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Grameen Bank: Organization and Operations

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Grameen Bank

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## Introduction

Grameen started out as a small personal project in 1976 in a village next to Chittagong University campus. It struggled through the next several years to grow into a bank owned by the poor (75 per cent of the shares are owned by the landless borrowers, remaining 25 per cent are owned by the Government of Bangladesh) to work for the poor. Today it has 400,000 borrowers, 82 percent of whom are women. GRAMEEN Bank lends out more than US\$2.5 million each month in tiny loans averaging US\$67. Its recovery rate is 98 per cent. Now it has over 400 branch working in 8000 villages (out of 68,000) of Bangladesh. Borrowers have accumulated over US\$7.0 million in their savings funds.

In this paper shall discuss the basic features of Grameen Bank. Its future expansion plan, the question of its replicability and present some quotes from the valuation reports.

### BASIC FEATURES OF GRAMEEN BANK

#### 1. Close Relationship

Close relationship that is developed between the bank and the borrowers, and among the borrowers themselves is a very important feature of Grameen Bank.

#### 2. Peer Pressure, and Peer Support

Formation of small five-member group of the members' own choosing, and federating the groups into centres, help create the right kind of peer pressure at times when a member tries willfully to violate Grameen rules, and peer support at times when a member falls into any difficulty in pursuing his economic pursuit.

3. Grameen Tries to Reach the poorest

We feel mixing up of the poor and the non-poor is a sure path to failure. Grameen makes entry into a group by a person quite an elaborate process. It puts so many check-points on the way that it would be quite a tough job for a non-poor to get in. Again within the eligible poor, Grameen tries to reach the people at the bottom. One strategy which Grameen ; finds helpful in reaching the poorest is to start its operation initially with only women groups. In a Muslim society like Bangladesh it is almost an impossible situation to attract a women's group. With the opposition from the religious leaders, and frightening rumors floating around the village regarding what will happen to a woman if she takes a loan from Grameen, it is only the desperate women who finally push their way through to form the first group. These groups gradually set the level of economic conditions of the future members. Better-off people are kept away because they do not enjoy being classed with these destitutes.

4. Process of Group Formation

Process of group formation itself contributes to the strength of Grameen. Usually it takes quite a bit of time for the members to identify each other and consult each other before they would make an announcement that they wish to form a group. Many times members screen each other out before they arrive at the final five. Some drop out because of fear instilled in them by relatives and neighbors. Before even negotiation with the bank begins, the members already have gone through a process of understanding and mutual confidence-building. By the time the bank confers on a group the much sought after "recognition," a member has known the bank quite well, the rules and procedures of the bank come quite easily to her, also the bank has known her well. She has come to know her other partners in the group and in the centre. It is a long period of suspense and learning. It gives her a lot of thrill when she

receives the final "recognition." It is a great moment for her. A sense of achievement overwhelms her. She knows she has earned it by herself. It gives her the first important lift in building self-confidence. Now she feels she can do it.

5. Whenever Grameen starts functioning at any new location it creates an impression that it is in no hurry to do anything. It allows the process to take its time. It offers the following explanation: "Why hurry? If poor people have survived without Grameen for all these year now, they will survive without it for some more years to come."

A branch gets into operation in a slow and easy manner. The manager, usually accompanied by someone with the title of "Associate Manager," will arrive in a village where Grameen has decided to set up a branch. (Associate Manager is someone who will be given the responsibility to set up a new branch, may be within two months.) They will have no office, no place to stay, no-one to get in touch with. Their first assignment is to understand and document everything about the area which may come under the coverage of the proposed branch.

The manager is free to decide whether he should go ahead and start the process of setting up the branch or abort the process. He recommends the general location of the future office. While making up his mind he draws a map of the area, writes reports on history, culture, economy and the poverty situation of the area.

After he decides to continue with the process of setting up a branch, he talks to the people explaining the rules, procedures and objectives of GRAMEEN. About four weeks later he organizes a public meeting to give maximum exposure to rules, procedures and objectives of Grameen. He invites everybody to this meeting, particularly the village leaders,

religious leaders, teachers, government officials, etc. Some high-ranking Grameen officials will address the meeting explaining everything in detail and giving everybody an option either to accept Grameen with all its rules and procedures or tell them within a specified time to leave the village.

No-one has ever asked Grameen to leave a village. But giving the option helps. It is made clear that there is no compulsion on either side.

