

RELEASE IN PART B6

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Wednesday, September 5, 2012 11:53 PM
To: H
Subject: Fw: WSJ Op Ed - A Nobel Prize Winner Under Siege

As Toria notes, you'll want to see this.

From: Nuland, Victoria J
Sent: Wednesday, September 05, 2012 11:48 PM
To: Sullivan, Jacob J
Subject: Fw: WSJ Op Ed - A Nobel Prize Winner Under Siege

Boss may wanna see this

From: PA Clips [mailto:paclips@state.gov]
Sent: Wednesday, September 05, 2012 11:14 PM
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Subject: WSJ Op Ed - A Nobel Prize Winner Under Siege

A Nobel Prize Winner Under Siege
Wall Street Journal Opinon
Wednesday, September 5, 2012, 7:12 p.m. EDT
By GEORGE SHULTZ AND MADELEINE ALBRIGHT

The Bangladeshi government is moving to exert control over the celebrated Grameen Bank..

With so many banks making headlines, it is easy to overlook news about Bangladesh's Nobel Peace Prize-winning Grameen Bank. No, this bank does not need a bailout. Quite the contrary, it has been prospering as it continues to provide life-changing microloans to millions of poor people. The borrowers also run the bank—they are the majority owners. But the Bangladeshi government recently moved to change this arrangement. We urge the government to reconsider.

At issue is whether the bank's managing director should be appointed by the board of directors (most of whom are elected by the millions of small shareholders) or by the bank's chairman, who is appointed by the government. Preserving the right of the board of directors to make this choice would be in keeping with the bank's most distinctive feature—that the institution's customers are also its owners and managers.

The Grameen Bank model has been strikingly successful; it should be emulated, not changed. With 30 years of experience, Grameen delivers exceptional loan-repayment rates (97%) while vastly improving the lives of its members. Credit is given only to start or expand businesses, and members join as groups of five, who provide mutual support and accountability.

With 8.3 million borrowers, Grameen is a primary source of capital for women entrepreneurs and has used its influence and resources to support education, community-hygiene initiatives, affordable health care and better nutrition. In the process, the bank has contributed mightily to social, civic and environmental awareness throughout Bangladesh.

In 2006, Grameen's owners and Muhammad Yunus, its founder, were honored with the Nobel Peace Prize in recognition of their efforts to reduce poverty. Dozens of countries have developed institutions based on the Grameen model,

providing benefits to hundreds of millions of people in Asia, Africa, the Middle East, Latin America and even the United States.

A major reason for the bank's success is its loyalty to the principle that the same people who rely on it for credit also have a direct role in managing its operations. The idea that poor people can run their own bank successfully has been very empowering—especially for women, who make up the vast majority of borrowers and who often have little or no access to conventional sources of commercial lending. That is why it would be a mistake for the government of Bangladesh to deprive the board of directors of the right to appoint the managing director.

'Borrowers elect nine of the 12 members on the board while the government appoints three directors, including the chairman. The board as a whole has been responsible for bank operations, a governance structure that has served the rights and interests of its member owners since Grameen's founding several decades ago. We believe that Secretary of State Hillary Clinton was right, in her visit to Bangladesh in May, to caution against any step that "would undermine or interfere in the operations of the Grameen Bank or its unique organizational structure."

Grameen Bank is more than just another financial institution. It is a living demonstration of how people who lack advantages of any kind can nevertheless lift themselves out of poverty through hard work and personal accountability. It is a testament to the capacity of women to succeed in business when accorded the opportunity to do so. And Grameen is—or at least it should be—a fundamental source of pride for the government of Bangladesh.

With the world watching, the government should consider carefully how to proceed now that its steps to seize direct control over the bank's leadership have stirred controversy. We hope it will choose instead to preserve a system that has worked well, earned credit for Bangladesh on the world stage, and inspired followers across the globe.

Mr. Shultz, a former secretary of labor, Treasury and state, is a distinguished fellow at Stanford University's Hoover Institution. Ms. Albright, a former secretary of state and permanent representative to the United Nations, is a chairwoman of the Albright-Stonebridge Group.

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