

Development Has Got a Face

Lifestories of Thirteen Women in Bangladesh on People's Economy

Interpretation of Lifestories

Results of the International Exposure and Dialogue Programme of the German Commission of Justice and Peace and Grameen Bank in Bangladesh, October 14-22, 1989

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in collaboration with Dr. Alphonso Aguirre, Asian Institute for Distance Education Foundation (AIDE), Manila/Philippines, Dr. Werner Hammel, German Bank for Reconstruction (KfW), Frankfurt and Prof. Gerard Rikken, Asian Social Institute, Manila/Philippines.

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Abstract

The working paper is an evaluation of the lifestories of thirteen poor women, clients of Grameen Bank, which were collected by the participants of an Exposure and Dialogue programme organized by Justitia et Pax and Grameen Bank in Bangladesh (1989). Exposure and Dialogue programmes aim at bringing about learning processes on the topic of development politics for people in positions of social leadership. Lifestories are instruments for learning the approach used. The lifestories and their evaluation was discussed with the women, with scientists and practitioners from self-help organizations in the South; the results are qualitative interpretations, hypotheses which bring out the potentials and the structures without trying to be representative of the 800 000 clients of Grameen Bank.

For the initiation and development of an entrepreneurial behaviour in poor, marginalized women, the perception of their individual scope of action is of great significance. In their own perception, they are able to improve their economic situation and to use their chances of accessing the resources if they have confidence in their own abilities; the relevant success factors are identified here. Economic success brings social recognition in the village and permits the women to fulfil their social obligations and to participate in the village society. The women regard this very highly. The result is an indication of which support systems are required to give marginalized people a chance to realize their potential.

The economic analysis shows clearly the economic effects of the loans granted by Grameen Bank: significant effects on the people's income, capital formation and occupation, an increase in purchasing power which is directed exclusively to local goods and services, and finally again the creation of a regional demand based on the use of the added value. The women apply specific strategies to secure their survival and to build up resources of their own. The results emphasize the need for demand-oriented development approaches which start from the conditions and the abilities of poor people.

The lifestories show a few preconditions for overcoming the marginalization of small entrepreneurs: assistance by support organizations; access to markets, improved production technology and capital; a decrease of the market segmentation; transfers of external capital and strategies which permit small entrepreneurs to penetrate the "rich man's" market in order to initiate sustained processes of economic development.

1. Introduction

The present working paper is an interpretation and analysis of the lifestories of poor women, clients of Grameen Bank, in Bangladesh. The lifestories were collected and compiled by the participants of the International Exposure and Dialogue programme organized by Justice and Peace and Grameen Bank in Bangladesh on October 14-22, 1989 (cf. Annex A3). Exposure and Dialogue programmes are learning experiments. They aim at permitting the participants (1) to have concrete experiences through encounters with poor people and the world they live in; (2) to reflect on and assess them in a dialogue with other people in order (3) to arrive at conclusions for their own work and at insights relevant for development cooperation. One result of this learning process consists in the lifestories; some selected lifestories are included in Chapter 3 and in Annex A1. The lifestories have been reviewed by the women in Bangladesh (cf. Chapter 2).

Thirteen women out of 800,000 Grameen Bank members (as of October 1989) is a very limited number. The text is therefore not to be read as a quantitative analysis of the lifestories but as a collection of careful interpretations under qualitative aspects. The significance of the statements lies in the fact that they show a potential, not in their generalizability.

The interpretation of the lifestories has its main emphasis on three factors:

1. the women's view and their personal interpretation of the world they live in, their perception and assessment of the development they have gone through. Chapter 4 ("Interpretation from the Women's Perspective") focuses on the entrepreneurial personality and the perception of her scope of action;
2. an economic analysis of the women's small enterprises from the point of view of micro and household economics, in particular of processes of decapitalization and capital formation as well as the effectiveness of the support given by Grameen Bank. Chapter 5 ("Microeconomic Analysis") focuses on the individual's economic activity;
3. a reflection on the characteristic features of the people's economy, its relationship to modern economy and its chances of development. Chapter 6 ("Macroeconomic Interpretation") focuses on considerations on macroeconomy and on development policies.

The results of the evaluation and the conclusions were discussed with Grameen Bank, with the participants of the Exposure and Dialogue programme and with representatives of major self-help organizations in the South during an International Workshop on "People's Economy" organized by Justice and Peace and Grameen Bank from November 30 to December 6, 1990 in Weiskirchen (cf. Chapter 7).

2. Methodological Remarks

2.1. Lifestories

Grameen Bank looks back on more than 10 years of experience with collecting lifestories and uses this instrument for the training and sensitization of its employees* Their favourable experience gave rise to the experiments with lifestories in an Exposure and Dialogue programme.

Elaboration

Thirteen lifestories of women working in the people's economy were collected by the participants of the Exposure and Dialogue programme organized by Justice and Peace and Grameen Bank in Bangladesh. The participants were personalities of public life and of development organizations from Germany, as well as leaders or staff members of self-help organizations from the South (cf. the list of participants in Annex A5). The participants visited individual members of Grameen Bank in groups of two people each (on details of the programme, cf. Annex A3). The women were selected by Grameen Bank, which tried to select people who "had to carry on a tough struggle against poverty and had become role models". All of the women participated voluntarily. They were already familiar with the collection of lifestories and had been prepared thoroughly by Grameen Bank for the visit of the exposure group.

During the three days of their stay, the group was accompanied by a facilitator, who was a staff member of Grameen Bank. The role of the facilitator was to create confidence in each other on both sides - the woman from the Bengali village and the visitors from countries of the North and the South -, to start the conversation and to facilitate mutual understanding.

Before their visit to the villages, the participants were familiarized with the basic elements of the method of "participating observation". They were asked to take part in the women's daily life as much as possible during the three days and to learn from their observations instead of only interviewing the women and their family about their lives. As an orientation for their observations they were given interview guidelines, which were, however, not to be used under any circumstances as questionnaires.

An example of how such an encounter between two worlds can turn into a fruitful interchange between individuals is given in a woman's lifestory in Chapter 3 (cf. 3.3. "Relationship and the Lifestory").

Review

After the Exposure and Dialogue programme, the lifestories were reviewed by Grameen Bank. For this purpose, most stories were translated into Bangla.

* A number of interesting lifestories collected by Grameen Bank are to be found in the book "Jorimon"; cf. Supplementary Reading in Annex A4.

Some of the facilitators discussed them with the women concerned. If necessary, the stories were corrected. The women were also asked for an assessment of the visit of the exposure groups. Those stories which could not be reviewed by the women themselves were discussed between the facilitators and the Grameen Bank employees responsible for the women concerned, who are usually quite familiar with their clients' personal circumstances.

2.2. Analysis

After having been reviewed by Grameen Bank, the lifestories were analysed according to a number of criteria. The methods used for this were

- * elements of biographical research for bringing out the women's personal situation and development (Chapter 4),
- * elements of microeconomics for assessing the development of the individual's economic activity (Chapter 5).

It must be noted, however, that an Exposure and Dialogue programme is not a scientific endeavour. This means, on the one hand, that the resulting stories were very dissimilar, depending on the participants' different professional functions and, on the other, that the findings are not based on a sufficiently large sample which would fulfil the criteria of scientific research. The selection makes therefore no claim to being representative; rather, the results are to be understood as qualitative results. They are significant as hypotheses which should be consolidated (cf. also Chapter 6.6.).

2.3. Assessment of Results

An assessment and discussion of the hypotheses during an International Workshop* with strong participation from representatives of self-help organizations in the South demonstrated the relevance of the results for other countries of the South and for elaborating poverty-oriented support approaches for development cooperation. That is why it is the aim of the present working paper to inspire an extended discussion about the aspects which have been found to be relevant.

* International Workshop on "People's Economy" organized by Justice and Peace and Grameen Bank in Weiskirchen, November 30 - December 6, 1990.

3. An Example: The Lifestory of Jarina.

Jarina's lifestory, compiled and elaborated by a group of participants* of the Exposure and Dialogue programme gives a significant insight into problems of people's economy. Jarina's life reflects exemplarily the importance of the environment in causing as well as for overcoming poverty: Floods take away her family's land and deprive them of their sources of livelihood, the village's power holders make every effort to subdue her as a competitor from the group of the "poor" and protect their own positions. As a divorced young woman, Jarina has very little scope of action of her own in the traditional Bengali village way of life and must depend particularly on the help and protection of others. Some more lifestories are added in Annex A1.

Jarina

Jarina is a small woman, mid-20`s, with lively eyes. She looks attractive in her light-brown cotton sari, her brown plastic bracelets and her gold-coloured earrings. She has a 7 year-old son and a 5 year-old daughter. Both are lively, but very small children. Jarina has been living with them for six month in her new house, 200 m behind the dike, in a low and thus flood-prone area of the village. She has built her house with a loan from Grameen Bank. An older friend of hers live next door with her children. Jarina's home is 15 sq. meters in size, one single room with no windows and walls made of bamboo and a tin roof. It has a friendly atmosphere: the family bed, furnished with some self-sewn bed-sheets is in one corner; the fire place, storage shelves and the small chicken cage are in the other corner. In between are the table and a chair with colorful flowers glued onto it. Here we sit when Jarina begins to tell us the three Germans and the facilitator from Grameen Bank her story.

3.1. Jarina's Life: Loss, Empoverishment, Survival

I had a happy childhood. I have two brothers and two sisters. My father owned enough land. All of us could live from our land without having to work on other people's fields. We girls just had to help our mother in the house; the rest of the time I could spend with my girlfriends. As I grew older, my mother taught me how to sew bed covers.

This was the way it was until one year before my marriage when the flood washed away a major portion of our farm land. This was very bad for us. From this moment, my father and my brothers had to work as day labourers for other farmers. When someone arranged a marriage offer from a farmer, my father did not hesitate to marry me off. Although I was to be married to a place 17 km away from my home, my father did not take the time to check the situation of

* Bishop Kamphaus, Fr. Klaus Beurle, Dr. Gudrun Kochendörfer-Lucius

my future husband. So, I got married with 16. My husband received 1,000 Tk* for the wedding. With this money, he bought my wedding sari; the rest, he kept for himself. My father was not able to give more dowry.

The day after the ceremony, my brother-in-law admitted to me that my husband was already married to another women. I wanted to leave on the spot. But my husband swore on the Holy Coran that from now on he would treat this woman like his mother. A fortnight after the birth of my daughter, however, he brought her, with her child, into my house. He has broken his oath. I divorced him and left him right there. I had to give up my house, which I had built with a Grameen Bank loan, because it was on his land. We could take only what I and my children were wearing. I even had to go into debt in order to pay back my loan with Grameen Bank.

After four years, I came back to my father with nothing. During the first half year, my father gave me and my two small children food to eat. But he himself was doing very poorly then already. All his land had been washed away - only 16 decimals had been left. We had practically no farm land any more, the only land left was the land on which our house stood on. Although all of us worked very hard - my smaller brother too, who was just 12 - my father did not have enough to eat and what he had, he shared with us. The rich farmers in the village said: " Jarina, come to us. You can work as our maid. We'll take care of you and your children and we'll feed and clothe you and the children". But I refused because I knew how that works and I would have had to fear for my dignity.

Since my father was doing so poorly, I felt I had to do something. I tried to get other women of our village to join me to form a Grameen Bank group. It took me six month to find ten other women. It had to be ten because we did not have a Grameen Bank centre in our village yet. They put trust in me and followed me as I could tell them a lot about my experiences with Grameen Bank in the village of my husband. With my first loan of 1,000 Tk, I bought four pieces of tin, as we needed more space. With the tin, we built another room to my father's house, into which I moved with my children. With the rest, I started a rice and flour trade together with my father. With the money my father and my younger brother could earn as day labourers, and what my mother and I earned with the sewing of bed covers, we could just barely make ends meet in this year. As soon as I had payed back the first loan, I took a second one of 3,000 Tk. I bought a pregnant cow, which I leased out to farmers for ploughing during 4 month. I asked for only half of what others get, but it was enough to pay the installments. After the cow had her calf, I sold the milk. To pay the installments then, I had to add some money of the rice trade. We still could just barely survive.

To add to our bad luck, that year's flood washed away our house and land. We had lost everything. I had to sell off the cow and the calf as I had no possibility any more to keep them nor to feed them. As prices at this time were naturally very low, I got 4,500 Tk. I took this money and established a wood business with my father and brother. Some trees were left on my father's land, so we had cheap wood. We hired two carpenters to cut down the trees and to

* 1,000 Taka (Tk.) equal 30 US \$ (1989).

work the wood. Even though we had not applied for a loan, the branch manager of Grameen Bank came to us and helped us in many a question. It went very well. For the first time in my life, I did not have to sew and we could give up trade as well. But soon I had to close down. The union head and other union members came to me and told me: "Jarina, this is our business. We'll do it. Quit now or you'll see what we can do to you !" They wanted to violate me. I was afraid. My father was old and poor. He could not help me. If the business would have been in my brother's name they would have known who is the driving force behind it. I had no choice. I closed down and I was able to sell so much furniture that we did not take any losses

Once again, I had 4,500 Tk. My profit was some construction wood and the furniture I have now in my house. I took a loan of 4,000 Tk in addition to my money. I invested 5,000 Tk in a second-hand rickshaw which I bought myself in town with the help of my younger brother. The licence is on my name, after all, it is my money. 3,500 Tk I again invested in a rice and flour trade. But this time, I joined with a man whom I knew well and who brought in the same amount of money. This way, we were able to do our business on a larger scale. We no longer went from door to door; rather, he brought the rice from the village to town and went from market to market. We even had an ox cart. He knew the business well. Since I cannot go with him, I received less than half of our returns. I still had the income from the rickshaw - about 120 - 140 Tk per week - and I took up sewing bed covers again for the wives of the fishermen. They don't know how to sew. We will need them when it gets cold. As my covers are beautiful they come to me to order them from me. From September to November, I can complete one cover a week, 20 Tk the piece. Last year, I earned 200 Tk this way. I could pay my installments of 100 Tk and my children could eat.

In the meantime, my housing problem had become very urgent. My father had left the village after the floods had washed away his house. I wanted to stay here. After all, here I had my Grameen Bank group and my customers. Thus, I constructed a simple hut on a street lying a little higher. At that time, this street was closed. Many people had lost their houses and were living there. Later, as we had to leave this place, I moved to my uncle's house. But it was not good for us there. Therefore, I pulled my money out of the rice trade this year and invested it in land, on which we have built our house. Altogether, the land and registration cost 6,000 Tk. It is low-lying land. Thus, much earth had to be deposited to protect us from future flooding. That cost me another 1,000 Tk. Since I am alone, I had to get done a lot of the work. This drove up the cost of construction. I financed the construction by a house building loan of 10,000 Tk from Grameen Bank.

We save very much now. I only buy some flour and oil, onion, chilli and garlic for the sauce. We live on 30 Tk per week which I earn by sewing covers and another 20 Tk that are left over from the rickshaw business after having deducted the installments. This is not enough to buy rice and sufficient flour for us. Since my chicken have stopped laying, we don't have any eggs to eat or to sell. I have nearly nothing to give to my parents although they are doing very poorly. They are very old. My father is sick and he can't work any more. My younger brother supports them with the little he earns. My other brother has broken all ties with us. He is also a rickshaw driver but he doesn't help us.

