



BANGLADESHI ECONOMIST, GRAMEEN BANK WIN NOBEL PEACE PRIZE

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Bangladeshi economist Muhammad Yunus, who developed a system of micro-credit loans for the poor, won the Nobel Peace Prize last week.

In awarding the prize to Yunus and his Grameen Bank, the Norwegian Nobel committee said that peace and poverty cannot coexist.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means," Ole Danbolt Mjoes, director of the Nobel committee, said when announcing the prize.

"Development from below serves to advance democracy and human rights," he added.

The 66-year-old Yunus becomes the first Bangladeshi to win any Nobel prize.

The Grameen Bank

Yunus founded the Grameen Bank, which means "Rural or Village Bank" in the Bengali language, in 1976.

The idea came when he lent \$27 to a small group of village women because they could not get the money on their own.

He realized that small loans to the poorest people could make a big difference in his rural south Asian nation Bangladesh.

"Their poverty was not a personal problem due to laziness or lack of intelligence, but a structural one: lack of capital," Yunus said in 1996, The Washington Post reported.

Half of the 147 million people in Bangladesh live below the poverty line.

The economy is primarily agricultural and more than one-third of the population lives on less than \$1 a day, according to the World Bank.

Since its founding, the bank has made an estimated \$5.7 billion in loans to more than 6.6 million people, mostly poor people shut out of traditional banks and loan systems.

Micro-credit loans

Without having to put up collateral -- something of value to guarantee the payment of the loan -- groups of borrowers are given small sums of money, averaging about \$200.

The funds are used to buy such things as a cow, a few chickens or a cell phone, to start new businesses.

Because borrowers are organized into small groups and given education about topics ranging from money management to good nutrition, the repayment rate is 98 percent.

The bank charges most borrowers interest, allowing it to make enough to give no-interest loans to beggars for necessities such as blankets or mosquito nets.

One borrower

One business owner who got her start from the Grameen Bank is Dilwara Begum, who used her money to buy a cow. Eventually with a second loan she was able to expand her business into a poultry barn that sells 7,000 eggs a week.

Her life has changed dramatically.

"In the past, we used to eat nothing more than rice and some vegetables. Today in each meal there is egg, meat, or fish -- at least one of them. Also, in the past we used to grow enough rice for about six months of the year; the rest we had to buy. Sometimes we had to borrow money to buy the rice. Today we grow enough rice for the whole year," Dilwara Begum told the NewsHour in 2001.

The lives of her children changed, too.

Although Begum and her husband, Nazim Uddin, have only four years of formal education between them, their son and daughter will both go to college.

This is not unusual, according to Yunus. The bank encourages education. He says that nearly 100 percent of the bank's families send their children to college.

The role of women

Over 96 percent of Grameen's borrowers are women. Many are illiterate.

Yunus has said that dealing directly with women is critical to making real change in rural society.

"Women are very cautious with the use of the money, but the men were impatient; they wanted to enjoy it right away. They will entertain friends, they will go to the movies, they will do

whatever they could to enjoy for themselves personally. But women didn't look at it personally," he told the NewsHour.

"Women looked at it for the children, for the family and so on, and for the future."

Some traditionalists in largely Muslim Bangladesh have criticized the bank because it gives women more power in family relationships by making them the primary money-makers and encourages contact with men outside their immediate families.

Yunus said he will dedicate his share of the \$1.4 million Nobel Peace award to creating a company to make low-cost, high-nutrition food and an eye hospital for the poor in Bangladesh.

-- *Compiled by Annie Schleicher for NewsHour Extra*

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