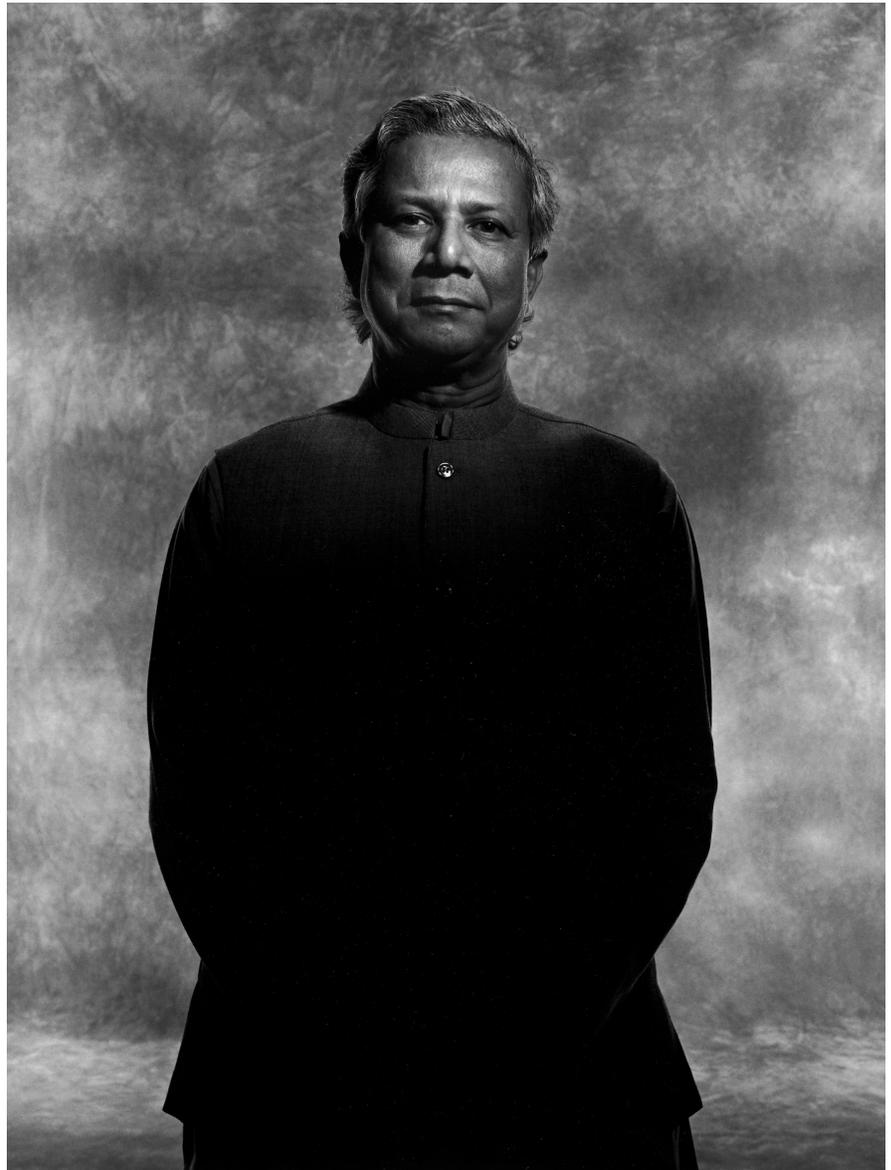


# MUHAMMAD YUNUS

“AS WOMEN BECOME EMPOWERED, THEY LOOK AT THEMSELVES, AND AT WHAT THEY CAN DO. THEY ARE MAKING ECONOMIC PROGRESS AND ALONGSIDE THAT, MAKING DECISIONS ABOUT THEIR PERSONAL LIVES.”

