

Charlie Tomberg's India and Bangladesh Trip

February, 2004

For more information about my trips, please visit <http://www.ctomberg.com>.

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Written On Day 2: Wednesday, February 4, 2004 10:53 AM India Time – In flight to Channai, India

Day 1, Monday, February 2, 2004 – Davis, California, U.S.A.

I'm off to India and Bangladesh to see some of the Grameen Foundation USA's projects in action. Grameen Foundation USA works in partnership with the Grameen Bank in Bangladesh, pioneer of small loans to the poor, to fight poverty all over the world. It was established in 1997 to provide financing, technical assistance and technology support to the growing numbers of grassroots institutions that are successfully replicating Grameen Bank's success in countries as diverse as Malaysia, India, Uganda, Mexico and the United States.

A few months ago while visiting the Grameen Technology Center's headquarters in Seattle, I was invited to attend their inaugural Grameen Connections trip. The trip has been organized for the benefit of donors so that they can see some of Grameen's projects in India first hand. Never one to let a simple trip alone, I arranged to also visit the Village Computing project in Trichy and the Village Phone Project in Bangladesh. I will also be attending the Asia Pacific Micro-credit Summit in Dhaka.

Early Monday morning I arrived at the Sacramento airport for my trip to India. On the way, my fiancé Susan and I sang our traveling songs and said a prayer for a successful and safe trip. Upon arriving at the airport, we were greeted by a ticket agent who said that the flight to San Francisco would be leaving very late, and that there was no hope that I would be able to make my connection. He suggested that we drive to San Francisco and board the flight there. Susan wonderfully agreed to drive me, and we set out on the two hour trip, driving through the pouring rain to the San Francisco airport. We took her two-seater car, so we cruised through the rush hour traffic in the carpool lane using the "two-seaters with two people ok" exception to the three passengers minimum rule. Susan madly dashed through the rain, with only limited visibility at times. It seemed like there was no way I could make the flight. When I arrived at the gate, boarding was already in progress. I didn't have a seat assignment – nor did a dozen or so others – and we waited in the boarding area as the flight continued to board. I was getting nervous that there would be no more seats available, but at last my name was called and I boarded the ten hour flight to Tokyo.

The flight was very, very long, and we encountered huge amounts of turbulence early on. The plane was bouncing around like it was a yo-yo. It didn't help that we were soundly over the water, many miles from the nearest possible emergency landing spot and a half dozen hours from our destination. I felt trapped in the plane, and knew that there was nothing I could do if it were to succumb to the pounding and fall from the sky. After a while, the ride smoothed out. It seemed like forever before we landed. I was never so happy to be on the ground in my life!

Day 2, Tuesday, February 3, 2004 – Bangkok, Thailand

In Tokyo, I met up with Barbara Weber, a very vibrant person and my primary contact at Grameen. She was the one who got me involved with the organization. Barbara will be traveling with me for the whole trip.

Very tired, we boarded our flight to Bangkok. Seven hours later, we arrived and checked into our hotel rooms for the night. I had traveled 27:07 hours since I left my home in Davis! Today we are traveling on to Chennai, formerly Madras, in India. The following day we will finally arrive at our first destination of Trichy – some three days after starting out!

Written On Day 4: Friday, February 6, 2004 7:20 PM India Time, Trichy, India

Day 3, Wednesday, February 4, 2004 – Chennai, India

Barb and I arrived in Chennai in a jet lagged daze, and were driven to our hotel. After resting for a little while and checking our email at the hotel's "business center", we looked through my guidebook to figure out what to do for the afternoon we had in the city before leaving for Trichy. We got a driver for the afternoon and set out. We wanted to see the Bazar, the Government Museum and some other sites. Barb had gotten an email from Emily, a Grameen staff member who had worked in Tamil Nadu helping to launch the Village Computing Project which we are going to see. Emily suggested having dinner at the Park Hotel and visiting one of the coffee shops. Our driver was very personable, but took us almost nowhere we wanted to go. When we asked him to drive us to one of our selected locations, he would say "yes, sir" and take us where he wanted instead.

As we drove through the city, India hit us with full force and impact. The roads were filled with auto rickshaws, vehicles of every description with drivers insanely weaving in and out of their lanes, at every moment threatening to run over the many pedestrians, bicyclists or other vehicles and then pulling out at the very last moment to avoid the collisions. Cows and water buffalos roamed along the sides of the road and, uncaring onto the roads. They own the place after all in a country that considers cows sacred. We passed women walking along the road, most in brightly colored saris, and men sometimes in western dress but more often in langhi, a piece of cloth wound around the waste and over the thighs. There were people everywhere. Along the sides of the road, people sometimes congregated in groups, sometimes around cooking fires. And of course there was the third world smell.

First, our driver took us to the Fort Museum instead of the Government Museum, and we saw some exhibits in the British period. This seemed an amusing mistake at the time, but it soon became clear that there would be little or no correlation between where we asked to go and where we eventually ended up. It was all good, though, since all Barb and I really just wanted was to see a bit of the city.

Our driver took us next to a beach on the Indian Ocean near the IIT campus. The beach was very deep, and the distance to the water was considerable from the parking area. There were dozens of vendors selling food and drinks along the beginning of the beach and scattered along it almost to where it met the ocean. There were many people on the beach, most in groups but some alone. Every one was fully dressed as they enjoyed the beach on the hot day. Only when we reached the water did we see anyone less than fully dressed, and only those actually in the water were not fully clothed.

As we drove through Chennai, it was impossible not to think that we were in a profoundly different place from the one we had left behind. The riot of colors, noises and smells placed us securely in a place not home, in a place where we had no good idea how things worked or how anything got done.

