

USING SMALL LOANS TO MAKE A BIG DIFFERENCE

When the 2006 Nobel Peace Prize was awarded last fall to Mohammad Yunus, an economics professor and the founder of Bangladesh's Grameen Bank, Saira Huq '08 and her sister Maisha '09, knew their summer work had made them part of history. The two spent five weeks interning at Grameen Bank, learning firsthand about the Nobel prize-winner's pioneering micro-loan program that has enabled the poor of Bangladesh and other developing countries to start their own businesses.

Day students who live with their family in Exeter, the Huqs travel to Bangladesh every other year to visit relatives. Those visits have made them aware of the crucial importance of education in developing countries, and they decided to start a club at Exeter that would raise funds to sponsor students in Bangladeshi schools and pay for their expenses. "We wanted to promote the value of education and its importance to kids in Bangladesh," says Saira, pointing out that it takes just \$750—about 50,000 taka in that country's currency—to cover a student's supplies for all 12 years of public school. "We got our idea from our uncle, who sponsors a student's expenses in Bangladesh, and from working with the campus chapter of Girls Learn International," an organization whose mission is to foster greater educational opportunities for girls around the world.

When the Huqs contacted Grameen Bank in Dhaka, Bangladesh to learn how they could set up a scholarship, bank officials suggested that doing an internship would be the best way for the girls to learn more about the bank and its education programs.

During their five weeks with the bank, Saira and Maisha worked in Yunus' offices with his staff, and even met Yunus himself. They studied the institution's history, policies and practices, and examined case studies. They also went on field trips, visiting applicants' homes and elementary schools; interviewed bank customers and employees; and observed the loan process and reviewed the required paperwork for applicants. They also learned more about Shikkha, the education arm of Grameen, established to promote mass education in rural areas and provide education loans and grants.

"It was really a fun and interesting experience," Maisha says. "I enjoyed going out to the villages and interviewing the customers. And seeing the little children at school was the best part. The kids were so happy to be in school."

"The loan process is really based on trust—there's no collateral. Borrowers are loaned say, \$200, and then make weekly installments until the loan is paid off," she says. "It sounds like it wouldn't work, but it does. It's a crazy idea when you think about it."

The sisters were also impressed with the number of female clients. "The fact that 96 percent of the borrowers are women really surprised me," says Saira. "And the women who take out these loans all have small businesses, and more than 98 percent of the loans are paid back. That's really amazing."

Grameen's impact on the communities of Bangladesh is long lasting. "The micro-loan concept is really helping to make a profound change to the social structure in Bangladesh," Maisha says. "Having a profitable business in the household helps to keep peace in the home, and women who bring money into their homes provide a considerable contribution to the family."

The girls hope to return to Grameen next summer. "We still plan to create our club here at Exeter, and we plan to hold fund raisers to get the money for scholarships," Maisha says. "Working at the bank again will give us more knowledge and more experience."



Sisters Saira Huq '08 (left) and Maisha Huq '09 did a five-week summer internship at Bangladesh's Grameen Bank, whose founder, Mohammad Yunus (center), won the 2006 Nobel Peace Prize for his pioneering micro-loan program.