Founder of the Grameen Bank, the world's largest and most successful microcredit institution, Muhammad Yunus was born in one of the poorest places on earth, the country (then part of Pakistan) of Bangladesh. As a professor of economics, he was struck by the discrepancy between the economic theory taught in universities and the abject poverty around him. Recognizing that the poor remained poor because they had no access to capital, no collateral for loans, and borrowing requirements so modest that it was not cost-effective for large banks to process their needs, Yunus started experimenting with small collateral-free loans to landless rural peasants and impoverished women. In 1983, he founded the Grameen Bank. Its rules were strict and tough. Clients find four friends to borrow with. If any of the five default, all are held accountable, building commitment and providing community support. Initial loans are as little as ten dollars, and must be repaid with 20 percent interest. Nearly twenty years later, this revolutionary bank is flourishing, with more than 1,050 branches serving 35,000 villages and two million customers, 94 percent of them women. Ninety-eight percent of Grameen's borrowers repay their loans in full, a rate of return far higher than that of the rich and powerful. More importantly, the clients are transforming their lives: from powerless and dependent to self-sufficient, independent, and politically astute. The real transformation will be felt by the next generation: a generation with better food, education, medication, and the first-hand satisfaction of taking control of their lives, thanks to Yunus's vision, creativity, and confidence. Together with fellow defender Archbishop Desmond Tutu and select other prominent statesmen, human rights leaders and public figures, Yunus is a member of the "Elders" group.



Muhammad Yunus, ©2000 Editle Adams

INTERVIEW TAKEN FROM KERRY KENNEDY'S BOOK *SPEAK TRUTH TO POWER*, 2000

When I started the Grameen program to provide access to credit for the poor, I came upon two major obstacles. First, commercial banks were institutionally biased against women. Secondly, they had absolutely blocked credit to the poor by demanding something no poor person has access to: namely, collateral.

After overcoming the second issue, I addressed the first. I wanted half of the borrowers from banks in my program to be women—a challenge. At first, women were reluctant to accept loans. They said, “No, no, I have never touched money in my life. You must go to my husband. He understands money. Give the money to him.” So I would try to explain why a loan would benefit her family. But the more I tried to approach women, the more they ran away from me. My colleagues and I worked hard to come up with a way we could build trust in women so that they would accept loans from men. We slowed down our work just to include more women, since this trust-building took time.

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Six years later, proud that half our loans were to women, we began to see something very remarkable. Money that went to families through women helped the families much more than the same amount of money going to men. Unlike men, women were very cautious with money and passed benefits on to their children immediately. They had learned how to manage with scarce resources. And women had a longer vision; they could see a way out of poverty and had the discipline to carry out their plans. Perhaps because women suffer so much more from poverty than men, they are more motivated to escape it.

In contrast, men were looser with money. They wanted to enjoy it right away, not wait for tomorrow. Women were always building up things for the future, for themselves, their children, their families. We saw a number of such differences between men and women.

We decided to make a concerted effort to attract women clients because we got much more mileage out of the same amount of money. So I created incentives for our loan officers because they had such a hard time convincing women to borrow money from the bank. Today, 94 percent of our loans go to women.

It has worked in ways we never anticipated. For instance, women borrowers decided to commit themselves to a set of promises that they called the “sixteen decisions.” These are commitments to improve the welfare of the borrowers and their families above and beyond the loans. They agreed to send their children to school, they decided to maintain discipline, to create unity, to act with courage, and to work hard in all their endeavors. They agreed to keep their families small, to send their children to school, to plant as many seedlings as possible, even to eat vegetables. These are some of the resolutions created by the women, not imposed by the bank. These aspirations were critical to their lives. Listening to them, you see what a difference women make.

A typical initial loan is something like thirty-five dollars. The night before a woman is going to accept that money from the bank, she will be tossing and turning to decide whether she is really ready for it. She is scared that maybe something terrible will happen to her. And finally in the morning her friends will come over and they will try to persuade her: “Let’s go through with it. If you don’t go, we can’t. We can’t always worry. It was not easy coming to this point. Let’s go.” And finally, with their encouragement, she will come to the bank.