To start up my rice business once again, I have taken a loan of 5,000 Tk. I lent 2,000 Tk to a farmer who had cash problems. In this arrangement, I will get three times half of his rice crop. If he has enough money then, he will repay me. If not, I will get half of his crop until he is able to pay back my money. I pay one half of the cost for fertilizers and other inputs. I am expecting quite a lot from this business. For this season, I expect about 100 kg of paddy for me. If I allot it carefully, the rice should last about six months, that is until the next harvest. This would mean that my expenses drop from 250 Tk to 50 Tk per week since I would not have to buy any rice. I would have to earn far less than now to feed my family.

I now own 16 decimals of land with a house, a rickshaw, and I invested capital. I own assets worth 22,000 Tk, if I count everything, my furniture, utensils and cloth included. My children and I do not suffer from hunger and we have our own roof over our heads. It was not always easy to come so far. For me, the most important thing to have is courage. You won't succeed without. However, cleverness and land are also very important to overcome poverty. Finally, if you are in really great despair, you need someone who will help you. My greatest hope is to get married once again, but this is very difficult. Because we are too poor, my father has not been able to find a husband for me who would accept my two children".

Now Jarina told us about her life in the village, her beliefs, her experiences as a woman and her hopes and fears.

3.2. Jarina's Environment: School, Mosque, Market, Politics, Grameen Bank

Jarina is one of the poor in 10,552 villages of Bangladesh who are assisted to help themselves by Grameen Bank through small loans. How does their environment react to the independent economic activities of these poor people? Does it support or suppress their systematic efforts and their effective economy from the very bottom?

Jarina's experience has taught her that not only she herself and her family have a decisive role to play in their efforts to shake off the fate of poverty imposed upon her - regardless of the effects her own initiative may have on this process. In the course of our very intensive dialogue during three days, we asked her about the "powers that be" and her relation to them. We soon learnt that, in addition to her own efforts, she must consider the influence of other factors such as school, mosque, market and politics.

On school, Jarina tells us: "School - I never had the chance to go to one. But my children will have to go. Shohen, my boy, goes now to elementary school and to the Coranic School. My girl is still too young, but I am sure she will go to school* ...! I know about the disadvantages of not going to school. If you have nothing in your head, you will find it very difficult to succeed in life."

* Jarina's daughter died two months after the visit of the Exposure group.

Jarina has a practical relation to religion: "The men of our village all go to the mosque. This is natural: one must pray. As a woman, of course, I do not go to the mosque: I pray at home. Look, here is my prayer mat. I pray five times a day: in the morning, at noon, in the afternoon, in the evening, at night." We are not quite sure if Jarina actually prays as often as she maintains. When we visited her once at noon, she did not pray.

"What is the attitude of the moulvie, the religious leader, to your credit activities? After all, you are quite an active woman and you do much on your own. Is it possible?" "The moulvie doesn't object to my activities. However, at first he was against it. But now he encourages us to work with Grameen Bank. We may however not corrupt Islamic moral and must observe the laws strictly." Frequently, Jarina emphasises that Islamic law does not oppose the free movement of women. When we try to get a proof for this point, she walks happily and freely through the village with us foreigners, accompanied by numerous curious men. On another occasion, she comes to visit us in our quarters beyond the market. But we asked ourselves if the moulvie and the village men really react and argue in the way as claimed by Jarina. We had heard from various sources about the resistance of the male authorities against the activities of the women .

We then asked her if she also goes to the village market and to the regional market in the next village: "No, I don't go to the market myself. Either my father or my younger brother or my little son bring me what I need for life. They bring me 2 Tk for each egg I sell from my four hens. A few years ago, I was able to buy a cow with the loan I received from Grameen Bank. The profit we made from selling the milk was enough to support us for some time. The money I received from the sale of the cow I then used to pay back the loan and to put something aside. It wasn't very much. You really need quite a lot of money to get into business and to have a chance on the market. The price we get for our produce on the market is set exclusively by men. As a woman, I have absolutely no influence."

Jarina would love to get a piece of the pie of the rich. She is certainly not lacking in the will power and energy necessary for it. However, women are generally kept away from prosperity and power. But at one time, Jarina had almost made it: "Together with my father, I set up a wood business. Business was good. We could even hire two people because we had quite some demand. But Mohammed*, the union head himself, had a wood business. As our business went on to improve one day, he showed up with some others and began screaming furiously at me: "If you don't close down your wood business immediately, you'll see how we will beat you and do other things to you!" The union head was threatening to violate me, and in this way, disgrace me as a woman. Of course, we then had to close down. Our greatest chance was gone", summarizes Jarina, pointing to the beams in her hut which are from this time.

The Grameen Bank has become the greatest support in her struggle for life. She enthusiastically tells us of her Grameen Bank group and the bank's centre in her village. Six groups in a village form a centre. "I set up the first two

* The person's name has been changed.

groups in our village. I have had previous experiences with Grameen Bank. Now we have six groups in our village and all are doing well. At the beginning, I was the centre leader". They have periodic elections and a rotating system of responsibility. All members of the centre have had loans approved. "When you meet, is money the sole topic?" "No, we discuss a variety of problems. If a member has problems, we try to help each other to solve it. I know it because the group was a source of great strength when I left my husband. He had brought his first wife into my house although he had promised me at our wedding never to bring her back any more. As I stood there, all alone, the group was a big support".

In the meantime, Jarina owns her own small parcel of land, a house and a rickshaw. We ask her: "If you would be even richer one day and could give loans to poor people, would you do this?" "Yes, that would be great. I really want to do so. We all want to get rich like the others". "And what about Grameen Bank then?" "We wouldn't need Grameen Bank any more, I would leave it then".

We were interested in what Jarina, after three days of intense dialogue and open exchange of experience, saw as the key to success, to overcoming poverty and dependence: "You need courage, you must be clever and you must own at least a piece of land and you need others to help you. If you have all this, you can get rid of poverty and lead a different life".

Jarina, understandably, never questioned whether it is worthwhile to see the ultimate goal in being rich as the others. Jarina is pragmatic, utilizes every chance that is offered to her and has a far-away dream. She is not concerned about what the representatives of the mosque, market or politics may do, in the short or long run, to her dream. She accepts the conditions as they are. She knows what experience has taught her: her life can change if only a tiny piece of the overall situation is in her favour, supporting her efforts. Furthermore, she cannot imagine what potential there is in the poor, once they begin to act independently in great numbers. The future will show how Grameen Bank itself will deal with the masses of poor becoming independent.

3.3. Jarina and Us: Relationship and Lifestory

We, the authors of this lifestory did the recording of another person's life events under the assumption that this recording must consider not merely data and information but also the structure of relationships in which the data got collected. This structure of relationships will be displayed here at the various stages of our encounter.

Five persons continuously took part in the encounter:

The women	Member of Grameen Bank	(Jarina)
The facilitator	Staff member of Grameen Bank	(Emdad)
The Germans	Participants of the programme:	
	a catholic bishop	(Franz)
	a priest/development worker	(Klaus)
	a female economist	(Gudrun)

On October 16th, we departed from our branch to the place where Jarina lives. What is the best way to travel the three kilometers? The first conflict comes up: we, the Germans, prefer to walk, our facilitator insists on rickshaw and has already ordered one. Finally, we let ourselves be driven over the rough path to the village by a 16 year-old boy and an elderly man. Both have to torment themselves with us.

Having arrived in the village, we are greeted by Jarina in her house with the Grameen Bank ritual: very formal, almost military. Jarina is visibly intimidated: she is facing four strangers, three are Europeans (probably the first Whites ever in the village). Chairs are prepared for us, we take a seat. Many villagers, especially children and young men, are gathering outside. Masses of people surround the house all the time we stay there.

Starting the conversation is difficult. Emdad tries to touch on the Grameen Bank topics to start off. But we object and agree to open up the conversation differently: We would like to make first contact by talking about why we came and who we are. The spell is broken by Gudrun pulling out a few family photographs. Jarina is fascinated and smiles. The atmosphere changes suddenly, especially when Gudrun remarks on things important to her own family and thus builds a bridge. She brought a used toy car as a gift from her own son to Jarina's son. But it was quickly claimed by the daughter. The next day, the boy gets the other little toy car. Then, we would like to see the things in the house. We go through her house and let Jarina show and explain her various items. Jarina is absolutely in her milieu. Klaus consistently finds opportunity to animate the conversation and, above all, to amuse the bystanders with his language ability. We let ourselves be driven back by rickshaw but decide to ride bicycles for future visits.

In the afternoon, the welcome in Jarina's house is much more relaxed and hearty. Gudrun is asked to take a seat and Jarina unpacks all her treasures from a little case and in an instant, Gudrun has been powdered, made-up and her hair styled. The Bengali woman beautifies the European! Gudrun has to show herself to the astonished and enthusiastic crowd outside. Later on, Gudrun sits with Jarina on her bed (a wooden panel). A big cover is spread there and they both start to work on it. The two women sew and talk about work and life, Emdad helping them with translation. The atmosphere is cordial; personal things of both of them can be discussed. Franz is taking notes. Towards the end of our afternoon visit, we suggest to bring flour, sugar, eggs and oil the next day so that we can have a meal together. When we depart, Jarina accompanies us to the road. The entire village is around and Klaus puts them under his spell through song and grimaces.

As we come back the next morning, Jarina has sent her son to invite her parents and brother. Her father couldn't come as he is too ill. Her mother has already begun preparing the meal. They bake bread with the ingredients we have brought along. Gudrun is taught how to do it and has to help the women. We eat eggs with it. The first common meal. Klaus has already distributed some of Gudrun's German sweets to the children standing again around the house. To avoid being disturbed by them, we invite Jarina to our place.

In the afternoon, Jarina arrives with her son. We meet in Gudrun's small room. We move close together. It is an intense atmosphere, experiences and questions of life can be exchanged among the two women. As it gets very personal, the men leave the room. The two women continue to speak alone (with Klaus interpreting) and Gudrun tells Jarina, for her part now, decisive events of her life.

There was constant rain on the third day. However, Jarina comes with her Grameen Bank group at late morning. One of the women stayed at home because of illness; another has come the whole way even though she had a baby eight days before. Jarina has brought delicious cakes. We offer the women bananas and biscuits. Through the conversation that ensues it becomes clear what the relationships within the group actually are: Jarina seems to dominate as the "founder" of the group, perhaps overestimating her importance a little. The women return home. Jarina stays for the noon meal. Gudrun invites her into her room where they eat alone. After the meal, she interviews Jarina again about her economic development. She shows her all the things she has with her, without an interpreter now, and puts on make-up in the European fashion. Photos are taken and then the departure.

We have come very close together during those three days, that is, Jarina has come close to the three Germans and we to her. But also the three of us and Emdad, our facilitator.

4. The Actors and their Environment: Interpretation from the Women's Perspective

The aim of the following interpretation of the lifestories from the Exposure and Dialogue programme is to show the perception of the women regarding certain aspects of the promotion by the Grameen Bank. For this purpose one of the first things we need to do is to see how they interpret the world in which they live*: how do they perceive their environment? Who, according to their subjective impression, decides how much scope of action they have? What factors make up "their" immediate frame conditions? How have these changed as a result of promotion and the success of the women: what is important for them in this respect?

As far as the method is concerned, it is an attempt to make the women "visible" in their quotations: the person, the actor (or rather actress) and later the businesswoman. For that reason the quotations outweigh the commentaries in the following text; the latter being in the background. The lifestories vary in the degree of use made in the text of the words actually spoken by the women, some report verbatim while others are more in the words of the participants, for that reason it was not possible to use all the reports for our purposes here. What quotations there are have already been translated from Bengali into English and then into German (and in some cases back into English again). There are therefore a number of filters lying between what has been said originally and the quotation as used here. This limits the immediacy of the quotations of the lifestories. However, this approach makes it possible to grasp and understand the motives, decision processes and judgements of the women; its significance lies in their portrayal of the subjective logic of the women's actions.

4.1. The Women's Environment and Scope of Action

4.1.1. Family

Husband

All the women talked about their weddings, which were not always happy events:

"When I got married I was afraid my husband would beat me. I was afraid he would demand a high dowry. I hoped that I would be able to contribute something to the household with my skills and I wished for a trusting relationship with him." (Sufya before she was married at the age of 14).

"On my wedding day I discovered that my husband was already married. When he broke his oath to leave the other woman I divorced him at once. I had to leave my house which I had built with the help of the Grameen Bank,

* On the concept of "Lebenswelt" in empirical social research, cf. selected readings in Annex A1.

since it stood on his land and I had to go into debt in order to pay back the loan from the Grameen Bank, since I was leaving his village. With no more than the clothes on our backs, my two children and I returned to my father. Now I still can't be sure that he won't try to take my son away." (Jarina).

For all the women weddings and marriage also have a material dimension:

"It's better with three." (This is the reason Sefura's mother gives for arranging a marriage for her daughter).

Marital and domestic violence against women occurs; some of the women spoke about this:

"My husband was very annoyed and angry. He did not understand me at all and just did what he wanted." He: "I beat my wife. I was unhappy and desperate. I left my wife in order to look for work." (Sahera and her husband describe their relationship at the time of their greatest hardship).

Before joining the Grameen Bank all the married women consulted their husbands - with varying results. Most of the women needed the husband's approval in order to join:

"My husband threatened to send me back to my parents if I went to the Grameen Bank like he had done." (Hamila).

"If my husband had not agreed I wouldn't have gone to the Grameen Bank." (Sefura).

Children

All the women had children. Whenever they spoke about happiness or unhappiness it was mostly in connection with their children. Their hopes were also directed towards their children:

"There have often been bad days in my life, particularly when my children died. There are no happy days for mothers as long as they don't know whether they can feed their children. There have not been any happy days in my life." (Hamila).

"I would like to be happy and I would like to see my children happy. Until now I have felt as if I were blind. Now I will see the future through my children. If I can make my children happy, I will be very happy." (Habaddan, who is worried about her two older daughters who were brought up in Dhaka and who hopes that she will be able to get them back to the village, although she sees difficulties for them in adjusting).

"My husband advised me to practise family planning. He said that the more children you have the greater the poverty. I was afraid Allah would punish me. That was what I had learnt in the orphanage from the Sisters. Today we practise family planning and I have lost my fear of God." (Sufya, whose

husband has had a primary school education and has pushed through modern ideas).

"I hope my children will take care of me when I'm old." (Feroza).

In-laws

The in-laws are also part of the close family circle, since the women, with their husbands and children, mostly lived in the household of their fathers-in-law:

"No bank gives loans to the poor. They must be bluffing. If you don't pay back the money the Government will put you in jail." (The in-laws).

"They'll christianise you, they'll carry you off to sea and send you to the bottom. Don't sign anything, they'll betray you." (Family and neighbours to Sufya).