Our next stop was at a Hindu temple. The place was cavernous, with people milling around. There were many shrines to the different gods in the various nooks and crannies of the temple. From the parking lot, I saw a huge cone shaped tower rising up over the temple covered with very colorful and vibrant depictions of the gods, some in the form of large statues. In front of the entrance was a woman selling flowers next to the place where all who enter the temple must leave their shoes. And there were beggars everywhere. They begged by bringing one of their hands to their mouth to beg for food.

We eventually made it to a hotel that was not the Park Hotel for dinner and then fell asleep in the car on the way back to our hotel.

Written On Day 8: Tuesday, February 10, 2004 5:30 PM India Time, Hyderabad, India

Day 4, Thursday, February 5, 2004 – Trichy, India

Thursday morning Emily joined Barbara and me in the hotel in Chennai. Emily had worked as a Grameen Foundation volunteer in Trichy helping the local Micro-Finance Institution, ASA, implement the Village Computing project that we were in Trichy to see. Grameen Foundation partnered with ASA to develop the project.

We flew from Chennai to Trichy that morning and were met at the airport by Mr. Alex, the ceremonial head of the Village Computing Project, known locally as VISP or Village Information Services Project. Mr. Alex is a short, older man, who would be our constant companion during our time in Trichy. Jeyaselvan was the more hands on head of the project, and he gave us much good information about ASA and its work. We were taken to our hotel, and then Emily showed us around the city, taking us to her old haunts from the time she spent there. We traveled by auto-rickshaw, a small three wheeled contraption that is open on the sides and resembles an enclosed and widened motorcycle more than a regular car. Riding on one of these vehicles is unlike riding in an enclosed car. The sides are open, so you have to hold on to avoid falling out, and the smells and dust of the city were all around you. In the chaotic traffic of India, I always felt one slightly wrong move away from death, but then I felt that way in a regular car

as well! An important piece of advice you often hear is “trust your driver” – he knows what he is doing. In fact this is the only way to travel on the roads and avoid constant panic and fear!

That afternoon, we visited ASA’s offices, and, still very jet-lagged, were introduced to what seemed like hundreds of their staff. ASA is a micro-finance organization that makes small loans to very poor women. The VISP project is just one of their endeavors. We met the Chairman and founder of ASA, Mr. Djeveraj, and then were given a presentation on the organization and their operations. The organization has around 52,000 members, and has been successful in raising 38% of them out of poverty within three years. Almost all the members see some increase in their income, however. We learned that the VISP project had only become operational a few months before, and that to date six kiosks had been started. Emily was visiting them to help roll out the next set of VISP businesses. We were treated like kings by the ASA staff!

At this point I should point out that we were in Trichy pretty much on a whim. When the trip to India was proposed to me, I offhandedly mentioned that I would like to see the Village Computing Project. I assumed that this would consist of a low-key visit to one of the Village Computing businesses and perhaps an informal chat with some of the ASA staff. Instead, they moved heaven and earth to accommodate me. Barb, Emily and I were given a very elaborate presentation by the ASA staff, and we met almost all of their people. I was shocked – and pleasantly surprised – by the reception that I received! Kudos to the Grameen Foundation, ASA and particularly to Barbara who arranged it all.

Day 5, Friday, February 6, 2004 – Trichy, India

Friday morning Barb, Emily and I were joined by Kanchan. Now living in America, she was born in Bengal and has a business importing weaved goods from weavers in Tamil Nadu, the state that includes Trichy. We were met by Mr. Alex and taken to the village of Amirtharajanallur to see a center meeting. In the Grameen Bank model which ASA largely follows, the members – the women who receive the micro-loans – organize themselves into small groups, and those groups are further organized into centers. ASA sends a field worker out to each center once a week to collect the loan payments and to support the borrowers. We arrived in the village to see about twenty colorfully dressed women sitting outside along the periphery of a series of large mats. The field worker, a woman, was sitting with them. She called the roll and then collected the passbooks from each of the groups along with their loan payments, and then recorded each payment in the passbook and her own journal. We talked to the women using the ASA staff members as interpreters, and found out that many of the women were involved in various forms of animal husbandry, and had used their loans to purchase goats, cattle, and other animals. The women’s kids hung around behind them and around the meeting area.

We then went to see some of the women’s houses. The first we visited was a well-constructed one-room house. The family sleep on the floor, and there was a small kitchen. Next we visited a much larger house made of mud with a spotty thatched roof that leaked when it rained. The woman had a TV set that she held safe for the village as well as a radio and some other items.

The four of us, accompanied by our retinue of ASA staff, then went to visit our first village computing business. We arrived at the Ramachandra Nager Kiosk a little while later. We found it to be a storefront in a small town. A sign outside advertised its services. Inside, the woman running the business sat at a desk, and on the right hand side were some chairs. Further inside was another small room that contained a desktop computer, a scanner and a printer. The most popular service that the village computing businesses provide is that of eGovernance. Using this service, clients can find out what government programs they might be eligible for and learn the program's requirements. Then the woman operating the business can print out the appropriate application form – they have all been digitized – and give it to the client to fill out. The client thus saves a series of visits to government offices, and avoids having to take time off work to make those visits. They are then given a letter stating that they have used the eGovernment service, which entitles them to expedited service when they do visit the government office. Another popular service is that of complaints. Users can use email to complain to government officials about problems, and since these complaints are tracked, they receive quick responses. The District Collector, a sort of regional governor, is a big supporter of the program, and any of his officials who does not respond quickly risks his censure. The clients do not actually use the computers themselves, which would be difficult since many of them are illiterate or at least do not have computer skills. Rather, they talk to the operator who does the actual interacting with the machine. When we visited, the computer's internet connection was down due to a problem with the phone line. The operator was trying to change providers so that she could use her cell-phone to connect her computer to the internet at faster speeds than over the land line.

