

Global Advances in Health Care

A Speech by Muhammad Yunus, Founder and Managing Director, Grameen Bank January 30, 2005 The World Health Care Congress

Note: This is not a verbatim transcription, and is not intended for publication. For more information contact Linda Dickerhoof at 703-243-4515 and linda@signaturestrategy.com. A video of this presentation is available at The World Health Care Congress Website at: http://powerframes.com/worldcongress/whcc2005/whccyunus_files/Default.htm#nopreload=1

Good evening. I'm very happy to be here, but wondering what I will say because everything I'm supposed to say about the Grameen Bank is right in front of you, in these booklets. But I thought I would just say a few words about the background and how we got involved with it. You're probably wondering, as I am, what I'm doing at a healthcare convention.

When we began, there was no plan. There was no thought-out blueprint saying that, "This is what I should be doing, lending money to the poor people." That was not my job. I was teaching at a university in Bangladesh, at a time that happened to be one of the worst economic situations in the country. There was famine -- people dying of hunger. And I was wondering what an economics professor should be teaching in the classroom about the economy of the country when people are dying because economics is not working there. So I thought it would be better to go out of the classroom, to see if in any way I can make myself useful to other people, those next door to the university campus.

So, while I was doing that, trying to kind of feel a little easy with myself that at least I was doing something, but I didn't know what I was doing. The only objective I had in mind was to be useful to somebody. Along the way, I saw how people suffered from not having a tiny little bit of money in their hand. They had to borrow from the moneylender. And I came face to face with the institution that grew globally for centuries, which is called moneylending -- when people give you tiny little money and kind of squeeze out everything that you can earn out of it.

I wanted to see if I could somehow provide that money and get the poor people out of the reach of the moneylenders. So I gave a small amount of money to people, and they felt excited that it could happen like this, that they could survive without the moneylenders' money. Seeing this excitement, I thought, "Maybe I should try to continue with this and provide more money to more people."

That brought me to the bank. I thought I could link the banks with the poor people in the village, not knowing that, the bank would not be quite supportive of that idea. When I proposed it to the bank, the bank almost fell from the sky. They argued that banks could not lend money to poor people, because poor people are not credit-worthy. I argued back, "Why shouldn't you give the money to the poor people? They are the people who

need the money most, and that's your business, to give them the money." But no, they said, not to the poor people.

Anyway, the debate continued, and I didn't give up. After several months of running around, I offered myself as a guarantor. I said, "I'll sign all your papers. I'll take the risk, you give the money, and it'll work." Reluctantly, they agreed after another long series of negotiations.

That was the beginning of my lending money to the poor people -- taking money from the bank and giving it to people who needed it. And it worked!

I wanted to see this happen with no collateral needed: That's one thing I wanted to share, so that poor people can take money. And I wanted to see the money be used for income-generating activities so that they can pay the money back.

Excitement took me from one village, to the second village, third village, and continued. But the banks didn't change their mind. They still thought this was not going to work, no matter how many villages I reached. Seeing that their mindset couldn't be changed, I thought maybe I should have a separate bank. That's when the idea of a separate bank came along. Then there was another series of negotiations, this time with the government, lobbying with to allow me to set up a bank. Finally, in 1983 I got the permission and became a bank. That's the Grameen Bank.

The Grameen Bank lends money to extremely poor people, particularly women. This occurs without collateral, without any legal instrument, without any group guarantee, without joint liability, and so on. But it works, and the borrowers themselves own it.

Today it works all over Bangladesh, with more than four million borrowers---96% women---taking loans from the bank and moving out of poverty. More than 50% of the people who have joined the Grameen Bank so far have moved out of poverty.

One thing we focused on right from the beginning was to make sure that the children of Grameen families go to school. In the early years when we had a very small number of borrowers, we didn't know that we someday would become big, having 5,000 to 10,000 borrowers. But we sat down with the borrowers and tried to understand what their daily problems are, what they're looking forward to. We'd go through days and days of this discussion among them, and that culminated into something called 16 Decisions, which is mentioned in the book. Those are the pictures they were showing. These decisions were not taken on one single day. It was spread over several years, and for each one we had a long series of discussion.

Then, in 1984, we kind of stopped adding any more because every time you had a series of these discussions and another decision would need to be added to the list. So finally, I said, "We have enough of those decisions. Let's now concentrate on implementing those decisions."

One of the decisions was “We shall send the children to school.” We encouraged everybody to make sure that we honored that decision, sending 100% of the children to school. And soon we achieved that. These are illiterate families. In Bangladesh, literacy is very low. If you are looking at the poor people, literacy is almost nonexistent. So in those families, we’re trying to create 100% literacy. And luckily for us, it worked. People responded very warmly to that. One reason for that, I think, looking back, is that our borrowers are women. Women paid a lot more attention to their children than their fathers did.