The manager and his associate walks for miles every day to talk to people, and to answer questions. He explains the procedures for forming a group. He insists that he will accept only women groups from the villages which are located farthest away from the proposed location of the branch. Usually when the manager and his associates start talking to the women, trouble with religious leaders begins. The situation gets very tense quickly. Both sides get ready for a show down. Frightening rumors are floated against Grameen and the women who want to become members. The desperate women defy every threat and declare their solemn resolution to join Grameen. The women who have been abandoned by their husbands leaving a few children with them, who have no place to turn to, who feel that they have nothing to lose, stand solidly together against all odds. Some time religious leaders will ask the manager not to enter their village. If he does, he is told, he will do it at his own risk. They cannot guarantee him any safety for his person. The manager tells the potential members that he is not coming to the village any longer. If they have to go through the orientation meetings they have to see him in the neighboring village. The women are ready to do anything to form the group. They are more determined than they were ever before.

When the women ultimately receive a loan from the bank, many more women want to form Grameen groups. They request the manager to come to their village. The manager insists that, since some people in the village has asked him not to enter the village, he should not enter the village. If the same persons come and request him to enter the village, only then will he enter the village. Sooner or later pressure on the people who prohibited the manager from entering the village will become so strong that some of them will come and request the manager to forget about what they said and enter the village.

All this moves in a slow manner. But Grameen is in no hurry. It knows that ultimately everything will work out in its favor.

6. Grameen Managers Create an Environment of Respect towards Grameen

Only two persons, with modest belongs, arrive in a village to set up a Grameen branch. Everybody looks at them with disbelief. They look like two helpless persons. They don't know where they can spend the night, where they are going to eat. This is very much unlike Government officials who arrive in a village creating an aura of tremendous importance around them. They take it for granted that the village leaders will make all arrangements for them. They will find delicious meals and snacks waiting for them at the rich persons house.

Grameen Managers usually find a shelter at some abandoned house, or school hostel, or local council office. They decline offers of food from the well-to-do people explaining to them that this is against the rules of Grameen. They usually cook their own food.

People come to learn that both of them have masters degrees from the University. They realize that they are highly educated people. School

teachers are usually the first ones to recognize their educational status. When they learn about Grameen, the teachers extend their moral support to the bank. Teachers find it only natural for them to show respect for education, because they themselves are trying to inculcate a sense of respect in everybody for education. None of these teachers ever made it to the university. They may have aspired to go to the university, but circumstances did not allow them to make it.

They cannot believe that after completing university education anybody would ever come back to work in the village; that too to work with poor people, walking several miles every day; no big chair, big table, big office. No glamor.

Grameen managers never fail to give a mild shock to everybody by their having good University degrees and deciding to work in the village. From their activities everybody gets the impression that not only they have decided to work in the village, they have done so quite willingly, and they are enjoying the work they are doing. We have never had any experience where the villagers did not notice this aspect of Grameen and fail to come up with genuine admiration for the young managers.

When the manager gets into action, gradually some of his respectability wears off. He becomes the subject of rumors and allegations. Interest quarters, particularly money-lenders and religious leaders, will help spread strange rumors. Here are some examples: a) the manager will run away with the money he collects as group savings; b) he has no intention of giving any money. If he represents any bank, how come he does not have any office or staff? c) if he is a manager of a bank, why does he live like a peon, cooking for himself? Has anybody ever heard of an M.A. cooking his own meal? d) why does he run after women? He must have some

evil design. He is connected with a big international smuggling ring which smuggles girls to the Middle East; e) he is working for the Christian missionaries to destroy our religion by bringing our women outside the pardah; f) if he is a high official like a bank manager, why doesn't he tell the Union Parishad (Local Council) chairman to do the things needed to be done? Why does he have to walk for miles to do these?

The Grameen manager quietly goes on with his work. As time goes by people see how hard he works. In rain or shine he never stops walking and working. He never tries to take short-cuts by appointing some of the villagers as his agents. They soon find out that even on religious issues his understanding and knowledge is deeper than most of the people in the village. His explanation of Grameen rules and procedures sounds very convincing.

Ultimately, it is not his word, but his hard work, which softens the attitude of the people in the village. Even if you don't like his ideas, his ways of doing things, you get convinced it is helping the poor people, you are convinced that he is not doing all these works for reaping some personal benefits, but for improving the condition of the poor. The attitudes of the people gradually turn in his favor.

#### Organizational Structure of Grameen

We usually describe Grameen as a highly decentralized organization; as decentralized as a franchise business.

Grameen's organizational structure may perhaps be better described by saying that this is organized on the principle of having circles within circles.

Each circle is complete, but it is located within a bigger circle. The biggest circle is the head office, the smallest circle is the group. Groups belong to the bigger circle of centre, which belongs to the still bigger circle of the branch, branch to the Area Office, Area office to the Zonal Office, zonal office to the Head Office. Each bigger circle tries to pass on the responsibilities to the immediately next smaller Circles within itself, while keeping close watch on what goes in each constituent smaller circle. In case of emergency higher circle takes up the responsibility more directly to bail out the lower circle.