After talking with the operator for a few minutes, a woman walked in to file an application for a disability loan on behalf of her husband. She felt comfortable using the service because the business operator was a woman who she knew, and a relative. She received the appropriate forms, and later we visited her home.

Next we visited Thuvankurichi kiosk. This was a more substantial operation run by two sisters. There were two large rooms, with three computers in the side room. We arrived to find a computer class going on. A number of girls were huddled around the far computer learning how to use the computer. Their lesson was long over, and they had been waiting for our arrival! While we were there, two disabled men came by, also to apply for disability loans. One of them had a disfigured hand. I asked him if his injury was the result of an accident, and he said that it was. I asked him if he had seen a doctor, and the man said that he had and that the doctor said that he could fix the hand, but the man had not been able to afford the procedure. So now he was disabled. It was very sad!

Lastly we visited the Vaiyampatti kiosk, the only one run by a man. There we found a bunch of kids huddled around a computer playing computer games. Outside, the whole town seemed to have come out to meet us. When the kids saw that I had a digital camera, they all wanted to have their pictures taken. Whenever I pointed my camera at a particularly interesting looking person, they would all swarm over to her in order to get in the picture. After taking the shot, I showed them the picture I had just taken on my camera's screen, and everyone mobbed around it to see! I had to take a very large number of pictures before I could get away!

Day 6, Saturday, February 7, 2004 – Trichy, India

Saturday morning we visited another center meeting, this time at the Manikandam branch. This branch had been around for seven years. As the women each told us what they had used their loans for, we found that most of them had started businesses in some form of animal husbandry with their first loans. They had initially bought cows or goats with their first loans. As they progressed to their subsequent loans, many of the women branched out into other fields. Some were working in construction, one did lathe work, and another worked with gems. Several of the women had been able to educate their children, and several had been able to send their children to college. It was a real testament to the success of the program that these women had progressed to such a degree. I was very impressed!

After leaving the village, we drove to Madurai three hours away and left out new friends at ASA. The project was very impressive. The organization's operations are constrained by money problems at the moment, and the Chairman was quite frustrated about the difficulty in getting enough capital to continue their work. ASA borrows from banks in order to make the micro-loans, which have over a 98% repayment rate. The government has recently passed a law making it illegal to charge their current interest rate. The newly mandated rate will not even allow ASA to cover their costs. To address this problem, ASA is transforming into a different type of organization called a Non-Bank Finance Company which will give it greater flexibility in its operations.

Barb, Kanchan and I arrived in Hyderabad Saturday evening and were met by Ramesh, an effusive man, who is one of Kanchan's relatives and the one who had organized much of the Hyderabad portion of the trip. That night at the palatial Taj Krishna hotel, I met the others involved in Grameen Connections, the core part of my trip. At the welcome dinner that night were Alex Counts, the President of the Grameen Foundation USA – the organization that had organized the trip- , Bob Eichfield, a retired financial wiz who has contributed his vast knowledge of things financial as well as his contacts to the Foundation, and has orchestrated some very innovative funding deals. Also there was Fiona McDowell, the Grameen Foundation staff member who organized the trip. The final participant was Dana Whitaker, who is writing a book on the various micro-credit programs throughout the world.

Day 7, Sunday, February 8, 2004 – Hyderabad, India

Sunday morning the group met for breakfast and then again in a conference room in the hotel. Alex gave a presentation on the history of micro-credit in India and on Grameen Foundation USA's involvement in the region. Bob talked about the "securitization" deal that had recently been completed in which ICICI, an Indian bank, bought many of the outstanding micro-loans from SHARE, one of the local micro-finance groups that we will be visiting. This gave SHARE a large amount of new money to lend out, and ICICI got a loan portfolio with a high repayment rate. Under the deal, SHARE will continue to collect and manage the loans for ICICI. Next, Udaia Kumar, the Managing Director of SHARE talked about his organization's history, programs and projects. The SHARE group has 244,000 clients, 2,000 employees and has

dispersed \$72,000,000 USD in micro-loans. According to his presentation, India has 400 million poor people, of which micro-finance organizations can target 80 million. At present, the Micro-Finance Institutions or MFIs in India reach 7 million people, so the gap is 73 million people. Udaia estimates that it would take \$8.8 billion USD to provide all the poor in India with access to micro-loans. That seemed like a small number to me for a project that would eliminate the vast majority of the poverty in the second largest country on the planet!

Later we drove further into Hyderabad and visited the Charminar towers and the accompanying mosque. The group walked through the bustling Laad Bazaar, full of people and activity. We saw a number of Muslim women wearing the full black birkas that cover their entire body. The black headcovering covers their entire face except for a small rectangular opening in front of their eyes. After returning to the hotel, we set off again in the evening for a speed boat ride on Hussain Sager Lake that took us past the Full Moon Buddha, a 17.5 meter tall, 350 ton statue in the middle of the lake.

Written On Day 19: Saturday, February 21, 2004 6:10 PM Bangladesh Time, Dhaka, Bangladesh

Well, I haven't had much time to write in this journal during my trip. We have had a pretty hectic schedule that left me little free time! I am now at the end of the trip in Dhaka with a few hours free time before leaving for the airport and my very long trip home, so I will try to catch up.