A few years later, we noticed that not only were the children going to school, they’re now going into colleges. Many of them are in still higher education, in the universities, going to medical school to become doctors and engineering school to become engineers. So we did two more things. We introduced scholarships so the students who are at different levels in high schools and colleges, and performing at the top level, are recognized and applauded by giving them scholarships. And then we introduced student loans, so that the students can continue with their higher education without worrying whether their parents would be able to finance their education or not.

The Grameen Bank took the responsibility, and said, “Don’t worry, we’ll provide you all the financial support you need.” At this moment, there are more than 5,000 Grameen students who are under the student loan program going into medical, engineering, and other faculties and departments in universities. And each day, the number is increasing because waves of more and more students are coming as days go by.

Many studies have been done on Grameen Bank because it invites a lot of curiosity. Is it possible? Or is it just a blown-up story that people tell each other? Because of those studies, lots of research reports have been published. All of them consistently report that people’s economic condition has improved very consistently. Many people each year come out of poverty consistently. The housing conditions of Grameen families have improved more compared to the non-Grameen families. Adoption of family planning practices within Grameen families double the national average. Grameen Bank is not a family planning promotional organization or anything. But the people who are interested in family planning issues, have separately studied the Grameen Bank, seeing what impact it has on the families of Grameen Bank. And they see that the Grameen’s families’ adoption rate of such practices is twice as much as the national average. Child mortality has declined among Grameen families by 37%. This is information from yet another health organization that studied Grameen Bank. Again, we are not a child health organization, but Grameen Bank made an impact on the child mortality rate.

Vidar was drawing attention to the 16 decisions, and you will notice that many of them are related to the health issues. One big health issue that everyone pointed out right from the beginning is the drinking water, because everyone felt this is such a pressing need for them. At that time, drinking water meant surface water, and surface water meant polluted water, which causes lots of diseases. One disease you hear about in Bangladesh is diarrhea. Luckily for us, at that time oral saline had already been invented, so we could promote oral saline in every single way.

For example, if you turn around the back page of the Grameen Bank loan passbook, it shows pictures of how to make oral saline solution, so that every family is trained to make oral saline in case they need it. If they forget the proportion of salt and the sugar, all they have to do is turn over their passbook and know immediately what to do. So it became a constant reminder for them, and they expressed it in rhymes so that you don't forget the rhymes. Bangladeshi people love rhymes, and remember them very well. So we put together these rhymes about the proportion of salt and sugar and water, how it's all combined to make oral saline. Today, diarrhea exists, but not in the terrible kind of epidemic that it used to be.

We also promoted tube wells, and gave loans for sinking tube wells for drinking water. Every Grameen family can access drinking water because now they can have their own tube wells. But something else emerged on the way, which was an arsenic problem in water. You may be familiar with the arsenic problem. The underground water is now producing arsenic in the water, so it became a big health hazard. So we had to come up with an alternative -- pitcher filters. For this, we had to make a little amendment in the 16 decisions. Not only do you have tube wells for your drinking water, but also we used filters to purify water. For combating the arsenic problem, we had pitcher filter so that we filter out the arsenic and come up with relatively safer water.

In Bangladesh, a latrine is a kind of rare commodity in the villages. It's not available, so people go out in the open. Right from the beginning, we introduced one practice in Grameen Bank. If you are becoming a Grameen Bank member, one of the first things you do as a show of your good faith in Grameen Bank, is to dig a hole. And from now on, you'll use the hole as your latrine. In the beginning, there was a lot of opposition to it. People would complain, "It smells. Why should we do it in one place when we can do it everywhere?" We explained the risk of doing it everywhere, how that spreads diseases and so on. They were still very reluctant to agree, but we promoted that this was the way you joined Grameen Bank -- you dig a hole and use it as a latrine. Then, gradually, people accepted it as a part of their routine: As you join Grameen Bank, you have to dig a hole, otherwise they won't accept you in the Grameen Bank. We said, "Look, it doesn't cost any money, and it doesn't take much of time just to dig a hole." So our entire concentration is on how to control this problem of spreading diseases.

