

**Creating Economic Self-Sufficiency through Village Model Micro-Lending
(U.S. & India)**

GiGi Colson

Executive Director

Institute for Poverty Awareness and Education, Inc.

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Abstract

Effective response must come *from* those who are oppressed. When the women of Matigara in West Bengal said they did not want charity but could put loans to good use, this was and is an effective response. I experienced the same effective response when the women in Woonsocket, Rhode Island said they were without the financial tools to create livable economic self sufficiency plans.

The implications of the village model of micro-lending around the world are significant. Micro-lending goes to the root of poverty where lack of entitlement results in women being in unsafe, unhealthy environments affected by insufficient livelihoods, discrimination, and alienation. Policy which extends itself to the creative solutions available within micro-credit lending is key to the true and sustained removal of poverty.

Micro-credit Lending – U.S. and India

What happens when night falls and Mamoni is too sick to go to school the next day because she has TB and Saapan, her father, knows he has no money for the medicine that might make her well. What happens to her mother who cannot be around to take care of her sick child because she is working all day for little return at the local hospital and must still pay every week the one who got her the job even though it has been three years since he found her employment. What happens when night falls and Raj's stomach is not quite full enough and Sonum is crying because her ears ache and there is nothing and no one to bring her relief. What happens when night falls?

The basis for the success of the micro-credit lending program lies in the ownership of it in the hands of the women who take part in it. Both in the U.S. and in India, women who are traditionally and historically most affected by poverty take back the reigns of decision making, empowered by their own ability to create economic self-sufficiency through the restoration of their human right to credit.

Returning to his native Bangladesh from school in the United States equipped with economic theories, Muhammad Yunus did not know how to deal with the reality of a woman he met in Jobra village who made 14 cents per day. Nothing in his learning on the way to becoming an economist had prepared him for such reality. He was convinced the very economics system in place would ensure the woman's poverty over her lifetime rather than creating any change. Yunus talked with many people in Jobra village and with his students at Chittagong University who had to walk through Jobra to get to school.

With \$27.00 in his pocket, Yunus lent the money to forty-two people in the village. That \$27.00 would become the seed that would grow the idea for a bank run by and for *and with* the rural poor. Despite knowing nothing about banking, Yunus moved forward with his pilot project in 1977 with government bankers trying to undermine the project almost every step of the way. The government banks said the tiny loans were not worth the paperwork, that the poor would not be able to cope with it and that the people would not repay the loans. Yunus persisted and the Grameen (village) Bank was born.

Realizing that poor people in the villages could not gain access to credit because one cannot put up poverty as collateral, Yunus set about creating a village bank that would restore the human right to credit and the chance to move beyond poverty. Today there are more than 2 ½ million borrowers in well over 40,000 villages in Bangladesh.

“Oko, kormo, singkola,” the members say at the end of their meetings, “unity, work and discipline.” This is more than a simple loan process; it is a life changing process. “We changed our life, you will change after this,” said Momotas Begum, a borrower from the Shojunkati Landless Women's Center. “Aie amadar pot chola,” the women chanted after the meeting, “this is our way.” They are committed to stay on as members of the Grameen until their lives are changed. These women have made considerable changes in the lives of their families. They have tried a path unknown to them and

succeeded at great odds. Because of these women, generations to come will not suffer as they have.

At the Showrah Landless Women's Center under a tiny open bamboo structure the women built themselves, 30 women borrowers gathered for a meeting. Nassrima took her first loan here 12 years ago when she was living in her father's house. Her first loan was for 2,500 taka (about U.S. \$46.00), which she paid back successfully. Nassrima now lives in a house of her own, owns cows and chickens and is paying back a 10,000 taka loan that she used to buy the land that she lives on. Through the power of Grameen, slowly the laws are changing in Bangladesh about women being able to purchase land in her own name. "If the women are given money (through loans), they can do something; her work can change her life," said Nassrima.

After nearly twenty years of working in relief settings, IPAE (Institute for Poverty Awareness and Education) was founded three years ago. Its mission was influenced by Bangladeshi refugee women living in abject poverty in India. These women of Matigara in upper West Bengal live and work along the Balason River crushing rocks by hand with a piece of iron from sunup until sundown for little return. The women of Matigara were adamant they did not want charity but could use loans such as they had witnessed through the Grameen in their native Bangladesh.

With the help of Nityabrata Das, a Bengali interested in the eradication of poverty, IPAE teamed with Swaraj, a poverty focused organization founded by Das. The previous two years, IPAE had dedicated its energies assessing micro-lending projects with another Indian organization in five rural districts of West Bengal. Partnering with Swaraj would afford IPAE the opportunity to have a more hands-on capacity while walking with struggling women to provide the tools to create economic self-sufficiency. It is not good enough to provide training and jobs to women with inadequate income when the training and jobs keep these women entrapped by too small income and faced with unaffordable housing and health risk.

When we first met in 1999, Maloti Ray rose at 4:00 a.m. every day and straight away went to the river to work. She lives on the river embankment in a small and inadequate bamboo hut. Her elderly mother-in-law does the cooking and watches the smaller children. At 8:00 a.m., Maloti would come back up the embankment to eat. After eating, she would return to the river until noon. Sometimes when there is much work and the contractors need an especially large load of stone, the children brought food to Maloti at the river. She might have stopped for an hour or so when the sun was high in the sky as it is unbearably hot to work but her breaks were not long. Staying at the riverside until 6:00 or 7:00 p.m., Maloti would often skip her evening meal (sometimes because there was none) and work overtime until 11:00 p.m. (It is an eerie sound to hear the breaking of stone by human hands and no machinery as one stands high above on the Balason Bridge in the dark of night.)