4.1.2. Extended Family

The members of the extended family of the husband or wife are supposed to help out and offer assistance in an emergency. This function as a system of social security falls in particular to brothers and sisters. Sometimes this system no longer functioned - a factor which mainly made the women very bitter:

"My brother-in-law didn't sell me the jackfruit, even though I had got 10 of the 15 Taka by begging. He didn't give it to me even though I was only 5 Taka short. On this day we again had nothing to eat." (Sufya).

"My older sister didn't give me a sari when I asked her, even though she had 4 and I was in rags. She just said to me I should find myself a new husband." (Sufya).

4.1.3. Neighbours, Village Elders

The next level of integration into village society is the neighbours, that part of the village in which the women live. According to the women the neighbours are asked for advice when it comes to making important decisions. The same applies to important personages in the village who, in the traditional village social structure of Bangladesh, embody a type of welfare function for the poorest inhabitants*. The women report that they were so impoverished that they had slipped through this social net. They were no longer regarded at all in the village, it was as if they had ceased to exist as far as the social life of the village was concerned:

* The socio-cultural context will not be dealt with here; cf. supplementary readings in the bibliography in Annex A1.

"I was poor when I came to this village. I just worked in my in-laws' house. I was not given any respect, nobody wanted to know me. The people didn't even greet me. No one would have lent me money, as is normally done in an emergency, for fear they would not get it back." (Feroza).

"My women friends and I had never had any contact with moneylenders. We were of no interest to them as customers." (Habaddan).

"If we can't pay back the loan they'll take away everything we have." (A woman-friend to Hamila, when she tried to talk her into joining in).

"You'll be excluded from the village community and you won't get a grave when you die." (The neighbours to Sufya II).

"Don't go to the Grameen Bank, they're bad people." (The rich).

4.1.4. Religious Leaders

The advice of religious leaders ("moulvie") is considered by the women; with regard to the decision on whether to join the Grameen Bank the advice was mainly negative:

"I'll expell you from the community if you go to the Grameen Bank." (The moulvie to one woman).

4.1.5. Market

In particular with regard to the women's economic possibilities in the traditional Muslim village, the women's reports showed an accumulation of powerlessness as poor persons and as women. Some of the women seemed to be very aware of this situation:

"I don't go to the village market myself. Either my father, my brother or my small son bring me what I need from the market." (Jarina).

"The price we get for our goods is determined exclusively by the men. That is something over which we women have no influence." (Jarina)

"If you don't close your wood business immediately, you'll see how I will beat you and do other things to you. The Union Head was threatening to violate me in order to degrade me as a woman. Because my father was too poor to protect me we had to close down. Our greatest chance had gone" (The Union Head who has a wood business himself, put Jarina back in her place just when she had managed to leave it).

"You need quite a lot of money if you want to get into business and have a chance in the market." (Jarina)

Most of the others seemed to be more ashamed at their material misfortune, which they perceived as their own failure and fault. Contempt from the village community, hunger, begging, dependence and the death of children were marks of destitution, which were mentioned again and again:

"Begging was hard for me, because I had learnt in the orphanage that begging was forbidden and because my neighbours had very little money themselves. Besides, my husband had been to primary school and I had had an orphanage upbringing." (Sufya).

"When I got married I was working for my mother as a maid at our master's place. He offered my mother a small loan to buy betel nut leaves, to produce betel and sell it at the market. My husband was working as a day labourer in his fields." (Sefura describes her family's dependence to the master to whom her mother had turned when things were going badly).

4.2. Decision to Join Grameen Bank

Joining the Grameen Bank meant for most women acting in the face of massive resistance of their immediate environment. This decision to join Grameen Bank can be interpreted as the first step towards creating their own scope of action. What was the strong will of these women based on, what motivated them so much that they were able to take the initiative, despite the dangers they were warned about ?

*** Death of a child through starvation**

"The worst time began for me when our family was split up shortly after the civil war. We very often went hungry during this time. My husband no longer had any work. He had borrowed 100 Taka from a moneylender and was running a timber business. There was just enough money to pay back the interest. We only had rice to eat twice a week. Our first child died after 23 days, because I couldn't breast-feed anymore. In the end I hadn't eaten for 7 days. I went from house to house to beg the neighbours for some rice. I had nothing left but the sari on my back." (Sahera).*

*** A unique chance which has never existed before emerges:**

"What have we got to lose." (Hamila in reply to her friend who was afraid that the Grameen Bank would take everything away from them).

"I was at my wit's end. We had no choice." (Hamila).

"Nothing ventured, nothing gained, those who don't live, die." (Hamila when she did not know what else to do and decided, despite all the resistance, to join the Grameen Bank).

* 100 Taka equal 3 US \$ (1989).

"I said to myself - they don't give me anything to eat. If I'm poorly they won't help me." (Manowara).

* Knowledge of first experiences (word of mouth):

"A distant relative in another village is with the Grameen Bank, so it can't be that bad." and "What do you want from me? I'm not doing anything against our religion, I'm not breaking the laws of purdah. I just want to earn some money at home." (Thus Sufya II tried to calm her neighbours, but she didn't succeed until her brother interceded on her behalf).

"I bought a bus ticket for a pound of rice and went to the village where I had heard the Grameen Bank was." (Sefura).

* Own skills appear to offer a way out:

"I remembered that my mother had taught me how to weave bamboo and I thought that the Grameen Bank could be something for me. So I went 20 km to the nearest branch." (Feroza).

* Husband's initiative:

"Since my husband and I had dreams of a new house, he convinced me that I should go to the Grameen Bank." (Sufya).

4.3 Success Factors of Capital Formation

* Co-operation with others:

"My brother drives my rickshaw. The licence is in my name, it is my money after all." (Jarina).

"This time for my rice business I joined up with a man, he put up the same amount. Since he can move about freely we were able to serve more markets. We even had an ox-cart. We didn't have to go from house to house. Because I couldn't work with him, but had only put up some of the capital, I received less than half of the takings." (Jarina, who has tried again and again to get into business in a bigger way, because she has realised that that really is the only way to earn more, and who has been thwarted time and again by the barriers others place in the way of women and the poor).

"The women in my centre want to buy a piece of land together and grow rice. We want to take out a loan of 100,000 Taka for it. We want to do that, because the Grameen Bank's rules say that the group gives strength, and it brings us more. Besides, we have already tried it out and we have found that working together is good. But we have also found that it is the hardest rule of the Grameen Bank." (Feroza).

* Regular customers:

"I sell within a 15 minute radius of my house." (Sufya).

"As a child my mother taught me how to sew covers. I'm still doing it today. I sell them to the wives of the fishermen who can't sew and since my covers are very nice they always come back to me." (Jarina).

* Competitiveness:

"I always sell my clothes a little below the market price. I learn what it is from my customers and my husband." (Sufya).

"I leased my cow out to the farmers for ploughing, at half the price the others were charging. That was enough to cover the repayments." (Jarina).

* Establishing own subsistence basis:

"I set great hopes on share-cropping, which I started this year. I am expecting about 100 kg of paddy for me. If I allot it carefully, it should last us about 6 months, until the next harvest. If all goes well my expenses will drop from 250 Taka to 50 Taka a week, because I won't have to buy any rice. I would need to earn far less money in order to feed us." (Jarina).

"As I already said, I had a dream. I had the dream of having my own land." (Habaddan).

* Saving:

"When things were going so badly for us, my son got sick with a cough. I had to sell my goat to pay for the doctor and the medicine. I had saved up for the goat by putting aside 1 or 2 Taka for emergencies whenever I sold mats or baskets. I didn't tell my husband, because he would have spent the money at once." (Sufya).

"For me saving and planning for my children's future is now more important than eating well. That's why we eat very simply and don't spend much on clothing." (Feroza).

* Minimising the risks:

"The Bank offered me a second loan, but I was careful and just took half of what they were offering. (Hamila).

"I won't take out a loan of more than 6,000 Taka, because I know from experience that I can cope with that amount." (Sefura).

* Realistic estimation of own capabilities:

"Since I was very weak and wanted to keep the risk to the minimum, I just took out a loan of 1,500 Taka the first time. I used it to fatten the cow and for processing rice, as I have done with all the loans since, because I can't do anything else." (Sufya II).

"I have given up trading. I'm too weak to carry the flour the 14 kms from Tangail." (Hamila, who has never recovered properly after a severe illness).

* Strong motivation, courage and discipline:

"They elected me as the chairwoman, because I'm tougher than they are and more courageous. I'm not afraid to say unpleasant truths in public either." (Sefura).

"I refused to work as a maid-servant for the rich farmers, because I knew what that meant and because I feared for my honour." (Jarina).

"As I said before, I had a dream. I dreamed of having my own land." (Habaddan).

"You need discipline to pay back the loans." (Habaddan).

"Once I had the first loan in my hand, I felt as if I had jumped into a river. Either I was going to drown or things were finally going to get better." (Hamila).

* Cleverness:

"For me, the most important thing is to have courage. You won't succeed without. However, cleverness and land are also very important to overcome poverty. When things are really bad, you need someone to help you. If you have that then you can get rid of poverty and lead a different life." (Jarina).

* Ability to plan and set priorities:

"The vegetables I grow are aubergines, beans and gourds, so that I can harvest throughout the year, because the beans are an early vegetable and I have no trouble selling them." (Sufya II).

"My son is to stop driving the rickshaw soon, since he should keep his health to feed his family. We want to sell the rickshaw soon and build up a greengrocery business together." (Hamila).

"My son won't marry until we are sure we can also feed a daughter-in-law." (Hamila on her 22 year-old son's future).

"In 5 years I want to have got to the point where I can take 1,000 Taka a month from my earnings to pay for my son's school and boarding fees." (Sefura).

"I'm trying to pay back the loan for my house in 5 years instead of 18. Then I want to sell the house for a profit and build a bigger house for us all on another piece of land which I've already bought. There I can live with my three sons and their families." (Feroza).

* Someone to protect you:

"I talked over my idea of joining the Grameen Bank with my neighbours and the elders in the village. They all threatened me. Finally my brother gave his permission when I said to him, I'm your older sister, how shall I make a start, how shall I survive if you refuse to give me your permission now?" and "Once my brother had spoken to my neighbours, they left me alone at last." (Sufya).

4.4. The Women's Evaluation of Success of Promotion

How do the women judge their own economic success? What do they consider to be the important changes which they have experienced in their lives:

* Food

"Before I couldn't even provide a proper meal for my children on feast days, today I can put a good meal on the table every day." (Sufya who with her daughter now lives mainly on rice and vegetables with an egg now and again).

"There was plenty of rice, there was milk to drink every day and every couple of days fish to eat." (Sefura).

"Sometimes when I think about how unhappy my childhood was and how little food I survived on, I am really proud of myself, because we are now able to eat three times a day." (Habaddan, who even gives her daughter puffed rice, tea and sweets for breakfast).

* Security

"Now life is a celebration, because the daily uncertainty, what each day would bring and whether my family and I would have enough to eat that day, is over. This has taken a great weight from my shoulders." (Sefura).

"As long as we didn't have a secure roof over our heads the fear never left us and we didn't have a moment's peace." (Another Sefura).

* Personal development

"I have grown as a person through the trust the Grameen Bank people have shown in me." (Habaddan describes the promotion process of Grameen Bank).

"Once we had learnt the rules of the Grameen Bank and had received our first loan, all the women who had turned me down before wanted to join in." (Hamila had spoken to 50 women).

" We have all changed in that we have changed our living conditions. We have plans for the future. When I was ill last year the other members of my group came and looked after my children and fetched a doctor. They worried about me." (Feroza describes the most important changes which the promotion has brought about).

* Respect and recognition from the village community

"Before I was not much liked in the village because of my poverty. The people constantly taunted me. Today they respect me. In particular the older people in the village love me. We don't need to go hungry. We can eat three times a day and sometimes even kill a chicken." (Sahera).

"Before no one wanted to know me, but now people greet me. Before no one ever asked how I was. Today they ask and offer me a seat when I enter their yards. They fan me when it's hot." (Sufya).

"With Allah's help I came to the Grameen Bank. Now we live much better than before. The village community shows much more esteem towards me." (Sufya II).

"The other women didn't want me as a member of the group, because they thought that I was too poor and unable to do anything and that I wouldn't pay back my loans either. I only got a chance because one of the group dropped out. Then I was Centre Chief for three years." (Feroza).

* Possibility to meet social obligations

"My son wants me to pray more and do more for our neighbours." (Feroza).

* Less work:

"For the first time in my life I didn't need to sew any more and we could give up our trade altogether." (Jarina, of the brief time when she was running a successful wood business).

4.5. The Women's View on Effects of New Situation

How is the new self-confidence of the women expressed? Have their altered material circumstances caused any change in the scope of action they enjoy in the family and in the village? Has their economic independence brought about greater self-confidence, more possibilities of action? Some of the women have made changes in their personal lives:

Marriage and family

"Once I had my own land I felt safer and decided to get a divorce from my husband. When he heard about it he came back and wanted to live with me again. That was the first time my daughter saw her father. But of course I did not agree since I had waited for him too long and had meanwhile discovered that I could live alone." (Habaddan's husband left her for another woman when she was pregnant with her 3rd child and she had to give her first two daughters to be fostered).

"The most difficult decision of my life was that I should send my husband away two years ago, because he began to demand any money I had left and spent it with his friends. They used to tease him saying that he was working for me, his wife, because I had bought him land, so that he could do something useful." (Sefura, who still hopes that her husband will return).

Unhappily married women broke with this situation. In other cases the improvement in the material situation improved relationships within the family and led to more recognition of the women's work:

"In the evening when the children are asleep, my husband sits with me nowadays and talks with me while I sew." (Sufya who, although he used to beat her, now has a good relationship with her husband).

"My family is my support. Without them I would never have made it. We live together, at night I like to know that they're near me." (Sefura).

In-laws

"Once I had my own income I went back to my parents and left my in-laws' house where I had to work like a slave. I bought 800 sqm of land for a good price from my cousin and built a modest house for us with help from my mother." (Hamila).

"The Grameen Bank has given us so much hope. We are eternally grateful to Sahera. It's good that she went to them. My youngest son's wife is also going to join soon." (The mother-in-law).

Neighbours and Village Elders

"You can stay provided you don't damage the good reputation we have won for ourselves in the village since you have been away." (Hamila's son to his father who is supported by his wife in accordance with the decision of the village elders, although he left her for a time and injured her).

Religious Leaders

"I don't think it's against the Koran if I go about freely." (Jarina).

"The moulvie doesn't object to my activities. At first he was against it. But now he encourages us to work with Grameen Bank. We may however not corrupt the Islamic moral and must observe the laws strictly." (Jarina).

4.6. Future

How do the women see their future? What will happen to them, how will they go on:

* Some want to continue to receive support from Grameen Bank:

"The first loan was like a mother, why should I desert my mother." (Sefura).

* Some never want to be dependent and humbled again:

"I never want to be dependent on my sons, but to work as long as I can and take out further loans from the Grameen Bank, so as never to be humiliated as I was as a child and a young woman - for about half of my life." (Sefura).