Day 8, Monday, February 9, 2004 – Hyderabad, India

Monday morning the group met with Chandrababu Naidu, the Chief Minister of Andhra Pradesh, the Indian state that includes Hyderabad. The Chief Minister is a very powerful man, and has the reputation of being a reformer and an enthusiastic supporter of micro-finance. The position is something like that of a state governor in the U.S. We met with him in his palatial home. After passing through the main gate, we reached the security checkpoint. Then the group walked through a metal detector and into what looked like a waiting room. There were closed circuit cameras watching our every move. In the waiting room, there were several other people in addition to our group, one of whom was identified to us as a major musician and celebrity who had been summoned to write a campaign song for the minister. There were chairs along the walls of the room where we sat down and waited. After a while, the Chief Minister's secretary came into the room and talked with us for a few minutes. He was apparently also a very powerful man in the state. Then Chief Minister Naidu came into the room. Everyone stood up as he entered. Naidu was dressed in a bright yellow shirt and was a commanding presence. I was very nervous about meeting the man! Alex had asked Bob to speak for us, and he briefly talked to the Chief Minister about the micro-finance programs that the Grameen Foundation USA is involved with in India. We had been briefed before the meeting, and were told that there were some issues we should avoid, such as the matter of the interest rates that the MFIs charge. Also, we were warned to use the term "self-help groups" to refer to the micro-lending programs as Grameen is somewhat controversial here. The Chief Minister listened for a while, and then launched into a

description of the government-organized micro-finance programs that he had started in Andhra Pradesh. Next Udaia Kumar, the head of SHARE, talked to the minister and told him about his program. The minister immediately started in on the matter of interest rates, berating Udaia for charging more than the government-organized programs charged, and imploring him to reduce the rates charged by SHARE. This criticism was a bit unfair since the government program enjoys a significant interest rate subsidy from the state that is not available to SHARE. The Chief Minister talked for a few more minutes and then posed for photographs with our delegation. As quickly as it had started, the meeting was over. We talked to the Chief Minister's secretary for a few more minutes and then left. All in all, it was a fairly positive meeting. I felt somewhat out of my depth in such august company, and was constantly in fear of making some horrible social blunder in front of the officials. All went well on that front, though, and the meeting was a success.

Next, the group drove into the countryside to visit one of the SHARE branch offices. Along the way, we passed many water buffalo, cows and oxen, some of them pulling carts filled to the brim with agricultural products such as grass, bamboo and other items. At the branch, the group was briefed by some of the field staff on the details of their operations and loan tracking systems. Then we broke up into two groups and visited some of the SHARE villages. The village I visited was in a semi-urban area, and I was surprised to find that the houses were much nicer than those I saw near Trichy. The houses were much more substantial brick or stone structures, and most had at least some consumer items such as TVs and radios. The question came up about how it was that these people were considered by SHARE to be the "poorest of the poor" – their target audience. We were told that since this area was semi-urban, most of the houses were better than those in more rural areas, and that, in addition, the government had started a program that was providing decent houses to the poor. I remained skeptical!

After visiting the village, the group returned to our Hyderabad hotel. A while later we reconvened to go to dinner. As Kanchen was leaving the next day, Alex wanted to have a group picture taken of the Grameen Connections group. Unfortunately, I had changed out of my dress shirt and now looked considerably more casual. After making an effort to look decent for the whole trip, the picture was taken during the brief time when I had dressed down! I felt gypped! That evening we dined at Aalankrita, a spa-like complex full of gardens. It was very picturesque! We were entertained by a performance of traditional Bharatanatyam dancing. It was quite interesting - and colorful.

Day 9, Tuesday, February 10, 2004 – Hyderabad, India

Tuesday the group set off once again for the field. After traveling for over two hours in our two vans, we reached a much more rural village than the one we had seen the day before. We attended a center meeting held in the open but covered porch of one of the village's more substantial buildings. About twenty or so women attended, and we sat on mats in the front with the field staff worker on our right. The meeting was called to order with the women standing up and reciting the Pledge. The business of the meeting was then conducted, with the group leaders handing the loan repayments and their passbooks to the SHARE field worker, who then noted the

repayments in the passbooks and in his journal. This took some time, as it is a completely manual process. I asked whether they had thought of using handheld computers to speed up the business of recording the loan repayments. I was told that a pilot project had in fact been done, but that it had turned out not to be cost effective. SKS, the other MFI that we visited, also tried this, but came to the same result. When labor is cheap, it appears that labor saving devices have a harder time making economic sense. We then asked the borrowers a number of questions, and found out that almost none of them had had any education at all. Several of their children were in school, however. I took this as tangible evidence that the program was improving the quality of their lives, at least somewhat.

Next we traveled to a nearby village, and visited some women who had bought water buffalo with their loans, and a woman who had started a sewing business. The houses were mostly mud structures with thatched roofs. Inside the one or two room structures it was quite dark due to one of the frequent power failures. There is generally a cooking area to the left, and a small shrine area to the right of the entrance. Several people live in each home, and they sleep on mats placed on the dirt floors.

After the visits, most of the group headed back to Hyderabad. Alex and I, however, wanted to see some more villages, and so we sauntered on. First we visited a dailit village. The dailit, formerly known as the Untouchables, is one of the lowest castes, and the people live in a separate “colony” removed somewhat from the rest of the village. They do all the work that no one else wants to do. Their mere touching of an item is thought to make it unclean. The people we saw were in bad shape. In contrast to the warm welcome that our group had received elsewhere, we were greeted upon our arrival at the colony by an unenthusiastic and lethargic group. We talked to a few people, and mostly got short answers. They didn’t seem to be trying to be rude. Rather, it seemed like they were listless because they had no hope. I noticed that one woman had a distended stomach under her sari – a sign of severe malnutrition. The SHARE staff member who was accompanying us said that there were few businesses that these people could start. They could not ruin one of the “petty stores” – a kind of very small grocery store we had seen elsewhere – because the other villagers wouldn’t touch any food that they prepared. They were able to keep buffalo, but they had to hire a non- dailit person to milk them so that the milk could be drunk by the other villagers. I was surprised at how prevalent the caste system still was in the villages that I visited. Years after it was officially discouraged by the government, it still seemed to be governing most aspects of the peoples’ lives here, at least in the villages.

