

By Ernie D. Delfin

Last week, while watching TV on CSPAN I happened to catch the address of Dr. Muhammad Yunus before the media in Washington D.C. This was before he received a "Medal of Freedom Award" given by President Obama as one of 16 people as "agents of agents" in our world today. I have read his book on Micro-Finance years ago, and I believe that the proven success of his Grameen Bank must be spread to all nations, especially the Third-world countries, in order to empower the poor faster, thereby contributing to the progress of their respective societies.

As a brief background, Dr. Muhammad Yunus is a global leader in anti-poverty efforts and has pioneered the use of "micro-loans" to provide credit to poor individuals without collateral. Dr. Yunus, an economist by training, founded the Grameen Bank in 1983 in his native Bangladesh to provide small, low-interest loans to the poor to help better their livelihood and communities. Despite its low-interest rates and lending to poor individuals, Grameen Bank is sustainable and 98% percent of its loans are repaid – higher than other banking systems. It has spread its successful model throughout the world. Dr. Yunus received the Nobel Peace Prize in 2006 for his work.

It is surprising why Grameen Bank is succeeding, after great patience in dealing with the slow pace of changing the mindsets of those in the bottom of the economic pyramid.

Having been born and raised in the Philippines, which is still a developing nation, I have witnessed that the World Bank model of primarily lending and dealing with the established institutions has kept the progress mainly on the top of the economic pyramid. The trickle-down theory has not worked well but kept the status quo where the poor gets poorer, and the rich richer. Lack of capital aggravated by the lack of education and business know how made those in the bottom of the pyramid preys of predatory lending, where the Shylocks of the world make a ton of money at their expense, without even realizing it. In many developing countries in

Asia

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Africa

or

Latin America

, the Shylocks of the world are still making a lot of money because there are only a few Grameen Banks. This where businesspeople as well as NGOs from first world countries like the Rotary International with its 1.25-million Rotarians in 200 countries, or Lions International, must get involved

**NOW**

to accelerate the expansion of micro lending, the Grameen-Bank way.

Briefly, allow me to illustrate the modus operandi of this "underground lending" (that is the only one available) in many rural villages in the world: The venture capitalist (Shylock of the village) lends FIVE PESOS to a

market vendor on Monday morning, then collecting

ONE

PESO as interest ONLY the next Friday! So the ORIGINAL

FIVE

PESOS earned 52 PESOS for one year! But after five weeks, Mr. Shylock has earned another

FIVE

PESOS to lend. Beginning on the 6th week, he will be collecting TWO

PESOS AS INTEREST ONLY from two market vendors! Just

extrapolate what happens every five weeks, or after several years from the day when the original

FIVE

PESOS was lent to the first vendor.

Dr. Prahalad's "The Fortune at the Bottom of the Pyramid" describes the successes of several business enterprises in India, Mexico and Latin American countries by applying the revolutionary marketing and consumer principles and diligently working with the clients' different mindset.

That is the factual scenario of many Third- or Fourth-world country's poor villages, where credit facilities of the World Bank or any traditional banks cannot or do not want to reach. I am not surprised at all why Grameen Bank is succeeding, after great patience in dealing with the slow pace of changing the mindsets of those in the bottom of the economic pyramid.

Another excellent book that deals with developing nations is "The Fortune at the Bottom of the Pyramid" by Dr. Prahalad. The book succinctly describes the successes of several business enterprises in India, Mexico and Latin American countries. These countries' lower-economic strata thrived by applying the revolutionary marketing and consumer principles and diligently working with a different mindset of their client base. The companies that were showcased in the book illustrate how a social enterprise can make a fortune by incorporating the prevalent values of the market place and never imposing the traditional business practices of Wall Street.

The building of a nation is never easy but I believe it can be accelerated through the innovative fusion of labor, committed entrepreneurs and social capital that is not only centered on making profits that only go to the owners of the enterprise. Socially-oriented businesses as advocated by Drs. Yunus, founder of the Grameen Bank, and Dr. Prahalad, author of "The Fortune at the Bottom of the Pyramid" should be supported and encouraged to expand faster in as many countries as possible. It is one proven way to make the gap between the very rich and very poor narrower in many countries of the world. # # #

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