* Some feel that they have made their contribution towards improving the lives of their own and other families, the rest is up to their children:

"To influence politics, that will be the job of our children. That is why we want to give them a good education." (Sahera).

* Women who have been divorced or deserted regret that they are alone: their chances of remarrying are slim or no longer acceptable to them:

"Because I am alone my house cost far more than it would have if I had a husband. I had to have a lot of work done that I couldn't do myself. Living alone is very hard." (Jarina, who divorced her husband because of another woman, who would very much like to remarry, talking about the disadvantages of life without the protection of a husband).

"When I wonder about whether I should marry again, I say to myself no, because it's my experience that men just take away my strength and my time and give nothing in return. I'm not closing the door, but I want a husband who will look after us and be loving towards me." (Habaddan).

- 5. **Household and Enterprise:
Microeconomic Analysis**
- 5.1. **Initial Situation of Promotion by Grameen Bank**
- 5.1.1. **Economic Background of the Families**

The Women's Families of Origin

Two thirds of the women came from poor families with many children (5 children on average) without landed property. Most of their fathers worked as land labourers in the fields of rich farmers and in the agricultural rest period they were engaged in trade or crafts. One third of the women were the daughters of smallholders who, in the course of time, lost their land.

Marriage and Family-in-Law

In the cultural context of Bangladesh, the marriage is primarily determined by the dowry. The economic status of their own families therefore usually determines the choice of the husband and the economic and social future of the daughters. Half of the girls were married at the age of thirteen; the youngest age at marriage was eight years - a sign of the poverty of their families. This results in the following marriage pattern:

* Girls from landless families

They usually married into landless families with a very small dowry. Because of this near lack of dowry, the girls themselves did not dispose of any resources of their own in case of necessity (cf. 4.1.2). Their husbands worked as very small tradesmen or craftsmen, earned their living as wood gatherers or herdsmen, or they were unemployed. Two had migrated to the capital of Dhakka to look for work (boatman, soldier). At the time of marriage, the husbands' income was approx. Tk 8,000* (US\$ 240). In two cases very poor girls succeeded - due to their education - in marrying into a different social class: families of smallholders recognized education in an orphanage and a minimum school education, respectively, as a dowry.

* Girls from very poor smallholder families

They usually married into families with a little landed property. Their husbands worked as farmers or casual workers - these were the young men who had gone to school. The dowry of these girls usually was about Tk 1,000 (US\$ 30). One girl was divorced since her father could not raise the entire dowry. Her child remained with her parents-in-law, it presumably died of starvation.

* 1.000 Tk = US\$ 30 (1989).

Only one quarter of the girls had marriages that were regarded as being desirable (wife older than 13, both partners single and healthy), all of them came from smallholder families.

* Girls in bondage, child-widows

Another third of the girls were daughters from extremely poor families living in dependent work relationships as well as very young widows (child-widows) or girls that had been divorced because of the missing dowry. The child-widows and divorced were married to widowers or divorced men who were much older (up to 60 years) and usually brought several children into the marriage (up to 7 children). Two girls in bondage - they had been born to families in bondage - were married to a blind or socially stigmatized orphan, respectively. These men had hardly any prospect of improving their economic situation, since they were not able to work or had no family. These two couples were the only ones that lived with the girls' mothers after the marriage - an indication of extreme poverty in the given social context.

5.1.2 Process of Decapitalization

In all families, there were one or two events which caused impoverishment. In most families, the transition from poverty to destitution happened in certain typical steps which were reported in all lifestories.

Events causing impoverishment

For almost all women, the acute emergency resulted from the loss of income of their husbands or their fathers because they died or abandoned them (1/3 of the women), became disabled (disease or age: 1/3 of the women), or, as in two cases, no longer wanted to work. The women, who had so far worked without getting paid or earned just a minor additional income, suddenly found themselves in the role of the only breadwinner of their families. Depending on their basis of subsistence, this new situation had different consequences:

* Landless families

In the case of almost half of the women, a process of decapitalization was immediately initiated due to the loss of the main income which led to total destitution of the families.

* Families with some land

The other women stated that, in addition, a second factor was necessary to set off the process leading to destitution. These families usually owned a small lot of land which they lost in the course of time because (a) they could not recover from the consequences of a general famine in Bangladesh (caused by political instability); (b) their arable land was washed away by one of the

frequent floods (poor families usually own low-lying land, cheap arable land, which is extremely flood-prone); (c) as a consequence of the real division of the landed property among the brothers, the landed property was no longer sufficient to cover subsistence of a family.

The large number of children was not mentioned as a reason for impoverishment, but was seen in connection with the given poverty.

Steps of Decapitalization

The women's reactions to the acute emergency illustrates the scope of action available to poor women in rural Bangladesh in order to survive. Without any chance of having access to formal promotion structures, without any access to informal loans or monetized wage labour markets, their only option is to sell off the capital reserves of the household, their own labour force and that of the children, at the worst conditions. As shown by the stories, this results in the loss of the proper basis of subsistence as well as permanent dependence. The decapitalization steps can thus be called some type of "strategy of survival" of poor and extremely poor women. Not all women asked passed all of the stages described below before becoming members of Grameen Bank.

*** Informal loans**

With one exception, all of the households were already too poor to be eligible for loans by moneylenders. Only one family had obtained such an informal loan and tried in vain to thus stop the economic decline.

*** Wage labour**

While dependent wage labour on the basis of monetary daily pay is the most frequent type of work for very poor men, there were only two women who worked against payment in cash: one woman as a day labourer in a household, another woman as a cleaning woman. Wage labour in the fields which, as a rule, is better paid for than domestic wage labour, is not available to women who, under Islamic codes of conduct, should not work outside the domestic sphere.

*** Sale of land and real capital**

All families gradually sold their personal belongings (beds, etc.), their items of value (e.g. wedding sari from the dowry) and their land in order to be able to buy food. At the stage of absolute destitution they did not dispose of any material reserves.

* Support by the women's own families

About one third of all women were fortunate enough to receive material assistance by relatives of their own family (mother, father, uncle, brother, etc.). Although with the marriage all maintenance obligations for a girl are transferred to her parents-in-law, they were given shelter, food or means to build up a livelihood for themselves (assistance, financial support, favourable terms). Immaterial support such as protection from male relatives was regarded as being particularly important by single women. The women who had to go through this difficult period without any help from their relatives had totally impoverished (cf. Bonded labour).

* Work against food

Half of the women worked as maids in rich farmers houses. Some of them started working after having begged for a while and when fit for work again. As a compensation, they were given to eat or were paid in kind - in most cases they received 1 kg of rice or a meal per day. They did not get payed in money.

* Begging

The poorest women (one third) were forced to beg in the village for a certain period because they were unfit for work (in two cases because of pregnancy) or because their income from income-generating work did not cover the family's subsistence. Begging is regarded as undignified and socially humiliating. Since their neighbours, the only persons from whom they could beg, were usually also poor the families who had to rely entirely or almost entirely on begging starved most.

* Giving away girls

One third of the women gave one or two daughters away in order to reduce the number of unproductive "eaters". While even very young boys can work actively, in an Islamic environment girls have a very limited scope of action. Their contribution to the family income is smaller than that of their brothers because they will be married when they are capable of child-bearing and become economically more active. Further, they can only pursue economic activities are linked closely to the house because of the given social conventions.

In two cases, woman who were abandoned by their husbands and who could not count on the support from their own extremely poor family had daughters fostered by another family or an orphanage. In rural Bangladesh, the more typical solution of such a situation is to take the girls as maids to rich farmers: Some women had had to work for her food with another family from 8 years of age onward, or had to get married at that age and worked for their parents-in-law to receive food in return.

* Child labour

In one third of the households the children, mainly the boys, sustained the family for some time. In these cases, the only source of income resulted from the work of boys aged between 5 and 10 years. They herded goats and begged for rice. Even when the greatest hardship had been overcome, child labour remained necessary as an additional source of income for a long time. At least in such families, eight-year-old children had to maintain themselves (cf. Giving away the girls).

* Bonded labour

Some single women who were not given shelter by their families and could not live with their parents-in-law were practically taken in bondage by richer farmers. In this feudal 'clientele-relationship' called bonded labour the employer assumes the obligation to secure naked survival of the woman and her children, but on the other hand he receives all rights to utilize the working capacity of the woman, her children and descendent family members in his own discretion and without paying any wages. Bondage entails lasting, complete and comprehensive dependence of the woman on her employer. Even some children had been given to bondage (cf. Giving away the girls).

5.1.3 . Income Situation prior to the Beginning of Promotion

* Families without any income

Before they became members of Grameen Bank, 2/3 of the households had almost no income or worked for food. The women were beggars, maids, dependent labourers, divorced; their children herded goats, begged or were in bondage - people at the margin of village society and socially despised families (cf. Chapter 4). The women were among the poorest village dwellers. Hunger was the order of the day: a family of four had only 1 kilo of rice per day; one family which lived on begging had nothing to eat for one week. In a quarter of the families small children died of the consequences of undernutrition. This situation lasted for 6 months up to several years.

It does not make much sense to describe such poverty in numerical terms. This shall nevertheless be attempted to obtain a basis for comparison to assess the development initiated by the women and Grameen Bank. Prior to membership in Grameen Bank, the annual income of a family of five was approx. Tk 1,300, i.e. US\$ 39. In other words, in 2/3 of the families less than Tk 1 or 3 Cents was available per person per day. The low purchasing power of the income is illustrated by a comparison with the price of the basic foodstuffs. The price for one kilo of rice was Tk 9 (1989), i.e. on average, one person was able to purchase 110 grams of rice per day - nothing with it, and not every day. This corresponds to less than 500 Kcal per day. The basis of subsistence was in two thirds of the households drastically endangered.

* Families with some minor income

The remaining third of the households had an income of approx. Tk 10 per day. Since there were often days without any income the average annual income of households with an income can be rated at Tk 3,000 (US\$ 90).

5.2. Process of Capital Formation through Grameen Bank Assistance

5.2.1 Becoming a Member of Grameen Bank

All women stated that it had been very difficult for them to become a member of Grameen Bank. Most of them were confronted with negative reactions of their environment when they showed their interest in the Grameen Bank. The strongest resistance came from their family, i.e. from husbands, parents-in-law and neighbours. The village dignitaries as e.g. rich farmers and religious leaders whom poor people have to ask before making such decisions were also opposed in the case of one quarter of the women.

Difficulties were also created by other poor women. Women who wanted to become members of Grameen Bank themselves did not want to form a Grameen-Bank group with the new candidate since she was even poorer than the others. To the others she seemed to be too poor to become a group member, thus being considered as too high a risk factor for the loan group consisting of 5 persons.

* Resistance

Most women reported massive threats and found it difficult to overcome the resistance which included threatening with divorce and exclusion from the religious community. According to their own statements, they overcame resistance because they did not have any other hopes. Making this step required an iron will. Single women often needed the protection of a brother or of another male family member. Some of the women also had to prove to Grameen Bank itself that they were no risky case.

* Motivation

The motivation of the women to run the allegedly high risk was primarily a result of their threatened basis of subsistence and of the hopelessness of their present situation. In some cases the women's motivation was encouraged by positive accounts of relatives, their own experience with the Grameen Bank and by the awareness of some skills that could be made use of. In a few cases the husband encouraged his wife to become a member since he had recognized the opportunity a membership could provide for the family.

* Initiative

In most cases the women themselves took the initiative to join Grameen Bank. Half of the women walked long distances to contact Grameen Bank people: one woman bought a bus ticket which, given her financial situation, must be considered as an enormous investment, others walked up to 20 kilometres to the nearest branch of the Grameen Bank to invite the bank to come to their village. The other present clients were approached by the Grameen Bank and only then took the initiative to form a loan group.

One quarter of the women stated that they had to wait for some time until the Grameen Bank came to their village and they became eligible for a loan.

Building up a Group

Most women could get their first credit within a period of 2 to 6 months. According to the women, this period was primarily necessary for the formation of a group. The group formation process was described as difficult especially by very poor women: The selection of the members is carried out with much care by the other group members, because, due to the principle of rotation in granting loans, all members depend on one another. When the group had been formed, the training conducted by the Grameen Bank took a fortnight*.

* Recognition

After having received their first loan most women quickly succeeded in convincing their relatives. Those women who had had difficulties in founding their group since they had been considered too poor later gained the group's recognition and had acted for some time as president of the group or of the centre, i.e. of the association of all groups within a village.

5.2.2. Loan Assistance

The following is based on the lifestories collected in the course of the Justice and Peace/Grameen Bank Exposure and Dialogue Programme (cf. Chapters 2, 3); the objective is to obtain an idea of how the female borrowers themselves evaluate the promotion provided by Grameen Bank, it is not intended to provide a comprehensive analysis of Grameen Bank's promotion policy* .

Productive Loans

On average, the women have been members of the Grameen Bank for 5 years. As a rule, they used one loan per year for productive investments which they paid back in the course of one year. On average, they thus received a

* For further information, cf. Fuglesang/Chandler, 1988.

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loan totalling Tk 17,000 (US\$ 510) according to the loan graduation of Grameen Bank.

Most women always took the entire amount of loan; the others asked for lower loans than they were entitled to since they wanted to limit their personal risk. All women stated that they had paid back their loans regularly and completely.

Housebuilding Loans

3/4 of the women had additionally taken up a housebuilding loan from the Grameen Bank. These loans had a longer term (10 to 18 years), because they did not directly result in an income increase. The average amount of loan was Tk 12,300 (US\$ 365); in more than half of all cases these loans were taken after 4 years of assistance provided by the Grameen Bank (the lifestories however do not give any reasons for this timing).

5.2.3. Patterns of Loan Investment

The use of the loans is not determined by the Bank but by the borrowers themselves. This implies that the women must assess the chances of success of their project and plan the repayment of the loan. Advice is provided by a "Bank Fieldworker" of Grameen Bank who lives in the village. The reports revealed the following scheme for capital formation:

*** 1st phase: Investments aiming at income stabilization and capital creation**

Most women said they had used their first loan for an activity which they knew well because they had exercised it earlier or which they regarded as easy to handle and feasible. Slightly more than half of the women combined this activity, in most cases mat weaving, rice processing or rice and flour retail trade with the fattening of a cow.

Nearly all women used the first loan for two activities in order to gain a direct daily income and to be able to build up capital in the long run (cow fattening). At this stage none of the women invested the loan in means of production.

*** 2nd phase: Beginning of investment in means of production**

The use of the second loan has a similar structure. In this case, too, approx. 3/4 of the women invested it in more than one activity; one quarter combined cow fattening with a view to the accumulation of capital with an activity that provides a direct income. At this stage, however, as many as one fifth of the women started already now to invest in land or other means of production.

* 3rd phase: Capital ceation and long-term investments

In the third and fourth year of assistance the income situation of most households had improved and stabilized. Thus, the importance of investments for the purpose of capital creation increases: In the third year, half of all women used the entire amount of loan for one activity with a long-term perspective, i.e. the acquisition of means of production or wholesale trade. In the fourth year the significance of investments for capital creation further increases: 3/4 of the women invested the loan in one activity by buying means of production, extending their trade or investing in new sectors requiring a considerable amount of investment capital (shop trade). In the fourth year the importance of cow fattening decreased considerably.

