

METROPOLITAN ECONOMIC STRATEGY

**ELIMINATING POVERTY THROUGH MARKET-BASED
SOCIAL ENTREPRENEURSHIP**

Muhammad Yunus

I have chosen to discuss the most daring of all Millennium Development Goals — halving poverty by 2015. I have chosen it for two reasons. First, this is the most courageous goal mankind ever set for itself. For the last two decades I have been talking about creating a world free from poverty. I talk about it not because it is unjust to have a world with poverty, which is, of course, true. I talk about it simply because I am totally convinced from my experience of working with poor people that they can get themselves out of poverty if we give them the same or similar opportunities we give to others. The poor themselves can create a poverty-free world — all we have to do is to free them from the chains that we have put around them.

I have chosen this subject secondly because a feeling is getting stronger in me everyday that very few people are really serious about reaching the goal of halving poverty by 2015. Leaders who made this bold announcement went back to their other important commitments feeling happy that they have captured the world's imagination. They are expecting that as the decision has been made at the highest level, actions will follow, and a well-coordinated powerful machinery will get activated to get the job done. Unfortunately, so far it has not happened. Only the donor agency officials, supported by the thriving consulting business, are carrying the ball. What is emerging reminds us of the decade of the 1990s when the global goals were put in the form of 'education for all by the year 2000', 'health for all by the year 2000', 'everything else for all by the 2000'. My worry is that these courageous Millennium Development Goals may degenerate into a cut-and-paste job of the earlier edition, merely replacing the 'year 2000' with the 'year 2015', with appropriate changes in the text.

Please forgive me if I sound too pessimistic. I assure you that I remain a compulsive optimist despite all the bad signs that I see. I keep hoping that these signs will change.

I am an optimist because I am convinced that poverty is not as difficult a subject as the experts keep warning us. It is not a difficult subject because it is not about space science, or about an intricate design of a complicated machine. This is about people. I don't see the possibility of a human being becoming a 'problem' when it comes to his or her own well-being. All the ingredients for ending a person's poverty always comes neatly packaged within that person. A human being is born into this world fully equipped not only to take care of himself or herself (which all other life forms can do, too), but also to contribute in enlarging the well-being of the world as a whole (that's where the special role of a human being lies). Then why should 1 billion plus people on the planet suffer through a lifetime of misery and indignity and spend every moment of their lives looking for food for physical survival alone? We must find some explanations. This will help us achieve the 2015 Millennium Development Goals.

Poverty is not created by low-income people

Here is my explanation. Poverty is not created by people who are poor. So we shouldn't give them an accusing look. They are the victims. Poverty has been created by the economic and social system that we have designed for the world. It is the institutions that we have built, and feel so proud of, which created poverty. It is the concepts we developed to understand the reality around us, which contributed to the creation of poverty, made us see things wrongly, and took us down a wrong path, causing misery for people. It is our policies borne out of our reasoning and theoretical framework, with which we explain interactions among institutions and people, that

caused this problem for many human beings. It is the failure at the top, rather than lack of capability at the bottom which is the root cause of poverty.

The essence of my argument is that in order to reduce, and ultimately eliminate, poverty we must go back to the drawing board. Concepts, institutions, and framing conditions which created poverty cannot end poverty. If we can intelligently rework these framing conditions, poverty will be gone, never to come back again.

In this article I will draw your attention to five issues which need to be urgently revisited:

- (a) widening the concept of employment;
- (b) ensuring financial services even to the poorest person;
- (c) recognizing every single human being as a potential entrepreneur;
- (d) recognizing social entrepreneurs as potential agents for creating a world of peace, harmony, and progress;
- (e) recognizing the role of globalization and information technology in reducing poverty.

Let me narrate how I came to face these issues in the real world and how they affected me.