When she holds that money, it is such a huge amount in her hands, it is like holding the hope and treasure that she never dreamt she would achieve. She will tremble, tears will roll down her cheeks, and she won’t believe we would trust her with such a large sum. And she promises that she will pay back this money, because the money is the symbol of the trust put in her and she does not want to betray that trust.

And then she struggles to pay that first loan, that first installment, which is due the following week, and the second installment, which is payable the following week, and this goes on for fifty weeks in sequence, and every time that she repays another installment she is braver! And when she finishes her

fiftieth installment, the last one, and she has now paid in full, she can say, “I did it!” She wants to celebrate. It’s not just a monetary transaction that has been completed, it is nothing less than a transformation of that person. In the beginning of it all, she was trembling, she was tossing and turning, she felt she was nobody and she really did not exist. Now she is a woman who feels like she is somebody. Now she can almost stand up and challenge the whole world, shouting, “I can do it, I can make it on my own.” So it’s a process of transformation and finding self-worth, self-esteem. Proving that she can take care of herself.

You see, if you only look at the lending program of Grameen, you have missed most of its impact. Grameen is involved in a process of transformation. The sixteen decisions is an example: we found that Grameen children attend school in record numbers because their mothers really take that commitment seriously. And now many of the children are continuing in colleges, universities, going on to medical schools, and so on. It is really striking to see young boys and girls go on to higher levels of education. The program has been so successful that we now foresee a big wave of students needing loans, so we recently came up with another loan product to finance higher education for all Grameen children in professional schools. Now they don’t have to worry about whether their parents will be able to pay for their higher education when tuition is so expensive.

A recent study in Bangladesh showed that children in Grameen families are healthier than non-Grameen children. Scientific American did a study of population growth in Bangladesh showing that the average number of children per family twenty years back was seven, but now it has been reduced to three. What happened? Why did it happen? *Scientific American* has spurred controversy by claiming the change is due to our program. As women become empowered, they look at themselves and at what they can do. They are making economic progress and alongside that, making decisions about their personal lives and how many children they choose to have. And of course Article 16, Decision 1, says that we should keep our families small. So this is an important part of the equation. At the population summit in Cairo all the sessions spoke of the Grameen model, because the adoption of family planning practices of women in our program is twice as high as the national average. Now, we are not a population program, but this is a beneficial side effect.

There are other side effects. Starting seven years back we encouraged Grameen borrowers to participate in the political process by voting. Their first reaction was negative. They said, “The candidates are all devils, so why should we vote for them?” It was very depressing that people looked at their electoral process in that way.

So we replied, “Okay, yes, they are all devils, but if you don’t go and vote, the worst devil will get elected. So go sit down in your centers, discuss who could be the worst, what could happen if he gets elected, and if you find this prospect terrible, then you have an opportunity to choose among all the devils, the least evil.” People immediately got excited, and we had almost 100 percent participation in that first election.

It was very well organized. All the Grameen families met the morning of the elections, and went to the voting place together, so the politicians would take note of their large numbers, so that they were taken seriously. In the next elections we organized Grameen families to vote themselves and also to bring their friends and neighbors to vote, particularly the women.

The result was that in the 1996 election in Bangladesh voter participation was 73 percent, the highest percentage ever. And what shocked everybody was that across the board more women voted than men. In fact, women waited for hours, because when the voting arrangements were made, the authorities had expected only half the number to show up.

The outcome changed the political landscape. In the previous parliament, the fundamentalist religious party had seventeen seats; in the 1996 election, their number was reduced to three, because women found nothing interesting in the fundamentalist party's program. So that was very empowering, very empowering indeed.