Next, Alex and I visited yet another village, and had tea in a tea-shop run by one of the SHARE borrowers. She had used her loan to dramatically expand the shop. Next door, we met a woman who was selling a kind of mildly intoxicating beverage made from the sap of a local tree and some other ingredients. She sold the beverage in old coke bottles, and paid the owner of the sap trees a fee to be able to tap their sap. The borrower said that as it was somewhat disreputable for the villagers to partake of her product, she often delivered it surreptitiously to their homes. The limiting factor in her business, she said, was that she could not afford to buy enough used coke bottles or enough of the wood cases in which she stored the bottles. The woman said that she was going to use her next loan to buy more bottles and cases. Once again, the caste system had

influenced her business. When we asked the woman why she had gone into that particular line of work, she said that it was because it was the traditional job of her caste.

That night I called Susan. We had had a few missed calls so far on the trip, and this was the first time we had connected. It was great to hear her voice!

Day 10, Wednesday, February 11, 2004 – Hyderabad, India

Wednesday the group attended a client workshop, which I envisioned as a low-key training affair with us observing quietly from the back of the room. Nothing could have been further from the truth! We were escorted to a long table on a platform at the front of the room next to the podium. In front of us were hundreds of women seated below us in endless rows of chairs. We were the honored guests of the proceeding, and were treated like royalty. We each introduced ourselves, but since most of the meeting was conducted in the local language, we members of the Grameen Foundation delegation had to listen attentively for our names to be mentioned in the stream of unintelligible speech in order to know when to get up and make our short speeches. We listened to a number of the women and heard their inspiring stories. Later, we visited the member's craft booths set up on one side of the massive hall. I bought a few things, took a few pictures and was repeatedly asked for my autograph. The whole experience was very over the top!

After a while, we were ushered out of the hall and driven to SHARE's headquarters to debrief our short visit. The group shared some concerns about the operation. During our visit, we had been shown SHARE's impressive system of business controls that help to insure that the operations are conducted fairly, without any corruption or funny accounting. Each branch is audited four times a year, two of them in excruciating detail, for example. It is a massively structured system, with all control vested in the head of the organization. This works well if you have a good leader, as they currently do in Udaia. But we expressed some concerns about the weak succession plans. The operation seems to be kept together by the force of will of its head, and no real process for delegating power was evident. Still, SHARE has been remarkably successful, reaching hundreds of thousands of families and significantly improving the lives of over 75% of them while maintaining its financial sustainability – in other words making a profit. It is an incredible achievement.

Day 11, Thursday, February 12, 2004 – Hyderabad, India

Thursday morning some of the group visited the Salar Jung Museum. In the afternoon we visited the head offices of another Grameen Foundation partner, Swayam Krishi Sangam, known as SKS. The first thing I noticed was that there were a large number of women in high-ranking positions at SKS compared with the almost all male SHARE staff. There also were a number of Indian Americans on the staff and as interns. In fact, the head of the organization was an Indian American. He was returning to the U.S. and only retaining his position on the board. SKS was therefore searching for a replacement head. The difference between the management approaches of the two organizations was like night and day, In contrast to the authoritarian style I saw at

SHARE, SKS was run in a much more democratic manner, with the staff free to take on much more of a role in policy making. SKS also seemed to be more innovative in its approach. For example, they recruit all of their field staff from the villages, and they do not insist that they have university degrees as do many other Grameen style programs. The group was shown their very well developed loan tracking software systems. They also showed us the Palm Pilot system they had developed as a pilot project that allowed the field workers to enter all the loan repayment and savings details into the handheld computer at the center meetings, thus eliminating the tedious manual updating of the passbooks and of the journal. The pilot, while technically successful, had turned out not to be cost effective, and the system had been dropped.

Next, we traveled to one of the SKS villages to observe a Group Recognition Test. When a new group is formed, the members must learn all the details of the SKS system. When they think that they are ready, a staff member from a regional office gives them a test to make sure that they do, indeed, understand the rules of the program. We arrived at the village and were taken on a home inspection tour. In order to become SKS members and to form a group, the women must be the poor or vulnerable near-poor. Two of the criteria are that they cannot have over a certain amount of assets, and that their houses must be below a certain level. Points are given for such details as what kind of roof they have and what materials the roofs are constructed of. We walked to several of the prospective group member's houses and asked some questions. One of the women's husbands got upset after we asked about his house, and demanded to know if we thought he was not poor enough for the program. All the women passed the housing inspection, and then they gathered in a circle with the branch staff and the members of our group sitting on a mat in front of them. The manager tested the understanding of the program of these illiterate women by asking questions and illustrating key concepts with a set of small stones and some money. One of the women looked older than the rest. I would have put her age at over fifty, but when I looked at her information sheet I was shocked to find that she was my age – 40! Clearly she had had a very hard life. As dusk fell, the cooking fires started up and we saw a marriage celebration taking place in the distance. I was mobbed by the village kids who all wanted me to take their photographs. After obliging for a while, I ducked into our van and headed home to Hyderabad.

Day 12, Friday, February 13, 2004 – Hyderabad, India

Friday morning we visited another SKS village and observed a center meeting. The women gathered in a circle in the courtyard in front of the village school. On the outside wall of the school was a rather inaccurate painted map of the world which turned out to be a useful prop when we introduced ourselves. Afterward, we walked around the village and met some of the borrowers, who mainly were involved in raising animals. Later we returned to the SKS branch and received a warm farewell from the very friendly SKS staff.

That night we had a farewell dinner with some of the SHARE staff, who arrived an hour and a half late. Bob informed us that this was normal in this part of the world, and was not intended to be rude or to give offense. It must be difficult to plan anything with any certainty here! As the Grameen Connections phase of my trip ended, I said goodbye to Bob and Fiona. I would see

Alex and Barb - as well as many of the ASA, SHARE and SKS staff – at the Micro-Credit Summit in Dhaka, Bangladesh which was my next stop.

