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Nobel peace prize for banker who helped millions of the poor

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A Bangladeshi economist yesterday won the Nobel peace prize for helping to lift millions out of poverty by lending small amounts of money directly to the neediest people in the world.

Muhammad Yunus, the micro-credit pioneer, and the bank he founded in Bangladesh, Grameen, were presented with the award for his work in creating a nation of entrepreneurs.

The Nobel committee said their efforts showed how working to eliminate poverty could result in peaceful development. "Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty," it said in its citation. "Microcredit is one such means. Development from below also serves to advance democracy and human rights."

Mr Yunus became the first Bangladeshi to win the Nobel peace prize and was immediately feted in his home country, where he is already a national hero.

Bangladesh's prime minister, Khaleda Zia, a childhood friend



Muhammad Yunus: helped create a nation of entrepreneurs in Bangladesh

and schoolmate, thanked him for the "selfless service that you have rendered to the poorest of the poor, bringing hope to the hopeless and giving them a cause of life".

Mr Yunus's insight was to recognise that the surest route out of destitution was to help the poor to help themselves. As a professor of economics in 1974, he was astonished to learn that women in a nearby village making bamboo stools could

not make money because they were being charged extortionate rates of interest. The outstanding loan, which ensured a life of penury, was just €21.

Instead, Mr Yunus lent the villagers the money to buy their own materials and cut out the middleman. They all paid him back, day by day, over a year, and his impulsive gesture slowly became a fully fledged business with the founding of Grameen Bank in 1983.

Since then Grameen has lent \$5.7 billion, in a country where almost half the country's 140 million people live in poverty. Today Mr Yunus's bank has 6.5 million borrowers in Bangladesh, 97 per cent of whom are women.

Many say this alone has changed the fabric of the Islamic nation. "This is a significant change empowering women. I think Grameen is powering a social revolution in our country. We have seen evidence of this in sharply increasing primary school enrolment rates," said Debrapriya Bhattacharya, director of Policy Exchange, a think tank in Dhaka. - (Guardian service)