Grameen is multi-layered federations of constituent units. Each bigger circle is a federation of immediately smaller circles. In management decisions the spirit of federalism is widely visible. Each federating unit is trying to protect its own autonomy by doing things right without being told what to do. Branches try to do their thing without any intervention from Area. Area tries to do their thing without being pushed by the Zone. Zone enjoys its own autonomy. It won't be happy if Head Office steps in to direct it in its routine work.

In order to retain autonomy each unit has to work hard. Any lapses or shortcomings will invite intervention from the higher authority. The federal body tends to take up the role of a "control tower" in relation to the airplanes flying in the sky under its guidance. Federating units may be viewed as the flying airplanes. The control tower supplies all the necessary intelligence to the pilot to fly the plane safely, but it does not attempt to assume the role of the pilot itself. But in an exceptional situation when the pilot fails to fly the plane properly, the control tower takes over a very active role in flying the plane to safety.

In Grameen we try to make it very clear to our "pilots" what their responsibilities are. One of our "pilot" can grumble about his co-pilot, his navigator, his flight engineer, even his whole crew, but he knows that the total responsibility remains squarely with him alone.

Responsibilities are clearly marked out. To give an illustration; for a special achievement in a branch congratulations will go to the Branch Manager, not to his boss. The Area Manager, who will only receive a copy of the letter. But if something bad happens in a branch, the person who draws the fire from the top is the Area Manager, not the Branch Manager.

Supervisory offices (Area Office, Zonal Office and Head Office) are there to make sure a minimum qualitative level is maintained in all the units under its supervision. Continuous monitoring of events in the lower units, becomes the most crucial function of the supervisory offices. Access to information automatically reduces the necessity for day-to-day administrative control. The more information is available on a regular basis, the more easy it becomes to dispense with regulatory administrative measures. Self-regulation in the self-interest is the most effective form of regulation.

#### Participatory Decision-Making Process

Like any organization, Grameen has to come up with new decisions which effect the work and life of many people. Being a new and fast expanding organization GRAMEEN needs to modify old decisions, introduce new decisions quite regularly and frequently. In coming up with new decisions Grameen management always tried to assess the views of the people whose work and life would be affected by these decisions.

When Grameen was a small organization it was easy to keep personal touch with other among the Grameen, but now Grameen is a big and widely spread out organization. With a work-force of nearly 8,000 it is not easy to have person-to-person contact.

Head Office still avoids taking unilateral decisions. If it has to frame new policies or rules or regulations, it will make a draft and circulate the draft among Departmental Heads and Zonal Managers for comments and modifications. If the subject covered by the draft is of greater importance, copies of the draft will go to the Area Manager. Depending on the seriousness of the matter, those who receive the draft may send their comments in writing or each recipient may hold his internal meetings to debate the issues and come up with reactions. After all the opinions and reactions are received by the head office they are sent to a standing committee called "Drafting Committee." This committee reviews all opinions and suggestions and prepares the second draft. This is again circulated for generating opinions. If everybody seems generally satisfied with the second draft it is officially adopted and circulated as official policy. If the second draft generates another wave of reactions, the "Drafting Committee" again goes back to the drawing board.

If no satisfactory draft emerges in several rounds of drafting it is referred to the Zonal Managers's Conference which is generally held twice a year. There the issues would be debated and a decision would be arrived at.

In Grameen the Zonal Managers' Conference plays a very important role in the decision-making process and also in the general administration. The Zonal Managers' Conference is a three-day intensive affair. In Head Office, each department prepares its agenda items, papers for circulation, a report on the activities of the department, future plans, etc. Head Office consolidates all departmental agenda items to prepare a single Head Office agenda.

The Zonal Managers (ZM) prepare their own agenda, review of the zone's activities, successes and failures, future plans, papers for circulation, reports on innovative activities of the zone, report on the problems they are facing. Trend Analysis, profit-loss analysis and many such things. Each ZM may bring an aide to assist him during the conference. An Area Manager usually comes as an aide.

All throughout the conference all departmental heads in the head office, along with their aides, remain present in the conference. The Managing Director presides over the conference.

Customarily, during the conference Head Office representatives are not allowed to make accusations, or express displeasure for anything done by the ZMs or for any failure to follow any instructions by any zones. This conference, as it is named, is looked at as a conference for the ZMs to speak out and complain against the Head Office. Head Office can only defend itself by explaining the circumstances, clarify the situation, come up with new arrangements with ZMs to expedite matters.

ZMs are encouraged to criticize each other's performance and find gaps in their reports. They ask piercing questions to each other and try to establish that one runs the zone better than the other.

Departments in Head Office bring out figures showing performance of each zone and each area, compared to the others. Discussions are initiated as to why a certain area of zone is lagging behind. Corrective measures are discussed, not as Head Office telling the zone what to do, but as an equal member giving ideas for the consideration of the ZM. The ZM is free to accept or turn a

deaf ear to any suggestion. But since he himself is worried about a particular problem, he is on the look out for a pragmatic solution. If he finds one he grabs it.

