

AUTHOR OF THE NEW YORK TIMES BESTSELLER  
BANKER TO THE POOR

# MUHAMMAD YUNUS

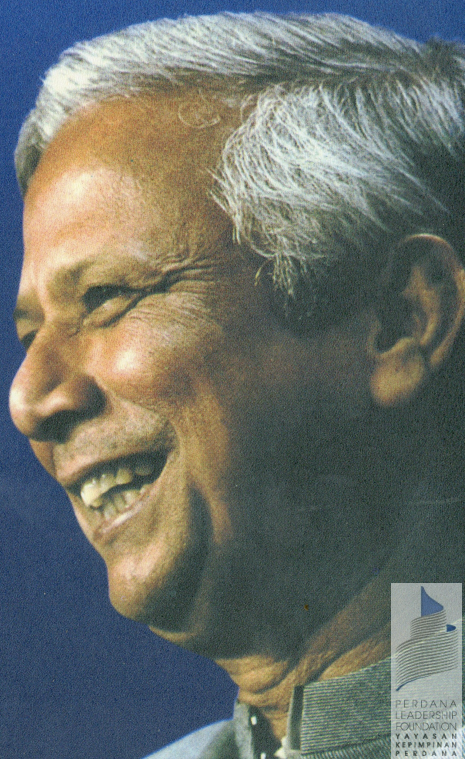
## Creating a World Without Poverty

Social Business and the Future of Capitalism

Muhammad Yunus

WINNERS  
of the  
NOBEL PEACE  
PRIZE

Grameen Bank





# MUHAMMAD YUNUS

## Creating a World Without Poverty

Social Business and the Future of Capitalism

WITH  
KARL WEBER



SUBARNA

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# Creating a World Without Poverty



**Also by Muhammad Yunus**  
*Banker to the Poor*



PERDANA  
LEADERSHIP  
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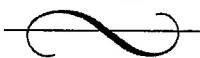


To everyone who wants  
to create a world  
where not a single person is poor





# Prologue





## Starting with a Handshake

Because the microcredit organization I founded, Grameen Bank, has successfully brought financial services to poor women in Bangladesh, I am often invited to speak with groups that are interested in improving the lot of women. In October 2005, I was scheduled to attend one such conference in the French resort town of Deauville, ninety miles northwest of Paris. I would also be visiting Paris to deliver a lecture at HEC, one of the leading business schools in Europe, where they would honor me with the position of Professor Honoris Causa.

A few days before my trip to France, the coordinator of my schedule in Paris received a message from the office of Franck Riboud, the chairman and CEO of Groupe Danone, a large French corporation (whose American brand name is Dannon). The message read:

M. Riboud has heard about the work of Professor Yunus in Bangladesh, and he would like very much like to meet him.

Since he will be traveling to Deauville shortly, would it be possible for him to have lunch with M. Riboud in Paris?

I am always happy to meet with people interested in my work in general, and in microcredit in particular, especially if they can help in the battle to alleviate and ultimately eliminate global poverty. The chairman of a major multinational corporation would certainly be worth talking to. But I was not sure whether the proposed meeting could be accommodated in my already packed schedule. I told my coordinator that if we could find the time, I would be happy to see M. Riboud.

Don't worry, I was told. The Danone people will make all the arrangements, take you to lunch, and then make sure you're delivered to the HEC campus in plenty of time.

So on October 12, I found myself being whisked from Orly airport in a limousine provided by the Danone corporation to La Fontaine Gaillon, a Parisian restaurant recently opened by the actor Gérard Depardieu, where M. Riboud was waiting for me.

He'd brought along seven of his colleagues—important executives in charge of various aspects of Danone's global business: Jean Laurent, a member of the board of Danone; Philippe-Loïc Jacob, general secretary of Groupe Danone; and Jerome Tubiana, facilitator of Dream Projects in Danone. Also present was Dr. Bénédicte Faivre-Tavignot, professor at HEC in charge of their MBA program in sustainable development.

I was ushered into a private room where I was greeted in a very friendly fashion, served a fine French meal, and invited to tell the group about our work.

I quickly discovered that Franck Riboud and his colleagues were well aware of the work of Grameen Bank. They knew we had helped launch the global movement called microcredit, which helps poor people by offering them small, collateral-free loans—often as little as the equivalent of thirty to forty U.S. dollars—to use in starting tiny businesses. Access to capital, even on a tiny scale, can have a transforming effect on human lives. Over time, many of the poor are able to use the small stake that a microloan provides as the basis for building a thriving business—a tiny farm, a craft workshop, a little store—that can lift them and their families out of poverty. In fact, in the thirty-one years since I began lending money to poor people—especially women—millions of families in Bangladesh alone have improved their economic circumstances with the help of microcredit.