Then, in last year's local elections, we were shocked to see that many Grameen members themselves got elected. So I went around and talked to those people, and asked why they chose to run for office. They said, "You told us to select the least of the devils, and we tried, but it was such an ugly job that we got fed up, and we started looking at each other, thinking, 'Why are we looking for the least devil, when we are good people here? Why don't we run ourselves?'" And that started the snowball effect which ended with more than four thousand Grameen members elected into local office. That's amazing. And the way they talk is completely different. I never heard women in Bangladesh talking like this. They are challenging the government. They say, "The government can't tell us how to vote. We made commitments to our electorate." This is the kind of thing that happens. So in health care, in political participation, in the relationship between mother and child and between husband and wife, there are transformations of society.

Now you can open up, you can do things, you can discover your own talent and ability and look at the world in a very different way than you looked at before. Because Grameen offers a chance to become part of an institution, with some financial support to do your own thing. Our customers are in a kind of business relationship, but one that makes such a difference to their lives.

Of course there is resistance. The first resistance came from the husbands who felt insulted, humiliated, threatened that their wives were given a loan and they were not. The tension within the family structure sometimes led to violence against the women. So we paused for a while and then came up with an idea. We started meeting with the husbands and explaining the program in a way where they could see it would be beneficial to their family. And we made sure to meet with husbands and wives together so everyone understood what was expected. So that reduced a lot of initial resistance by the husbands.

Neighborhood men also raised objections, and cloaked the fact that they felt threatened by women's empowerment in religious trappings. We carefully examined whether our program was in some way antireligious. But they were hiding behind religion instead of admitting that they felt bypassed. It was the male ego speaking in religious terms.

Our best counterargument was just to give it time. It soon became clear that our borrowers were still attending to their religious duties, at the same time earning money and becoming confident. Women started confronting the religious people. They said, "You think taking money from Grameen Bank is a bad idea? Okay, we won't take any more—if you give the money yourself. We don't care who gives it to us, but without money we cannot do anything." And of course the religious advocates said, "No, no, we can't give you money." So that was the end of that.

We also received criticism from development professionals who insisted that giving tiny loans to women who do not have knowledge and skill does not bring about structural change in the country or the village and therefore is not true development at all. They said development involves multimillion dollar loans for enormous infrastructure projects. We never expected opposition from the development quarter, but it happened, and became controversial. Because what we do is not in their book. They cannot categorize us, whether right, left, conservative, or liberal. We talk free market, but at the same time we are pro-poor. They are totally confused.

But if you are in a classroom situation, you wander around your abstract world, and decide microcredit programs are silly because they don't fit into your theoretical universe. But I work with real people in the real world. So whenever academics or professionals try to draw those conclusions, I get upset and go back and work with my borrowers—and then I know who is right.

The biggest smile is from one of those women who has just changed her existence. The excitement she experienced with her children, moving from one class to another, is so touching, so real that you forget what the debate was in the ballroom of the hotel with all the international experts, telling you that this is nothing. So that's how I've got the strength—from people.

Grameen Bank is now all over Bangladesh, with 2.4 million families. Even in hard times, like this year's terrible flood, people are willingly paying and we're getting really good loans. That demonstrated the basic ability of the people to do something that they believe in, no matter what others say. People ask, what is the reason that we succeeded, that we could do it, when everybody said it couldn't be done. I keep saying that I was stubborn. So when you ask if it took courage, I would instead say it took stubbornness. No matter what kind of beautiful explanation you give, that's what it takes to make it happen.

# COMBATING POVERTY

## MUHAMMAD YUNUS

LESSON GRADE LEVEL: 6–8  
HUMAN RIGHTS ISSUE: MICROCREDIT

### UNIVERSAL DECLARATION OF HUMAN RIGHTS:

- **Article 23:** Right to Desirable Work
- **Article 25:** Right to Adequate Living Standard

**TIME REQUIREMENT:** 160 minutes

### OBJECTIVES:

After this lesson, students will be able to:

- Describe “poverty” and its long-reaching effects.
- Identify factors contributing to the cycle of poverty.
- Understand banks’ traditional “3Cs” approach to lending money.
- Understand Muhammad Yunus’s microcredit approach.
- Analyze the benefits of microcredit as well as the challenges it faces.

