

Social Business and Microfinance: Building Partnerships with Corporations and Other Entities To Speed the End of Poverty

By Prof. Muhammad Yunus

Introduction to Social Business: The Birth of Microcredit

The concept of social business has its origin in microcredit, which grew out of my concern about the problems poor people faced in my country of Bangladesh.

Back in 1976, I failed to persuade the local bank manager to give loans to the poor—loans they badly needed in order to start or expand small businesses and work their way out of poverty. To overcome this obstacle, I offered myself as a guarantor and started to lend to the poor without collateral. This enabled the poor to get access to the credit they needed without being victimized by loan sharks. Eventually, Grameen Bank was created in 1983 to provide banking services targeted at the poor, especially poor women.

Today, Grameen Bank is a nationwide bank serving the poor in every single village of Bangladesh. Of its more than eight million borrowers, 97 percent are women.

Early in the history of the bank, we deliberately decided to focus on lending to women—initially as a protest against the practice of conventional banks, which refused to lend money to women even if they belonged to a high-income bracket. We also saw that women in Bangladesh had the talent and skill to become income-earners. Our initial goal was to make sure we had borrowers of both genders in equal numbers. But soon we discovered, through experience, that female borrowers brought much more benefit to their families than male borrowers. Lending to women in the poor villages of Bangladesh, we realized, was a powerful way to combat poverty for the entire society.

Grameen Bank is unusual in many other ways. It is owned by the borrowers, who, in their capacity as shareholders, elect nine of the thirteen members of the board of directors. Grameen Bank lends out over \$125 million a month in collateral-free loans averaging about \$200. The repayment rate on loans remains very high, about 98 percent, despite the fact that Grameen Bank focuses on the poorest women and gives its loans without collateral. Conventional banks still consider our borrowers non credit worthy. 1

Grameen Bank even lends money to beggars. They use the loans to enter the business of selling goods—toys, household items, foodstuffs—from door to door, along with begging door to door. Contrary to some people's expectation, beggars like the idea of supporting themselves through sales rather than relying on charity. We now have over 100,000 beggars in this program. Since this program was launched, four years back, over 18,000 have quit begging. Most of the beggars are now on their second and third loans.

Grameen Bank also encourages the children of its borrowers to go to school, offering affordable loans for them to pursue higher education. More than 52,000 students are currently pursuing their education in medical schools, engineering schools, and universities with financing from Grameen Bank.

We encourage these young people to pledge that they will never enter the job market to seek jobs from anybody. They'll be job givers, not job seekers. We explain to them, —Your mothers own a big bank, Grameen Bank. It has plenty of money to finance any enterprise you may wish to float, so why waste time looking for a job working for someone else? Instead, be an employer rather than an employee.¶ Grameen Bank encourages them to think differently, relying on entrepreneurship and self-reliance.

Grameen Bank is financially self-sufficient. All of its funds come from deposits. More than half of the deposits come from the borrowers themselves, who are required to save a little bit every week. They have a collective savings balance of over threequarter of a billion U.S. dollars. Thanks to the success of Grameen Bank, the

idea of small, collateral-free loans for poor women has spread around the world. There are now Grameen-type programs in almost every country in the world. We even run a program named Grameen America in New York City. Its first branch was opened in Queens, New York, in 2008 to provide small collateral-free loans (averaging \$1,500) to local women, enabling them to start modest businesses or expand their existing businesses. Most borrowers are single mothers struggling to make a living with dignity.

Grameen America has four branches in New York and one in Omaha. Its success demonstrates that even in the richest country in the world, with the most sophisticated banking system, there is a huge need for banks dedicated to serving the un-served and under-served millions.

Even beyond the spread of microcredit, however, much more is needed to solve (2) the social, economic, and environmental problems of the world and to achieve the ultimate goal of relegating poverty to museums by the year 2050.

The Social Business Concept

My second idea, social business, arose from the persistence of poverty and other social problems throughout the world.

My concern about these problems is something that billions of people share with me. We don't like poverty, we don't like people being in ill health, we don't like women dying at childbirth, and we don't like people living in squalor, in ghettos and in slums.

But these problems continue to exist despite our well-meaning efforts to eradicate them. Some three billion people are suffering through poverty, and consequent hunger and disease. There are many other social problems that threaten people of every economic class, including drug abuse, lack of access to health care, inadequate education, violence, the spread of weapons of mass destruction, and wars among nations.

All of these economic and social problems are growing worse just as global environmental trends are threatening the future of agriculture around the world.