The Monitoring and Evaluation Department of Grameen presents bundles of comparative pictures to bring out the strong and weak points in each zone. M & E Department itself gets corrected if there is any error in the information it circulated earlier, or circulated during the conference. Mutually all try to find ways to improve the quality of information and quality of analysis.

ZMs arrive one day ahead of the conference, and they are expected to stay in Dhaka for another two days after the conference. This gives them time to resolve many of the pending administrative problems, and make arrangements for future trouble-free support from the Head Office for implementing their plans.

At the conclusion of each ZM's conference I always get amazed to find how much has been achieved in such a short time. Every participant in the conference goes back to his work with new vigor and life. Many have nick-named this conference as the "battery recharging conference." One feels quite filled with enthusiasm and becomes eager to go back to the zone to build a still better Grameen in his zone.

Encouraged by the results achieved from the ZM's conference, ZMs organize Area Managers' conference in their own zones following the same format.

By opening doors for everybody to participate in the decision-making process a large amount of misunderstanding and tension in the organization has been avoided. Now everybody knows what the decisions are, and why these decisions were taken. Inadvertent mistakes, use of words are avoided because somebody has already pointed them out at the draft stage. This type of decision-making

creates support to the decisions taken. Everybody knows he will know what is coming his way, and if he does not like, he can give a try to stop it, or at least modify it.

### Creativity and Innovation

Grameen tries to build a problem-solving attitude among its people. Statements similar to the ones listed below will be heard around the training classes and office rooms of Grameen quite frequently. In the context of a real situation one rightly chosen sentence from among the following may give you an encouragement to find a solution. It even guides you towards a solution. Relationship between a problem and its solution is usually stated in the following variations:

1. Every problem has a simple solution. A problem and its solution are two sides of the same coin, they are always together.
2. A problem is only the half truth. A problem and its solution makes up the whole truth. Discover the whole truth.
3. If you don't find the solution to a problem it is because don't understand the problem.
4. If you can comprehend the problem properly you are half way to the solution.
5. Solution is born in the womb of the problem. Artificial solutions do not last long.
6. A solution cannot be found away from the problem itself.
7. You must immerse yourself totally into the problem before you can start touching the surface of the solution.

8. As you go deep into the problem you come close to the solution. This is the sure route to the solution.
9. Neither I can solve your problem, nor can you solve mine. If it appears that I have solved your problem, it was possible only because I made your problem mine.
10. Look for the solution where the problem is. It is intermeshed with the problem itself.
11. Each problem may have many solutions. But there is one which is the best. Keep trying to get the best.
12. Problem is a state of a particular configuration of events.

Grameen trainees will hear these statements many times during their training period. Grameen tries to make them believe that they can find solutions to all the problems they'll face; also to feel that facing a problem is fun, you get a chance to try your wit.

There is emphasis on creativity and innovation all around. One of the statements usually displayed at the training institute, and in many branches, reads as follows:

"We have to be creative. In order to be creative we must observe everything carefully and think about what we see."

When young men and women enter Grameen as trainees the first thing they are asked is to give their opinions and suggestions for improvements in Grameen procedures, even before they have had a chance to find out what Grameen does and how. They get very surprised. They came to learn. Now they are asked to teach. They are sent out to observe Grameen operations in different branches,

one in each branch. They realize that they have to first find out what Grameen does, before they can suggest alternatives. They pay a lot more attention to Grameen procedures, to find out faults with it, than normally they would have if they were sent out to learn them.

It is made very clear to the trainees that Grameen objectives are much more important than the rules and procedures. Anyone in Grameen can suggest major changes in Grameen rules and procedures provided the objectives are not adversely effected. This anyone can do during the training period and any time afterwards. Trainees are told about changes that came about in Grameen rules and procedures in the past through the suggestions of bank workers and branch managers. Many new aspects were added to Grameen not by people in the Head Office, but people who work in the field. It is made very clear to everybody that Grameen's commitment is to the people, not to the rules and procedures.

Grameen training programme always tries to avoid producing Grameen workers cast in a single mould, looking alike, thinking alike, reacting alike. Grameen tries to retain diversity. It feels that diversity brings strength. In the time of crisis an organization where everybody's thinking and acting is patterned in a standard way has a greater chance to collapse than an organization where many opinions and minds can interact. Grameen wishes to produce good Grameen workers each one having respect for the other, still preserving their individuality. Grameen trainees come from a wide variety of socioeconomic backgrounds, with a wide range of political and religious beliefs. Grameen does not try to change anybody's religious or political affiliations. Grameen trusts in their ability to analyze the objective reality and come to their own conclusions. Grameen encourages them to be politically and socially aware.