I became involved in the poverty issue not as a policymaker or a researcher. I became involved because poverty was all around me. I could not turn my eyes away from it. In 1974, I found it difficult to teach elegant theories of economics in the university classroom in the context of a terrible famine then occurring in Bangladesh. Suddenly I felt the emptiness of those theories in the face of crushing hunger and poverty. I wanted to do something immediate to help people around me. Not knowing what I could do, I decided to find a way to make myself useful to others on a one-on-one basis. I wanted to find something specific that I could do to help another human being just to get by another day with a little more ease than the previous day. That brought me to the issue of poor people's struggle and helplessness in finding small amounts of money to support their efforts to eke out a living. I was shocked to discover a woman borrowing US \$0.25 under the condition that the lender would have the exclusive right to buy all she produced at the price the lender decided! What a way to recruit slave labor. I decided to make a list of the victims of this money-lending 'business' in the village next door to our university campus. When my list was done it had the names of 42 victims. The total amount they borrowed was US \$27! What a lesson for an economics professor who was teaching his students about the Bangladesh Five Year Development Plan with billions of dollars in investments to help the poor. I could not think of anything better than offering this US \$27 from my own pocket to get the victims out of the clutches of the moneylenders. The excitement that was created by this action got me further involved in it. The question that arose in my mind was, if you can make so many people so happy with such a tiny amount of money, why shouldn't you do more of it?

I have been trying to do just that ever since. The first thing I did was to try connecting the poor people with the bank located on the campus. It did not work. The bank said that the poor were not creditworthy. After all my efforts over several months failed, I offered to become a guarantor for the loans to the poor. I was stunned by the result. The poor paid back their loans every single time! But I kept confronting difficulties in expanding the program through the existing banks. Several years later I decided to create a separate bank for the poor, to give loans without collateral. Finally in 1983 I succeeded in doing that. I named it Grameen Bank, or village bank. It now works all over Bangladesh, giving loans to more than 4 million poor people, 96% of whom are women. The bank is owned by its borrowers. Over the past two decades, the bank has loaned a total of more than US \$4.8 billion. Generally the repayment rate has been nearly 99%.

The Grameen Bank makes profits, and financially it is self-reliant. It stopped taking international donor money in 1995, and stopped taking loans from the domestic market in 1998. It has enough deposits to carry out its lending program. It gives income-generating loans, housing loans, and student loans to poor families. More than 620,000 houses have been built with loans from the Grameen Bank. Impact studies done on the Grameen Bank by independent researchers find that 5% of borrowers come out of poverty every year, children are healthier, education and nutrition levels are higher, housing conditions are better, child mortality has declined by 37%, the status of women has been enhanced, and the ownership of assets by poor women, including housing, has improved dramatically.

Now, the obvious question that anybody will ask: if poor people can achieve all this through their own efforts within a market environment, why isn't the world doing more of this? Some progress has been made, but much more could have been achieved. One difficulty may have arisen from confusion.

Grameen's banking methodology has become known as microcredit. But gradually the label of 'microcredit' got into general use for all types of small loans, including agricultural loans, co-operative loans, savings bank loans, rural credits, etc. This has created confusion in policymaking, institution-building, and in designing regulatory frameworks. If we now classify microcredit into different categories to sort this out, I think we can come out of this confusion. (I think we could have avoided the confusion, to some extent, if we had called it 'micro-capital'. That's what it really is. The Bangla-language term that I use for it translates as 'micro-capital'.)

Grameen-type microcredit has spread around the world over the last two decades. Nearly 100 countries have Grameen-type microcredit programs. In 1997, a Microcredit Summit was held in Washington, DC, which adopted a goal to reach the 100 million poorest families with microcredit and other financial services, preferably through the women in those families, by 2005. At that time the number of families reached with microcredit was only 7.5 million globally, of which 5 million were in Bangladesh. This outreach crossed the halfway mark of 50 million at the end of 2003. I am still hoping to double these results and reach our goal of 100 million by the end of 2005.