Day 13, Saturday, February 14, 2004 – Dhaka, Bangladesh

Another day, another flight. Very early Saturday morning – 4:30 to be exact – Barb and I flew to Calcutta and then on to Dhaka. As I passed through security in Calcutta, I was informed that my boarding pass did not have a necessary immigration stamp. The immigration officer had failed to stamp it. We rushed back to immigration, and Barb talked with the manager in fluent Bangla. He stamped my form, yelled at the officer who had failed to stamp it earlier, and we were off to the departure lounge. While enjoying a couple of cokes at the drink counter, we talked to a teenage man behind the counter who informed us that he liked George Bush because he had been good to India. This was a fairly questionable assertion, but we let it go and boarded our flight. Half an hour later we landed in Dhaka.

As we drove in from the airport, the roads were eerily uncrowded. It turned out that Dhaka was in the midst of one of the frequent *hartals*, or general strikes that the opposition periodically calls to show its displeasure with the government. During the *hartals*, no motorized transport is allowed in the city. Violators are asking for trouble, and their vehicles are often stoned. We were taking a slight risk in driving that day, but apparently foreign travelers on the highways were rarely bothered, and we arrived at the hotel safely. Grameen Bank was hosting a field trip to some of its villages that day, and the participants were not so lucky. Most of the activities were cancelled, and the participants of another one had to be taken to the village inside an ambulance, sirens blaring, in order to avoid being harassed by the participants of the strike.

That afternoon Barb introduced me to her friend Nahas, an architect whose family befriended her during her year in Bangladesh. Nahas took us to the Grameen Bank headquarters using a series of stratagems designed to circumvent the restrictions of the *hartal*. Grameen Bank is ground zero of the micro-finance industry. Its founder, Professor Yunus, popularized micro-credit in Bangladesh. Grameen Bank is now headquartered in two large buildings in Dhaka. As we walked around, Barb was treated like a conquering hero come home. Everywhere we went, people would get up from their desks, warmly greet her and ask us to have tea. There was some commotion in the building when we were there. A reception was being held for Queen Sofia of Spain, a supporter of micro-finance who was in town for the summit. While there, we met Abser Kamal, a man with whom I had corresponded on a project I worked on for the Grameen Foundation, but who I had never met. We agreed to meet again a few days later.

Later that afternoon, the three of us returned to our hotel, the Pacific Inn, after stopping off to see the house where Barb lived while in Dhaka, and meeting some of her neighbors. The neighborhood was apparently much more built up compared to when Barb was last there, but none of the buildings looked new. The whole area had the look and feel of a slum. There were dilapidated and half-completed buildings everywhere, and the electric wires hung loosely everywhere. Back at the hotel, we met up with Dana who had arrived in Dhaka the day before.

Nahas invited us to have dinner with his family that night, and we enthusiastically agreed. It was a unique opportunity to visit a Bangladeshi home. We were greeted by his extended family including his father, a former general, and his gregarious father-in-law. Everyone was very friendly, and welcomed us very warmly. Nahas' house is quite large and well-designed, consisting of several floors and a couple of apartments. We talked about a variety of subjects from religion to politics and dined on a variety of Bangladeshi food. The evening was quite a special ending to my first day in Bangladesh!

Addendum: May 24, 2004, Davis, California, U.S.A.

Well, I didn't get around to finishing this journal while on my trip, and here it is months later! I will now try to give a brief accounting of the rest of my time in Bangladesh, including my visit to a Grameen Bank village and my participation in the Asia Pacific Micro-Credit Summit of Councils.

Day 14, Sunday, February 15, 2004 – Dhaka, Bangladesh

Sunday was the last day before the Micro-Credit Summit was scheduled to start. Fortunately we were not plagued with a *hartal* that day, although one had been called for the following day, the first day of the summit. As part of the summit, the Grameen Bank had organized a series of trips to some of the villages in which they have centers. All the people who were going to go on these field trips gathered in a large room at the Grameen Bank offices early in the day. There was general confusion about the arrangements, but after a delay the various groups were formed and we set out for the villages. Barb and I were in one group with a few other people. It quickly became apparent that translation was going to be a problem. We had been assigned a Grameen Bank staff member who spoke only a little English. Consequently, every question we asked had to be repeated several times before our guide understood us, and then the answer had to be repeated several times before we understood the answer. It then often turned out that the wrong question had been asked anyway, and we had to repeat the entire procedure. Fortunately Barb speaks fluent Bangla, and she was able to help us to get our questions across.

After a long drive, we arrived at Nagori village. Our first stop was at a center meeting conducted in a small, rectangular metal roofed building that was open on one side. At the front of the building there was a table where we sat along with the Grameen Bank staff. In front of us were rows and rows of women colorfully dressed in saris. One by one the group leaders got up to speak. These were noble looking women, but some wore sad expressions as well. One of the women was a widow dressed in the traditional white sari. The business of the meeting was conducted by the Grameen field worker. Afterwards, we attempted to ask the women some questions with some success.

I was particularly interested in talking with the Village Phone lady. I had been working on a project with the Grameen Foundation USA to extend the range of the village phones, and wanted

to ask the phone lady some questions. Dressed in a blue sari, the phone lady pulled out her cell phone to show me when I started to ask her about her business. It was strange to see such a high-tech device in use in such a low-tech village! One of the businesses that Grameen Bank has created for its borrowers are the village phones. Most of Bangladesh outside of the capital has virtually no land-line phones, but large parts of the country – including many rural areas – do have cellular telephone coverage. The problem is that very few people can afford cell phones. Seeing an opportunity to vastly increase telephone coverage in rural Bangladesh while at the same time providing new business opportunities for some of its members, Grameen Bank partnered with Grameen Phone, the country's largest mobile telecommunications company, to create Grameen Telecom. These companies administer the Village Phone Project as well as a cell phone service for other Bangladeshis. Through the Village Phone Project, Grameen borrowers are given micro-loans to purchase cell phones which they then use as village pay phones. Villagers pay to make and receive calls, and telephone access is brought to rural areas.