Climate change, drought, and deforestation are turning vast areas that were once fertile farmlands into deserts. What's more, if current global warming trends continue, over the next century, rising sea levels can be expected to flood almost one third of the world's farmland. It is easy to imagine what is happening to Bangladesh, the world's most densely populated country, which is a flat country with twenty percent of its land less than one meter above sea level. As the sea level keeps rising, flooding grows steadily worse and more destructive. It is an emerging case of environmental disaster leading immediately to human disaster.

Bangladesh is one of the countries that will be most rapidly and profoundly affected by climate change. But in the long run, every country will suffer the consequences of global warming. The widespread nature of these social and environmental ills leads us to consider the social business model. The origin of the idea of social business was really quite simple. As I built Grameen Bank, I frequently encountered social and economic problems that were making life difficult for the bank's borrowers. In many cases, I tried to solve the problem by creating a business around it. Over time, these Grameen businesses, operating in areas like health care, sustainable energy, and agriculture(3) have provided significant benefits to the poor people of Bangladesh while working toward generating enough income to be self-supporting. Over time I became convinced that this is an excellent way to address social and economic problems, but one that is missing in the framework of economic theory. This missing piece in the theoretical framework is what I call social business.

Capitalism—A Half-Told Story

Many of the problems in the world today persist because of a too-narrow interpretation of capitalism. Most businesses today are run based on the assumption that people are selfish and interested solely in maximizing

their own profit. This is a very one-dimensional view of humans. In reality, human beings are multi-dimensional; we have many things that we value. As much as selfishness is part of us, so is selflessness—otherwise, how can we explain the existence of charities, foundations, philanthropic organizations, volunteer programs, mutual-aid societies, and non-profit ventures of every sort? But we do not recognize the selfless dimension of human beings in economic theory. Once we accept the idea that selfless motivations are a natural part of human motivation, it's natural to wonder why this side of human nature isn't reflected in our economic theory. Why can't we have businesses that reflect these other parts of us, businesses that measure success not by profits earned but by positive impact on peoples' lives?

Capitalism as we know it today centers on the free market. It is claimed that the freer the market, the better capitalism will operate in solving the central economic questions of what, how, and for whom. It is also claimed that the individual search for personal gains invariably produces an optimal social result, through the operation of Adam Smith's famous —invisible hand. Yet we know that capitalism as it is currently defined cannot allocate all resources most efficiently and that individual profit maximization does not lead to collective happiness, because there are billions of people in the world suffering from poverty and its ensuing social ills. It is clear that capitalism has not been effective in tackling such unresolved problems as persistent poverty, lack of access to health care and education, environmental degradation, and epidemic diseases. Clearly, the present version of capitalism is an outright threat to human happiness. (4)

We have been so impressed by the undeniable successes of the free market that we never dared to express any doubts about its central assumption. We worked extra hard to transform ourselves into purely profit-oriented beings, limiting our own capabilities so as to allow the free market mechanism to function smoothly.

I started to realize that capitalism is a half-told story. Look at the way capitalism has defined the —entrepreneur. The theory of capitalism assumes that entrepreneurs are one-dimensional human beings, dedicated to one mission in their business lives—to maximize profit.

By defining "entrepreneur" in a broader way, we can change the character of capitalism radically and solve many of our unresolved social and economic problems through the power of the free market—a broader free market that recognizes all kinds of human motivations, not just the profit motivation.

A New Kind of Business

Let us suppose that an entrepreneur, instead of having a single source of motivation (maximizing profit) now has two sources of motivation, which are separate but equally compelling— 1) maximizing profit, and 2) doing good for people and the world.

Each type of motivation will lead to a separate kind of business. Let us call the first type of business a profit-maximizing business, and the second type of business a selfless business or a social business.

Social business is a new kind of business introduced in the market place with the objective of making a difference to the world. The goods and services created by a social business are designed to provide benefits to poor people or to serve society in other ways—for example, by improving health care, cleaning the environment, or enhancing educational opportunities. Investors in a social business can get back their investment money, but will not take any dividends from the company. Profit will be ploughed back into the company to expand its outreach and improve the quality of its product or service. This idea is encapsulated in this simple definition of a social business: —a non-loss, non-dividend company with a social objective.

A social business seeks to change the world in a self-sustaining way. Charity is a great idea, but its impact is limited by the fact that money spent on charity never comes back to the donor and therefore has no opportunity to do good a second or third time. In (5) a social business, because the product or service generates revenues that support the business, the same amount of money is used again and again.