### GUIDING QUESTIONS:

- What does it mean to live in poverty?
- What are poverty’s far-reaching effects?
- How can we make poverty a thing of the past?

### COMMON CORE LEARNING STANDARDS:

- CCSS.ELA-LITERACY.RH.6-8.1
- CCSS.ELA-LITERACY.RH.6-8.4
- CCSS.ELA-LITERACY.RH.6-8.7
- CCSS.ELA-LITERACY.WHST.6-8.7
- CCSS.ELA-LITERACY.WHST.6-8.9

### CONCEPTS:

- **Economic systems**
- **Values**
- **Choice**
- **Empathy**
- **Needs and wants**
- **Factors of production**
- **Justice**
- **Decision-making**
- **Civic values**
- **Human rights**

### VOCABULARY:

- **Poverty**
- **Bank loans**
- **Credit**
- **The 3 Cs**
- **Collateral**
- **Microcredit**
- **Grameen Bank**

### TECHNOLOGY REQUIRED:

- Internet for video clips

### MATERIALS:

- Chart paper or interactive whiteboard  
[http://blogs.nysut.org/sttp/files/2010/11/speaktruth\\_yunus.pdf](http://blogs.nysut.org/sttp/files/2010/11/speaktruth_yunus.pdf)
- May I Have a Loan worksheet  
[http://blogs.nysut.org/sttp/files/2010/11/speaktruth\\_yunus.pdf](http://blogs.nysut.org/sttp/files/2010/11/speaktruth_yunus.pdf)
- Activity 1 Reflection Sheet (PDF)
- Video clip: Pennies a Day  
<http://www.YouTube.com/watch?v=veaVikY3u98>
- Activity 2 Reading for Information: taken from What is Microcredit? Grameen Bank -Banking for the Poor, July, 2010  
<http://www.grameen-info.org/what-is-microcredit/>
- STTP reading: Muhammad Yunus  
[www.RFKHumanRights.org](http://www.RFKHumanRights.org) / click on **Speak Truth to Power** / click on **“Defenders”** tab
- Video clip: UNICEF: Microfinance Promoting Women in Togo  
<http://www.teachertube.com/video/unicef-microfinance-promoting-women-in-togo-181245>

## STUDENT ACTIVITIES

### ANTICIPATORY SET:

- Introduce the following questions to the class, telling the students these are the guiding questions for the next lesson:
  - What does it mean to live in poverty?
  - What are poverty's far-reaching effects?
  - How can we make poverty a thing of the past?
- Conduct a short class discussion, brainstorming a definition or description of "poverty" and how it impacts people's lives.
  - Record students' answers on chart paper or interactive whiteboard to refer to during the unit.
- Show students the website on poverty:  
<http://www.globalissues.org/article/26/poverty-facts-and-stats>
- Ask students for ideas on ways to end poverty. Lead the class to the conclusion that those in poverty need money to improve their lives. One place to borrow money is from a bank.

### ACTIVITY 1:

- Divide students in small groups. Each group is to pretend they are a group of bank managers in charge of giving out loans.
- Distribute *May I Have a Loan?* worksheets to each group.  
[http://blogs.nysut.org/sttp/files/2010/11/speaktruth\\_yunus.pdf](http://blogs.nysut.org/sttp/files/2010/11/speaktruth_yunus.pdf)
- Review the indicators banks generally look at in order to determine if a person qualifies for a loan, called the 3Cs, or one's Character, Capital [or Collateral], and Capacity.
- Instruct the groups to discuss the pros and cons of giving the people described on the worksheet bank loans.
- When finished with the exercise ask students to share with the class their decision, identifying whether they would be approving the loan.
- The teacher will wrap up this class discussion by going back to the earlier discussion and the essential questions: How can we make poverty a thing of the past if banks don't give people loans? Are there any other ideas or solutions?

