

Petersberg Prize, 2004

Acceptance Speech

by

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Winning the Petersberg Prize is an event of great rejoice for anybody. This prestigious prize has been created to give unparalleled honour and distinction to the recipient organisation. To Grameen Bank not only it brings honour and distinction, it also brings a resounding endorsement of the Grameen Bank's effort to bring information and communication technology (ICT) to the benefit of the poor.

Synergy Between Micro-credit and ICT

What Grameen Bank has done is simply to take advantage of the synergy between micro-credit and ICT and help the poor women to exploit the market opportunity that exists around them. Before launching the project, when we presented the Village Phone Project to the professional people they expressed serious doubt about the capacity of the illiterate women to understand this state-of-the-art telecommunication technology. They argued that the poor women are good only for handling traditional activities, such as, raising chicken and cows, making baskets, selling vegetables. It is ridiculous to think about telecommunication business for people who have never seen a telephone, or even electricity, in their lives.

We remained thoroughly convinced that while people may be poor and illiterate, they are not stupid. Potentially they are as smart as anybody else in the world.

As soon as we launched the project we were struck by its success. It became a coveted enterprise for the Grameen borrowers. A mobile phone became the fastest way to make money and earn social respectability. Telephone-ladies quickly learned and innovated all the ropes of the telephone business. Today there are 60,000 telephone ladies providing telephone service in 80 per cent of the villages of Bangladesh. In villages where grid electricity does not exist, solar energy powers the phones. Number of telephone-ladies will exceed 100,000 by the end of this year. Grameen Phone, the mobile phone company which provides the telephone service, has over 1.7 million subscribers. But telephone-ladies, who are only 3% of the subscribers, use 15% of the air-time of the company, generating substantial revenue for the company.



Today, the Petersberg Prize vindicates our belief in the creativity and energy of the poor people, particularly poor women. I hope the world will look at the poor differently than they did before this Prize went to the Village Phone Project of Grameen Bank.

Thank you Development Gateway Foundation for selecting us for the Petersberg Prize. Thank you, President Wolfensohn, thank you Dr. Ramphel for giving our telephone-ladies this thumping endorsement. Thanks to the sponsors of this Prize, Deutsche Telekom and Microsoft. Thank you for inspiring us all in Grameen Bank. Thank you also for challenging the entrepreneurs, particularly social business entrepreneurs, around the world to come up with powerful ideas to bring ICT to empower the poor to fight out of poverty.

Poor can Borrow, Invest, Save, and Change their Lives

Beginning from 1976, when we started to lend money to the poor in Bangladesh, we have been struggling to convince the world that what we are doing is not only a serious business by itself, but it also opens up endless possibilities for the poor by creating self-employment opportunities. We have been arguing that it is absolutely wrong of the financial institutions to reject the poor by assuming that they are not creditworthy. We have demonstrated umpteen times that not only they are creditworthy, in many countries they are more creditworthy than the rich. We have demonstrated that banking can be done without collateral, without legal instruments, without group guarantee or joint-liability. We have demonstrated that the poor can borrow, invest, and improve their income. They can save and even build their own pension funds. They can build houses with bank financing, send their children to pursue higher education with student loans.



Grameen Bank not only lends money to the poor it is also owned by the borrowers themselves. At present there are 3.5 million borrowers in Grameen Bank, 95 percent of whom are women. Currently it lends out nearly half a billion US dollars a year. Its repayment rate is 99 percent. It is financially self-reliant. It does not take any loan or grant from any source. All its funds come from the deposits it collects from the borrowers and non-borrowers. It routinely makes profit.

To encourage the children of the borrowers to stay in school and perform well in schools, Grameen Bank offers over 6,000 scholarships each year to these children. Grameen Bank gives student loans to students who are in professional schools to become doctors, engineers, lawyers, scientists, etc.

Beggars Can Turn to Business

Many who claim to be micro-credit experts have been preaching to the world that while micro-credit is a good

intervention for the poor in higher layers of poverty, it is of no use to the bottom poor. We have been arguing that credit should be accepted as a human right. It is a human right for the bottom poor too. We encourage and support every conceivable intervention to help the poor fight out of poverty. Availability of microcredit to the poor should not discourage or slow down any other interventions. Micro-credit is an intervention which brings better mileage to all other interventions. Microcredit helps all other interventions work better. Grameen Village Phone is an example.

To explode the myth that microcredit does not work for the bottom poor, Grameen Bank this year has launched a programme to give loans exclusively to beggars, particularly generational beggars. We are offering an option to the beggars. We invite them to consider carrying a collection of popular consumer items, financed by Grameen Bank, when they go out to beg from the rural households. They can do both begging and selling at their convenience. If their selling activity picks up, they may quit begging and focus on selling. Nearly 10,000 beggars have already joined the programme. We are expecting this number to exceed 25,000 by the end of the year. The typical loan to a beggar amounts to US \$ 10.