Grameen brings its workers face to face with the reality of poverty. Poverty is nothing new to them. But they knew it from a different context. That's why it looked different. Some of them knew poverty from such a safe distance that they had to imagine things for themselves to make up stories of poverty.

Grameen brings them eye-ball to eye-ball range of closeness to raw poverty and makes them look at it as a soldier looks at the enemy. Grameen gives them some organizational and financial tools and tells them: fight. They develop the instinct to fight and a will to win. They get into a fight. They win. The more they fight, and the more they win, the more they get excited.

Grameen tells its workers that Grameen is not the only way to fight poverty. There must be many other known and unknown ways of fighting poverty. They must keep the search for better methods. While the search goes on, the fight must go on. There may be improvement in the Grameen methods, there may be an entirely different method available to replace Grameen method, there may be some supplementary methods to support Grameen methods. The search must go on.

#### Expansion Programme of Grameen

By the end of 1988 there will be 500 Grameen branches in Bangladesh. Together they will serve 500,000 borrowers in 10,000 villages. In terms of the number of branches Grameen will end the 1988 with 100 new additions to its previous year's total. By modestly increasing the number of additional branches, in each successive year, Grameen tries to find out whether it is straining itself too much in the process of expansion.

Annual figures for branch expansion is only a tentative figure. Pressures are never mounted on the Zonal and Area offices to fulfill any particular quote. Some Zonal and Area offices exceed their tentative numbers, while others fall

short of these numbers. The entire expansion programme depends on how the Zonal and Area managers feel about it, how quickly or slowly they want to take their steps. That's why the year-end final count of branches is always an exciting affair. Everybody waits to see at which number we have closed the year.

If everything works out well, how many more branches should Grameen add during the four-year period of 1989-92?

Our present dream is that it will add another 500 branches. If by the end of 1992 Grameen can reach an optimistic figure of 1,000, it would be ready to make an addition of 700 more branches within 1993-95. Arriving at a total figure of 1,700 by 1995 sounds like a plausible dream. This will make Grameen's presence nationwide.

#### The Question of Replicability

Can Grameen be replicated outside Bangladesh?

By way of a first guess one can stipulate that in countries similar to Bangladesh, in terms of socioeconomic conditions, there should not be any difficulty in organizing Grameen-type credit programmes and Grameen-type institutions. SAARC countries fall into this category. There are many similarities among the poor people in these countries. There are formidable differences also. Some people argue that in India a Grameen-type operation will be impossible to organize because of the strong caste system. People from one caste will never form groups with people from another caste. Similarly, it would be difficult to organize centres, because each caste would cry to have their own centres.

Religion in Pakistan and the high literacy rate in Sri Lanka are pointed out as possible factors affecting a Grameen-type operation negatively. But they may not be negative factors. Nepal is already involved in SFDP (Small Farmers' Development Programme) which has many similarities with Grameen. The Women Development Programme of the Panchayet Ministry of Nepal has sent their workers to visit Grameen to gather experience in running a credit programme for the poor women. The Governor of Nepal Rashtra Bank visited Grameen to discuss the possibility of setting up rural banks in Nepal. The Governor of the Central Bank of Sri Lanka also visited Grameen Bank. High-ranking government officials, NGO representatives from SAARC countries visit Grameen regularly.

#### Other Asian and Pacific Countries

ESCAP had organized a seminar in 1984, titled as "Study Tour of Grameen Bank." Many representatives from the governments of the ESCAP region, bankers and women programme leaders participated in the seminar. Grameen has received official mission members from Indonesia studying Grameen to work out a programme for Indonesia. A three-member team visited Grameen from the Area Development Project of West Pasaman, Indonesia to learn about the rules and operational procedures of Grameen. This project in Indonesia is funded by GTZ, Germany. Delegations from Agricultural Bank of China (ABC), the Philippines, and Malaysia visited Grameen.

Malaysia formulated a project to experiment with Grameen-type credit for the poor in Selangor State. Selangor State Government, Science University of Malaysia and APDC are collaborating in this project. It has gone into operation during the second half of 1986. This is the first serious replication attempt of Grameen outside Bangladesh that we know of. The experience of this GRAMEEN project in Malaysia has been excellent. Now it is

being expanded to cover more states. The Governor of the Central Bank of the Solomon Islands visited Grameen to explore the possibilities of adopting its features in their own banking system.

#### Africa

Grameen has attracted several visits from Kenya, Tanzania, Rwanda, Malawi, Egypt. Malawi, Burkano Faso, Mali, Egypt are getting ready to launch Grameen look-alike project in their countries.