For example, philanthropists give away a lot of money every year for social causes. However, that money can be used only once; then it is gone. Next year, donors have to spend more money if they want to do the same thing again.

Instead, individuals and corporations may run social businesses with all or part of their philanthropy money. If the corporate philanthropy money is used by social businesses to create and market goods and services that help people and improve the world, then imagine the impact as the money is recycled again and again for social causes. Each person or corporation could create its own range of social businesses. We can also create Social Business Funds to pool funds from many investors - small, medium, or big - and invest them in social businesses.

Seven Principles of Social Business

We've developed seven basic principles that define how social business ought to be organization and run.

1. The business objective is to overcome poverty, or one or more problems (such as education, health, technology access, and environment) that threaten people and society—not to maximize profit.
2. The company will attain financial and economic sustainability.
3. Investors get back only their investment amount. No dividend is given beyond the return of the original investment.
4. When the investment amount is paid back, any remaining profit stays within the company for expansion and improvement.
5. The company will be environmentally conscious.
6. The workforce gets market wage with better-than-standard working conditions.
7. Do it with joy!!!

The last principle is important because part of the mission of social business is to serve the expanded definition of human nature that we are proposing. People naturally crave the opportunity to serve one another and to make our world a better place.(6)

Social business should provide them with that opportunity, and in the process make life more fulfilling and joyous for everyone. This spirit of joy will help to encourage the spread of social business and greatly increase its positive impact on the world.

Two Types of Social Business

There are two kinds of social business. One is a non-loss, non-dividend company devoted to solving a social problem and owned by investors who reinvest all profits in expanding and improving the business. We call this a Type I social business.

In a Type I social business, the investors and owners don't earn a profit, a dividend, or any other form of financial benefit. The investors in a social business can take back their all investment amount over a period of time they define. It could be a very short period, such as one or two years, or a very long period, as much as fifty years or more. But any increase in the money going to investors beyond the amount of investment disqualifies the business from being a social business. This even applies to an adjustment for inflation. In social business, a dollar is a dollar is a dollar. If you invest a thousand dollars in a social business, you'll get back a thousand dollars—not a penny more. We are strict about this because we want to make it very clear that the notion of personal financial benefit or compensation for financial sacrifice has no place in social

business. In order to uphold that principle, social business investors should be prepared to take some personal losses.

The second kind of social business is a dividend-paying company, like conventional for-profit companies, but owned either directly by poor people or by a trust that is dedicated to a set of pre-defined social causes. We call this a Type II social business. Since profits that flow to poor people alleviate poverty, such a business is by definition helping to solve a social problem. Grameen Bank, which is owned by the poor people who are its depositors and customers, is an example of this kind of social business.

Bilateral and multi-lateral donors could easily create this type of social business.

In the current system, donors may give a loan or a grant to build a bridge in the recipient country. Using the social business model, donors could create instead a "bridge company" owned by the local poor. A committed management company could be given the responsibility of running the company. Profit from the company will go to the local poor as dividends and towards building more bridges. Many infrastructure projects, like roads, highways, airports, seaports, and utility companies could be built in (7) this manner.

Microcredit should ideally be offered through social business of both types. If microfinance institutions operate as social businesses instead of earning profits to benefit investors, the impact of these institutions on the poor will be larger. They will also remain true to their core mission—to eliminate the traditional moneylenders and provide credit on fair, affordable terms to poor people.

Social Businesses Around the World

Social business is not just a good idea. It is a reality, one that is already beginning to make positive changes in people's lives as well as attracting serious interest from some of the world's most well-known corporations. What follows is a partial list of social businesses that we have helped to launch, mostly through partnerships with organizations from around the world.

Grameen Danone

While I was wondering whether the idea of social business would make any sense to the corporate world, I had an opportunity to talk to the chairman of Danone Group, Mr. Franck Riboud about this subject. It made perfect sense to him right away.

Together we created Grameen Danone Foods, Limited as a social business in Bangladesh. This company produces yogurt fortified with micro-nutrients which are missing in the diets of the malnourished children of Bangladesh. Because it is a social business, neither Grameen nor Danone will ever take any dividend out of the company beyond recouping the initial investment. The bottom line for the company is to see how many children overcome their nutrition deficiency each year.

