

**Prof. Dr. H.-J. Rösner:
Laudatio zur AGI-Preisverleihung an Mohammad Yunus
auf der IGT 2008**

The International Science Award presented by the Arbeitsgemeinschaft Genossenschaftswissenschaftlicher Institute (AGI) has been bestowed four times since its inception in 1990. The award honours outstanding achievements and contributions by scholars in the field of international cooperative studies and in the propagation of the concept of cooperation in theory as well as in practice. Special consideration is given to scholars in developing and threshold countries as well as the transformation countries of Central and Eastern Europe. The previous prize-winners are:

Dr. Chukwu from Nigeria in 1990
Prof. Bibangambah from Uganda in 1996
Prof. Jeon from South Korea in the year 2000 and
Prof. Avsec from Slovenia in 2004

But, unlike previous recipients, this year's award-winner is familiar to more than a few people in Germany and his own country. In Professor Muhammad Yunus, we now honour a philanthropist who has also achieved world-wide acclaim. On his own initiative, he addressed an urgent problem in his own country and developed problem-solving approaches that are now being applied all over the globe.

It was in the early 1970ies that in response to a severe famine in Bangladesh, Muhammad Yunus, a professor of economics born in 1940, devoted himself to field research. In the village of Jobra, located near Chittagong University, he analyzed the economic and social situation of the local population with the aim of eliminating the causes of hunger and life-threatening poverty. Having begun by introducing improvements in farming methods, he soon recognized that land-owning farmers were not the poorest of those he sought to help. Consequently, he turned his attention to agricultural labourers and women in rural areas, and it became clear to him that their economic and social misery was directly attributable to their total dependence on private money-lenders and suppliers. What they lacked was the small amount of capital that would enable them to purchase the raw materials and primary products they needed for their own commercial pursuits. Large banks, however, were unwilling to grant credit to these people, as they had nothing by way of collateral to offer, and because the cost of serving these potential customers were considered too high.

Realizing that the lack of access to credit was the greatest obstacle faced by the poorest of the poor, Muhammad Yunus developed a microfinance system designed to meet the needs of this segment of the population, which was established as the Grameen Bank – or “Bank of the Villages” – in 1983.

The Grameen Bank differs significantly from conventional commercial banks, credit and savings organizations and credit operatives. It maintains very few offices. Bank employees visit their predominantly female customers, many of whom can neither read nor write and have no experience in handling money of their own. In order to become a customer, and thus shareholder, of the Grameen Bank, individuals must participate in seminars in which they learn about the bank's working concept, philosophy and methods. In an effort to achieve sustainable

improvements in the economic, social and health conditions of the poor, the Grameen Bank also offers instruction on such topics as hygiene, nutrition and family planning.

In order to ensure that borrowers deal responsibly and purposefully with the money provided to them, interest is charged on these small loans at prevailing commercial rates, which may be as high as 20 percent. Following a 14-day grace period, loans must be repaid within one year in weekly instalments. Astonishingly, the repayment rate is nearly 100 percent. This is attributable in part to the fact that credit is granted only to members of small village groups (comprised mostly of women), who act as joint borrowers and guarantors. Loans are granted to individual members, but because prompt repayment is a prerequisite for the approval of subsequent loan applications, group pressure ensures that payment obligations are met.

The system has been so successful that similar microfinance programmes have been established or are being set up today in more than 100 countries in Africa, in Asia, in the Americas and even four in Europe, namely in Albania, France, the Netherlands and Norway.

Many aspects addressed by Muhammad Yunus in his autobiography entitled *Banker to the Poor* are reminiscent of the origin and development of the cooperative movement in 19th-century Germany. The idea of organizing mutual self-help systems in the form of lending cooperatives was literally born of necessity. The structural changes brought about by the Industrial Revolution caused severe financial problems for many farmers and craftsmen, as they had no access to banking services and were compelled to rely on private money-lenders. They became heavily indebted and many suffered financial ruin.

Therefore, the principle of “accomplishing together what the individual cannot accomplish alone” propagated by Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch 200 years ago would presumably meet with the approval of Muhammad Yunus. He was and remains dedicated to the goal of improving the economic and general living conditions of disadvantaged population groups on a sustainable basis through cooperative self-help. Although the needs of a different time and place required him to develop different and unique solutions, his approach has proven equally effective. With unflinching personal commitment over many years, Muhammad Yunus has succeeded in establishing his idea at the global level: credit for the poorest of the poor – without charity – through an economically viable system designed to promote the capacity for self-help.

Professor Yunus has already received numerous awards for his life’s work. His willingness to accept the International Science Award presented by the AGI in person is truly an honour for us.