prof Rehman Sobhan, Dr Mosharraf Hussain, Fastuddin Mahtab, M K Anwar, Salfur Rahman, A M A Muhi, Syeduzzaman, Kafiluddin Mahmood and Kazi Fazlur Rahman. Luckily for me, quite a few of these distinguished experts contribute to this paper. Others are certainly within our reach.

It will be interesting, even illuminating, to see the outcome of this proposed project. Who knows it may even support the position taken by Mohammad Yunus.

As the saying goes, you never can tell.

MY WORLD

S. M. Ali

must have wondered why our national leaders have shown so little interest in finding out all there is to know about this unique rural credit institution, when many foreign personalities, at different levels, like US President-elect Bill Clinton, Malaysian Finance Minister Anwar Ibrahim and UNICEF Chief Jim Grant, have spent hours with this Bangladeshi expert on the work he has done for the rural poor in his country.

Why is this so? Maybe our policy-makers, both of the ruling party or the opposition, are never particularly comfortable with innovative projects, especially when they originate outside their own conventional frame of references, set up by people who are just too independent to belong to any political organisation. This explains why a government leader finds it easier and politically more advantageous to write off an outstanding agricultural loan than to find out why the Krishi Bank has so much

more, the approach has worked, even beyond the expectations of the most ardent supporters of the bank.

I, for one, feel perfectly comfortable with this approach.

However, I was a little puzzled when Yunus asserted that none of the projects carried out in Bangladesh during the past two decades had made any difference to the lives of the common people — or the poorest of the poor — and that he did not think much of what one might loosely describe as the expansion of infrastructure, like bridges, roads and power, even in rural Bangladesh. I felt that he put all the emphasis on providing financial assistance, in the form of credits and loans, which in some cases, was now backed by technical support, to the poorest of the poor.

I also had the impression that Yunus did not see all the various linkages which existed within a successful development process, say,

Conversation

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and their repayment is extremely low, less than 20%. So they are going nuts, they cannot handle this. But every time we talk about our problems, somebody in the group would say, we should learn from Grameen Bank of Bangladesh. We should adopt some of the instances."

Jelli went on to say that from his experience in civil service, he knew how village folk behaved: they never return money after borrowing. So he thought he had to see it to believe it. "This is a beautiful programme," this was in 1987.

So, he said we thought of asking you two questions. The first question was, "Can a government run a programme like this?"

I replied with a counter question: If a government in India or Bangladesh cannot run a programme like this, then why do we need a government? If this government can't do it, then let's throw it out and find a new one that can.

The second question was that if the government is completely incapable of doing such a thing, what would be the argument for divesting this responsibility to some one else?

My answer was if the government is incapable of delivering the goods to the people, then there's something awfully wrong with the government. Well, one person cannot change the system even if he is an MP. This needs a political force. None of us is talking of changing the government in the political way. We are just talking of the frustration about the government. How we have squandered all the money internationally received and internally generated. While other nations are going ahead, we are going further down. But we have not asked what kind of government we want or how we have a government that works. So this is something that should be on the political agenda which is not the case.

DS: Coming back to the problems, I looked through all the figures and I felt that even if you've achieved what you might call 100% success, you would be scratching only the surface of the problem in Bangladesh. Can Grameen Bank change the face of the nation? If it doesn't what other options can we try, in addition to what you're doing?

MY: We never attempted to change the face of the nation. We are in the business of changing the face of the people individually, person to person. Our work is that if you join us, we'll try to make changes happen through the kind of programme we will bring to you. But if you've liked our methodology why need me, why don't you do it yourself? If you pick up one more, then we'll have two. If there is someone else who is impressed then he'll start another one too. It's just a question of methodology. Why does Grameen have to change the nation? If the message that this thing works is loud and clear, then why is everybody sitting around and sucking their thumbs?

DS: This question is related to the operation of the bank itself. When it first started, you got a lot of foreign aid to capitalise the bank, so what the

initial amount that we got and how are you still dependent, if you still are on this capitalisation funds from abroad.

MY: First of all this is not true that we have got lot of money. I mentioned in the beginning we started with a small amount of money from my pocket. Then we linked it with the bank which was giving money. The question of money never really arose. We became a project supported by the Bangladesh Bank and all the participating commercial banks were supporting their own project area.