This phase in which the economic situation had consolidated coincided with the application for a housebuilding loan.

* 4th phase: Investments in the future of the children

This phase is mainly relevant for older women planning the future of their sons and daughters. One third of the women stated that they were (a) saving money to provide education to their sons or daughters, (b) for a dowry to obtain a better marriage for their daughter, (c) to build up a trade for their son which is more sustainable than the present trade (rickshaw driving) or (d) to build a house for their sons. Thus, the women try to build up a long-term perspective for their families.

5.2.4 Success Factors of Capital Formation

Success Factors from the Point of View of the women

In their lifestories, the women quoted the following reasons for their success. Not all the women gave reasons, and not all of the reasons below are applicable to all women. This is rather a list of all points mentioned (cf. Chapter 4):

* Cooperation with others

In an Islamic society, cooperation with men (brother, father, husband, other men) gives the women access to activities with higher profit margins.

* Regular customers

Continuous relations with customers enable the women to adapt to their customers' demand, and personal relationships contribute to the establishment of a reliable market segment.

* Competitiveness

Familiarity with the market prices and smart undercutting of existing price levels open up new sales prospects for the women.

* Creation of an own basis of subsistence

Cultivation of land or land ownership gain much importance because the basis of subsistence of the family loses its dependence on the daily income, and self-support becomes cheaper (the money for buying the rice to be eaten in the evening need not be earned every day).

* Saving

During all phases, saving and creation of reserves were attributed very much importance by the women. Most families practiced voluntary self-restraint in consumption to be able to invest and pay back the loans. This also included control of the reserves or resources created.

* Minimization of risk

For some women, it was very important to control the risk associated with the new opportunities: The only took those amounts of credit which they were able to control, their "enterprise" grew as much as they dared to let it grow; they themselves limited the risk.

* Realistic assessment of own capabilities

The women were convinced that their own professional skills were the essential starting point for the process of capital formation. None of the women engaged in activities that were entirely new for them so that they themselves could not assess their chances and opportunities.

* Strong motivation, courage and discipline

The strong will to hold out and the courage to run a risk were the most important prerequisite for success for most women.

* Cleverness

Some women said that they needed smartness to get further. All of them agreed that without any school education they would not be able to go beyond a certain point.

* Planning skills and setting objectives

This includes the decision about investments, estimation of market chances, voluntary restraint in consumption, etc.

* Somebody to protect the women

In the case of conflicts, the lack of a recognized "protecting" person (father, brother, other relatives) was decisive for giving up an economic enterprise which had entered into competition with other enterprises in the village.

The women's considerations about factors which contributed to their success demonstrate a balance between safety and risk. They constitute elements of risk management at the level of the individual enterprise.

The women's explanations of their success highlight that they try to keep the balance between security and risk. These success factors are thus elements of risk management at the level of the individual enterprise.

Success factors from the point of view of the promoting organisation (Grameen Bank)

(as far as examined in this approach*)

The economic and psycho-social factors decisive for the success of the assistance strategy adopted by Grameen Bank were deduced from the women's lifestories:

- * Confidence in the poor:
Loan without real securities
- * Solidarity; creation of an environment:
Process of group formation
- * Chance to discover one's own potential:
Definition of one's own "project"
- * Boosting of self-confidence:
Discussion of the "project" with the group and the "Bank Fieldworker"
- * "Learning-by-doing" training in management skills:
 - ** Thinking and planning in larger time dimensions:
from day to day: in the beginning;
one week: payment of installments;
one year: term of the loan
 - ** Setting priorities:
consumption versus investment
 - ** Developing of strategies for capital formation:
investment in security, in land, in the future

* Success factors of the promoting organisation were especially looked upon in the lifestories of one group of participants; this analyses is based on the work done by Prof. Bédard, Dr. Chao-Bérhoff, H. Esser-Winckler, M. Guzman, Prof. Heinz, Prof. Latifee (Grameen Bank), Dr. Scholz and Prof. Rikken.

- ** Thinking in larger categories: handling of larger amounts of money and cooperation with others in group activities or joint ventures to expand the economic activities
- ** Integration into a larger context
- ** Development of new skills and knowledge, Building up a long-term perspective.

This kind of assistance has triggered off a development process of the women in the course of which they have learned to see themselves in another, a larger context. The self-confidence they acquired through the group and the bank system enabled them to run a higher risk, to open up new fields of action and to earn more money. In return, they gained recognition within their families and their village and became a visible part of their society, not least in their capacity as members of Grameen Bank.

5.3. Effects of Promotion by Grameen Bank (State in 1989)

5.3.1. The Household as an Economic Unit

Household and Family

Half of the women are living together with their husbands, the others are single. Most of them were left by their husbands, some separated from their husbands out of their own initiative (in some cases divorced), one woman is a widow. The women have 2 to 5 children. Some of the elder women already married their daughters (between 8 and 13 years of age), whereas most of their sons are living in the household, contributing to the maintenance of the family. In some cases other family members (parents-in-law, parents or brother) were also living in the household; the household size is 2 to 8 persons.

5.3.2. Resource Base of the Household

Workforce

In every household 1 to 4 persons earn an income, i.e. the woman herself (all households), her husband (half of the households) and/or her sons starting at 10 to 12 years (half of the households). As a rule, the daughters are not gainfully employed themselves, they help their mothers with their housekeeping duties and support them with their work. Sick or old husbands or parents (1/3 of all households) and children below 6-8 years of age (3/4 of all households) do not work for income.

One quarter of the households lives on the working capacity of the woman, the household depends on her income. These are younger women who were left by their husbands or who are married to a non-employable man. At least in these households children below 8 years of age contribute to the family's subsistence. Most of the single women are supported by a brother who is not a member of the household.

Almost half of the women support further family members (parents, parents-in-law, brothers or sisters).

Land

Farmland

Most of the households obtain their income from farming of land, one third additionally does vegetable gardening in their own house gardens with an average size of 100 square metres.

The land use shows the following structures:

1. Share cropping:

One quarter of the women have invested capital in farming of rice land on a share cropping basis. They have a 50% share in the costs and yields; the leases have a time limit. The lease time is determined by the expected yield and the amount of capital invested. The land is cultivated by the owner or by the lease holder.

2. Farm tenancy:

Half of the women have leased farmland from the owner, which is cultivated by their husbands and sons or by paid workers. The costs, type of utilization, work and yields are the sole responsibility of the lease holders; the rent is paid in money. The land is used to cultivate rice, peanuts, jute and vegetables (market products). In one case, the five female members of a savings group leased land together.

3. Share cropping of trees

The lease referred to trees, the lease holders profiting from their yield for a certain period of time. The lease of trees included bananas and jackfruits.

4. Non-registered land property

One quarter of the women own farmland. They purchased the land with the help of a Grameen Bank loan. However, they are considered as landless because the property is less than 0.4 ha, thus falling below the upper limit for "landlessness". None of the women stated that the farmland was registered.

The areas under cultivation had a size of 0.04 to 0.1 ha and were thus very small. Since they are situated in very low-lying areas, they are regarded as not being very fertile and very likely to be eroded or flooded. Due to the good climatic conditions two harvests per year are normal.

not being very fertile and very likely to be eroded or flooded. Due to the good climatic conditions two harvests per year are normal.

House Land

5. Registered land property

3/4 of the women have purchased house land in the course of their promotion. The house land usually is a small plot with an average size of 350 square meters in an unfavourable building area of the village. The house land is registered under the name of the women. Registration is a precondition for the Grameen Bank house loan, the registration fees were Tk 1,000.

A functional house with raised foundations and a watertight roof on registered landed property not only serves as a safe place for the family to live but must also be evaluated as fixed or working capital of the "economic unit household". A stable house provides the basic conditions for the women to exercise their trades during the whole year. Now she can even work during the rainy season, whereas in former times her old non-watertight, low-lying house used to be flooded. It creates safe production opportunities because she can store her equipment, products and yields. Furthermore, it serves to improve the health state and thus to stabilize the working capacity and the incomes.

Livestock

2/3 of the women own livestock, usually one cow and/or some chicken. Other livestock (goats, pigeons, ducks) is kept by one quarter of the women. One cow is worth Tk 4,000 - 5,000, one chicken Tk 50. While cows are mostly fattened with rice straw for sale, the other animals do not receive any particular care. The most common economic use is the sale of eggs or animals (goats, pigeons).

Non-agricultural Means of Production

Bicycle rickshaws are the most common non-agricultural means of production (1/3 of the women). They are operated by the sons or younger brothers of the women against regular wages. A rickshaw is worth Tk 5,000. 1/4 of the women have a market stand. They established them for their husbands or sons. Their value is approximately Tk 2,000.

1/3 of the women have a device for rice processing (deki), one household owns a bicycle to carry on a trade, one woman has a sewing machine worth Tk 2,500.

Marketable Skills

For their own business activities, most women rely on the handicraft skills they learned from their mothers when they were children, such as sewing of

blankets, weaving of bamboo mats, weaving of nets and processing of betel leaves or rice.

However, some of the women invested capital in economic activities that were new and unconventional for local women: operation of a rickshaw, carpentry, wholesale trade. One of these women pursued this activity (trading of clothes at regional and local markets) herself despite the Islamic rules; in the other households these activities are the duty of the sons, husbands or brothers of the women within the scope of the family business while the women own them.

Capital Resources of the Households

The monetary evaluation reveals that the fixed and working capital resources of the households average Tk 32,900 (US\$ 990; cf. Annex 1). These include a loan portion of Tk 8,000 (US\$ 240) on average. The equity capital is an average of Tk 24,900 (US\$ 750; cf. Annex 1). Land accounts for the largest portion of the capital resources of most households. Household inventory was regarded as a fixed capital value because it is sold in the case of an economic crisis (cf. Chapter 5.1.). This also means that the purchase of household inventory is a type of capital accumulation. The property (land, house, means of production, accounts) is registered under the women's name (cf. Annex 1).

5.3.3. Efficiency of the Individual Households

The figures mentioned in the following should not be interpreted as standards because they are not based on an empirical investigation but rather on field interviews.

Income

The total household income amounted to Tk 21,100 on average (US\$ 645; min. Tk 12,000, max. Tk 37,000) per year. This corresponds to an average income of Tk 10,550 per worker per year (US\$ 310). Agricultural yields for covering the family subsistence were obtained by most households.

Structure of Income

The households earned their income from agriculture (4/5 of households), handicraft (1/2), trade (1/3), transportation (1/3), processing of agricultural products (1/3) and in one case from a fixed employment. Half of the households combine three, one quarter of households combine two sources of income. Only one quarter of the households can live mostly from the income obtained by one economic activity.

The highest income is obtained by wholesale and regional trade (Tk 20,800), transportation (Tk 15,000; max. 21,900), shop trade (Tk 12,000) and rice

processing (Tk 9,100). The women who pursue these activities obtain from 90% (wholesale and regional trade, rickshaw), to 50% (shop trade) or 40% (rice processing) of their income from these activities. Income from agriculture (inc. livestock) and handicraft is rather secondary in importance. It amounts to Tk 5,000 on average, thus forming no more than one third of the household income. The agricultural income is usually diversified (cultivation of several products, livestock). All households have an additional secondary seasonal income, e.g. by selling eggs and vegetables (approx. Tk 300 - 3,000).

Net Income

The net household incomes, i.e. the household income minus loan costs, raw materials, operating costs, are Tk 14,500 on average per year (US\$ 450; min. Tk 5,500, max. Tk 30,500). This corresponds to a weekly net income of Tk 279 (US\$ 9) per household or Tk 140 per worker (US\$ 3.50).

Profits

For determining the profits, the net income has to be reduced by subsistence expenditure of Tk 12,700 on average (US\$ 390, cf. Annex 1). This results in an average profit of Tk 1,800 (US\$ 55) per household and year. This means that theoretically the households are able to save 12% of their net income per year on average.

The highest profits result from operating a bicycle rickshaw. The purchasing costs of a second-hand rickshaw amount to Tk 5,000, the annual income averages Tk 15,000. The profits obtained by the cultivation of land are also interesting. Capital investment in leased land or share cropping provide yields which correspond to an annual interest rate of the capital of 30% to 45% when evaluated at market prices (the yields are usually marketed). When considering the high harvest risks a safe minimum interest rate of 20% per year can be assumed.

5.4. Evaluation of the Economic Effects of Assistance

5.4.1. Effect on Income

With the help of the assistance the women could dramatically increase their income. In most cases the net household income increased from Tk 1,300 to Tk 14,500 (US\$ 39 to 450) over a period of 5 years on average. This corresponds to a theoretical annual increase in income by Tk 2,640 or 200%.

5.4.2. Capital Formation

During an average assistance time of 5 years the average annual capital formation is Tk 4,980. The average annual saving rate is thus 24%. Investment in land as a type of capital investment is a rational utilization of the savings and furthermore contributes to a long-term stabilization of the resource basis of the household.

5.4.3. Effect on Employment

On average, assistance to one woman created 2.3 jobs in the course of 5 years, including 2 jobs within the household itself. One quarter of the women furthermore created working opportunities for non-members of her household.

5.4.4. Sustainability of the Effects

The economic activities are limited to the economic sector of poor people, the so-called People's Economy; their effects seem to be sustainable for as long as Grameen Bank exists as a promoting and protecting institution. If the enterprises continue growing at the same pace as they have done so far, reaching the limits of what the local or national society concedes to the poor members of the People's Economy, the future perspective of the enterprises will definitely depend on the pace of growth of the actual bank and on how it will be able to adapt its promotion to the new demands of its customers (cf. also Chapter 6).

5.4.5. Conclusions

5.4.5.1. Conclusions for Development Policy

Grameen Bank differs from a "normal" development bank as promoted by development cooperation mainly by the following elements* :

* the type of borrower:

With the help of the low credit limit and the group formation (solidarization) a target group far below the trade sector is reached. This results in a very good distribution of income.

* the type of credit use:

The credit use produces demand for locally produced goods (e.g. straw, wire, tools such as pliers, etc.) and is not aimed at capital or investment goods most of which are imported. This helps to strengthen local markets.

* the utilization of the additional income:

The additional income generated is not used for imported goods but rather to cover basic needs (better food, clothing, schooling for the children) or it is reinvested. This also creates regional demand and initiates multiplying effects.

* These are considerations based on inputs of Dr. Hammel, KfW; they have been endeepened together with Prof. Knall and his colleagues of the South Asia Institute, University of Heidelberg and discussed with representatives of organisations of the South during a workshop of Justice and Peace and Grameen Bank in Weiskirchen, 1990.

The effects of promotion through Grameen Bank must be evaluated as follows on the background of the overall economic development:

- * the effect on income redistribution is high,
- * an effect on property redistribution could emerge by purchase of land,
- * purchasing power is created among the poorest groups of the population,
- * the increase in purchasing power is exclusively directed at locally available goods and services, not at imported goods,
- * the increased income is invested for covering basic needs (work, food, house, education),
- * the utilization of the increased income again creates regional demand and has multiplying effects.