#### USA and Canada

Surprisingly, serious preparations are afoot in Arkansas and Chicago of the USA to have a Grameen-type credit operation. Grameen came into contact with two Chicago bankers, Mr. Ronald Grizinwski and Ms. Marry Houghton, who visited Grameen as the Ford Foundation consultants, and later as member of the IFAD Appraisal Mission for Grameen. They found Grameen as very effective banking programme. They spread the word in Chicago and Arkansas. Later, during the visits of the Managing Director of Grameen to Arkansas and Chicago during February and October 1986, ideas crystalized. Two programmes have been prepared, one in Arkansas, the other in Chicago. In Arkansas, Grameen Microenterprise Programme will be a programme under a newly set up bank called Souther Development Bank Corporation which are funded by the Rockefeller Foundation (\$3 million), the Ford Foundation (\$2 million), and by individual investors (\$3 million). The Chicago programme will be offered by Neighborhood Development Corporation and operated through local community groups. In Arkansas, Governor Bill Clinton is personally taking interest in the Grameen programme. In Oklahoma, Cherokee nation is getting ready to have their own Grameen programme.

In Canada, Calmeadow Foundation, Toronto, is taking serious interest in Grameen for replication in Canada and Africa. They want to initiate the programme in Canada on the Indian reservations.

Grameen has attracted attention from all directions, from the poor countries to the richest countries for good reasons. Wherever there is the problem of poverty, Grameen appears like a possible solution. If the poor can improve their condition with the availability of mere credit, why not try it? On the surface, it appears to be too simplistic to be true. But in Bangladesh it gives some hope. May be it will work in other countries too. If the USA can attract the welfare recipients to take loans and improve their condition to the extent that they would not continue to be on the welfare any longer, this would be a great economic idea to try.

The unemployment problem bugs many of the industrialized nations. They cannot keep the economy moving all the time at the right pace which will ensure everybody a job. Grameen-type credit programme opens up the door for limitless self-employment. This can effectively do it in a pocket of poverty amidst prosperity, or in a massive poverty situation. This potential of Grameen makes it equally attractive to both the South and the North.

#### Steps for Replication

It is obvious that any organization whose primary business is to deal with human beings cannot be replicated by following a "do-it-yourself" manual. It would need a thorough understanding of the philosophy and procedures which make the organization tick. This can be achieved by going through an intensive dialogue and exposure programme in the existing units. All the people who would be responsible for implementation of the replication programme of Grameen must go through this dialogue and exposure programme. In

any country, whenever replication of Grameen is to be seriously undertaken, we recommend that it should be initiated in more than one widely separated areas. Five would be a good number. The advantage of trying it out in several places is that this way one can eliminate local and personal factors, it generates competition among the branch managers, one can pick up varieties of problems at one go, and varieties of solutions are produced, non-problems do not have serious chance to confuse people for long.

At the end of the first round of trial, one can sort out the features which worked well, and leave behind the features which did not show much prospect. Out of the five trials, it is likely that one would show the greatest promise and one would be falling behind everybody else. It is good to study all five and determine the next strategy. In round two, that is the second year, another five branches should be started in another five locations based on the experience gathered in the first round. It is always a good idea to give flexibility to the branch managers in suggesting rules and procedures, but someone away from the responsibility of running the day-to-day affairs of the branch should have the sole authority to decide what suggestions to accept.

In replicating Grameen one must remember right from the beginning that, if the recovery is not near 100 per cent, no matter how good it looks, it is no Grameen. All the strength of Grameen comes from its recovery performance. It is not merely the money which is reflected through the recovery rate, it is the discipline which speaks loud and clear through the rate.

The second thing which must be remembered clearly is that Grameen works with the poorest men and women, with emphasis on women. In any experimental

situation one would be well-advised to start the experimentation with the poorest women, say, bottom 20 per cent of the total population. If one compromises on this issue, replication may not proceed in the right direction.

The third advice to someone who wants to replicate Grameen would be to pick up fresh young people to run the programme. Persons having no job experience of any kind would be best suited for Grameen. To have previous experience of any kind always distracts people from the Grameen-type work.

The fourth advice is: always start in a very low key and small way. Go as slow as you can. The slower one proceeds, the better start one makes. One can pick up speed only when everything looks perfectly in order.

At the beginning everything looks as though it is perfectly in order. One can detect faults only after the first two years have gone by. When a branch receives the full repayment of the first one hundred loans it advanced without the slightest hitch, then one can feel that things are moving in the right direction. Before that, one can only hope for the best and try the hardest.

### Evaluations

Grameen is perhaps one of the most studied institutions. Because of the unorthodox ways it works, and unconventional concepts it promotes it created interest of the researchers from within and outside the country. Widely circulated works are the following:

1. Mahbub Hossain, Credit for the Rural Poor, the Grameen Bank of Bangladesh, Bangladesh Institute of Development Studies, Dhaka, 1984.