IFAD was looking around for projects in Bangladesh, and when they are Bangladesh Bank for projects some body suggested, that this guy working in Tangail is running a project, he could use some money. But after a looking around my project, they said this is not what we are looking for, this is not banking; we are looking for a banking project. After three days I get a telephone call, they wanted to ask me questions about how I would expand, why I do things this way and not that way, etc.

A younger member of the mission informed that when came back from Tangail they had already decided not to help this project. But he was asked to give a write-up why they won't support us.

Their writings and explanation could not satisfy senior members. And someone suggested to give me a little amount of money and see what happens. If he grows then later on we will give him more. They wanted to participate with Bangladesh Bank in helping this project. Gangopadhyay said with such nominal amount it's a big hassle, unless you give a decent amount it is not worth even talking about. But finally IFAD gave us 3.4 million dollars. Later on, as we grew we took more money from other sources, IFAD, NORAD, Swedish SIDA, that amount was 36 million dollars in '86 then we had 81 million dollars for a phase which takes us to 1993 from seven different donors.

DS: Against this how much did you get from Bangladesh government?

MY: We have never borrowed money from Bangladesh government. We borrowed from Bangladesh Bank a very small amount. Most funds came from international donors.

DS: In terms of the operation, are you now a self-sustaining bank?

MY: This is up to December 1993, phase three of our expansion programme. From January 1994, we begin our fourth phase. For our loan operation, we really have enough money to support our programme. The only area for which, we would be asking for money from outside is for our housing programme. We have given more than 150 thousand housing loans. We want to provide a housing loan for every single Grameen family which is 1.4 million families. Out of that, we have gone so far to 150,000. To support this, we need extra money, we hope to complete everything with 38 million dollars between 1994 to 1997. So the drop is from 81 million dollars to 38 million dollars. We can do without it if we slow down our

housing projects.

The fifth phase will be an unusual situation, we have more money than we need. Problem will be how to go beyond Grameen Bank for investments. Financially Grameen is the strongest fi-

DS: Why has the Grameen experiment succeeded? In other words, why has your organizational structure suc-

Grameen Trust can help set up independent banks and put up the kind of support we are talking about.

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trapped, either her husband took away the money, or she lost it, or may be her cow is dead, or her child is sick, the money utilized otherwise. So no matter what you do to her, she cannot give you the money. So you try to find out her

courage people to feel wiser than us. You've the idea, and as a dumb person we ask you dumb questions. We really feel that we cannot advise so many people in so many ways. People usually take responsibility when it is their own idea.



With the Grameen Bank logo tucked to the wall they look up to the future through their activities.

nancial organization in Bangladesh.

DS: One question is that sometimes you're being too cautious and that what you need is an expansion of Grameen Bank. How do you respond to that kind of observation?

MY: Well, if you are treading on a new territory you tend to be cautious. You want to make sure — that the qualitative aspect of Grameen doesn't deteriorate. As long as Grameen remains strong, qualitatively, financially, there's always the scope for expansion.

If I were to redesign Grameen Bank today, I would go for a more independent Grameen Bank in each village rather than a branch of head office which dictates what should be done.

So it would be a totally independent isolated organization with a support system like Grameen with central facilities providing certain services.

If you want your bank to be audited every year you give us fee, we know how to do that. If you face problem, we give you advice to overcome problems. But local borrowers own the bank, so the question of massive trade unionism doesn't arise. So if we want to avoid this we would set up independent banks rather than branches.

DS: Can we say that this is one of the things you're aiming at?

MY: We are hoping, we cannot say we are aiming, at a network of banks. The

ceeded?

MY: I think the success comes because we always try to look at the members directly rather than some other external objects, to see whether this is helping the individual person and we try to design programme which suits them in general.

Grameen doesn't fit every body in every single way but it's a general shape which fits every body, rather than we come with a programme and say you fit with us. And also a close relationship between the borrower and lender is very important to us. We know each other very well. And also we try to build 5-member support groups in a democratic body, a chairman, secretary is elected from that 5-member every year in a specific date without fail and nobody can get re-elected.

Then we have a bigger group call the centre — collection of smaller groups and again the same thing happens. We get a new chairman every year.

DS: How do you elect the centre chief from the groups?

MY: By popular vote, among the chairman of smaller groups. Then they create the network of support system. They try to help the ones in trouble.