But the biggest problem for expanding the outreach is not the lack of capacity, but strangely, the lack of availability of donor money to help microcredit programs get through the initial years until they reach the break-even level. Beyond that level, these programs can expand their outreach with loans from the market or from savings deposits. In most countries, microcredit NGOs are not legally permitted to take deposits. If microcredit NGOs can open the door to taking public deposits, expansion of their outreach could be very rapid, because this would free them from the dependence on donor money. It is a very strange phenomenon in many countries to see that conventional banks with a repayment rate of below 70% are allowed to take huge amounts of public deposits year after year, but microcredit institutions with an unbroken record of over 98% recovery are not. It is often argued that since microcredit programs do not come under any law, it is highly risky to allow them to take deposits. This always seems to me a strange argument. Why don't we pass laws to bring microcredit programs under legal oversight, establishing special regulatory commissions to regulate them and allow them to take public deposits? This will make local deposits in the villages work for local poor people, instead of being siphoned off to the big cities to finance big businesses. This is the frustrating part of our experience. One feels like throwing one's arms in the air and screaming in protest.

Self-employment is the quickest way

The most important step to ending poverty is to create employment and income opportunities for the poor. But orthodox economics recognizes only wage-employment. It has no room for self-employment. Yet self-employment is the quickest and easiest way to create employment for the poor. I have been arguing that credit should be accepted as a human right, because it is so important for a person who is looking for an income. Credit can create self-employment

instantaneously. Why wait for others to create a job for you? A person can create his or her own job. And this is so much more convenient for women who would prefer to work out of their homes. We are so much influenced by orthodox economics that we forget that our forefathers did not wait for someone else to create jobs for them. They just went ahead in a routine manner to create their own jobs and incomes. They were lucky. They did not have to learn economic theories and end up with a mindset that the only way they can make a living is to find a job in the job market. And if you don't get a job, then march in the streets!

In developing countries, even if you march in the streets, there is still no job for you. As a result the poor go out and create their own jobs. Since economics textbooks do not recognize them, there are no supportive institutions or policies to help them. That's why the money-lending business thrives. The money-lenders' business is as old as money itself. We read about the cruelty of money-lenders in our religious books. We condemn them as a part our religious duty. We read the great classics about making payment with a 'pound of flesh' and get horrified by it, but we had done nothing significant about addressing that problem until Grameen credit came around.

While we keep hearing about the spread of microcredit around the world, about its 98% repayment record, about poor people getting out of poverty with microcredit loans, about women's empowerment, it has had no impact whatsoever on conventional banking. These banks continue to practice the same old banking as they have been doing from the very start of their business — as if nothing new happened in the world! Probably they still shield themselves by arguing that the poor are not creditworthy.

It is a very strange world.

A big step towards eliminating poverty is to make sure that we offer financial services even to the poorest people, that nobody is rejected by a bank on the ground that he or she is a poor person.

Each person is a potential entrepreneur

In some important ways our designing of the theoretical framework of economics or the misrepresentation of it is responsible for perpetuating poverty. Its conceptualization of individual human beings as 'labor' took the rest of the theory on a completely wrong track. The role assigned to human beings in economic theory is certainly not something a self-respecting person can celebrate. Economic theory in its simplest form visualizes people as providers of labor. They are born to take orders from a small group of a very special kind of people known as 'entrepreneurs'. These special people are the only people who can think, organize, and act. All other people simply fill in the work slots created by the thinking and driving people. The level of well-being of the working people depends on the level of their wages.

After creating a world overwhelmingly populated by uninteresting working people, economic theory gets busy with the interesting people — the entrepreneurs — because they are the movers and shakers of the economy. Taking their cue from economic theory, powerful institutions are built, rebuilt, and improved; support systems are created, detailed legal systems developed, policies formulated, guidelines created, and research undertaken, all to ensure that the movers and shakers of the economy find it convenient to go in the direction they wish to go, and are able to utilize every last bit of their talents without any hindrance.

Try to imagine how the economists would have built their theory if they had started out with an axiom that all men and women are created equal, that each of them is endowed with unlimited creativity, and each of them is a potential entrepreneur. I am sure you'll agree with me that with this as a starting point, they would have built a very different economic theory, and we would have created a very different, and definitely much better, world as a result.

It will be an uphill task to end poverty in the world unless we create new economic thinking and get rid of the biases in our concepts, institutions, policies, and above all, our mindsets created by the existing orthodoxy. Unless we change our mindsets, we cannot change our world.