Thus, Grameen Bank is an example of a basically demand-oriented development model, i.e. an approach which is aimed at increasing the demand potential instead of raising the supply.

5.4.5.2. Macroeconomic Conclusions

What could these results mean on the background of 800,000 Grameen Bank customers? Will they trigger off an overall economic dynamics and initiate development processes? And what are the preconditions for a development process at a larger scale? Which are the limits (e.g. effects of saturation, institutional limitations)? Which effects could this have for the economic policy and economic planning of the countries of the South?

These questions arise after the examination of the micro-economic effects of promotion. The next chapter is designed to add further considerations on this issue.

5.4.5.3. Conceptual Conclusions

- * Regarding the concept of the "entrepreneur"

The micro-economic analysis of the lifestories shows the entrepreneurial potential of very poor women on the margin of the Islamic society in rural Bangladesh. It demonstrates that entirely destitute, uneducated people can be "entrepreneurs" if given the chance. The evaluation clearly shows how this ability, and combined with it the "enterprises", is built up slowly, step by step. The choice of activities, the investments and their sequence evidence entrepreneurial instincts, but they also indicate the individual differences.

* Regarding the concept of risk

The analysis shows that poor women are very much prepared to take a risk. Since they know that they were backed by the support of an organisation they could feel safe. Besides, they themselves had decided upon their activity and their investment: They could evaluate the risk, the risk could be estimated. Their choice of technologies and investments was conservative, so that the risk became calculable. Safety makes risk bearable.

* Regarding the concept of "empowerment"

The analysis shows how opportunities are created and capabilities can be developed. It thus points out the role played by the promotion system (which in itself was not the subject of the lifestories). "Empowerment" of people at the margin of society means the chance to realise potentials, and it is the task of the promoting organisation to render segments more potent.

6. Considerations on Development Economy and Policy Issues: Macroeconomic Interpretation

(Dr. A. Aguirre, AIDE, Manila/Philippines*)

This chapter is based on a spontaneous reaction of an economist to the lifestories and the results of their microeconomic analysis. In his paper "Folkeconomics and Thirteen women in Bangladesh", Dr. Aguirre, Head of the Asian Institute for Distance Education, himself not a participant in the Exposure and Dialogue programme in Bangladesh, reflects on some development related economic and policy issues, such as the significance of the people's economy for the overall economy and the perspectives for its further development. The points raised below are citations of the main statements of Dr. Aguirre's paper:

6.1. What Does "People's Economy" Mean ?

The economy these people live in hardly benefits from the technology, the markets, even the government policies of the richer sector of society and since it is the product of much of the innovation done by the poor themselves, we shall refer to it as "people's economy". This term we consider synonymous with "popular" or "populist economy" or "folk economy".

6.2. Some Theoretical Considerations

The uniformly short and unspectacular, but for the narrators, very dramatic forward thrusts related in the lifestories bring out what, in effect, are necessary conditions for the improvement of people in the throes of destitution.

1. Preconditions for Overcoming Marginality

*** Own initiative:**

The first precondition is that they must "take to heart" their own cause, even unto the virtual exclusion of other considerations. In other words, they must singlemindedly think of themselves and promote their own welfare.

*** Support:**

Secondly, they must be supported by others; monetary help not being the least expression of support for their efforts to take their fate into their own hands.

* Dr. A. Aguirre, Asian Institute for Distance Education Found., Manila, Philippines is a former participant in an Exposure and Dialogue programme in the Philippines (1987). The text reflects the author's opinion.

* Self-confidence through success:

Determination and hard work on the part of the women and "cheering" from the sidelines and a small wad of money go a long way to build up a lot of self-esteem, which is based on the "evidence": the relatively modest material accomplishments which in their social context are next to miraculous.

2. Access to Markets

* Access to markets of the poor:

The lifestories all indicate that the market for whatever the debtors produced was essentially the "traditional", indigenous market, i.e. belonging to their own "culture of the poor". These entrepreneurs could not "cross" the invisible line that separates their markets from that of the less poor, the "wealthier" segment of their society. In principle, therefore, it may also be a precondition for the success of lending operations among the poor that their enterprise or venture should produce those goods and services consumed or used by the poor themselves.

* Access to non-poor markets:

There is no proof in this collection of lifestories that if the poor produced goods or offered services consumed by the rich, they would also succeed. One would think that the tendency would be for the poor not to be able to penetrate the rich man's market.

* Competition with "better-off" entrepreneurs:

The market of the poor is not exclusively his. The same stories show that there are the (comparatively) well-to-do "predators" also doing business in the poor man's market. Thus, access by poor entrepreneurs to the market of the poor is usually possible if they do not compete with or erode the profitability of the wealthier entrepreneurs operating in the same market.

By implication, only if goods and services offered by the poor do not compete with those of the wealthier entrepreneurs is market access possible. The same condition holds with regard to access to "non-poor" markets. Instinctively, the poor women entrepreneur-investors in this collection demonstrate that they are aware of this market restriction. One who forgot it got brutally reminded.

3. Production Technology

The technology employed in production by the poor is also traditional, age-old even. More "high-tech" or even "intermediate level" technologies are not employed generally because of "unaffordability". In fact, the use of higher technology production methods is shown to be unnecessary to gain access to the type of market suited to the output of the poor.

These methods may be useful, however, for access to the higher economic level markets - but they will require more capital to develop and are thus normally beyond the means of Grameen Bank borrowers.

4. Market Segmentation

Entrepreneurs or merchants from the higher social classes have access to higher forms of technology as well as to lower social class markets, the lower class entrepreneurs usually do not have access at all either to higher-level technology or markets. This restriction of access may be totally accounted for by the fact that goods and services consumed along the higher-level groups (the A and B markets in advertising language) are not affordable by the poor. If such is the case, it can be said that there is market segmentation, probably even dualism, in the economy.

Moreover, if we trace the basis for this dualism, it will be discovered that the people's economy can be distinguished or even defined in the cases studied by the almost total lack of imported inputs in the products it produces and consumes. To a limited extent, the absence of direct dependence on foreign markets for its income may also characterize it.

The "other" more "modern" economy (which is generally reflected in government statistics and to a great extent in the international "league tables") is the exact reverse. A scrutiny of the production and consumption of the thirteen women reveals the lack of import content or dependence on export income.

5. Monetary Aspects

*** Velocity of circulation:**

The velocity of circulation of money in poor economies within most dualist societies appears to be relatively fast compared to that in the richer, more "developed" segments.

This velocity must make up for the relatively small amount of money in circulation in the "poor man's market". Money comes in and goes out very fast in each household and the small amounts involved assure us that money will indeed keep rolling. If money moved around more slowly there would be little or no effective demand for the output of the other poor producers, which could lead to defaults in repayment of bank loans.

*** Demand:**

The fact that there is effective demand is bolstered by the observation that there is prompt payment of bank loans. This has implications for savings policies for the poor. When many of them save up, circulation of money slows down considerably and fewer people will have money pass through their palm within the day.

Moreover, the faster velocity of circulation creates a "working illusion" that there is enough money for all, since some money is available for anyone at some time or another within the system. In other cultures, this phenomenon comes in the form of "exquisitely small" retail transactions (e.g. one stick of cigarette, one piece of sweets, one sheet of writing paper etc.). This is also the conclusion that can be made from the small amounts allocated by the households investigated to various expense items.

* Capital investments and transfers:

Thus, there is little or no room for "lumpy" or large capital investments which, if generated within the system, would tie up a substantial portion of money in circulation in the system. Only when the poor begin to sell to the richer sectors, the sectors where the velocity of circulation of money is assumed to be slower, because money can be "tied up" in the form of savings and investment can the poor expect to become more capital intensive and high technology-using producers.

Moreover, only when "transfers" from the low-circulation sector to the high-circulation (poor sector) take place will money in dualist economies help alleviate the condition of truly poor.

* Capacity of absorption:

This does not mean, however, that massive transfers must take place. We must reckon with the "absorptive capacity" of the poorer sector of the economy - as implied when the thirteen lifestories refer to self-imposed restraints in borrowing levels.

Consequently, bank lending operations in the people's economy are probably best kept at "low" or "small" levels. This is a realistic assumption that will have to be made if Grameen Bank itself and similar banks in future are to remain useful to the poor.

6. Future Prospects

Despite the gains chalked up by the bank borrowers, it must be said that there is no way they will ever be able to attain Western-type progress for themselves in the foreseeable future. It is thus best, policy-wise, for government itself to be very conscious and careful about propagating Western-style products or development ideals within the people's economy. These will not be satisfied or met in the lifetime of many people. And it is just as well that they are not, for the thirteen stories powerfully argue that most of development must come from lifting one's own bootstraps.

6.3. Additional Considerations

Besides some of the considerations already cited earlier, we must turn to a few other points which have a bearing on the subject.

1. Need of External Capital

The fact that at its inception Grameen Bank itself could not have been capitalized by the poor shows that there was transfer of capital from whatever sources Grameen Bank got its capital and loanable funds in the first place. This must be so because within the people's economy (at its very tight, near "destitute" levels) there is no surplus, no member of that system is expected to be able to improve his standard of living except at the expense of another - whose standard of living promptly diminishes - if there were no exogenous capital transfers. Thus there is no net gain in welfare within the economy.

The only way to achieve a situation where one or some members of this sort of society progress or advance while no one else declines in welfare is when there is a transfer of funds from outside the system. This is why income or wealth redistribution is often prescribed as a solution in such cases.

At the present stage of Grameen Bank, this must be the case, i.e. there is an exogenous capital transfer, as the bank's capitalization and loanable funds grow, to keep pace with the growth of demand for loanable funds. This growth may help attract more exogenous or outside funds for the use of the poor. Otherwise, the improvement of the lot of some members of the system will be achieved only at the cost of some adverse effects on others belonging to the same level of poverty.

2. Capacity of Absorption for Exogenous Capital

What supports the view that Grameen Bank will be able to keep pace is the presence of preconditions for capital stock growth from outside the circle of the poor. Such preconditions are:

- (1) the fact that Grameen's borrowers are able to increase or improve their productive capacity, making them capable of repaying their debts and thus helping Grameen loan out funds to more users within the system;
- (2) the acquisition and mastery of certain livelihood-making technical skills (no matter how simple, like rice-processing, bamboo basket weaving, furniture making etc.) which are helpful in creating surpluses which can be channelled through Grameen Bank and lent out as well. But more importantly, this "technical progress" should allow the poor to "break into" the richer man's market - thereby facilitating capital transfers across internal "social borders";
- (3) the development of managerial skills/discipline and "credit responsibility" (i.e. the self-discipline essential to borrowers) which help stabilize whatever gains the system may have or experience, thereby attracting more exogenous help for Grameen and the system itself.

3. Type of Exogenous Capital

Because of the large number of poor people who may be looking to Grameen Bank for help, it will have to grow faster than its income from operations will allow. Consequently, a systematic program of capital expansion should be considered necessary, so that a clear and sizeable transfer of funds from the richer sector to the poorer sector can be facilitated. The "richer sector" here need not be within Bangladesh itself, nor should it as a matter of "principle" exclude government funding support.

However, it must always be kept in mind that income from operations is mere reallocation of the limited amount of capital in the circle of the poor if it is not augmented by funds from outside that circle, like additional capitalization, donations from funding agencies, or more importantly, investment income from the richer sector of society.

The future success of this Grameen Bank experiment will lie in the ability of the poor entrepreneurs to penetrate the market of the more affluent, thereby effecting a higher amount and rate of capital transfer to the poorer sector. This can be done by carefully choosing what products to offer the wealthier market and to avoid competing with the wealthy producers themselves. The formulation of this strategy should be next on the agenda of all agents and agencies concerned about the future of Grameen-type operations in the Third World.

If access to the "rich man's market" continues to be denied to the poor entrepreneurs, the system could eventually fizzle out, simply because there will always be a lot more people experiencing "deficits" - whatever that means - than those with surplus funds among the poor which may be lent out through Grameen.

6.4. Other Notable Successes

Note some other points that will have to be considered as well:

*** New leadership roles:**

First, Grameen has encouraged the emergence of non-traditional leadership in the family. The family itself, because of the new leadership may tend towards "nuclearization", as the mother is now in the position to set up a new household - away from in-laws or even her family of origin - as the readings state.

*** Tendency of nuclearization of families:**

The move towards "nuclearization" implies that newly-found "prosperity" tends to create concentration of resources to be shared by less people than before. This only bolsters our theory that there may not be enough resources among the poor themselves to permit an indefinite growth of the "Grameen system", unless there are exogenous capital transfers as well. Without these capital

transfers, prosperity among the poor can only be bought at the expense of others who will have to have less. This is a parameter that has to be closely watched.

* Reaction of men:

Where the fathers appear not to have been able to assume leadership, for a variety of reasons, the mothers have taken over. This "role switching" bears watching, within an apparently traditional society like Bangladesh, if only to avoid future resistance to the Grameen approach, when the time comes that fathers "switched out" of leadership roles decide to do something about their predicament (which could easily consist in being deprived of the bearing of the prosperity of their wives' households).

* Significance of women:

Second, with this new role for women, an impetus is given to the emancipation of females. This is cause for celebration as far as advocating a more meaningful role for women in development is concerned. Corresponding to this, however, must be a retraining of males to perform some of the women's nurturing roles in society. This may include enculturation aspects. This opens up another area where meaningful assistance can be extended to poor societies.

* Social recognition:

Third, prestige and self-confidence have been introduced into the lives of the female borrowers of Grameen Bank. This is an important component of any credit system in the world: the borrowers' confidence that they are capable of repaying their loan. This development is also an added attraction which could make Grameen-type operations very attractive to simple, ignobly motivated capitalists and rentiers. The system by itself or with the help of legislation it should propose should control this possibility.

6.5. Reservations

As in most stories of development, certain reservations and cautions have to be noted, however:

* Income and family authority:

Headship of the family, as a result of the immediate preceding observations does seem to be determined by whoever earns the family income. Authority is thus equated with a materialistic yardstick - an interesting concept of emancipation and a question that should be discussed because it could negatively fall on Grameen Bank's doorstep in this traditional rural environment.

* Size of loans:

The amounts borrowed from Grameen Bank were never sizable, which probably accounts for their being easily absorbed and assimilated by the system. As people progress and bigger loans are needed, will this system be allowed by the rest of society to continue growing?

3. Institutional constraints:

As these poor people become bigger, they will be pushing outward the invisible boundary that divides their economic sphere from that of others. It should now be studied what an institution like Grameen Bank should do in such a situation to continue to be of help first to reach that stage faster and second, not to lose sight of the need to continue helping the poorest of the poor, when that stage is reached, since the "better off poor" may tend to use up the institutions resources at that point.

4. Government:

It may be premature, but very clear ideas about how the people involved in the Grameen system look at government should now begin to be developed. A definite approach and strategy towards government will need to be fleshed out, sooner or later.