A few years later, I was visiting a village, and as I was going through the village, a woman rushed at me and hugged me, and saying something. I couldn't understand what she was telling me. In Bangladesh, a woman hugging a man in front of everybody is quite a scene. So I was feeling embarrassed, and my colleagues are feeling embarrassed, but she wouldn't let me go. She's still saying something in the local dialect that I can't understand. And then I asked a local colleague, "Can you explain what she's saying?" So he persuaded her to stop and explain, and then she explained and it was interpreted. "You are a great savior. You saved women from the punishment of Hell." I said, "What does it mean? How did I save women from the punishment of Hell?" And then she was asked again. She explained, "Because of those latrines that we built, because you insisted on it." I said, "How did it save you from the punishment of Hell?" She said, "Look, men

can do it anytime they want, day and night, but women had to wait until the darkness of night. No matter what problem she has, she couldn't do it anywhere because women are not allowed to do it. Now she can do it anytime she wants." I looked at her, and it really gave me something to think about. I said, "We argued about the latrines and so on, so passionately on the health grounds. We never even realized what a difference it makes, what kind of impact it makes on women in a society that restricts them from coming out of the house, and what a punishment it is for that person."

In 1984, we introduced housing loans, and in the housing loan it became obligatory that along with each house built, you must have a sanitary latrine attached. So all the houses that have been built ever since then have always had a sanitary latrine. And these are poor women that took the housing loans and built the houses. It created another social tension in the village. Now, just like everyone else, well-off families don't have latrines. And the women in the well-off families started complaining to their men folks, "Look, even this poorest woman, she has a latrine. You cannot afford a latrine for us?" And that put so much pressure on the men folk in well-off families. But they had to put in their own sanitary latrine, because we won't give them the loan. We can't give loans to well-off people. So it created a reverse situation.

As you go along, you'll see that each one of these decisions speaks of a pain, and each one was discussed before a decision was taken.

This was a time when night blindness was rampant in Bangladesh. We'd go to any village, talk to the parents and a common complaint was always, "The child cannot see at night." So we started talking to doctors. "What happened? Why do they become night blind?" They explained it's a Vitamin A deficiency, so the only cure is to have vitamins for the children. So we talked to UNICEF and they said, "Okay, we'll give you vitamin tablets, as much as you want, and you can distribute through your channels, reach out to the children and give them." We discussed this among our colleagues, but we decided not to take any Vitamin A tablets from UNICEF. Our argument was that, "Let's not hang up people on tablets. Then every time something happens, they will ask for a tablet." And, today UNICEF is friendly, they have the money and the tablets, and they will them to us. Tomorrow, they might run out of money, say, "Sorry, we don't have the tablets." Then what do we tell people?

We remembered the other advice we got: "Why don't you have the vegetables promoted in these families, so that if they eat colored vegetables, these will supply the Vitamin A and the night blindness will be cured?" So we took that road. We started campaigning that each Grameen Bank family must grow its own vegetables and eat plenty of them. Then people said, "We don't have the seeds. Where do we get the seeds?" People are feeling under pressure, that, "We don't have the seeds, but you want us to grow vegetables." So we started collecting seeds, and we came out with little penny packets of seeds, many different seeds. These are beautiful packets of seeds with little instructions on them. When we brought these to our weekly central meetings, people loved it. The moment you look at the seed, it kind of attracts you. You don't mind paying some pennies to get that.

But we have so many borrowers, that gradually demand on vegetable seeds becomes so important, so big, that the government seed supplier couldn't cope with it. We said, "Look, forget about the government seed supplier. We will import seeds, we will grow seeds, and we will become the seed supplier." And we did. We became the largest seed supplier in the country. In the process, night blindness in Bangladesh became history. If you go today in Bangladesh, talk to people about the night blindness, you have to explain what is night blindness. They don't understand what night blindness is. So all of it happened. All the people did grow vegetables and eat plenty of them. So, if you see that as one of the decisions, you'll understand why this decision was incorporated.

Most of the studies made on Grameen Bank show how people move out of poverty. But one study showed how people couldn't come out of poverty, even after 10 years or more in Grameen Bank. We read that and we started worrying. "Why can't they come out?" So this researcher listed very elaborate reasons. She spent a whole year in these two villages, person by person, studying what was happening in their families. She found that in the cases where people couldn't come out of poverty, the major reason was health. There was a perennially sick person in the family. Either a mother is sick, an old man is sick, her husband is sick, or the children are sick---so sick, that they never get cured, but they're alive. They have to be carried on, and so whatever money she earns goes into maintenance of the sick person and she cannot bring the family out of the trap of poverty.

We always knew health is a big issue in getting poor people out of poverty, but we didn't realize it so sharply until this research came to us. We said, "We must do something about getting into the health issues." So we created a separate health program, introducing health insurance. If we made it expensive, nobody would care for it, so we made it very cheap. A Grameen family has to pay \$3 a year for the entire family to come under the coverage of health insurance. You might think that is easy to bring people into health insurance at that cost. But you have to argue and argue, explain and explain why they have to pay \$3 to bring the whole family under health insurance coverage.