Market economies missed a great opportunity

Economic theory took the second, and most damaging, wrong turn when it came to explaining the driving force behind the competition among entrepreneurs. It recognizes the profit motive as the only motive behind this. Maximization of profit is the battle cry. This explanation occupies such a central position in economic theory, and everything else has been built in such intricate detail around it, that nobody dares to question it. Accepting this as the ultimate truth about capitalism, people who are not interested in making money stayed away from business and the market in a capitalist world. For the same reason, people who enjoy making money headed straight for the market. So the market became an exclusive club of the fortune seeker only. What a shame for missing a great opportunity!

Economic theory missed the most thrilling opportunity to change the fate of the world by completely ignoring the number and power of people who are more interested in social gains than personal financial gains, and those passionately interested in making the world a better place to live in, rather than remaining narrowly focused on their own personal benefit.

By restricting the driving force of the market to narrow self-interest, economic theory also missed the greatest opportunity to become a truly social science and escape from being a cut-and-dried dollars-and-cents science. Nobody doubts that an entrepreneur can set up a pharmaceutical company to make a big personal profit. But it can be equally plausible that a person may set up a pharmaceutical company to sell quality medicines at the lowest possible price so that even the poorest family can afford them. If economics could envisage two types of entrepreneurs, personal-gain driven and social-objective driven, it would not only be more realistic, but it would help the world solve many of the problems that the profit-driven market doesn't solve today.

Behavior pattern of a social entrepreneur

The behavior pattern of a social-objective-driven entrepreneur, i.e. a social entrepreneur, is as follows:

1. He or she competes in the marketplace inspired by a set of social objectives. This is the basic reason for being in the business.
2. He or she may earn personal profit as well. This personal profit may range from zero to a significantly large amount, even larger than the personal gain-driven competitors. But in this case, personal profit is a secondary consideration, rather than the prime consideration. On the other hand, a personal profit-driven entrepreneur may contribute in achieving some social objectives. But this will be a by-product of the business, or a secondary consideration in the business. This will not make him or her a social entrepreneur.
3. The higher the social impact per dollar invested, the higher will be the market rating of the social entrepreneur. Here 'market' will consist of the potential investors who are looking for opportunities to invest their money in social objective-driven enterprises. Social investment dollars will move from low social impact enterprises to higher social impact enterprises, from general impact enterprises to specific and visible impact enterprises, from traditional social enterprises to highly innovative and efficient social enterprises.

Social-objective-driven investors will need a separate (social) stock market, separate investment rating agencies, separate financial institutions, social mutual funds, social venture capital, etc. Almost everything that we have for-profit-driven enterprises will be needed for social-objective-driven enterprises, such as audit firms, due diligence, and impact assessment methodologies, regulatory frameworks, and standardization, only in a different context, and with different methodologies.

Because of the way the orthodoxy of economics has given shape to the existing world, all the investment money now is locked up in only one category of investment: investment for making personal profit. This has happened because people have not been offered any choice. There is only one type of competition: competition to amass more personal wealth. The moment we open the door for making a social impact through investments, investors will start putting their investment dollars through this door, too. Initially some investors will divert a part, maybe a small part, of their investment money to social enterprises, but if social entrepreneurs show concrete impact, this flow will become larger and larger. Soon a new type of investor will be appearing on the scene who will put all or almost all their investment money into social investments.

Some of the existing profit-driven entrepreneurs may start revealing another dimension of their entrepreneurial ability. They may successfully operate in both worlds, as conventional profit-seekers in one, and as dedicated social entrepreneurs in the other.

If social enterprises can demonstrate high impact and creative enterprise designs, a day may come when personal-profit-driven enterprises will find themselves hard-pressed to protect their market share. They will be forced to imitate the language and style of social enterprises to stay in business.

I don't think I need to work hard to convince anybody that there are millions of investors right now who would gladly put their money into a social enterprise if they can be assured that their investment will at least retain its original value, while making a significant impact on the lives of poor people, deprived people, or any group of disadvantaged people. I receive many letters from people around the world asking me if they can invest in the Grameen Bank. Obviously none of them are looking for an opportunity to make money by investing in the Grameen Bank. Why has our business world failed to offer opportunities to people who want to invest for the benefit of the people?