6.6. **Significance of Results**

The significance of the lifestories and their microeconomic analysis is to be a refreshing proof that there can be a way out of poverty even for very impoverished and near-destitute women in Bangladesh. It is something that economists and policy-makers could profitably read, provided they are at least slightly motivated by a desire to contribute to the uplift of human condition. They should not expect to read about quantum leaps from destitution to wealth, however. Rather, they should be ready to go through the painful, discrete steps from a lot of poverty to a little less poverty; from near-total destitution to mere poverty.

One can conclude, at this point, and say: it takes more than thirteen case studies to make a scientific investigation. Let us hope that more investigations can be done with the specific view in mind of "reconstituting" the economics of people's economies.

7. Conclusions

Thirteen lifestories of 800,000 Grameen Bank members are by far no representative sample - but at not time had it been intended to draw quantitative conclusions about the Grameen Bank customers. The interpretation of these lifestories under different aspects was rather designed to provide qualitative results.

The objective was (1) to gain insights and (2) to the extent possible, get impulses for future work about the economy of the poor, the people's economy. The following issues turned out to be of particular importance:

*** Significance of Household- and Micro-Economy**

It was shown that a larger concept of the term household must be applied to the smallest economic undertakings of the people's economy which include the women's enterprises: the household does not only act as a unit of consumption, but also as a unit of production. In the future, the household economy should be dealt with more profoundly and investigated extensively applying methods of microeconomy. Interesting questions in this context include the significance of the women in the household economy, the household economy and the security of survival, as well as the change of the microeconomic structures with increasing growth of the enterprises. These issues are important for any concepts of sustainability of the enterprises.

*** Some Elements of Sustainability at Micro-Level**

In addition to purely economic aspects, sustainability at the micro-level comprises the acting person as a second important factor. However, the sustainability of an enterprise at different stages of growth depends on further features which must be considered. As shown in the stories, the entrepreneurial potential of a person at the margin of society can be built up successfully by means of adequate promotion. However, to what extent can this example be generalised? Are individual entrepreneurial activities also possible in a different cultural context? Where are the limits of growth of the individual, of the poor or of the women? When do men take over the activity, the enterprise, etc., and is it possible to prevent them from doing so? What scope of action does a rural society, including that of Bangladesh, concede to poor entrepreneurs? At what point do they compete with the formal economy?

*** Considering the Promotion System**

One key element of the women's success is the support they receive from a promoting organisation. The same key role is played by the promotion system regarding the sustainability of the success of promotion. How flexibly does the promoting organisation react to the changing needs of its clients? How does it succeed in coping with the growing number of customers: does it gradually lose its qualities? What is to be done to make it become or stay sustainable and independent itself in the long run.

*** Interfaces with Modern Economy**

The macroeconomic considerations clearly demonstrated the differences between the economy of the poor (people's economy) and the modern economy. Nevertheless, it became clear that the way in which the two circular flows interact decisively influences the development of the people's economy. Little is known about what the interfaces with the modern economy look like. However, this knowledge will become just the more important the more successful the promotion system works, i.e. the better the enterprises of poor people manage to form capital and to invest and the more the number of people promoted grows.

ANNEX

A 1 Selected Lifestories

Lifestory of Habaddan Khatun
by Prof. Guy Bedard & M. Margarita Guzman

Introduction

The first time we met Habaddan was during a special meeting in the Grameen Bank center of Agradut No. 9 of Wahedpur Hisarbi, where Grameen Bank counts 908 members, which means a coverture of 39% of the landless of the territory. We went to her home three times during the week, sitting in the house or outside with her or accompanying her when she worked or when she was on her land.

Habaddan lives with her family, mother, brother and child, in a good rented house which is 7 metres long and 3 metres wide, with a good floor made out of clay plus cow dung, and walls made out of cane and bamboo works. The roof is made of the same bamboo and cane and covered with thatch and sticks.

Habaddan, occupies the left corner of this house, a 2x3 metres room.

We noticed under the ceiling a lot of unfinished carpets and baskets made by herself at night since she has light (only one lamp: 55 Taka / month), and very nice carpet well organised with saris and cloth to give a very charming appearance of her habitat.

We noticed also that the bed took half of the total space and was covered, with a very nice carpet.

At the back of the room we can distinguish the kitchen with everything in a specific order and necklaces, shoes and sandals well disposed in a very clean atmosphere. Small round benches, handmade by herself, have been prepared for the visitors.

Here is her lifestory:

" I am the second out of five in a very poor family. Two of my sisters died when they were 2 and 3 years old. Only I and two brothers survived, one being in Dhaka and the youngest one with me (18 years old).

My father worked on a dayly labour basis, so that me and my brother didn't have the opportunity to go to school.

Since I was very young I had to work and the income received for my family was very low and often we did not even eat two meals a day.

When I was eleven years old I got married with a man, military by profession, who was thirty years of age and often out of my family life. Ten years later my husband left, I was pregnant at that time and had two girls of 6 and 2 years. I tried to know why my husband left and went to Dhaka to look for him and discovered that he was married. I felt very frustrated and not knowing what to do. I met at this moment a family who offered me to take care of my two daughters.

This decision was difficult to take because I was pregnant without a job.

I have been involved in the Grameen Bank activities since six years. One day the G.B. opened an office near my house. Then I went to see the Branch and offered my services to take care of this house for the first time in my life. I received a regular income of 80 Taka a month and I began a very good relation with this man and his employees. They helped me to take care of my girl and I felt I grew up as a person with the confidence they put on me.

When the manager fell sick and everybody around was afraid to take care of him, I played the role of his nurse. To express his gratitude he gave me my first most beautiful sari and when he left, he gave me a large bed, I use since that time for me and my daughter.

Seeing people coming and having meetings in the office, I took interest and began to believe that I could do something and be a member of G.B.

In fact, I had a dream: to have my own land, and it is the reason why according to the G.B. ideas I went around the villages to find other ladies to form my group. Hence, I needed to accept because I had not other options.

My life changed since I received my first loan. My friends and me never had any relation with money lender or with loan because we were not interesting client for them.

I could buy my first cow, which gave me a calf and milk for my family and for sale. More over, I could buy a special tool for husking rice. In the meantime I produced vegetables and fruits, made carpets and baskets and took care of chickens and goats, then I asked for a second loan at the G.B. and could buy a second cow.

As I said at the beginning my dream was to have a land and the time I found a small piece of land (20x25 m) which the owner sold me for 19.000 Taka including the registration cost (1.000 Taka). At this moment I decided to sell the cows at the price of 8.000 Taka, with 1.000 Taka I had in my G.B. saving account and the support of my group, I get a housing loan of 10.000 Taka.

So I felt more secure and decided to divorce my husband, and when he was notified he came back to me and tried to live with me again (it was the first time that my daughter saw her father) and of course I did not accept because I waited too long for him and I discovered that I can live alone.

Sometimes when I try to remember how unhappy my childhood was, and how I could survive with so little food to eat, I really felt very proud of me because now we can eat three meals a day. In fact in the morning I eat bread and vegetables and to my girl I give puffed rice, tea and sweets. For midday and afternoon, we take rice, fish, soup and sometimes eggs with vegetables.

I really felt like living in a family life because after taken my lunch, my mother takes care of my house, when at five o'clock each morning, I take my girl with all the

students of the neighbourhood to the school where I am a peon. For me this job is very important even though it is 4 miles far away, because I can offer my girl the best opportunity to study and I can learn a lot and more over I earn 400 Taka per month. When I came back in the afternoon my brother supports me with his work on the land and around the house.

Finally I can sit down in my house and under the electric lamp I can go ahead with my handicrafts. My best creations are send to my daughters in Dhaka.

Future:

My plans for the future are simple: I want to be happy. I need to have my own house with a loan from the G.B. and I need to see my children happy.

Until now I feel likle I am a blind person but I will see the future through my children. If I can make my children happy I will be very happy.

If I think to get married again, now I say no, because my experience is that men only want to take away my time and energy and give nothing in return. I don't close the door but I want to find a man who takes care of us and gives me affection.

I am not a person to be only a wife: I want to continue to work and to create things. I will be very happy to find somebody to do so with me.

At the beginning people could not understand mke, why I needed to have many activities, why I accepted to leave my children in Dhaka. But now they understand that it was to rebuild my life. At that time it was impossible to support everybody.

If I am completely honest, I must say that I am not totally happy because I am always worried about the future of my oldest girls. I don't know until when they will be allowed to stay with "their" family in Dhaka. If they come back here, it is going to be very difficult for them to readapt, but I hope, that when I have my own house in the future, I may offer them a place to stay with me.

Conclusion:

Being a member of the G.B., I can get support for my new activities and I know now that if I select a good project and I put all my energy to push it, I can easiliy pay the loan to the G.B., save a lot of money and reinvest it to make my next dream come true.

For 6 years I not only grew up with the G.B. but the members of my family also grew up because I feel the G.B. system is now like my own life."

Profit and loss account / Habeddan Khatun
1 year - sp/89

<u>operating income</u>	month	year
Salary: peon at school	400 Taka	4.800 Taka
commerce: fruits, vegetables	100 Taka	1.200 Taka
handicraft: carpet, basket	320 Taka	3.840 Taka
loan		3.000 Taka
		<hr/> 12.840 Taka
<u>operating expenses</u>		
house/rent	42 Taka	500 Taka
electricity	55 Taka	660 Taka
food (10Tk(kind) + 15 Tk x 30 days	450 Taka	5.400 Taka
raw material / handicraft	200 Taka	2.400 Taka
installment for loan (50 x 60)		3.000 Taka
interest for loan		240 Taka
		<hr/> 12.200 Taka
net income		640 Taka

Balance sheet of Habaddan Khatun

Assets	(1)	(2)	(3)
cash in hands	-	100	440
cash in bank	-	9.000	134
inventory	-	50	250
current assets	-	1.200	13.200
fixed assets			
- land	-	-	19.000
- equipment (4)	-	<u>1.200</u>	<u>1.200</u>
Total assets	-	11.500	34.324
Liabilities / capital			
bank	-	8.000	8.765
(5)			
own capital	-	<u>3.550</u>	<u>25.559</u>
Total liabilities and capital	-	11.550	34.324

note (1) figures before G.B.

(2) figures before ownership of the land

(3) figures now (Oct. 89)

(4) tubewell acquired by G.B. loan

(5) housing loan 7.325 + working capital 1.440 =
8.865

.. from 0 to 6 years ago, the own capital of Habaddan Khatun is 25.559 Taka which increased during the last two years by nearly 700%.

Sigrid Möller, Gerard Rikken
Facilitator: Md. Zobairul Hoq

Hajera Begum

Childhood and Youth

Hajera was born 30 years ago in Khirati Kapashia, Monohandi Subdistrict, Dhaka. She was the second daughter and third child born to Abdul Halim and Halima Begum. After Hajera the couple gave birth to another six children, three girls and three boys, of which the youngest is presently ten years old.

Hajera's father has been most of his life a simple farmlaborer whose income was small and irregular. The family often was without food for two to three days, and illnesses struck frequently. Hajera recalls that she was sick with severe stomach pains at the age of eight. When the pains did not subside her father brought her to the nearby hospital where she slowly recovered after two months.

Around the age of eight her parents told her to go and work with other families to provide at least for her own sustenance. In the homes of these families she was made to wash the dishes, clean the house and premises, attend to the small children and feed the animals. In the evening she would return home, occasionally bringing with her some food for other family members. Because of these work obligations at an early age she was able to go to school for only two months.

Marriage and Children

Her sisters were betrothed at an early age of 13 to 15. When Hajera was not yet married at the age of 16, she and her parents started to get worried that she was to go thorough life without a husband. The anxiety and embarrassment increased when her younger sister married ahead of her. Her father went to the extent of making her feel that she had become a burden to him, she narrated with tears in her eyes.

All this time she was working in other people's farms or houses. Those who knew her were concerned with her plight and started searching for a potential life partner, aware that her chances would diminish with the passing of years. There was in the neighbouring village named Angoon Char a young man, 26 years old. He had been blind from the age of five, a side effect of typhoid fever. The man lived alone in a house left to him by his father out of pity. All his brothers and sisters were married. They took care of him and provided him with the food and clothing he needed. One day relatives of the blind Abdul Bhaki approached Hajera's father and suggested to him that he give his daughter Hajera in marriage to Abdul Bhaki. It was a difficult decision for the father, the more so when upon consultation all relatives were against the marriage. Nevertheless, he decided in favor of the marriage. No dowries were demanded or given when the wedding took place. Hajera took her abode in Abdul Bhaki's house in 1977 at the age of 18.

Hajera gave birth to a boy in 1981, a girl in 1984 and another boy in 1987. She would like to limit her family to those three children.

House and Belongings

Abdul Bhaki's homestead covers an area of about 300 sq ms (20x15 meters). On the left of the courtyard when one enters the place, are the living and sleeping quarters of the family, a three by five meter house with a slightly corroded galvanized iron roof and walls made of bamboomats and jutesticks, covered with mud at the lower portion. The house stands on an elevation of mud about 50 cm high to prevent water from flowing into the house during periods of heavy rain. In the house one finds the family's simple belongings: a large bed, clothes, bags, some big cooking vessels and behind a bamboo mat partition a table and on it containers with chaff and ricebran, materials and some equipment and household provisions.

On the right of the courtyard opposite the entrance of the house and about eight meters away from it is the kitchen and workarea. It is a shed of about 3 by 2 meters and of similar structure as the main house. In it one finds the equipment for their paddy-husking activities, a large container in which rice-paddy was being soaked, some smaller vessels, wanning plates made of bamboo and leaf materials and a paddy pounding contraption resembling a seesaw. It has a heavy round pole, about 4 inches in diameter attached with an iron pin to two short posts dug into the mudfloor. The plank is moved down by foot on one end and pulled down on the other end by the weight of the round pole. The pole pounds the paddy poured in a small hole in the mudfloor.

(picture)

At the edge of the courtyard on the right of the main house, is another small open shed and a little towards the center of the courtyard a ricestraw stack. In between the shed and the ricestraw stack is a passage way into a luscious growth of jackfruit, bamboo and other trees which form the background of the courtyard. A cow is tied to a pole of a structure used as a trellis for vine-type vegetables right in front of the fence near the background of the courtyard. Some goats, chickens and ducks are freely roaming around.

The homestead gave a clean and orderly impression but did not hide the family's poverty and deprivation. The homestead is located in the middle of the village and surrounded by a scatter of other courtyards with trees and bamboogrowth. The homestead is reached from the road leading to the village in between paddyfields via narrow labyrinth-type passage ways.

Joining GB

During the first 7 years of their marriage life had been very difficult for the family. The only income was the money Hajera earned from doing farmwork and other household chores for other families.

Once in a while she was forced to ask assistance from her father and other relatives. The father's economic situation had considerably improved when his four boys had grown up and started to help out in farm activities. He had managed even to purchase an acre of paddy land.

Hajera tried a few times to borrow money from moneylenders to expand their paddy husking activity which they had started from the savings from their farm labor earnings. None of the moneylenders however was willing to give them money mainly because

of Abdul Bhaki's blindness. They did not believe that the family would be able to repay the loan.

