

Grameen Trust, a not-for-profit organization created to promote awareness and action for the elimination of poverty and hunger.

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GRAMEEN DIALOGUE

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Grameen Bank, Micro-Credit And The Wall Street Journal

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For the past several months I was being forewarned by my friends in the USA that the Wall Street Journal (WSJ) is, "going to get you; they are coming up with a damaging report on Grameen Bank." WSJ's Asian bureau chief Daniel Pearl came to see me briefly at my office in August, on the day he was leaving Bangladesh. Later he sent me questions by e-mail. I answered. (Please visit our web-site: www.grameen.com/wallstreetjournal/ to see the Q & A.) Finally, on November 27, the report appeared, and, as forewarned, it was damaging to Grameen. Following is the full text of my response to WSJ report.

A Story Which WSJ Missed

The WSJ missed an opportunity to deliver some good news to the world at a time when we are so hungry for it. The appropriate story and the headline could have been: "Grameen Bank Overcoming Repayment Snag: Proves Credit for the Poor Sustainable Under Difficult Conditions". That's what it really is. Grameen's problem loans have declined over the past sixteen months by 50 per cent. Trend shows that the repayment rate will reach 95 per cent within the next six months. We expect that by December, 2002, repayment rate will reach 98 per cent. Instead, the WSJ chose to present a snap shot to the world, ignoring the positive trend, to show that the repayment rate at the time of writing the report was 90 per cent, instead of 95 per cent, and built the major thrust of the story around it.

I felt very happy that the WSJ endorsed micro-credit as a "great idea". It indeed is. It is a very effective instrument to empower the poor, particularly the poor women, in all cultures and economies of the world. It is cost-effective, sus-

tainable and works in a business-way. It gives a poor person a chance to take destiny in his/her own hands and get out of poverty with his/her own efforts. The world, which has committed itself to reduce the number of poor people by half by 2015, will find micro-credit a powerful tool in its tool box.

The WSJ article points out that Grameen Bank (a) is not as good as it claims. It conceals its repayment rate to make it look good,

Happy New Year !

We would like to wish all our readers a very happy new year! It also marks the completion of the 12th year of *Grameen Dialogue* - a newsletter that aims to reinforce the global Grameen network and our common resolve to overcome poverty around the world.

— Editor

(b) Grameen's accounting system, the procedure for determining the overdues, and making provisions for them does not follow industry standard,

(c) and it further predicts that Grameen's future will be worse, because it is "delaying inevitable defaults and hiding problem loans".

Whatever accounting system, procedures and definitions we have today, we had them with us for the last twenty-five years. Grameen is probably the most researched institution in the world. Books have been written on those research find-

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