I described to M. Riboud and his colleagues how microcredit has spread to many countries, especially in the developing world, through thousands of microcredit institutions launched by nonprofit organizations, government agencies, and business entrepreneurs seeking to emulate the success of Grameen. "In fact," I told him, "by the end of next year, we hope to announce at the Microcredit Global Summit that 100 million poor people around the world have been the benefi-

ciaries of microcredit—this movement that started from nothing just a few decades ago.” (When the summit was held in Halifax, Nova Scotia, in November 2006, we could say that we had in fact reached that goal. We have now set even more ambitious targets for the next ten years, including the most important one: To assist 500 million people around the world in escaping poverty with the help of microcredit.)

Finally, I began to relate how Grameen Bank had expanded its activities into many new areas, all designed to help the poor. We’d launched special lending programs to help poor people pay for housing and higher education. We’d created a program to lend money to beggars, which had already helped free thousands from the necessity to beg and had demonstrated that even the poorest of the poor could be considered “credit-worthy.” And we’d developed a series of businesses—some operated on a profit-making basis, some as nonprofits—that were improving economic opportunities for the poor in many other ways. They ranged from bringing telephone and Internet communication services into thousands of remote villages to helping traditional weavers bring their products to market. In these ways, I said, the Grameen idea was reaching more and more families and communities every year.

Once I had completed my brief history of Grameen’s progress, I paused and invited Franck Riboud to tell me why he had asked me to lunch. “Now it is your turn,” I said, “I’ve heard of your corporation, but I understand it is not operating in Bangladesh. So tell me something about Groupe Danone.”

“I am happy to do so,” he replied.

Franck told me about the origins of his corporation. Groupe Danone is one of the world leaders in dairy products; its Danone brand yogurt (known as Dannon in the U.S.) is popular throughout Europe, North America, and in other countries. Danone is also number two in bottled water and biscuits (cookies and crackers) in the world. “This Evian water,” Franck said, holding up a blue bottle, “is a Danone product.” I’d seen and drunk Evian water in hotels and restaurants around the world. Now I knew a little about the corporation behind the brand.

“This is very interesting,” I commented, but I was still at a loss to know what high-end mineral water or yogurt that would be considered

luxury products in Bangladesh could have to do with me or Grameen Bank. Franck was ready with an answer. “Danone is an important source of food in many regions of the world. That includes some of the developing nations where hunger is a serious problem. We have major businesses in Brazil, in Indonesia, and in China. Recently we have expanded into India. In fact, more than forty percent of our business is in developing markets.

“We don’t want to sell our products only to the well-off people in those countries. We would like to find ways to help feed the poor. It is part of our company’s historic commitment to being socially innovative and progressive, which dates back thirty-five years to the work of my father, Antoine Riboud.

“Perhaps this background explains why I asked for this meeting, Professor Yunus. We thought that a man and an organization that have used creative thinking to help so many of the poor might have an idea or two for Groupe Danone.”

I had no specific idea what Franck Riboud was looking for. But I could feel he was interested in everything I’d told him so far. Additionally, for some time, I’d been thinking a lot about the role of business in helping the world’s poor. Other economic sectors—the volunteer, charitable, and nongovernmental sectors, for instance—devote a great deal of time and energy to dealing with poverty and its consequences. But business—the most financially innovative and efficient sector of all—has no direct mechanism to apply its practices to the goal of eliminating poverty.

The work of Grameen Bank and its sister companies had helped to bring millions of people into the local, regional, and world economies, enabling them to participate in markets, earn money, and support themselves and their families. It seemed to me that there were many opportunities for other kinds of businesses to bring similar benefits to the poor. So when, over lunch in a fine Paris restaurant, one such opportunity seemed to be presenting itself, I decided to seize it if I could.

It was a spur-of-the-moment impulse, not the kind of carefully planned business proposal that most executives prefer. But over the years, I’ve found that some of my best projects have been started, not

on the basis of rigorous prior analysis and planning, but simply from an impulse that says, “Here is a chance to do something good.”

I made a suggestion to Franck and his colleagues: “As you know, the people of Bangladesh are some of the poorest in the world. Malnutrition is a terrible problem, especially among children. It leads to awful health consequences as the children grow up.