2. \_\_\_\_\_ Credit for Alleviation of Rural Poverty: The Experience of Grameen Bank, BIDS, Dhaka, 1986.
3. Dharam Ghai. An Evaluations of the Impact of the Gramemen Bank Project. IFAD, March, 1984.
4. Kamal Siddiqui, An Evaluation of the Grameen Bank Operation, National Institute of Local Government, Dhaka, July, 1984.
5. Mahbub Ahmed, Status, Perception, Awareness and Marital Adjustment of Rural Women: The Role of Grameen Bank, Dhaka University, 1985.
6. Jayanta Kumar Ray, To Chase a Miracle - A Study of the Grameen Bank of Bangladesh, University Press, Dhaka, 1987.
7. Andreas Fuglesang and Dale Chandler, Participation as a Process. What We Can Learn from Grameen Bank of Bangladesh, NORAD, 1986.
8. \_\_\_\_\_ The Paradigm of Communication in Development. from Knowledge Transfer to Community Participation. Lessons from Grameen Bank. Bangladesh, FAO Development Communication Case Study, 1986.
9. Atiur Rahman, Demand and Marketing Aspects of Grameen Bank. A Closer Look, University Press, Dhaka, 1986.
10. \_\_\_\_\_ Impact of GRAMEEN Bank Intervention on the Rural Power Structure, BIDS, July, 1986.
11. \_\_\_\_\_ Consciousness Raising Efforts of Grameen Bank, BIDS, July, 1986.
12. \_\_\_\_\_ Impact of Grameen Intervention on the Food Availability and the Nutritional Status of Its Members, BIDS, June, 1987.
13. Rushidan Islam Rahman, Impact of Grameen Bank on the Situation of Poor Rural Women, BIDS, Dhaka, July, 1986.

14. Bradley Ack, Paul Prince, Rand Robinson, The Grameen Bank: Reaching The Landless Poor in Bangladesh: A Project Analysis, U.S.A., May, 1986.

On Success of Grameen

Here are some quotes from these reports on the success of Grameen: "We consider Grameen Bank to be an exciting success, even more so when viewed against a landscape littered with failed development projects. The reasons for the Bank's successes provide many useful lessons for development managers." [14, P23]

" ..... the loanee women on the average worked 4.2 hours a day in their Grameen loan financed activity ..... Housewives in non-loanee groups worked an average of 15 to 58 hours a month on such productive work. This comes to 0.44 hours to 0.66 hours a day." [13, P52]

"The usual scene of a poor rural woman is that under a long veil she bows down and eyes are fixed on the ground and she talks in a shy and timid manner. She never looks straight to the eyes of an unknown urban visitor (male or female). When one talks to a Grameen loanee woman the difference is striking and very obvious. They will stand confidently and speak out as an equal partner in a conversation. Though they have veils on the head and a baby on the lap, they do not bow down but reflect the spirit that now they are being valued by the society. The spirit is more apparent among those women loanees who have been members for a longer period. The new ones are proceeding step by step.

"We do not want to overemphasize the progress. But when an outsider goes to a group of female loanees he/she is likely to be moved to see that those poor rural women who were simply ignored, have risen to establish themselves as independent entities." [13, P78-79]

"Within a short span of its existence Grameen Bank has already made profound impacts in terms of significant improvements in household output, income and consumption. Most of the Grameen credit is going to the desired target groups ----- the rural poor people. 78% of our sample loanee households owned no cultivated land.

" ..... In terms of value of non-land assets, the situation has improved significantly over time.

" ..... Grameen operations have contributed to a significant improvement in incomes. The average per capita income of loanees (as reported by them) has increased in real terms from Tk.1762 (1982) to Tk.2697 (1985 in 1982 price) a relative increase of 53%. [9, P79-80]

"Not only the food intake, the intake of nutrients also is better for Grameen loanees. Though they have not been able to meet fully the calorie requirement, but their intake is relatively better than their counterparts in the target control group of the same period. [12, P10]

"Groups and Centres of Grameen loanees are working as focal points of solidarity and cooperation amongst the loanees. The group spirit is emerging in concrete terms, and Grameen through its various special programmes, is making relentless efforts to consolidate this spirit of cooperation. Poor women have been the greatest beneficiaries of the Grameen efforts. Rural poor women are becoming income earners with the help of Grameen loans and subsequently are asserting their rights on their male counterparts and the society at large. They have become quite confident of their own ability and can easily stand against social injustice." [11, P45]

"a. There has been an increase of socioeconomic status of the female clients of Grameen Bank when measured in terms of occupational, income and class mobility (i.e., ownership of land).

"b. There has been a great degree of increase in the perceived socioeconomic status of the respondents.