### HOMEWORK:

- Students should reflect upon their work in class by reviewing their initial answers to the *May I Have a Loan?* worksheet. Students should complete the Activity 1 Reflection Sheet: *What I've Learned* by writing a paragraph in response to the following questions:
  - Why can't the poor get bank loans?
  - What other ideas or solutions can you think of to address this problem?

### ACTIVITY 2:

- Review Activity 1 Reflection Sheet answers in a class discussion, summarizing the main problem—how the lack of credit given to the poor continues the cycle of poverty. Discuss students' answers on how to break the cycle.
- Show the class the video clip *Pennies a Day*, introducing Muhammad Yunus and the Grameen Bank.  
<http://www.YouTube.com/watch?v=veaVikY3u98>

- Ask students to reflect upon Yunus's approach to loaning money to the poor and their own approach in Activity 1.
  - How is Yunus's idea different from traditional lending practices?
  - What were the benefits to Yunus's ideas?
- Distribute Activity 2: Reading for Information  
<http://www.muhammadyunus.org/index.php/design-lab/previous-design-labs/43-news-a-media/books-a-articles/232-is-grameen-bank-different-from-conventional-banks> on the Grameen Bank. The teacher may differentiate the lesson based upon reading levels:
  - Reading A (taken from What is Microcredit? Grameen Bank-Banking for the Poor, July 2010 is for lower-level readers:  
<http://www.grameen-info.org/what-is-microcredit/>)
  - Reading B (taken from Is Grameen Bank Different from Conventional Banks? Grameen Bank-Banking for the Poor, July 2010 is for stronger readers:  
<http://www.grameen-info.org/is-grameen-bank-different-from-conventional-banks/>)
  - Students could read independently, or the teacher may create groups of students of mixed reading abilities and have the students work together.
- After reading articles, students are to complete the assignments described on Activity 2: Reading for Information worksheets including the creation of a Venn diagram comparing and contrasting the two banking systems.
- Students will write a response to the following question:
  - Do banks have a responsibility to help to end poverty?
  - Should changes be made to loan practices today?

### ACTIVITY 3:

- Review students' Venn diagrams and written responses on the Activity 2: Reading for Information worksheet. Allow students from each reading group to share information.
- Distribute *Speak Truth To Power* reading on Muhammad Yunus to be read as a class: [www.RFKHumanRights.org](http://www.RFKHumanRights.org) / click on **Speak Truth to Power** / click on **"Defenders"** tab
- Review both the idea that microcredit banking is helping to end the cycle of poverty and the unit's guiding questions.
- Show the video clip UNICEF: *Microfinance Promoting Women in Togo* to further help students see the benefits of microcredit on poor women's lives.  
<http://www.teachertube.com/video/unicef-microfinance-promoting-women-in-togo-181245>
- Ask students to revisit their initial responses to the guiding questions:
  - What does it mean to live in poverty?
  - What are poverty's far-reaching effects?
- Ask students to respond to the following questions in a class discussion:
  - When economic problems are solved, what are the domino results?
  - How might microcredit help make poverty a thing of the past?

Students should choose one of the following activities.

- Students should reflect upon Muhammad Yunus’s new approach to combating the age-old problem of poverty. How will students let others know about what they have learned? Students can create a written or visual piece (artwork, PowerPoint, or movie) to share with family members.
  - Students should be encouraged to “think outside the box” as Yunus did—how can they spread his message in a unique and powerful way? Show students the video clip *Human Rights Article 28 A Fair and Free World* as a model <http://www.youthforhumanrights.org/what-are-human-rights/videos/fair-and-free-world.html>
- Students can investigate microfinancing groups and then vote on an organization to support. They can then start a class fund-raising project such as hosting a hunger banquet to earn money to make a loan.
  - Women’s Trust, Pokuse, Ghana <http://www.womenstrust.org/>
  - The Microcredit Summit Campaign <http://www.microcreditsummit.org/>
  - Kiva Loans that Change Lives <http://www.kiva.org/about/microfinance>
  - Kick Start—A Poor Person’s Top Needs is a Way to Make Money <http://www.kickstart.org/what-we-do/>
- Students will apply the lessons learned from Muhammad Yunus’s work to a local poverty issue by researching current events.
- After finding statistics or information on local poverty, students should reflect on the questions:
  - How is poverty affecting your local community/state?
  - Could microcredit be a solution to approach this problem?
  - Students should write a letter to the editor or to a local bank explaining what they have learned about microcredit and why they believe it can be beneficial to ending local poverty.
  - Background information for this project: 2010 New York State Poverty Report <http://nyscommunityaction.org/poverty-in-new-york/povertydata/>