As we walked through the village, I wanted to talk with the phone lady, but our guide was unable to provide the necessary translation. In frustration, I asked Barb to help, and she introduced me to Mukta, one of the few young woman in the village who was attending university. Her English was pretty good, and she was able to ask the phone lady a few questions for me. It turned out that the woman's son did most of the work, and that she knew few of the details herself!

As the group walked through the village, we passed women cooking food on the ground around a fire, a group of three women sorting and preparing white rice in big conical baskets under an overhang in front of one of their houses, and endless green rice paddies bordered by raised levies on top of which were the dirt paths through the village. When the floods come, the fields are completely submerged in the water, and only the high levies are above the water line. The roads are raised so that during these floods the villagers can still move around the village and get to the neighboring areas. I saw this pattern of low-lying fields surrounded by these high levies everywhere I went in the rural areas of Bangladesh.

From Nagori, we drove to another village. On the way, the van passed over a river, and I saw a number of small fishing boats on the shores of the water. Shortly after entering the village, we came to a small store on the side of the road that housed the village phone. I went in and sat down at a table that took up much of the room, and talked with the phone lady for a few minutes. Then I used the cell phone, which was attached to an antenna on the roof of the building by a thick wire, to call Susan in California. The call was remarkably clear. It was great to talk with her! It was interesting to see the village phones actually in use.

We walked further along the dirt road into the heart of the village and passed many houses. Most had people working in front preparing food or making crafts. The group was heading toward a clearing where many craft items were displayed for us to see and buy. As we neared the area, however, we heard a fight raging nearby between a man and his wife. Other villagers were joining in as well. They were all quite loud and angry. It was the first domestic strife I had seen on the trip. Later we got conflicting reports on what the fight was about. We asked our Grameen Bank guide why he didn't intervene, and he said that since they were not members it wasn't appropriate for him to get involved.

On that sour note, we headed back to Dhaka. The *hartal* was starting early, and this caused a massive traffic jam. Dozens of vehicles of every description were stopped on the main road of a town. We were told that it was unsafe to proceed, that if we did the van would be pelted with rocks and perhaps even shot at. We waited for a while, but eventually our driver got fed up and sped down the road. We were not assaulted, and made it to the conference center several hours late. From there we got a cab to our hotel. Trust your driver!

Day 15, Monday, February 16, 2004 – Dhaka, Bangladesh

Monday morning the Micro-Credit summit began. Since it was a *hartal* day, special transportation had been arranged to take us to the hotel where the summit was taking place, which was about a half hour drive from where the Grameen Foundation USA people were staying. A bus showed up to take us to the summit that was guarded by several uniformed soldiers carrying rifles. They sat prominently in the front of the bus, very visible from outside. The bus had an armed guard, and no one messed with us as we drove to the conference. It was not the best start to the summit!

The conference was held in a large hotel. There was a large display room where many booths were set up by the various micro-credit programs from around the world. There were a bewildering variety of organizations represented, all with different implementations of the basic micro-credit methodology pioneered by Grameen Bank in Bangladesh. Registration booths were placed on the left hand side of a long corridor that led to some restaurants, the pool and the large function room where the plenary sessions were held. Quotations by various people were placed on poles along the corridor. Two that I especially liked were:

“Money, says the proverb, makes money. When you have got a little, it is often easy to get more. The great difficult thing is to get that little.”

- Adam Smith

and

“Whenever you are in doubt ... apply the first test. Recall the face of the poorest and weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him. ... true development puts those first that society puts last.”

- Mahatma Gandhi

Over the next few days, many speakers from many countries got up to speak in the plenary sessions, including the Prime Minister of Bangladesh, the opposition leader, Queen Sofia of Spain, and U.S. Senator Richard Durbin. All of the proceedings were conducted in English. Unfortunately, the acoustics in the hall were not great, and it was often quite difficult to understand the majority of speakers for whom English was not their native language. If it was

hard for me, a native speaker, how much harder must it have been for the many people in the audience who primarily spoke other languages!

I was fascinated by the great diversity of approaches to micro-finance. Currently, about 60 million people are participating in micro-finance programs around the world. At the first Micro-Credit summit a few years ago, a target was set of reaching 100 million people by 2005, and it seems like the various groups are on target to reach that goal.

Many topics were discussed at the summit, but much of the discussion centered around controversies over what interest rates are appropriate for the various programs to charge. In order to be self-sustaining, many of the programs charge higher interest rates than we are used to in the U.S., but many of the programs would not be viable if they charged significantly lower rates. In many countries, the governments are putting pressure on the MFIs to reduce their rates. To complicate the matter even further, some micro-finance programs provide social services in addition to the micro-loans. These services cost money, so either the interest rates end up higher or the programs must rely on additional donor support to stay alive.

Another problem is that the laws in many countries do not fit well with the micro-credit concept. Banking laws designed for traditional banks are not a good fit in many cases, and the rules regulating non-profits do not fit exactly either. In several countries, for example, non-profits are not allowed to take deposits from the borrowers or to offer insurance products to them. Many programs were trying to find ways to work around these problems. One popular but difficult option is to transform the organizations to the non-bank finance companies mentioned above, but this is a complicated and costly approach. In general, though, the various programs seem to be very successful, and many millions of families are benefiting from the micro-finance approach.