“Your company is a leading producer of nutritious foods. What would you think about creating a joint venture to bring some of your products to the villages of Bangladesh? We could create a company that we own together and call it Grameen Danone. It could manufacture healthful foods that will improve the diet of rural Bangladeshis—especially the children. If the products were sold at a low price, we could make a real difference in the lives of millions of people.”

I was about to learn that Franck Riboud, CEO of one of the world’s best-known companies, could be just as impulsive as a “banker to the poor” from Bangladesh. He rose from his chair at the opposite side of the table from me, reached toward me, and extended his hand. “Let’s do it,” he said, and we shook hands.

I was as elated as I was incredulous. “Can this really be happening so quickly?” I wondered. “What have we agreed to do here? Perhaps he doesn’t understand my Bangladeshi accent.” We sat back down, and I decided I’d better make sure that Franck knew what he was getting himself—and his company—into.

“Maybe I haven’t been quite clear,” I said gently. “I am proposing a new company, a joint venture between your company and Grameen. I am calling it Grameen Danone, with our name, Grameen, to come first, since it is better known in Bangladesh than yours.”

Franck nodded. “No, I got it!” he assured me. “Your plan is quite clear to me. I shook hands with you because you told me that, in Grameen Bank, you rely on mutual trust between the bank and the borrowers, making loans on the basis of a handshake rather than legal papers. So I am following your system. We shook hands, and as far as I am concerned, the deal is final.”

I was pleased and excited by Franck’s response. Then I told him something else. “I am not done with my proposal yet. Our joint venture will be a social business.”

This time he looked a bit puzzled, as though he had heard a phrase that he could not immediately translate. “A social business? What is that?”

“It’s a business designed to meet a social goal. In this case, the goal is to improve the nutrition of poor families in the villages of Bangladesh. A social business is a business that pays no dividends. It sells products at prices that make it self-sustaining. The owners of the company can get back the amount they’ve invested in the company over a period of time, but no profit is paid to investors in the form of dividends. Instead, any profit made stays in the business—to finance expansion, to create new products or services, and to do more good for the world.

“This is an idea of my own—something I’ve been thinking about for a long time. I believe that many kinds of enterprises can be created as social businesses in order to serve the poor. I’ve been looking for a chance to put the idea into practice. We’ve already made a beginning in Bangladesh, setting up eye-care hospitals as social businesses. But Grameen Danone will be a powerful new example of the idea—that is, if you agree.”

Franck smiled. “This is extremely interesting,” he said. He stood up again, extended his hand toward me across the table. I stood up and reached for his hand. As we shook hands, he said, “Let’s do it.”

I was so stunned, even more convinced that my ears were deceiving me, that, a couple of hours later, on the road to the HEC campus, I quickly sent Franck an email. In it, I summarized my understanding of our discussion and asked him to confirm, clarify, or correct my impressions. If he was seriously pledging himself to create the world’s first multinational social business as a partnership between Grameen and Danone, I wanted to make sure he understood what was involved. And if there had been some confusion between us—or if he had simply had second thoughts, or been dissuaded by his colleagues—I wanted to give him an opportunity to say “no” quickly and easily, with no hard feelings.

But Franck and his team at Danone were fully committed to the project. While I was at HEC, I received a call from Emmanuel Faber, the chief of Danone’s operation in Asia. Franck had mentioned Emmanuel during our meeting, explaining that he would be the logical

person to direct Danone's end of our joint project. Now Emmanuel called from his Shanghai office.

"Professor Yunus," he told me, "I am thrilled that a concrete idea has emerged from your lunch. I'm looking forward to meeting you and talking about the project. Meanwhile, please send me your initial thoughts about it." I promised I would.

Not only were Franck Riboud and Danone committed to the project, they wanted to move ahead at a rapid pace to make our new business into a reality. I discovered this during the whirlwind of the next several months, as Groupe Danone and Grameen worked together to create something new under the sun: the world's very first consciously designed multinational social business.

“By giving poor people the power to help themselves, Dr. Yunus has offered them something far more valuable than a plate of food—security in its most fundamental form.”

—Former President Jimmy Carter

“Muhammad Yunus is a practical visionary who has improved the lives of millions of people in his native Bangladesh and elsewhere in the world.”

—*Los Angeles Times*

“[Yunus’s] ideas have already had a great impact on the Third World, and...hearing his appeal for a ‘poverty-free world’ from the source itself can be as stirring as that all-American myth of bootstrap success”.

—*The Washington Post*

“[Social business] marries the interests of corporations with economic development in a way that has never been tried before....Yunus isn’t calling for capitalism’s abolition; he’s calling for its enlightenment.”

—Sheri Prasso, *Fortune* magazine

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