Beggars who do not have limbs, cannot go house to house, do the begging at a fixed spot with a beggar's bowl in front. We are inviting them to keep some soft drinks, cookies, fruits etc. next to them, and give their patrons an option --- to throw in a coin into the beggar's bowl or buy something, or do both.

We are thinking of giving telephone loans to some beggars to turn them into telephone-ladies. If they find it difficult to operate the business, we'll help them hire someone or go into partnership with someone who can help run the business better.

I am very happy to report that the beggars are responding to the programme enthusiastically. If a significant number of beggars quit begging within a year or so, this would be a big demonstration of the inherent capacity of the poor people, even the beggars, to overcome their problems with their own abilities if only financial services are made available to them. If there are additional interventions, they will only go to make a better enabling environment for the beggars. There is absolutely no reason why financial services should be denied to the beggars.

Poverty Should Find Its Place Only in the Museums

I strongly feel that we can create a poverty-free world. The basic ingredient of overcoming poverty is packed inside each poor person. All we need to do is to help the person to unleash this energy and creativity. Once this can be done, poverty will disappear very fast. The only place in the world where poverty may exist will be in the poverty museums, no longer in human society.

Let Us Create a New Type of Business - Social Business

We need to reconceptualise the business world to make sure it contributes to the creation of a humane society, not aggravate the problems around us. We need to recognise two types of businesses and offer equal opportunities to both. These two types of business are: (a) business to make money, i.e. conventional business, and (b) business to do good to the people, or social business.

Social business enterprises are a new kind of non-loss organisation which aim at solving social, health, and environmental problems utilising the market mechanism. We need to give opportunities to the social business entrepreneurs similar to the institutional and policy support system that the world has built over the years for the conventional businesses. One such new institution to help the social business entrepreneurs will be the creation of a "social stock market" to bring the social business entrepreneurs and social investors into contact with each other and solve the problem of finding investment money for this new type of business.



There are many other things that need to be created, such as, social venture capital, social rating agencies, methodology of evaluating successes and failures of the social business enterprises, training social MBAs, etc.

ICT Can Change the Fate of the Poor Dramatically

I strongly feel that ICT can change the fate of the poor dramatically, if we can ensure access to ICT for the poor. ICT has the wonderful capacity to empower an individual person, even the poorest.

In three major areas ICT can play an immediate role helping the poor: 1) integrating the poor into the mainstream economy by expanding their market, eliminating the middlemen in their business, and creating international job opportunities through service out-sourcing; 2) bringing information, educational programmes, skills training, and healthcare services, etc, all in a very user friendly way, even to the most remote villages; 3) empowering the poor, particularly poor women, with a stronger voice that can be heard behind the borders of their village, better access to information, and improvement in the democratic process.

Aladdin's Lamp

ICT can be visualised as an Aladdin Lamp in the hand of a poor woman. The digital genie can come out of the new digital version of the Aladdin's lamp at a voice command to give all the support to a poor woman who needs to leverage her energy and creativity to lift herself out of poverty at the fastest speed.

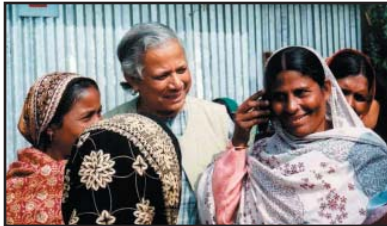


But is anybody actually designing this Aladdin's Lamp? No. None, at present. Designers are busy designing iPods and endless incarnations of mobile-phones in every size, shape, colour and combinations of camera, voice recorder, music player, PDA, note book, games, wi-fi you dare to think. Don't get me wrong. I am not against them. I love them. I use them. But I also want ICT designers to be given the challenge and opportunities to show their talent in designing equipment and gadgets which will solve the problems of the poor. These designers will have pictures of poor women in Bangladesh or Bolivia on their desks to remind themselves who they are working for. Better still, these women may be co-opted as their co-designers through frequent video-conferencing.

International Center for ICT to Help End Poverty

To pool the energy and talents of the people who would like to devote themselves in bringing ICT to the poor, in the form and shape that they can benefit the best, I have been proposing to create an "International Center for ICT to Help Overcome Global Poverty." To begin with, it can start as a "Virtual Center" --- a global network of committed people and social business entrepreneurs. Later it can have its own physical locations, full time personnel, design centers, action research programmes, businesses etc. If we are serious about ending global poverty --- I see this to be a strategic institution to build.

Let me conclude by expressing my deep gratitude to Development Gateway Foundation for recognising our efforts in bringing ICT to the poor.



Prof. Muhammad Yunus with a woman using a village phone.

With the visibility and importance that you give to the ICT initiatives I hope many more such initiatives will come forth and will outdo each other in their effectiveness and commitment to end poverty. 2005 will be celebrated as the International Year of Micro-credit. We must be ready to take bold initiatives which will make historical breakthrough in ending global poverty.

I accept the honour you have given us on behalf of all my colleagues and the owner-cum-borrowers of Grameen Bank, particularly its telephone-ladies.