If socially motivated people can dedicate their lives in politics to bringing changes in their communities, nations, and to the world, I see no reason why some socially-motivated people will not dedicate their lives to building and operating social objective-driven enterprises. So far they have not done so because neither the opportunity nor the supportive framework exists. We must change this situation.

A completely new world can be created by making space for social entrepreneurs and social investors in the business world. This is a very important agenda for all of us. Eliminating poverty will become so much easier if social entrepreneurs can take up the challenge of ending poverty, and social investors can put their investment money into supporting the work of social entrepreneurs.

Who is a social entrepreneur?

Let me define social entrepreneurs in a broad way and then divide them into two categories: market-based and non-market-based.

Anybody who is offering his or her time and energy to address any social or economic problem of a group or community is a social entrepreneur. The problem addressed may be a small local

problem or a big global problem. The action of a social entrepreneur may need money, or may not need money. It may be a personal campaign for or against something. It may need cooperation and coordination with others.

It may need fund-raising. It may be organized as a sustainable business, ensuring 100% cost recovery. It can generate very attractive profits, although making profits is not the goal of the enterprise. In terms of cost recovery a social entrepreneur can work within a scale ranging from zero cost recovery to 100% cost recovery, and even far beyond cost recovery. If a social entrepreneur distributes food to the hungry, he or she is operating at zero level of cost recovery. If he provides health services and charges a fee which covers part of the cost, he is operating at a positive point on the cost recovery scale. Once she reaches 100% cost recovery, she becomes a market-compatible or sustainable social entrepreneur. This is the most critical point on the cost-recovery scale. If a social entrepreneur can stay on the correct side of this point he or she can become a legitimate player in the marketplace. He can grow as much as he wishes and has the capacity to manage. She can draw on the resources of the market. The more that social entrepreneurs are in the category of market social entrepreneurs, the more powerful they become as a business community. They can start gaining access to the trillions of dollars of market capitalization money, part of which will find market social entrepreneurs just the right kind of investment.

Social entrepreneurs operating on one side of this critical point are dependent on subsidies and philanthropy money to carry out their noble mission. We may call them non-market social entrepreneurs. The size of their operations will always be limited by the size of the donor money they can obtain. Obviously, the total donor money in the world is only a small fraction of the total business money. In addition, uncertainty about donor money always remains a big problem for non-market social entrepreneurs. Donor priorities and procedures change frequently, and put non-market social entrepreneurs into serious difficulties.

From non-market to market social entrepreneurs

Given all the limits of non-market social entrepreneurs, it must be recognized that they have the longest tradition of social entrepreneurship, almost as old as human beings on this planet. Market social entrepreneurs have a lot to learn from them. Together both types of social entrepreneurs can form a very strong coalition to bring changes in the ways that people do things, that policymakers make policies, and that institutions treat people. Some social entrepreneurs may operate on both sides of the scale, creating different types of socially-oriented programs. Some non-market social entrepreneurs will continue to operate at the same point on the scale all the time, because of their philosophy, availability of funds, or other considerations. Some non-market social entrepreneurs will find it advantageous to move gradually towards self-sufficiency, to get a better grip on their finances and reduce outside dependence. Some will make deliberate efforts to cross the critical point and become internally sustainable. Transforming from a non-market social entrepreneur to a market social entrepreneur is almost like converting a bicycle into a race-car; one can go so much faster in reaching the goal.

But there may be some cost to this conversion. You may gain some, while you also lose some. Social entrepreneurs must be very innovative in this conversion process in order to pursue the maximum extent of their social agenda while gaining economic power to scale up and ensure large outreach.

Global efforts should be organized to help the interested non-market social entrepreneur cross the critical point by giving him or her legal support, access to business capital, marketing skills, and technology, connecting him or her with mentors among the successful market social entrepreneurs, and providing advisory services.

