***Micro-Loans and the Bangladesh Model***

Nobel Peace Prize winner, Muhammad Yunus has been generally credited with the development of micro-lending through his Grameen Bank, founded Bengali in 1976. At that time there were reported to be fewer than eight million families being served by micro-credit worldwide. By the end of 2004, 92 million clients were reached through 3200 micro-lending institutions.

Micro loans have been accepted as a tremendous tool for the alleviation of poverty. Generally serving society’s poorest, those who are normally considered “unbankable” without necessary collateral – small loans on average of $160 have been made with a high percentage of repayment.

Grameen Bank has a customer base that is 94% women. There has been a marked increase in economic activity in rural Bangladesh since the start of the Grameen lending program.

The micro-loan trend has picked up world wide with programs in the US, Great Britain, Brazil, and Indonesia, Africa to name a few.

BBC World Service says, “The Grameen model does not offer a global solution to poverty but by helping to empower some of the world’s poor in the short term, it paves the way for more long-term poverty eradication programmes.”

Sources:

BBC World Service: “Article 22: Right to social security and realization of economic, social and cultural rights”

Wikipedia: Microcredit

National Geographic: “Nobel Peace Prize Goes to Micro-Loan Pioneers”