

A Quote from Nobel Laureate Muhammed Yunus

The Norwegian Nobel Committee awarded the 2005 Nobel Peace Prize to **Muhammad Yunus** and his **Grameen Bank** citing their efforts to create economic and social development from below. Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty, it said. One way to do this is through micro-financing. This excerpt of his acceptance speech is reproduced with the kind permission of the Nobel Foundation.

By giving us this prize, the Norwegian Nobel Committee has given important support to the proposition that peace is inextricably linked to poverty. Poverty is a threat to peace.

The World's income distribution gives a very telling story. Ninety four percent of the world income goes to 40 percent of the population while sixty percent of people live on only 6 per cent of world income. Half of the world population lives on two dollars a day. Over one billion people live on less than a dollar a day. This is no formula for peace.

The new millennium began with a great global dream. World leaders gathered at the United Nations in 2000 and adopted, among others, a historic goal to reduce poverty by half by 2015. Never in human history had such a bold goal been adopted by the entire world in one voice, one that specified time and size.

Poverty is the denial of all human rights

Peace should be understood in a human way – in a broad social, political and economic way. Peace is threatened by unjust economic, social and political order, absence of democracy, environmental degradation and absence of human rights.

Poverty is the absence of all human rights. The frustrations, hostility and anger generated by abject poverty cannot sustain peace in any society. For building stable peace we must find ways to provide opportunities for people to live decent lives.

The creation of opportunities for the majority of people – the poor – is at the heart of the work that we have dedicated ourselves to during the past 30 years.

Grameen Bank

I became involved because poverty was all around me, and I could not turn away from it. In 1974, I found it difficult to teach elegant theories of economics in the university classroom, in the backdrop of a terrible famine in Bangladesh. Suddenly, I felt the emptiness of those theories in the face of crushing hunger and poverty. I wanted to do something immediate to help people around me, even if it was just one human being, to get through another day with a little more ease. That brought me face to face with poor people's struggle to find the tiniest amounts of money to support their efforts to eke out a living. I was shocked to discover a woman in the village, borrowing less than a dollar from the money-lender, on the condition that he would have the exclusive right to buy all she produces at the price he decides. This, to me, was a way of recruiting slave labor.



I decided to make a list of the victims of this money-lending “business” in the village next door to our campus.

When my list was done, it had the names of 42 victims who borrowed a total amount of US \$27. I offered US \$27 from my own pocket to get these victims out of the clutches of those money-lenders. The excitement that was created among the people by this small action got me further involved in it. If I could make so many people so happy with such a tiny amount of money, why not do more of it?

That is what I have been trying to do ever since. The first thing I did was to try to persuade the bank located in the campus to lend money to the poor. But that did not work. The bank said that the poor were not creditworthy. After all my efforts, over several months, failed I offered to become a guarantor for the loans to the poor. I was stunned by the result. The poor paid back their loans, on time, every time! But still I kept confronting difficulties in expanding the program through the existing banks. That was when I decided to create a separate bank for the poor, and in 1983, I finally succeeded in doing that. I named it Grameen Bank or Village bank.

Today, Grameen Bank gives loans to nearly 7 million poor people, 97 percent of whom are women, in 73,000 villages in Bangladesh. Grameen Bank gives collateral-free income generating, housing, student and micro-enterprise loans to the poor families and offers a host of attractive savings, pension funds and insurance products for its members. Since it introduced them in 1984, housing loans have been used to construct 640,000 houses. The legal ownership of these houses belongs to the women themselves. We focused on women because we found giving loans to women always brought more benefits to the family.

In a cumulative way the bank has given out loans totaling about US \$6 billion. The repayment rate is 99%. Grameen Bank routinely makes profit. Financially, it is self-reliant and has not taken donor money since 1995. Deposits and own resources of Grameen Bank today amount to 143 percent of all outstanding loans. According to Grameen Bank’s internal survey, 58 percent of our borrowers have crossed the poverty line.

Grameen Bank was born as a tiny homegrown project run with the help of several of my students, all local girls and boys. Three of these students are still with me in Grameen Bank, after all these years, as its topmost executives. This idea, which began in Jobra, a small village in Bangladesh, has spread around the world and there are now Grameen type programmes in almost every country.

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Beggars Can Turn to Business

In Bangladesh 80 percent of the poor families have already been reached with microcredit. We are hoping that by 2010, 100 per cent of the poor families will be reached. Three years ago we started an exclusive programme focusing on the beggars. None of Grameen Bank’s rules apply to them. Loans are interest-free; they can pay whatever amount they wish, whenever they wish. We gave them the idea to carry small merchandise such as snacks, toys or household items, when they went from house to house for begging. The idea worked. There are now 85,000 beggars in the program. About 5,000 of them have already stopped begging completely. Typical loan to a beggar is \$12. We encourage and support every conceivable intervention to help the poor fight out of poverty. We always advocate microcredit in addition to all other interventions, arguing that microcredit makes those interventions work better.

– M. Yunus, © *THE NOBEL FOUNDATION 2006*