Social entrepreneurs are not characters in an economic fiction. They exist in the real world. But we refuse to recognize them because we have no place for them in our analytical framework. So they carry out their mission as some kind of misfits or freak characters. We should change that viewpoint immediately and turn them into heroes of our economic endeavors.

The future of the world lies in the hands of the market-based social entrepreneurs. Leaving the business world exclusively in the hands of the personal profit-driven entrepreneurs and investors will create more and more social and political tension within and among countries than ever before. With the advance of technology the world is getting smaller, almost distanceless. Businesses are getting bigger and more powerful, while governments are shrinking in power and prestige. Through globalization the whole world is turning into a gaming table of the extraordinarily rich people and extraordinarily rich countries.

We cannot cope with the problem of poverty within the orthodoxy of capitalism preached and practiced today. With the failure of many developing country governments in running businesses, health, education, and welfare programs efficiently, everyone is quick to recommend 'hand it over to the private sector'. I endorse this recommendation wholeheartedly. But I raise a question with it. Which private sector are we talking about? The personal-profit-based private sector has its own clear agenda. It comes into serious conflict with the pro-poor, pro-women, pro-environment agenda. Economic theory has not provided us with any alternative to this familiar private sector. I argue that we can create a powerful alternative — a social-consciousness-driven private sector, created by social entrepreneurs.

Globalization and the role of social entrepreneurs

The role of social entrepreneurs becomes very important in the context of the race for globalization. Globalization should not turn into an open house for bulls to enter the china shop. I am an ardent supporter of the process of globalization. I think globalization can bring more benefits to the poor than its alternative. But it would be naive to think that there is only one architecture of globalization. We can easily divide all the options of globalization into two broad classes: 'right' globalization and 'wrong' globalization, in the context of a set of objectives. If one of our prime objectives is to bring the quick reduction of poverty we must choose the global architecture which best ensures this result. Unless we go through this exercise and make serious efforts to build it, the most likely architecture that will emerge is the anti-poor people, anti-poor country globalization. This dreadful outcome must be checked forthwith. That's what anti-globalization demonstrations are trying to tell us. The least the world should do is to set up a global regulatory body to stop globalization from going in the 'wrong' direction, and to encourage and facilitate it to go in the 'right' direction. Globalization needs traffic rules and traffic police. Without that, the highways of globalization will be littered with ugly sights.

We should initiate a global debate and generally agree on the features of a 'right' architecture of globalization rather than drift into terribly wrong globalization in the absence of a framework for action. There may be many features of this architecture, but I would like to emphasize some. They are:

- (a) The creation of a level playing field for the rich countries and the poor countries, and for big powerful enterprises and small weak enterprises. The rule of the 'strongest takes all' must be replaced by a rule that ensures everybody a place and a piece of the action without being elbowed out by the stronger players. 'Free trade' must mean freedom for the weakest. The poor must be made active players in the process of globalization rather than becoming passive victims. Globalization must promote harmony and partnership between the big and the small economies, rather than become a vehicle for unhindered dominance by the rich economies.

- (b) Globalization must ensure the easiest movement of people across borders.
- (c) Each nation must make serious and continuous efforts to bring information technology to poor people to enable them to take maximum advantage of globalization. This is particularly important for poor countries.
- (d) Social entrepreneurs must be supported and encouraged to get involved in the process of globalization to make it friendly to the poor. Special privileges should be offered social entrepreneurs enabling them to scale up and multiply. Social entrepreneurs, information technology, and microcredit can play key roles in taking globalization in the right direction, including cutting extreme poverty in half by 2015.

Globalization, the knowledge economy, Grameen scholarships, and student loans

Poor people are like bonsai trees. They could have grown as giant trees if they were supported by the right environment for growth. It is the size of the pots in which they were made to grow that turned them into sad replicas of the real trees. In a similar way, poor people are sad replicas of the real persons hidden inside of them. They cannot grow to their potential size because society does not offer them the social and economic base to grow. Poor people are condemned to survive as Lilliputians in the land of super-giants.

