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Abed points at trust of borrowers

Staff Correspondent

A sudden exit of the Grameen Bank founder from its Board of Directors and a legal battle between its board and the government may dent borrowers' confidence, putting the organisation's future in doubt, said Sir Fazle Hasan Abed yesterday.

The chairperson of Brac, the world's largest non-government organisation, in a statement expressed concern over the recent development at Grameen Bank. The bank is the centre of debate after the central bank removed its managing director Nobel laureate Prof Muhammad Yunus in connection with holding on to the post without prior approval from the regulator.

Abed said Grameen Bank is an extremely important institution serving about 83 lakh of Bangladesh's most under-served population. "The welfare of these borrowers and the continuous progress of the institution must be given the highest priority for any decision affecting the organisation."

He said the role of microfinance in ensuring financial inclusion and improving people's lives are well documented. "MFIs [microfinance institutions] such as Grameen Bank and Brac supported by Palli Karma-Sahayak Foundation have played a very important role in Bangladesh in ensuring this access to finance and enterprise development."

Brac has also played its role by providing additional support services in various areas such as health, education and agriculture through a multi-pronged approach for tackling poverty.

Abed, who has been knighted for services in tackling poverty and empowering the poor in Bangladesh and across the world, said, "We must understand that microfinance institutions like Grameen Bank are different from traditional organisations. A big capital of such organisations is the intrinsic community level trust that they have earned.

"This trust element must not be underestimated. If this trust is lost, then there may be delinquencies, intentional refusal to repay loans or large-scale withdrawal of savings by the members; in effect potentially bringing the organisation's future in jeopardy."

"For the sake of the millions of its members, we must take utmost care in not letting this happen. A carefully planned succession for Dr Yunus can help a smooth transition and give the organisation the stability that it needs to ensure the welfare of its members," the Brac chairperson maintained.

He hoped due process would be followed before taking any step about Prof Yunus or Grameen Bank, keeping in mind the integrity of the institution concerned and also how lack of due process may affect the reputation of our country globally.

"We must remember that development organisations play a complimentary and supportive role to the government in national development. Recent dramatic decline in maternal mortality rate is a great example where such complimentary work can prove tremendously beneficial for the entire country and in effect globally improving the image of the country," he said.

The government and the NGOs must continue to work together to achieve the Millennium Development Goals for which our prime minister recently got acclaimed internationally, said Abed.