"Daily laborers have endless misery," Maloti said in 1999. She is acutely aware of the different classes of people and cannot understand how anyone outside of those who do

work by the river could possibly understand or listen to their stories. “If you share our sorrow with people like us,” said Maloti, “they will feel empathy...if you share with higher, they will simply laugh at us.”

Today because of her involvement with micro-lending, Maloti’s life is beginning to change. “I have regained my voice,” she said recently, “that is the greatest thing.” Maloti has been able to start a small business with a micro-loan. She sells ready-made clothing from a stall within the village in the afternoons. She presently still breaks stones but soon she will be in a position to leave her life of rock breaking behind. She has become a member of IPAE’s international board of directors along with Sefali Ray, representing the women rock breakers of Matigara. Change is indeed possible. Change must go to the root of poverty and must not create new dependence.

Walking with women who struggle in India and in the U.S. has taught me the importance of naming our own worlds, that is, through reflection and action the present situation can be changed by the very people whose lives are so affected by the deprivation. If change does not come from those who struggle, even if entitlements are restored, ownership both material and psychological will not be theirs.

We must become agents of change together. Women the world over who are struggling are looking for the tools in order to create economic self sufficiency. Illiteracy both in the written word and in finances must be acknowledged. All too often those who are working in “relief” do not affect the roots of how and why poverty grows like a wild weed. Paulo Friere who was “asked to leave” his country because of his revolutionary work with poor peoples in Brazil said that the education of liberation must come from those who are oppressed; effective response must be learned from the very people who struggle, from walking together as “us” and not “them.” Liberation (from poverty) cannot happen if the oppressed are left out of the very discussion that is meant to create change. This “walking with” is an extremely important aspect in the “how” of an effective micro-lending program.

Women who are robbed of their dignity and the ability to make decisions for themselves and their families have a right to thrive and not just survive. “I can’t afford to keep a roof over my kids’ head,” said Diane in Woonsocket, Rhode Island, “the more you work the more the state takes away from you.”

Diane is right. The state system keeps people poor. Public assistance recipients are penalized if they save too much, work too much or make too much money thus never giving them the opportunity to gradually work off their benefits. Because her ex-husband had a one-time holiday bonus in his pay and it was reflected in her child support, FIP (Family Independence Program) cut Diane’s monthly payments from \$500 to \$300 to \$100 per month in a short period of time. “I cannot get ahead,” Diane reflected on the cuts.

Planning ahead, Diane sought out the housing authority and applied for public housing because she knew once winter arrived again, the bills would only mount. Essentially,

Diane fell through the cracks in the system. Eventually the housing authority revealed to Diane that she was being denied housing on the basis of poor credit.

Last May, Thrive was started in Woonsocket for people like Diane. Much like its counterpart in India, Thrive seeks to put into the hands of women who have inadequate income the tools to create freedom from debt and the ability to thrive. Thrive is about more than just surviving. This financial services program including micro-credit lending began with its first group in May 2002. Four groups have since been established. Components include financial literacy training, budgeting, business planning and creating a final product of a self business plan which the women create themselves outlining in detail how they will execute their plan for economic self sufficiency in their lives.

Six months ago, Anna came to IPAE's Thrive program in debt. Following the removal of one lung due to cancer, this single mother lost her paralegal job and due to her new disability, could not see a way out of mounting debt. Anna and her daughter were forced to move into public housing. Today, Anna is starting over. She is beginning to rebuild her life and with the assistance of a loan has started a jewelry group-business with the other women in her Thrive group. This has enabled Anna to work with her disability and begin the road back to economic self-sufficiency.

For Mary, the road to economic recovery came through the beginning of a cleaning business. Through the Thrive program, Mary was able to create a budget in such a way that she did not need to take a loan to start her business. Her business is beginning to grow and to thrive. Mary now lives on her own and is completely self-sufficient. Not dreaming she could ever begin a new business, Mary is now seeking help from Thrive collaborators with regards to hiring employees!

Though the lives of the women in India and in the U.S. seem worlds apart, both are working to make a difference in their lives through financial services designed specifically for them including micro-credit lending. The success of the women mentioned here and that of countless women the world over inspires other women who are struggling to regain their ability to make healthy financial decisions through creating economic self sufficiency. "Before Thrive, I couldn't let myself dream of owning a home daycare. Now I believe that it's not only possible but only a matter of time before my dreams come true. The support, knowledge and guidance I have found at Thrive have had a huge impact on my life..." said Cheryl O., Thrive member

Poverty is not normal. We must work toward educating people about the great disservice we do to our people when we normalize poverty. We need to keep sounding the alarm.

So many people struggling to turn the wheel of the rickshaw one more time, to pull great weight for little return, to hawk goods, to sift through garbage. Yesterday it struck me as I watched a man pulling a cycle rickshaw with a small flat bed. It was weighted with a beautifully crafted wooden table and heavy matching chairs piled high on the small surface...it made me think of how the lifestyle of the rich is sustained on the backs

of the poor. Some would say this gives jobs to the poor and is therefore development. But who will gain the end? The poor laborer or the one who is sitting at that now delivered table filling their belly until it is content? In the village with our micro-lending program, it seems different - the purpose for the loans and for what they are utilized go directly to the poor. They labor more for themselves than for another. They are more in control of the socio-economic conditions. Their lives, while still difficult, seem to me to present a truer picture of development.