We should look at the emerging knowledge economy supported by the process of globalization as an unprecedented opportunity for poor people and the poor countries. The future of nations will no longer be decided by the size of financial wealth of a nation, but by the quality of human resources it has. Information technology and education will make a big impact on the capacity of poor people and poor nations to change their economic situation. A group of Grameen companies have been created to bring both information technology and education to the poor people of Bangladesh. Grameen Phone, Grameen Star Education, Grameen Cybernet, Grameen Information Highway, Grameen Software, and Grameen IT Park were created to bring information technology to the poor and to build IT capacity in Bangladesh.

Grameen Phone brings internet-enabled mobile phones to the Grameen borrowers and makes them 'telephone ladies' of their villages. Today there are more than 21,000 telephone ladies selling telephone services in half of the villages in Bangladesh. Many of these phones are powered by solar power because electricity does not exist in those villages. Soon these women can become 'internet ladies' if we can design appropriate services for them. Technology is already in their hands. While extending telecommunications services to the poor, Grameen Phone also has done very well as a business. It has expanded its services to become the largest mobile phone company in South Asia within five years its operations.

The Grameen Bank not only focuses on giving financial services; it also promotes a strong social agenda. The 'Sixteen Decisions' adopted by Grameen Bank borrowers commit them to making many non-economic changes in their lives, such as practicing family planning, sending children to school and making sure they stay in school, breaking away from the custom of giving dowry to the bridegroom's family, making sure everyone drinks clean drinking water, etc. Because of the Sixteen Decisions, Grameen borrowers have taken great care to send their children to school. Today not only are all of them in school, but some of them are also in colleges, universities, and professional schools. The Grameen Bank hopes to see that the second generation of the borrowers will grow up to take advantage of the knowledge economy and permanently shift away from poverty. The Grameen Bank offers nearly 4,000 scholarships every year to students of Grameen families, and gives student loans to 100% of students who are enrolled in higher education institutions. Another Grameen company, called Grameen Education, offers a scholarship management service. If a sponsor gives a recoverable grant of Taka 100,000 (US

\$1,724), a scholarship of Taka 500 (US \$8.62) per month, or 6% per year on the grant amount, is given to any poor student, Grameen or non-Grameen, in perpetuity or as long as the money is kept with Grameen Education. Grameen Education hopes to find hundreds of thousands of sponsors for these scholarships to prepare the poor boys and girls of Bangladesh for the knowledge economy and globalization.

Information technology can be a big help. Supported by microcredit, information technology can open doors, providing opportunities for innovative financing, connection with markets, and direct access to information. Information technology and telecommunications can eliminate layers of middlemen between the poor and the market. An individual poor person is an isolated island. Information technology can end that isolation overnight. A poor person can be at the central shopping mall of the world, gaining access not only to finance and the market but also to health, education, ideas, and friendships. Information technology, with microcredit, can bring dramatic results in eliminating poverty, if designed appropriately for the poor. It can be easily and sustainably done.

Yes, we can

Now, going back to the original question — can we really reduce extreme poverty by half by 2015? My emphatic, unequivocal answer is: yes, we can! We can do more than that. We can set ourselves on a course to eliminate poverty from the world for all time to come. We can get ready to put poverty in the museum, where it belongs. Each human being is too resourceful and intelligent to suffer from the misery of poverty. Poverty and the human species just do not go together. But in reality poverty has persisted because we created wrong mindsets which did not allow poor people to know how much potential they truly have. All we have to do is to remove the heavy crust that keeps their abilities unknown to them.

Enabling people to explore their full potential is an agenda we must take up seriously, to make sure our efforts to reach the 2015 goal become a thumping success. This goal of halving extreme poverty must be achieved by 2015 — if we pride ourselves to be sensible, sensitive, and creative human beings.

Muhammad Yunus is the founder and Managing Director of the Grameen Bank in Dhaka, Bangladesh, and a member of the Advisory Board of Global Urban Development. Dr. Yunus is the author of the best-selling book, Banker to the Poor: Micro-Lending and the Battle Against World Poverty. His article is adapted from a lecture he delivered at the Commonwealth Institute in London, UK, and is printed with permission of the author.