With that money coming in, we had a whole health unit attached to the Bank, with a full doctor, paramedics, health workers, a pathological lab, a medicine supply, discount prices for medicine, and so on. And we have done this for 30 such branches in 30 such areas. Our aim is to recover the whole cost through this operation -- all the cost of the doctors, nurses, everything. By today, we have recovered 80% of that cost. It's also available to the non-Grameen people, but non-Grameen people pay double the amount. For Grameen, it's \$3; for non-Grameen, it's \$6. And we are trying to popularize it among the non-Grameen so that we can get more and more clients, and better cover the cost. We are waiting to raise the amount recovered to 100%, before we do it nationwide. If we can recover the cost, then it becomes easy to expand it as fast and as big as you want.

Along with health insurance and these clinics, we are adding safe delivery as a priority. I think 95% of children in Bangladesh are born at home. They are not born in hospitals or clinics or any other place. Sometimes midwives pay attention, but most of the time, you don't even have a midwife to look after the delivery of a child. As a result, maternal

mortality is very high, and so is child mortality. So we offer a place where the mother can have a child born safely. And to make it attractive, we're using digital cameras to present them with a picture of their newborn baby. She gets very surprised that you can have a picture of the baby right away. We're also issuing a birth certificate in a nice little frame. In Bangladesh, nobody has a birth certificate. Nobody knows what his or her birthday is. In this new system, you have a birth certificate. In order to have a birth certificate, you need a name. In Bangladesh, again, people don't name their children immediately. You wait for a long time. In the meantime, there are lots of provisional names floating around. Grandmother calls him by one name, mother calls him by one name, and grandfather has a favorite name. So it goes through all these processes. Then, finally, when the child is three or four years old, he gets an official name, which nobody remembers anymore. So now we encourage parents, "Why don't you select a name so that as soon as the child is born, we can put it on the certificate?" They wonder, "Why should I give a name now? The child is not born yet." So anyway, we persuade them and issue the certificate, and we give a little gift and so on.

Healthcare is becoming more and more important for us, particularly when we go into villages. We see different kinds of diseases coming. One we saw, that we realized we could easily pay immediate attention to was cataracts. We did that, and the cataract operations became very popular. We trained some doctors in cataract operations and intraocular lens implantation. Now, we do it in the villages in a massive way. It costs about \$28 for the lens, the surgeon, everything. People get amazed when people who considered themselves blind suddenly have eyesight. And it's so easy to have it done as an outpatient. It's done in a schoolhouse, whatever. It is cleaned up a little bit, we assemble all the patients together and we do the operation. So far, it's been doing very well.

We are trying to move into a more formal, institutionalized way of doing things. I have just come from Tokyo, where we have been discussing a collaboration with Japanese hospitals. One particular company is very eager to work with us, and we just signed an agreement. We'll have two hospitals, and we are planning for these to be our apex institutions. We'll build up the whole healthcare system, covering the village all the way to the highest level of hospital care, and trying to bring absolutely state-of-the-art healthcare to the poorest people at an affordable price. And we'll be encouraging international patients to come there so that we can make money on rich, international patients, and use that money to serve the poor people.

So this is one area we'll need your support, help, and advice to see if we can do that. I was just joking with some people, and saying "I heard here that there are 45 million people in U.S.A. without health insurance, and feeling nervous, thinking 'What happens to us when we get sick or need to do something?'" I said, "You don't have to worry anymore. We'll provide you health insurance from Bangladesh." I said, "We'll give you good quality health, good service, and a very affordable price." When someone asked, "How are you going to do it from Bangladesh?" I said, "We'll have a special jet taking the patients to Bangladesh and fix them up and bring them back." But because there are

so many, 45 million, I said, “We’ll rent out some islands here in the Caribbean, have extra facilities here and so on.”

So anyway, it’s possible to build up a healthcare system in an affordable way for the whole world, so this is what we’ll need advice from you and your support to see everywhere, not just Bangladesh.

Health is a major issue. Unless we address this, I think we have not done our duty as human beings and fulfilled our responsibility to other human beings.

Thank you very much.

Q&A Session

Question: How much money have you lent over the years?