"c. Husband's perception of their wives has improved a great deal; at least in the economic sense; a notion of compatibility is persistent.

"d. There is a high degree of awareness on the issues of women's rights except on the notion of gender equality.

"e. Overall, there is a high degree of marital adjustment of the loanee couples. [5, P14-15]

"Grameen is a remarkable rural development experiment in a poverty stricken country like Bangladesh. Perhaps, its significance will one day overshadow even that of Comilla experience of the 60's. It will have far reaching implications, despite its immediate outcome. Its internal logic is generally sound and consistent, and as this evaluation attempts to establish, it is really externalities within which Grameen must operate, are on the dock. It would thus be no exaggeration to suggest that the importance of Grameen as a credit disbursement model for poverty focused rural development will perhaps be better comprehended once the basic structural changes in the society have been completed." [4, P38]

"Finally, we turn to the question of lessons that may be drawn from the experience of the Grameen for the planning and implementation of rural development activities. The first lesson to be drawn is that it is possible

to devise projects which directly and immediately benefit the poorest strata of rural society -- landless men and women. This may appear a banal conclusion, but considering the extremely high rate of failure among rural development projects and their almost universal tendency to confer benefit on the powerful and the affluent, the experience of Grameen Bank holds out a glimmer of hope for an alternative development pattern based on low-cost, self-reliant and participatory programme." [3, P51]

"To observers of Grameen Bank it is striking how the management and staff members communicate and work creatively together, comporting themselves with openness, perceptiveness and self-confidence. It is an atmosphere very different from that in a typical hierarchical bureaucracy with the stagnancy derived from prevailing factors such as fear of authority, inefficiency and corruption. The driving force in Grameen Bank's progress for the benefit of the poorest is undoubtedly person-to-person communication." [8, P23]

"Although it is very often argued that Grameen pursues 'economic' by concentrating on the credit, its efforts at humanizing at every stage clearly indicates that it sees the interest of the poor in the long run. It is creating sound economic base for the rural poor so that they themselves can one day take up the responsibility of political mobilization and ensure their participation in development." [10, P85]

GRAHEEN BANK  
Cumulative Progress Over Years

March 27, 1988

(Amount in Million Taka)

(Current Exchange Rate US\$ 1.00 = Tk. 31.00)

PARTICULARS	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
<b>1. Disbursement</b>												
A. General Loan :	0.0075	0.081	0.341	3.053	20.147	53.673	94.552	191.288	470.697	877.366	1411.613	2206.650
B. Collective Loan :							1.019	3.631	28.581	50.362	57.848	72.837
C. Housing Loan :									5.62	20.772	26.515	167.248
<b>Total</b> :	<b>0.0075</b>	<b>0.081</b>	<b>0.341</b>	<b>3.053</b>	<b>20.147</b>	<b>53.673</b>	<b>95.577</b>	<b>194.919</b>	<b>502.898</b>	<b>948.500</b>	<b>1495.976</b>	<b>2446.735</b>
<b>2. No. of Members</b>												
A. Male :	8	60	220	1297	10175	14772	18631	31782	53006	59260	60458	63556
B. Female :	2	10	70	903	4655	9356	11785	26538	68045	112362	173885	275600
<b>Total</b> :	<b>10</b>	<b>70</b>	<b>290</b>	<b>2200</b>	<b>14830</b>	<b>24128</b>	<b>30416</b>	<b>58320</b>	<b>121051</b>	<b>171622</b>	<b>234343</b>	<b>339156</b>
<b>3. Total No. of Branches</b> :												
	1	1	2	7	25	25	54	86	152	226	295	396
<b>4. Savings</b>												
A. Special Savings :									7.678	21.290	55.257	51.145
B. General Savings :									1.865	16.771	57.402	146.616
C. Current Account Savings :										9.076	15.705	126.595
D. Education Fund Savings :									0.002	0.456	2.898	9.458
<b>Total</b> :									<b>9.545</b>	<b>47.593</b>	<b>109.262</b>	<b>333.810</b>
<b>5. No. of Housing Loan</b> :												
									317	1581	3042	23408
<b>7. Group Fund Savings</b> :												
			0.037	0.235	1.565	4.434	8.142	15.984	37.937	71.423	114.536	186.500
<b>8. Emergency Fund Savings</b> :												
				0.029	0.331	1.436	3.370	6.245	12.658	22.336		54.661
<b>9. Total of <sup>permanent</sup> Employees</b> :												
	1	1	6	41	140	208	401	824	1338	2827	3665	4687
<b>10. Rate of Repayment</b> :												
	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	98.92	97.22	97.15	98.14
<b>11. No. of Villages</b> :												
	1	2	4	17	363	433	745	1249	2268	3666	5170	7502
<b>12. Profit/Loss</b> :												
								-3.064	4.896	0.463	0.359	0.438