Day 16, Tuesday, February 17, 2004 – Dhaka, Bangladesh

Today I met Professor Yunus, the founder of the Grameen Bank in Bangladesh. Throughout the summit, you could always tell where Professor Yunus was. Just look for a crowd of people trying to get their picture taken with a small, unassuming man in a vest and there he would be. The man exudes friendliness, and treats everyone with respect, suffering to have his picture taken with all comers. At one of the plenary sessions, I noticed Professor Yunus sitting in the front row. I went up and introduced myself and explained that I was volunteering with the Grameen Technology Center in the United States. He talked amiably with me for a few minutes about my project. It was a rush to finally meet the man who was at the epicenter of the micro-finance movement and who I had heard and read so much about!

That night, I went out to dinner with Sandy, a Texan woman who is involved in a micro-credit program in that state and who imports textiles from the subcontinent. We took a rickshaw to the restaurant not far from our hotel. This was a proper rickshaw, not an auto-rickshaw. That is to say that it was an open carriage seat pulled by a man on a bicycle. It produces an interesting if not too fast ride. Getting to the restaurant was no problem. It was getting back that was the problem! I already knew that the rickshaw drivers had no idea where our guesthouse was. The

day before I had been taken all over creation before I finally arrived home. That time I only knew the name of the hotel and not the address. Never one to make the same mistake twice, this time I had brought the hotel's business card which had the address in both Bangla and English. That did not help. The driver still couldn't find the place. We drove around and around the area, past numerous signs for Grameen Phone, and down side street after side street. The driver would periodically stop and ask people how to get to our guesthouse. There happened to be a military base near our hotel, and the driver stopped there to get directions. Several heavily armed soldiers came to the gate and talked with him, making me very nervous. We had been warned to have nothing to do with the military or the police if we could at all help it. The soldiers were quite friendly however, and were curious about where we were from. We left the gate safely, and eventually, after over an hour in the rickshaw, we finally found our way home.

Day 18, Thursday, February 19, 2004 – Dhaka, Bangladesh

Thursday was the last day of the Summit. There were several workshops scheduled for that day, and in the concluding plenary session many speakers got up and made concluding speeches. I saw Professor Yunus in the lunch area surrounded by the usual crowd of people wanting to be photographed with him. I managed to get into the crowd and had my picture taken with him. Later, there was a cultural presentation followed by a farewell dinner.

Most of the people from the U.S. left the next day, but I still had two more days in Bangladesh, as I couldn't get an earlier flight home.

Day 19, Friday, February 20, 2004 – Dhaka, Bangladesh

Friday morning I visited the offices of BRAC, another Micro-Finance organization. The BRAC approach differs from the Grameen one in that they place much more emphasis on providing additional services to their clients such as medical care, etc. They have a wide ranging series of programs of which micro-credit is but one.

Later in the day, Sandy and I visited the home of a man she had met in the park whose kid was getting married in a few days. Then we met up with Javier and Monica from a MFI in Argentina who also had attended the summit and who were staying at our guesthouse. We visited some of their Bangladeshi friends, and did some sightseeing around the city.

Day 20, Saturday, February 21, 2004 – Dhaka, Bangladesh

Today Javier and Monica and I met up with their friends again and we took a boat ride on a river near Dhaka. There were all kinds of boats on the river, from large fishing vessels to small boats like the one we were on. We also visited a Bangladeshi mall, which consisted of numerous stores in niches along seemingly endless cavernous corridors. I got some Bangladeshi earrings for Susan, and visited a store that sells pirated software. The walls of the store were full of all kinds

of titles, from the newest versions of Microsoft Office to numerous kinds of games. All the software was in shrink-wrap style coverings, and consisted of the disks only with a colorful piece of paper indicating what the software was. Often these were imitations of the front of the actual software box, but no one could possibly be fooled into thinking they were the genuine article. All the software cost a dollar a disk. You could get Microsoft Office 2003 – which retails for hundreds of dollars – for \$2.00 USD! No wonder open source software is not popular here. You can get the more common Microsoft versions for almost free!

All of the people I have met in India and Bangladesh were uncommonly welcoming and made it a point to be excellent hosts. I have received excellent hospitality from everyone here, even people who I barely knew! I hope that we Americans would do so well had the roles been reversed.

After returning to my guesthouse, I packed up my things and prepared to leave. Then I sat in the lobby and tried to bring my journal up to date. It was much harder to write in it on this trip than on previous ones. I had so much less free time! I had confirmed with the hotel staff several times that day that I wanted a cab to the airport for a particular time that evening, but when the time came near, I found out that they had not made the arrangements and wanted me to take their own car instead at much higher cost. I insisted, and at length a cab came. I said goodbye, put my bags in the car and got in. The cab wouldn't start. The driver tried to start it many times, then he got a number of people from the hotel to push start it. After being pushed halfway down the block, the cab finally came to life and I was on my way home.

As I arrived at the airport, a kid came over and “helped” me take my luggage to the counter. Then he demanded to be paid for his “service”. I knew about this scam and was going to give in to the racket, but all I had was large bills. He was persistent! After checking in, I bought a soda and got change to pay the kid off. It was a perfectly appropriate ending to my time in Bangladesh!

Several long flights later I arrived back in Sacramento by way of Singapore, Bangkok, Tokyo and San Francisco. Susan was there to meet me! After retrieving my bag, I found that it had been broken into, and my precautionary antibiotics had been stolen. Fortunately, that was all that was lost.

After three weeks in the subcontinent I was back home, let lagged and tired. It was good to be back! It was an amazing trip, and I was glad to have had the opportunity to see micro-credit up close. It strengthened my feeling that this is a methodology that can make a huge difference in reducing poverty. Unlike so many other kinds of development activities, micro-finance seems to actually work!