Muhammad Yunus: Looking back, it adds up to be quite a substantial amount, at least from our point of view. We have lent out nearly \$5 billion over the years, starting from \$27 that we gave the first time to 42 people. We are now coming to a stage where we lend out half a billion dollars a year. So every two years, we are giving another billion dollars in loans. Still, our average loan would be just about \$200, and this money comes from the deposits of the banks -- our branches where we collect deposits, and that money goes out as loans. The interesting thing is that 70% of the deposits come from the borrowers themselves, so it’s more of an internalized system. People are saving their money in the bank and borrowing it from the bank, and changing their lives in so many different directions.

One of the things I omitted during my talk, is this: I’m a great admirer of information technology. We introduced mobile telephone, or cellular telephones, in Bangladesh. It’s called Grameen Phone, and it is a company that brings phones to the villages and gives them to Grameen borrowers with financing from Grameen Bank. The borrowers sell the service of the telephone to the villagers and make money. It became a very popular thing in Bangladesh. There are more than 100,000 telephone ladies in Bangladesh right now. You go anywhere in Bangladesh now, and you can make a call anywhere. And remember, this is a country where 70% of the people have no access to electricity. However, you can call anywhere in the world from Bangladesh.

How do they have cell phones working without electricity? We created another company called Solar Energy. We have our telephones plugged into little solar panels, so even if you don’t have electricity, don’t worry; you have your own electricity-generating plant right there. So that has spread.

Now another of the things that we are building up is “Call a doctor.” With these special numbers, you can call a doctor and discuss with them. We’ll have a special rate where a patient will pay some money and the doctor will get some money for giving instantaneous instructions. Where the doctors do exist, even calling up a doctor is a big thing. Since we have the network of telephones, we thought we’d make use of it. So this is what we’re trying to build up in that direction---again, a health issue.

Question 2:

This model appears applicable to many countries with indigent populations, including this country. We have something similar, but it’s called welfare. Patients get the money free, but there’s no carrot such as “Stop smoking, no drinking, improve your living conditions.” It’s unfortunate. What are your thoughts about instituting a system like that in this country?

Muhammad Yunus: This system is now being used in many countries around the world. More than 100 countries have Grameen-type programs functioning, including the United States. But yes, you can tell people, “no smoking, etc. etc.,” but if it comes as a kind of an order, I don’t think it will go very far. It has to be something they want. You have to bring it in, in such a way that it came from them. That’s why we have gone through lots of trouble to have these workshops, day after day, month after month of discussions, problems, etc. In the end, it became their decision. That’s why these are known as the “16 decisions.” “We shall do this,” “We shall not do this,” that sort of language is used because they feel it’s their language. And it’s their decision, and they are very proud of those decisions. We are only providing them the facilitation so that they can find it easy to implement those things. So it’s possible if we can organize it that way. But that’s why the organization part is very important.

Question: Did the people want to have latrines initially?

Muhammad Yunus: No, no. But for each one of them, for example, we say, “We shall not take any dowry.” “We shall not give any dowry.” This is almost challenging religion because dowry has become almost like religion. But with this intensive discussion, the logic became so clear to them because everybody knows how painful it is for a poor person to be confronted with this issue of giving dowry at the time of the marriage of their daughter. And many, many young girls have had to commit suicide because of the problem of dowry. The mothers who were talking about this issue themselves have gone through this problem, so they are familiar with it. So ultimately, all this discussion ended up with us saying, “There is a very simple solution to get rid of this.” The simple solution is, “I’m the mother of a daughter. I’m also the mother of a son. If, at the time of my son’s marriage, I am not asking for dowry, at the time of the marriage of my daughter, I don’t have to give dowry.” It’s the same person. I’m the mother. I have to give because I am asking for it when it comes to the son. So there is the logic. So they said, “What if others don’t agree with us. They will still insist on the dowry. How can we eliminate it from Grameen bank?” But then they said, “We are plenty of mothers here. How many of you have daughters?” Everybody raises their hand. “How many of

you have sons?” Everybody raises their hand. “See? So we don’t have to go outside. We have all the sons, we have all the daughters, so why worry about others?”

So this is how it came about. You had to build it up. And then, one by one others said, “I’m not going to take it. I’m not going to give it. Even if it means that I’m not going to find a husband for my daughter, I still will not give it.” And then we applauded them and said, “Okay, we’ll see.” And others said, “Okay, we’ll see. We’ll do it the same.” This is how you build it up. I’m not saying everyone immediately agrees on everything because these are age-old customs and cultural things that have become ingrained. So you need to come to it in that way. Otherwise, if it’s just an imposition, “I’m giving money with the condition of this,” then very soon, it will be ignored.

Host:

Thank you very much. I just think it’s exciting to note that some of the best and most innovative and most proven and sustainable economic ideas are being brought to us by someone from Bangladesh by the name of Muhammad Yunus, and I want to thank you very much.

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