

The GLOBE Gazette

Challenging the Father

Kamya Chandra

To speak of Mohammad Yunus is to speak of microfinance; to criticize Mohammad Yunus is to criticize microfinance. As the chief pioneer for the industry and the only man who has ever won a Nobel Prize for it, it is not much of a leap to presume that a challenge to one is a challenge to the other. Perhaps this is why the fact that he was expelled from his 30-year position as managing director of Grameen Bank (because, at 70, he is past the retirement age) is casting doubt on the credibility of the industry as a whole. He faced a trial in a lower court, was declared ousted, and then appealed to the Supreme Court – who have adjourned the validity of the decision, for now.

Some say there are political motivations behind the ousting, and they are not wholly unjustified. The current Prime Minister of Bangladesh – Sheikh Hasina – is thought to consider Yunus a ‘traitor’ because he was seen as being close to the military-backed government during emergency rule in 2007-8, while Hasina herself was under house arrest. It also doesn’t help that he tried to set up his own political party at the time.

Although the Bangladeshi government owns a 25% stake in Grameen, relations have been rocky over the last few years. In December 2010 Hasina accused Yunus of treating Grameen as his ‘personal property’ and declared that it ‘sucked blood from the poor’. It then set up a review committee in the next month with a remit to look into the bank’s affairs. At the same time, a television documentary alleged that at one point in the

mid-1990’s, nearly \$100m of Norwegian aid was wrongly transferred from Grameen Bank to a for-profit division of the bank, Grameen Kalyan. After the documentary was released, the government ordered an investigation into the bank, despite Grameen denying all charges and the Norwegian government’s statement declaring a lack of tax fraud or corruption crimes on the part of Grameen.

Grameen probably worries the government because it is not under any formal supervision. A director of Bangladesh Bank (the Central Bank) was quoted as saying: “They are regulated, but they are regulated by themselves”. A second cause for worry for the government is the nature of the set-up - some of Grameen’s 30 companies operate for profit and some do not, leading to confusion. Finally, the charisma of Yunus’ leadership combined with his international credibility (given the Nobel Peace Prize, as well as given the United States’ backing) may result in the current head of state feeling threatened – particularly if she feels as though Yunus has a majority of the population behind him. Even if the ‘political threat’ is nonexistent considering Yunus is probably uninterested in power, the threat is enough for government backlash against Grameen.

What does this mean to us as students of microfinance? It means we have to be able to know the facts and the details when we are asked about it, and be able to give a clear picture (rather than a sensationalized media image) of the happenings. It means we should be well versed of other microfinance institutions that are still doing good work, regardless of Grameen’s successes or failures, or the credibility of anyone individual. It means we should not only read the literature on microfinance, but watch the headlines - the history of our industry is unfolding as we speak.



Premier Event Hosted By The Microfinance Club Of New York

On March 15, 2011, the GLOBE Spring 2011 managers attended a panel discussion event at Columbia University co-organized by the Microfinance Club of New York and Millennium Promise. The topic at hand was 'The Role of Microfinance in Economic Development,' and speakers addressed both the impacts and the issues facing microfinance today.

The panelist included prestigious speakers such as: **Roger Frank:** A pioneer in the use of capital markets for social change.

Dean Karlan: A Professor of Economics at Yale University, and a specialist in assessing the impact of microfinance through 'randomized trials'.

Malik Rashid: The Program Manager at Bangladesh Rehabilitation Assistance Committee (BRAC) USA, the world's largest non-governmental development organization.

John McArthur: The Chief Executive Officer of Millennium Promise, an NGO dedicated to the achievement of the Millennium Development Goals.

The audience listened intently as the speakers explained their perspectives on the successes and failures of microfinance, and examined the impact of microfinance on overall development. They also commented on the recent challenges facing microfinance in India, and the criticism that it is a "blunt instrument" for development. The speakers also looked at how to achieve economic development beyond offering microcredit – such as increasing agricultural efficiency.

For the GLOBE managers, the event was informative, interesting, and insightful. It also provided them with the unique opportunity to interact with the brightest minds in the field. They departed with a pile of notes, a slew of information, and a powerful motivation to apply their hearts and minds to the further development of GLOBE initiatives

As one student commented, *"It was amazing to be able to meet panelists who were the experts in their respective fields within microfinance - whether it was the theoretical evaluation of existing programs or the practical implementation of development theory through an NGO like BRAC. Hearing them interact with each other and discuss their different approaches to development and microfinance was a treat!"*

GLOBE Hosts Second Fundraiser

The GLOBE managers organized their second bake sale of the spring semester on Monday, March 28 to raise funds and increase awareness of GLOBE among students and faculty. In addition to baked goods, GLOBE's promotional items were also sold.

The teams successfully raised over \$200, which is enough to distribute to one or two deserving entrepreneurs in one of the countries where GLOBE has a presence. For information on GLOBE's next bake sale and other events, please visit the GLOBE Facebook page.



Dr. Linda M. Sama is the Director of the GLOBE Microloan program at the Peter J. Tobin College of Business

Why did you start GLOBE/what were your inspirations?