By the end of 1986 Hajera heard from the women in the neighbourhood about Grameen Bank and the loans it provides for small income generating projects undertaken by women in poor families. She became interested and discussed the matter with her husband Abdul Bhakhi to obtain his permission to attend the meetings of G.B. He refused. He had heard in the neighbourhood that Grameen Bank was after the properties of poor people; that it was a foreign Christian institution out to destroy the people's religious and cultural traditions. He even threatened to divorce her if she ever joined the G.B. program.

Hajera, having known hardship and deprivation, and sensing an opportunity to improve the life of her family, was not easily discouraged. Secretly - that is without the knowledge of her husband - she started to attend the sessions. For two months she listened in at the side without actively participating in the discussions. Then she was approached by a group that needed one more member. She consented and started to formally participate in the sessions. She had to take the examination twice. Then after four months she was the first in her group of five to receive a loan in the amount of 2000 Taka.

When she had the money in her hands she was happy and proud: not at all frightened, she said, that things would go wrong or that she would lose the money. The sessions and interaction with the other group members, all women from the neighbourhood, had given her self-confidence. She knew that she had the full support of the other group members.

By village custom she was not allowed to travel far from her house to buy the young cow for which she, upon deliberation with her group members, had decided to use her loan. Thus she entrusted the 2000 Taka to her father with the request to buy the young cow for her family. When after four days upon receipt of the bankloan, the father delivered the animal, at Abdul Bhaki's homestead, he said grimly: I hope it will bring you luck. The blind Abdul Bhaki was somewhat more excited. Hajera narrates: he felt the animal with both hand, its back, its size, the length of its ears and tail, its legs. Then he smiled. He was happy, she said, and had apparently forgotten to make good his threat to divorce her.

Use of loan and income

The remaining 800 Taka of the bankloan was used to purchase a larger trading stock of paddy for husking. Paddy is bought either directly from farmers, especially during harvest time, or from traders in the market place. After husking, the clean rice is sold in the market place, usually by Abdul Bhaki accompanied by his eldest son. His taking care of this part of the business is never without risk. While other vendors are helpful in making sure that he gets the right amount of money for the quantities he sells, it has happened several times that he was pickpocketed and lost all his earnings of the day.

Aside from purchasing paddy and selling rice in the market Abdul Bakhi also helps with paddy husking. Stepping on the plank, bringing it down and letting it go again perhaps several thousand times every day is heavy work. The couple takes turns in doing this, sometimes they do the pounding together. The family engages in this paddy husking activity for about 6 hours every day. In this period they are able to husk 40 to 50 kg. The 50 kg of paddy

is converted into 32 to 33 kg of clean rice. They buy a sack of paddy (48 kg) for 260 Taka. The clean rice is sold for 296 Taka, leaving them a net income of about 36 Taka a day.

Hajera sold her fattened cow after one year at a price of 3000 Taka. Meanwhile she had paid off her bankloan at equal weekly installments of 40 Taka (2 percent of the loan) over a period of 50 weeks plus 160 Taka interest at the end of the period.

More loans and activities

After this good performance Grameen Bank upon her request and with the approval of her group members granted her another loan in the amount of 3000 Taka, 1000 Taka more than the first loan. Of this amount 2000 Taka was used to lease a piece of land planted with 70 banana seedlings and the remaining 1000 Taka for another young cow.

The proceeds from the sales of bananas amounted to 3000 Taka. She had spent approximately 200 Taka for fertilizers. Her profit after deducting the lease price was 800 Taka.

Hajera says that she does not buy any feed for her animals. Feeds are what nature in the surroundings provides and straw gathered from her ricefield. Once in a while she feeds her cow some ricebran, a byproduct of her paddy-husking business.

In 1987 she acquired 18 decimals of ricefield in mortgage for which she paid 12,000 Taka in three equal installments of 4000 Taka. Proceeds from the sales of her livestock (cow, goats, ducks, chicken) and some savings from farm labor had made this acquisition possible.

The ricefield produces 150 kg of paddy per crop.

After she had paid off her loan of 3000 Taka at 50 installments of 60 Taka plus 240 Taka interest, she was given her third loan of 3500 Taka.

Of this amount 1300 Taka was used to purchase another cow after the second was sold. This is the cow she is taking care of now. The cow is pregnant, she says, and she has no plans to sell it for slaughtering.

She leased the banana plot for another year at the price of 2000 Taka which she took from the bankloan, and which hopefully will gross her again 3000 Taka.

The proceeds from the sales of the second cow and other livestock she used for the second installment for the riceland she holds in mortgage.

Hajera has not yet opened a personal savings account with Grameen Bank. She considered that it would be more profitable to reinvest her earnings immediately in some business. However, she has build up together with the other group members a joint saving of 3000 Taka which the members of the group may use. Upon mutual consent, for any need that may arise, provided that no individual group member will be given more at any one time than half the amount saved by the group. Apparently, no group member has made use of the group savings as yet. Aside from the joint savings account, the group is building up an emergency fund for which each member contributes one Taka every week.

Daily Life

Meanwhile Hajera keeps her family on a tight daily budget. She spends every day about 25 Taka for 1 1/2 kg of rice, some fish, oil, vegetables and salt. A weekly average of 5 Taka is used for clothing, house-repair, school needs for the eldest son etc.

And 10 Taka is set aside daily for loan amortization. Expenses for medical treatment has not posed a major problem sofar. While not so long ago she had to spend about 400 Taka when her husband and two children had to undergo medical treatment, she was able to secure the money from sales of chickens.

"We are now enjoying three meals a day", she says with justified pride. "My children will not go hungry anymore. We can now even afford some meat once a week. I intend to send all my children to school." Her eldest son is now in grade 1. She runs into the house and comes back with the boys books and notebooks.

Her dreams for the future are completely focussed on the children. "They will not suffer as I did. They will not go hungry", she says. "I am planning to send them to school for 16 years." She is momentarily not interested in a transistor radio. She has to work all day long and has no time to listen to a radio. But when she will have saved enough money, she wants to buy a piece of land.

Her pride and happiness are visible as she narrates her achievements of the past three years. Also her husband appeared quite contented as he helped and corrected his wife on the mathematics of their economic activities.

Listening to her story one tends to forget that all these achievements require hard work.

She wakes up at 4:00 in the morning and prays for the blessings of the Almighty. Then her first activity is to boil paddy in a kettle. She cleans the place and prepares breakfast for her family. The boiled rice is layed out to dry in the sun. When the sun is not shining, the paddy is dried in a pan over fire. Then she sees to it that her son gets ready for school. Paddy-husking is the next activity which she does together with her husband. They do this, with a short break for lunch, till about 5.00 p.m. Then the husband goes to the market to sell the produce of the day. The quantity he brings to the market is always sold, she claims. A few times a week she herself goes to the farms in the neighborhood to buy paddy. Her husband returns usually about 7.30 p.m. By that time she has prepared supper for her family. After supper paddy is put in a vessel with cold water to soak for processing the next day. She says, that quite often she does not go to sleep before midnight.

Aside from these activities Hajera continues to attend the weekly Grameen meetings to pay the loan installments, to discuss the problems of the group members and the center, to renew her commitment to the principles of Grameen Bank. Furthermore, she attends the occasional workshops organized by the center Chiefs. These workshops deal with discipline, health and sanitation, education of children, family planning etc.

Changes

The members of the group elect their group leader annually. Presently Hajera feels confident that she can take on group leadership. She is fully aware of the functions of a group leader having acquired experience over a period of three years.

Asked what are the most difficult of the sixteen decisions she has to follow, she pointed out the dowry and the education of the children.

In spite of the difficulties she is confronted with, her family enjoys three meals a day, her children are in school or will soon go to school. For this she is building a small savings account for each of them. Furthermore, she was able to repair her house, buy clothing, household utensils and equipment. She has livestock and land to work on. All these are reasons for her to face the future with optimism. She knows that the road will be long and difficult. But she will make it.

Much has changed since the beginning of 1987, but not only materially. She is self-confident, she has become aware of her own dignity as a person. One can observe that she has become the head of her family. She is respected by her husband, her relatives and neighbours. Before no one noticed her or invited her to festivities. This has changed now. Without demonstrating it openly the more well-to-do neighbours now display some jealousy.

She will easily be able to handle minor setbacks. One just hopes that she will not get bedridden. If that happens, no one will be there to take over her task and to provide for her family.

Annex

Income-Expenditure estimate for 1989

Income from	rice paddy land	1.000	Taka
	banana plantation	3.000	"
	chicken	1.300	"
	ducks (eggs)	2.400	"
	goat	800	"
	paddy husking	<u>11.320</u>	"
Total Income		19.820	Taka
Loan repayment		3.500	"
fertilizer		200	"
interests		280	"
Net Income		15.840	Taka
living expenses		10.950	"
morgage rate of paddyrice land		4.000	"
Savings		890	Taka

Assets she possesses:

- 1 house with equipment
- 1 pregnant cow
- 2 goats
- 10 chicken
- 10 ducks
- land in morgage (worth 12.000 Taka)
- banana land
- groups savings account
- emergency account

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A 2 Interview Checklist for Lifestories

CHECKLIST for life-stories

1. General situation: living place
equipment
location in village
family members
general impression

means: description
visit at first day

2. Personal history: childhood
youth
origins of family
parents / grand-parents occupation
marriage (dowry)
husband's family
children (alive, dead)

means: narration
sitting together, e.g. 2. evening

3. Work history: occupation of family members
(now / before)
reasons for changes
children's work
education/formation
employer
structures of work
work process
problems
advantages

means: watching and narration
visiting at work to watch and to help
e.g. 2. day

4. Income / expenses: level of income
composition / sources of income
regularity of income
seasonal differences
one days income / sources
one days expenses / sources
main expenses
percentage of expenses for food
prices
savings potential

means: asking, watching
e.g. at work, at the market
1. - 3. day

5. Resources: family workers
land
means of production
house
animals
jewelry
savings
debts

means: asking, watching
e.g. at work, during visit

6. Living conditions: health / health problems
food (intake / quality)
children's education
social status
status within family
relationship with other village
groups (poorer, richer)
status within credit group

means: asking, watching
e.g. visit of family, of village
3. day

7. Promotion process: contact with Grameen Bank
reason for contact
process of group formation
difficulties
achievements
use of credit
problems encountered
results achieved
pay back of credit
other consequences of promotion
other credits
changes for family
changes of income
changes of resources

means: asking, getting shown
at work, at visit of credit groups
e.g. 2. day

7. Personal life: family / marriage
children
hopes for the future
problems
possible solutions

means: discussion about our and their lives
at last evening

Participa

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A 3 Programme Concept

Deutsche Kommission Justitia et Pax

Justitia et Pax, Kaiserstraße 163, 5300 Bonn 1

Geschäftsstelle

To the
participants of the
exposure and dialogue program
Bangla Desh 1989

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Telefon (02 28) 103-217 · Telex 8 869 438

German Commission for Justice and Peace
Commission Allemande Justice et Pax
Comisión alemana de justicia y paz

Bonn, July 17, 1989

Ladies and gentlemen,

in order to prepare the exposure and dialogue program, I will travel to Bangla Desh in early September. Originally, Prof. Yunus, the Managing Director of Grameen Bank was supposed to come to Germany in June for this purpose but he was not permitted to leave his country. Therefore, I would like to inform you now about the ideas on the exposure and dialogue program that I will present to Prof. Yunus on behalf of the German commission Justitia et Pax. Although the time for reacting to my letter is very short, due to vacations, I would nevertheless like to ask you to give me your comments on our proposal and program structure (see annex 2). In doing so, I am intending to provide an opportunity for minimum participation of the participants.

The proposal for the exposure and dialogue program is the following:

1. Approach

The philosophy of the exposure and dialogue program can be characterized as 'learning from experience'. This will be realized by an inductive approach that basically consists of three elements related to the three consecutive phases

- . exposue ('seeing')
- . reflecting ('understanding')
- . consequences derived by dialogue ('acting').

The exposure in the villages aims at generating new insight into the lifes and the environment of poor people by closely interacting with them. The dialogue intents to bring about

time to write up their life stories. Thus, the means of the reflection in the field are 'analysis and exchange'.

Reflective summary

Result 5 will be derived from a joint evaluation of the experiences that aims at apprehending the conceptual and personal dimension of the elaborated lessons-to-be-learned.

The evaluation should clarify the following points:

- . Importance of people's economy within the national economy regarding results about type of economy, frame conditions affecting it positively or negatively, possibilities for internal promotion.

Input: 4 short contributions reporting the most important results of the 4 groups (cf. 'reflection in the field') presented by a speaker of each group.

Short comments on the results from the participants of the South with regard to their specific experience in working in the people's economy and highlighting consequences regarding internal promotion (e.g. target groups, promotion institutions, frame conditions).

- . Consequences regarding external promotion of people's economy and creation of a suitable environment in the North.

Input: Short contributions from the participants from the North highlighting their personal contribution to supporting people's economy in their own professional or social activities.

- . Assessment of the methodology of the exposure and dialogue program and possibilities for continuing the dialogue.

Input: Joint evaluation of the program and its impact; definition of topics and questions, place, time.

This reflective summary based on 'assessment and consequences' will be held in Dhaka as an intensive brain-storming session with all participants. The consequences emerging from this discussion will lead to an orientation for further action for each participant; the conceptual results may be documented in a publication.

5. Next steps

In annex 1 you will find a list of possible questions that gives you an orientation about the expected results. However, this list is incomplete yet. Therefore, I would like to ask you

- . to add to this list comments and questions regarding your specific area of responsibility or professional experience and your specific interest in the exposure and dialogue program,
- . to give me your comments on this proposal in general.

To enable me considering your interests in the meeting in Bangla Desh, your reaction should not be later than August, 31. If this is not possible, please do not hesitate to also write after this date.

Yours sincerely

Karl Osner

Annex 1:

First guidelines for the results about people's economy:

1. Economy and life in the people's economy

Referring to the individuals' economic unit:

Which type of enterprise and work are typical for poor people (e.g. dependant activities such as contract labour, wage labour, homebased labour; independant activities such as self-employment, small scale agriculture; worker in family business; child labour)?

How do such micro enterprises function (e.g. several income earning activities at once)? How are they organized (e.g. closely connected to family finance, to family living place, to household)? What are the economic principles/targets of the micro entrepreneurs (e.g. survival as target; minimizing risk)?

What is the potential of micro entrepreneurs, what abilities do they invest into their enterprise (e.g. ability to survive, to save, to organize, to work hard; flexibility; professional knowledge)? What are their expectations (oriented towards the future; ability to plan, to develop medium-term strategies)?

What are the problems affecting their economic units/their work (e.g. insecurity of income, indebtedment; dependency on money lenders, middle men or patrons)?

Referring to the individuals' life:

Work and life are especially closely interwoven in the people's economy. This means that economic actions of poor people are very much affected by their social, political and cultural context. The question would now be to identify the characteristic elements of the social, political and cultural environment that exert special influence on the economy of poor people (e.g. neighborhood and other solidarity relationships; values; status (esp. of women); political participation on village and regional level; people's culture).

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