

Two approaches to relieving poverty

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Two Approaches to Relieving Poverty

The study is based on ways to alleviate poverty. The main objective is to be able to analyze the processes, mechanisms, and effects of the proposals that are presented.

Based on the fifth chapter of the book, a presentation of the onset of one of the most successful projects that combined both banking techniques with the perspectives of improving the conditions of the poor, the beginning of the Grameen Project had been put into focus. The said project had been initiated in 1977 by Muhammed Yunus and became successful in the present period that it had earned him a Nobel Prize in 2006. The main objectives of the Grameen Project is to provide loans to the poorest members of the society to ultimately improve their life and alleviate poverty (Yunus “ Chapter Five...”). The success of the said project had been based on the unconventional rules that the institution had established. One is the provision of loans to mostly women on the basis of the belief that they are the persons who definitely care for the welfare of the family to the point of putting them on the top priority above their own needs. Another is the fact that the project offered less interest, longer payment period and on a weekly payment basis. These rules lessen the pressure of paying at one time during the end of the period with higher interest. The loan system is based on trust thus no legal actions are involved and support groups are established. It can be considered that through the contributing benefits of the said methods the project had helped many starting from the time it had been established through the course of its history (Yunus “ Chapter Five...”).

Due to the belief of Yunus in the role of women, he worked hard on increasing the participation of women as both workers and borrowers. In

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cases of borrowers, women in the Bangladesh culture are conservative and traditional, thus, they are not given rights to hold any amount. Convincing them to join groups and borrow can be considered unconventional specifically since they have a culture of women and men's distinct separation. In terms of workers, Yunus found out based on the course of the project that women workers are more effective in attracting borrowers due to the fact that they can serve as inspirations for women in the household to initiate an important role in the welfare of the family. Although this is the case, working woman can be very unconventional thus, one of the workers Nurjahan who comes from a middle class family was initially hindered by the family to work since the culture is against working women. But the inspiration brought about by the poverty experienced by woman made her continue to succeed as a manager in the project (Yunus " Chapter Five..."). Based on Yunus presentation in the eighth chapter, he clearly stated the disadvantages of multilateral aid institutions such as the World Bank. This can be attributed to the fact that according to him, World Bank has the notion that creating jobs and lending money to the capable people to pay can help the poor. This can be considered as the modern view of economics specifically based on capitalism. The view that the poor which are in need of the trust of the lenders to do what they can to improve ways of survival are failed due to lack of being credit worthy. The projections of Yunus' project was able to achieve significant results by giving loans to the poor who he knows does not need training because despite of lack of economic power can still survive. His observations can then be considered as fundamental in rethinking the real sense of poverty alleviation.

One of the said views is that common multilateral aid institutions such as the <https://assignbuster.com/two-approaches-to-relieving-poverty/>

World Bank look at the poor as the target and not as the main participants in poverty alleviation. According to Yunus, when they are empowered economically they learn to target other problems such as education and population control which can clearly change the state of the lower 50% of the economic classes. In addition, multilateral aid institutions fail to see the real situations due to the fact that leaders do not experience poverty on the real site and they tend to spend funds on training programs and on consultancy which requires large sums but do not directly help the poor. In conclusion, the Grameen Project can be considered as a ground breaking way to reorganize the view of the people regarding poverty alleviation which can be important in starting change for real.

Works Cited:

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