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## Peace Prize Winner Sees Every Cent as a Seed

*By Paul Watson and Nurul Alam  
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CHITTAGONG, Bangladesh — Muhammad Yunus, Bangladesh's "Banker to the Poor" who provided loans to help millions of people fight poverty by starting businesses, has won the Nobel Peace Prize.

Yunus, who shared in the \$1.4-million prize Friday with the Grameen Bank he founded 30 years ago, pioneered the concept of microcredit. It allows the very poor, who don't qualify for traditional loans, to borrow as little as a few dollars without collateral. The bank's shareholders are the impoverished people it supports.

Yunus, 66, and Grameen Bank were honored for "their efforts to create economic and social development from below," the Norwegian Nobel Committee announced in Oslo.

As Bangladesh celebrated, Yunus said in Dhaka, the capital, that he wanted "to work to create some more new things in the world" and would use the award money to start a company to produce cheap, nutritional food for the poor and to set up an eye hospital for the impoverished.

The award "is a global recognition to my country," he said, "and we achieved it as we were able to give something to the world through my sincere efforts."

He said winning made him "feel more encouraged" about developing other "poverty alleviation" projects, and he expressed hope that "many countries will follow us" with similar programs.

The Nobel committee said that "lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty."

"Microcredit is one such means," it said. "Development from below also serves to advance democracy and human rights."

The prize shines a light on a form of so-called social capitalism that has gained currency in recent years, propelled by high-profile supporters such as former President Clinton, rock star Bono and Microsoft founder Bill Gates.

Gates' foundation has given more than \$40 million to programs designed to provide loans, insurance and other types of financial assistance to the world's poorest people, including a \$1.5-million grant to Yunus' Grameen Foundation.

Five years ago, cellphone pioneer Craig McCaw provided \$2 million to start up Grameen Technology Center, which is using microcredit to finance cheap mobile phone service for poor people in Uganda and Rwanda.

Yunus' belief that the world's poorest were not only good credit risks but potentially big business has led to the creation of a multibillion-dollar microcredit industry that is now being courted by government leaders and investment banks anxious to replicate Bangladesh's success.

"I've always said he's the closest I will ever come to meeting Gandhi — he's simply unmoved by any obstacle or any argument," said Bill Clapp, an heir to the Weyerhaeuser fortune and founder of Global Partnerships, a Seattle-based microfinance group that has worked with Grameen in Central America.

Across the globe, more than 92 million poor people, most of them women, have taken loans as small as \$30 and worked their way out of the most dire poverty, said the organizers of the Microcredit Summit Campaign, a public-private partnership whose sponsors include Monsanto and Northbridge Capital.

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## Peace Prize Winner Sees Every Cent as a Seed *continued*

Sam Daley-Harris, head of the campaign and a longtime advocate of Yunus' work, described his friend as an unlikely revolutionary who had an unwavering belief in the economic empowerment of poor people and a willingness to break the rules of conventional banking.

Yunus, who was nominated for the peace prize at least twice before, is the first Nobel winner from Bangladesh, a country of 147 million. His award is a rare bright spot in a country plagued by terrorism, floods and storms that blow in off the Bay of Bengal.

The prize is named for Alfred Nobel, a pacifist and entrepreneur who invented dynamite in 1866. Nobel left much of his wealth to establish the award, which since 1901 has honored achievements in physics, chemistry, medicine, literature and the promotion of peace.

Yunus received his PhD in economics in 1969 from Nashville's Vanderbilt University, where he was a Fulbright scholar. He became an assistant professor of economics at Middle Tennessee State University later that year before returning to Bangladesh, where he joined the economics faculty at Chittagong University.

Bangladesh, one of the world's poorest countries, suffered a devastating drought and famine in 1974 that, by some estimates, killed more than 1 million people. While trying to help starving villagers, Yunus met a 21-year-old woman named Sufia Begum, who was burdened by a tiny yet crushing debt, Yunus recalled in his autobiography, "Banker to the Poor."

Begum, who had to borrow money to buy bamboo to make stools, received about 25 cents a day from the lenders. After repaying her debt in stools, she was left with 2 cents a day, barely enough to feed herself.

To break the grinding cycle of debt and poverty, Yunus lent a total of \$27 to Begum and more than 40 of her neighbors in the village of Joba.

He allowed them to pay him back over the next year as their businesses began to produce more stable profits.

He tried to persuade a local banker to lend more money to the villagers, but he refused, insisting they didn't qualify for credit. So Yunus started his own bank to help the poorest of the poor lift themselves up.

Three decades later, Grameen Bank has more than 6.6 million borrowers, 97% of whom are women. It has 2,226 branches and provides services in 71,371 villages in Bangladesh.

The bank has made more than \$5.7 billion in loans, in amounts averaging \$130, and claims a repayment rate of more than 98%. Its borrowers make up about two-thirds of its depositors.

Most of Grameen Bank's borrowers use the loans to start a business, buying, for instance, a cow, a rickshaw or materials to make cloth or pottery.

The borrowers must form five-member groups that, along with the bank's field workers, closely supervise the loans. Peer pressure substitutes for collateral because the group's first two borrowers must begin repaying the principal plus interest over a six-week period before the other members can take out loans. The interest rate is fixed at 16%.

In 2003, Yunus brought the microcredit revolution to the streets of Bangladesh to support more than 50,000 beggars, whom his bank refers to as "struggling members."

They receive interest-free loans of about \$9 each to buy bread, candy, toys and other items they sell to supplement their begging. Their payments usually are a few cents a week.

"Every single individual on Earth has both the potential and the right to live a decent life," the Nobel committee said. "Yunus and Grameen Bank have shown that even the poorest of the poor can work to bring about their own development."

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