### EXPANDING OPPORTUNITIES:

- Ask students: Do you think the microcredit concept would work in other places? Would it work in the U.S.? Why or why not?
- Distribute the April 1, 2008, New York Times article “Lending Plan Won Prize, but Will It Work Here?” for class reading.
- What special challenges does the Grameen system face in the U.S.? [http://www.nytimes.com/2008/04/01/nyregion/01grameen.html?\\_r=2&pagewanted=2](http://www.nytimes.com/2008/04/01/nyregion/01grameen.html?_r=2&pagewanted=2)
- Distribute the July 8, 2010, Newsweek article “The Poor Always Pay.” This includes an update on Grameen in the U.S. Discuss: Does the bank seem to be progressing? Why/why not? <http://www.newsweek.com/grameen-bank-expands-america-74497>

## BECOME A DEFENDER

Students should choose one of the following activities.

- Students should reflect upon Muhammad Yunus’s new approach to combating the age-old problem of poverty. How will students let others know about what they have learned? Students can create a written or visual piece (artwork, PowerPoint, or movie) to share with family members.
  - Students should be encouraged to “think outside the box” as Yunus did—how can they spread his message in a unique and powerful way? Show students the video clip Human Rights Article 28 A Fair and Free World as a model <http://http://www.youthforhumanrights.org/what-are-human-rights/videos/fair-and-free-world.html>
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  - Background information for this project: 2010 New York State Poverty Report <https://nyscommunityaction.org/poverty-in-new-york/povertydata/>
- Muhammad Yunus has helped Bangladesh combat poverty. However, microfinance alone cannot rid the world of poverty. What else can be done?
  - Have students research Yunus’s newest theory for ridding the world of poverty, called “Social Businesses,” which encourages businesses to reinvest profits in helping others. (The Conversation: Can Microloans Change the World? May 19, 2010) <http://abcnews.go.com/WN/microcredit-changingworld-tiny-loan-time/story?id=10687817>
  - After conducting research, students can write letters to companies who have partnered with Grameen Bank such as Intel, Adidas and Dannon, congratulating them on their efforts, or to other companies of their choice asking them to become part of the partnership.

## ADDITIONAL RESOURCES

### The Grameen Bank:

<http://www.grameen.com/>

Offers information about the history of microcredit and explains, in a more in-depth fashion, the current function of the bank and how it continues to help people with access to credit.

### The Yunus Centre:

<http://www.muhammadyunus.org/>

The Yunus Centre, Dr. Yunus’ personal organization, works toward creating a poverty-free world. Their website works as a hub for information and opportunities related to Yunus’ work and other social business and micro-finance-related enterprises.

### The Microcredit Summit:

<http://www.microcreditsummit.org/>

The first Microcredit Summit was held in February 1997 in Washington, D.C. It launched a nine-year campaign to reach 100 million of the world’s poorest families, especially the women in those families, with credit for self-employment and other financial and business services, by the year 2005. Summit organizers almost reached that goal in 2005 and have since re-convened to set out new goals. The website provides extensive information about the summit and its ongoing campaigns.

### MicroCredit-NH:

<https://www.communityloanfund.org/>

A U.S.-based microcredit group that works specifically in New Hampshire to bring small loans to small businesses.