Well my research area as an academic is business ethics and corporate social responsibility. So I've always been interested in what corporations can do to give back to society, the ethical element of corporate life and the moral compass that guides us as corporate leaders. Looking at what we might do in the classroom in terms of getting students interested in some of these topics in a practical way was something I wanted to pursue. When I came here to St. John's in 2007, I sat down with the Dean of TCB at the time, Dr. Steven Papamarcos who was very interested in having a hands-on student-managed program similar to our student managed investment fund but, that would be a micro-finance fund. I really liked the idea and had done some work in microfinance in terms of my research. I immediately formed a Steering Committee including some Daughters of Charity because that was going to be our partner organization, and we started GLOBE with the inaugural class coming on board in the spring of 2009.

How has GLOBE progressed?

It is interesting because students from previous classes always look at what the next semester did and say "I can't believe what these students have done compared to us." The fact is that every semester's class creates another building block on which the successive class can make tremendous progress. So every class has made enormous contributions that have served to grow the program. The progress is significant as we have moved from the first class in spring 2009 where we laid that foundation but didn't make any loans, to now having 23 loans out in the field in 3 different counties with several different countries on the waiting list. We have been able to get donated funds in excess of 60,000 dollars, with 95 cents of every dollar going directly to making a loan. All of these are great elements in the progress of this program. The real progress, however, can be measured in the number of students that have participated. We are now in our 5th semester of GLOBE and have over 100 students that are GLOBE graduates and who are going to be carrying this message forward. Students who see the world of business in a new light thanks to their GLOBE experience. We also have this graduate group of students involved in GLOBE, which is a really important element to our progression. Many of these students weren't even GLOBE managers at the undergraduate level, but heard about the program and were excited about it. They have offered their services pro bono to help us with GLOBE and work with us on a more strategic level to advance the program's goals.

Would you do anything different?

I'm really happy with the way GLOBE has progressed and I'm not sure that I would do anything differently. It's hard with hindsight to have a clear perspective

and sometimes things do go wrong, but the foundation of this program holds two objectives. One objective is to help those in poverty help themselves, which is a wonderful social objective; and, the other is an academic objective of student learning around microfinance and social entrepreneurship. So every time there is a misstep or a bump in the road, it is an opportunity to learn, and I really haven't seen anything in the program that hasn't afforded us the opportunity to learn. One of the concepts stressed in the teachings of St. Vincent DePaulis to work with simplicity and patience. I think that keeping the plans simple and staying patient even when things are getting rocky is a really good idea. I'm very comfortable with the way we have proceeded in the program thus far.

Future goals for the program?

One of the things that we have started with GLOBE last year is a Student Fellows Program; the idea is to bring GLOBE students into the field to see poverty close up, and understand the positive impact that microfinance can have in the communities where it is operating, whether it be our program or another organization offering microfinance services in a community that suffers from poverty. The Student Fellows Program began last year and this year for the first time we are taking 2 GLOBE Fellows, Marco Sementilli and Alina Rizvi, to Vietnam. This is very exciting to me because there is nothing like a first-hand experience to witness and give testimony to what you learn. I would like to see that program entrenched institutionally with guaranteed funding so we know that we can run with it every year and know we can bring 2 or more students into the field. Another area we want to see grow is to offer GLOBE through an academic course at the graduate level. As I mentioned, we have GLOBE graduate students who have formed the GLOBE Graduate Affiliate Program, or GLOBE G.A.P., and they are doing phenomenal things but are working entirely on their own and getting no academic credit. They are doing research, writing articles and issuing a GLOBE Gazette. I would like to see a class offered at the graduate level that could work with us on GLOBE and help complement the work of the undergraduate students. So the undergraduates would remain with the hands-on management and the graduate class would work on a strategic level to try and guide the program's goals. Finally, I would like to see students from more disciplines in the class room. We have business students from every business discipline but whenever we have been able to accept students from other colleges -- students from government and politics, journalism, and The College of Professional Studies -- they have added a great deal to the program,. So I'd like to see more students bring various disciplines and their perspectives to the class. We are interested in expanding the program down the road, by partnering with other NGO's to offer auxiliary services that are important for microfinance --services related to health, education, and the kinds of activities that make for better borrowers. But those are "down the road" initiatives and as I said before, keeping it simple, expanding slowly and having patience are the real keys to success.

Alumni Corner

Mark Braithwaite

My reason for signing up for the Spring 2010 GLOBE class was my lack of a general elective. It's true -- all the other "cool" classes that I could take were either full or conflicted with my schedule, so my dean suggested I try GLOBE. He made it sound like a really esteemed program and I figured, sure, why not? I might as well put something extra on my resume.

I'd heard of GLOBE before, but I'd never paid much attention to it. I figured it was just another charitable cause on campus. GLOBE, as I eventually learned, is so much more than that: it gives those in need the financial resources to lift themselves out of poverty and start businesses.

When I realized I would become part of something so significant, my mindset changed entirely. I finally saw that although there are many people living in poverty, the only real difference between us is access to resources. Why should those people who are just as creative, smart, and driven as I am or anyone who lives in the developed Western world be prevented from realizing their potential?

I'm grateful to Dr. Sama for giving me another opportunity to be involved with GLOBE as a graduate student, and I hope she and the current and future GLOBE students will continue to spread the word about microfinance and change the approaches taken to poverty, one person at a time.

Find our promotional items at our events...



GLOBE will host more events in April. You can stay connected by visiting our social media pages

Thank You for your continuous support of GLOBE !

For further information on current events and activities of GLOBE, please follow us on our social media sites or visit us @ www.stjohns.edu/globe