We tell our borrowers that if somebody is in trouble, it should not be the worry of the bank, you settle your problem. The problem should be settled, you just cannot recover the money by forcing him/her. Force is no solution. She is

current problem and solve it. If you cannot find a solution share it with the whole centre. Or you suggest the bank to give her another loan, because her cow is dead. So we go ahead and give her another loan to buy another cow.

DS: And this usually works?

MY: Yes, that's why we are still around.

DS: Sometimes there has been a criticism that group pressure is an intense pressure, or that borrowers are harassed for not being able to pay back. Is this true?

MY: Yes, it is possible — but we try to avoid harassing each other, rather we try to help each other. Yes, there is harassment, but this is not the rule of Grameen Bank. This has been done by the group chairman or Grameen Bank staff. They can put tremendous amount of pressure suspecting she is trying to trick us. But this is not the Grameen Bank way. Our way is to help her overcome the problem. If her cow is dead, she cannot earn.

DS: While you're putting credit in the hands of the people, you are not in a situation of bringing in new technology. A women making bamboo chairs in the old way, without being able to bring in new technology. So is there any thinking going on about opening the door of our borrowers with new technology? In the housing side you've done something spectacular, but what about other areas.

MY: We don't give advice to people. We feel people are much wiser than us. We en-

Sixteen Years that Changed the World of Banking

by S. Bari

Grameen Bank has just opened its thousandth branch. Over 1.4 million people borrow from what is effectively the country's largest financial organization. A workforce of 12,000 employees reaches 30,000 villages, and carries 60 crore taka to and from the doorsteps for members each month. And as far away as Kenya and the USA, the poor are benefitting from a revolution in banking that began in Chittagong in 1976.

In response to the seemingly endless cycle of poverty he saw around him, a 36-year old university professor hit on the simple idea of lending money to those who had nothing — including collateral. The rest is history. Sixteen years and several international awards later, Dr. Muhammad Yunus has proved his point: you can bank on the poor.

The Grameen principle equates prospective clients to find four other people who would like to borrow. The group of five serves as collective conscience; each is the others' alternative to collateral. A number of such groups compose a centre, which holds regular meetings. Over 92 per cent of the members are women. Money is used, among other, small ventures, to buy milk cows, poultry, rice milling equipment, or to lease land.

While the newspapers in the country are running out of space to print the lists of wealthy defaulters on commercial bank loans, the rate of repayment at Grameen Bank is nearly 99 per cent.

Outsiders have been quick to notice the success of the system. Countries that have implemented the Grameen model or have established experimental models include such economically disparate places as Vietnam and Chile, Burkina Faso and India, Malaysia and the

USA. Says David Gibbons, head of the Malaysian project, which is the first and largest of the international models. "This is a universal idea, feasible wherever there is poverty. At the same time, it is an underlying idea that can easily be adapted to different social and cultural settings."

In our country, Grameen has not merely provided credit; it has enhanced the quality of life of its members. Women who drew their veils and stared in silence now stand up at centre meetings and display a confidence born of financial self-esteem. So far, 14,000 dowry-free marriages have been arranged by Grameen members. Over 200,000 packets of iodised salt have been distributed through the Grameen network. Nearly 17,000 centre schools are in operation.

Grameen Bank's latest award is the King Baudouin International Development Prize, to the tune of 4 million Belgian francs. Some of this will go towards funding Grameen's expanding new projects: housing loans and fisheries. The former, which has won the Aga Khan Award for Architectural Excellence, has disbursed over 3 million taka in housing loans. The bank is also looking into the possibilities of teaming up the dying handloom industry with the booming garments trade.

To take care of international models and development research, the bank turns the Grameen Trust. This body will oversee the future implementation of the Grameen model in the urban setting as well. As the dynamic staff at Grameen Bank are fond of pointing out, "Dr. Yunus never rests." The feisty Managing Director answers this charge with a smile and an evangelical gleam in his eyes.

Down the Memory Lane

H S Suhrawardy — as I Saw Him

by G M F Abdur Rob

I first saw Mr H S Suhrawardy in early 1958. I was then a student of Karachi University. H S Suhrawardy used to live in Lakhna House in the 'Nomaish' area of Karachi city. Along with few students of the Karachi University, I went to seek his help in resolving some problems faced by East Pakistan students. I saw a confident looking man with radiant face sitting among many people notable among them was Mr Abdul Latif Biswas, Mr Mahbubul Haque Chowdhury of Chittagong and other whom I can not recollect by names after so many years.

We told him about introducing quota for the admission of East Pakistan students to the University and accommodation of the Bangali students studying in the University and colleges. He at once replied "Why quota system to be introduced in Karachi University? It is also not your University? Are you a minority in Pakistan to introduce quota in Karachi University for admission? You are the majority and you must realise your share. Tell the East Pakistan students to come in large number to be admitted to West Pakistani universities. Not only that, tell the East Pakistani unemployed youths to come in large numbers and seek employment here. When I asked him where they will stay till they find employment. He turned to Mr Mahbubul Haque Chowdhury with a smile and said they will stay in the East Pakistani ministers' houses and share floor if necessary till they find a job." This may be mentioned that Mahbubul Haque Chowdhury, at a later time, sheltered many East Pakistani boys and helped them to obtain employment in Karachi. Such was the feeling of H S Suhrawardy for the Bangalians at that time.

One day when I went to Lakhna House, I found few East Pakistani boys sitting with him and discussing about celebrating "Nazrul Joyanti" in a befitting manner in Karachi. He told them why only Nazrul Joyanti to be celebrated, celebrate also "Rabindar Joyanti." He could not pronounce "Rabindar Joyanti." Then he asked anybody who can sing "Jokhon parbey na more payer chinha aet batee." Although often he could not pronounce some Bengali words but his love for Bengali language and Bengali song was

deep-rooted in his heart. His love for the people of the then East Pakistan was unparalleled.

It was probably in the month of November, 1963 I again met him in London and it was the last final meeting with him at the "Conoway Hall". We never thought that would be our last meeting. We accorded him a reception on his arrival in London after his release from jail in Pakistan. Myself as the joint secretary of 'Pakistan Youth Federation, Mr Syed Mahmud Ali, son of famous Mr Syed Badruddoza Chowdhury of Calcutta, then president of the Pakistan Youth Federation and Barrister A R Yousuf, Barrister Motmil Haque and others accorded him a grand reception at the Conoway Hall, Holborn Square, London. Begum Shaista Kramullah, his son Sahed Suhrawardy also accompanied him at the reception.

He was weak and first refused to attend the reception, but later on realising the enthusiasm and arrangement made in his honour, he agreed to be present. He came and delivered a short speech in which he accused President Ayub Khan of continuing autocratic rule in Pakistan. He was very critical of the people of Pakistan and particularly people of East Pakistan for watching and doing nothing to contribute to the fall of Ayub Khan's regime. He uttered in melancholy that at last the people of Vietnam took up arms to liberate but what we Bengali people do? We are not even capable of taking up "Lathis" to oust Ayub Khan." He said, "I hope the Bengali people will realise one day of their deprivation and take up 'Lathis' to establish their rights. He left the place soon complaining of illness.

Few days after, a shocking news came to us that our beloved leader Mr H S Suhrawardy died of heart attack at a Beirut Hospital. I felt we not only lost a politician, but a statesman, a guardian of democracy and an undaunted, uncompromising Bangali leader who will not be forgotten by us for ever. When the War of Liberation started in 1971, I remembered and spoken to myself that H S Suhrawardy would have been delighted to see Bengali boys taking up arms instead of 'Lathis' to liberate their country.

May his soul rest in peace.

We then feel the necessity of bringing in new ideas without us being directly identified as selling these ideas.

We have set up a unit within Grameen Bank, we call it 'SIDE': Studies, Innovation, Development and Experimentation. They go to the borrowers directly. While the bank is giving you loan, they persuade them with better ideas.

Ideas can come from different sources, then become the borrower's. We are trying to link up with other organizations which have ideas of training facilities, without us taking responsibility of pushing that idea.

Another way is the annual workshop in each branch where the centre chiefs get together for once a week. They talk about their successes and failures — they interact. This is another learning process. We try to bring in people who they request. They tell us

they would like to talk to a family planning person or something.

So if you can find something between yourselves that's fine. We cannot ensure that service will be available to you, because government machinery is very uncertain.

DS: I would like to go to the sixteen decisions you once mentioned: what are those? I attended one of your workshops and I saw that they bow and salute. What are the meanings behind these rituals?

MY: Rituals are rituals. Because we belong to a particular segment of society. We all live with rituals in everyday life. We deliberately wanted to be different. The

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The regular column WRITE TO MITA is held over for next week under unavoidable circumstances.