To achieve the social goals Grameen Danone was founded on, the company is consistently working to improve the product and expand the company's reach into villages across Bangladesh. Last year, a new product was launched in the rural areas:

Shakti Doi yogurt in squeezable pouches. This product is not only cheaper than the yogurt in cups, but it has a much longer shelf-life out-of the cold chain and it is also more hygienic, eliminating the need for spoons. Grameen Danone is also opening a second factory soon. Inspired by the results that Grameen Danone has achieved, Group Danone has been at the origin of the creation in 2007 of a publicly traded mutual fund named danone.communities to finance Grameen Danone growth and new social businesses. danone.communities is supporting 11 projects today in 8 countries. (8)

Grameen Veolia

When the concept of social business became more widely known, many companies began to examine the idea. Veolia, a leading supplier of water treatment services and systems around the world, came forward to launch a social business with us.

In partnership with Veolia, we created a small water company to provide good quality drinking water in a cluster of villages of Bangladesh. Bangladesh has a terrible drinking water problem due to the contamination of tubewell water by (naturally occurring) arsenic. Grameen Veolia will be a prototype for supplying safe drinking water in a sustainable and affordable way to people who are faced with similar water crises. Once it is perfected, it can be replicated in other villages, within Bangladesh and elsewhere.

Grameen Veolia now pipes its arsenic-free water to 19 tap points in villages surrounding the plant, and they are working to expand this network even further. Along with the sales of the water, Grameen Veolia has been introducing awareness of arsenic poisoning with the partnership of local government and religious leaders, as well as with local schools. With the expansion of the company, many villagers are now becoming empowered with knowledge necessary to protect the health of themselves and their families.

Grameen GC Eye Care Hospital

We have established an eye-care hospital specializing in cataract operations, with a capacity of 10,000 operations per year. This social business was set up with an investment from the Green Children Foundation, created by a pair of singersongwriters,

Milla Sunde (from Norway) and Marlow Bevan (from England). The hospital charges patients for its services on a sliding scale based on ability to pay, so that the fees paid by more affluent patients help to subsidize the care received by the poor. Under this financial system, the hospital reached the break-even point within fourteen months after its opening. The Eye Care Hospital is an example of a social business that was created by the Grameen companies alone rather than as a joint venture with an outside organization.

Based on the success of the first hospital in Bogra, a second Eye Care hospital was opened in Barishal, Bangladesh, and Grameen Healthcare Trust is already getting ready to build the third and fourth Eye Care Hospitals. The achievements of the (9) Eye Care Hospital chain speak to how great the need is for proper healthcare in the rural areas.

Grameen UNI QLO

Within the sphere of health care, women's health issues are especially significant to us. Women's health is considered an unspoken subject in the rural Bangladeshi society, and many girls and women suffer unnecessarily because of this taboo. In December of 2010, Grameen Health Care Trust launched a joint venture with the Japanese retail clothing chain UNI QLO. It has created a social business to operate in Bangladesh. The company is already marketing functional clothing items that will improve the health and hygiene of the Bangladeshi people. The flagship product for Grameen Uniqlo is reusable sanitary napkins for women. The sales of these napkins will go toward ensuring females can attend school and work without worry, and it will also initiate open discussion between women regarding their needs, eliminating any sense of taboo.

BASF Grameen

Another joint venture company with a healthcare-related goal is Grameen BASF, which was created in partnership with BASF, a German corporation that is one of the world's largest manufacturers of chemicals and related products. Its mission is to produce chemically treated mosquito nets to protect people in Bangladesh and Africa from malaria and other mosquito-borne diseases. The nets are woven from insecticide-impregnated fabric, which has also proven to be effective against bed bugs. The net is durable enough to provide protection for years, ensuring that it is a good investment for the customers. Grameen BASF has already sold 30,000 imported nets in Bangladesh, and each sale represents villagers that are escaping the threat of malaria. Locally produced nets will be available in the market in May, 2011. The factory being built for this purpose will be able to produce for both domestic and international markets.

Grameen Reebok

Grameen Reebok emerged from a partnership with Adidas, the German-based international shoe and sportswear company that owns the Reebok brand. Adidas has taken on the challenge of making sure that nobody in the world goes without shoes, (10) even the very poor. In addition, adequate shoes protect from infection with ground-borne diseases (e.g. the hookworm, a parasite that enters the body through the skin of the feet and can cause anemia). The joint-venture social business, Grameen Reebok, will design and market shoes that are affordable even to the poor, and it is currently testmarketing its first prototype product. The test marketing has been very successful; the responses of the village consumers to the design and style have been positive. For the first time, the rural poor are being seen as a sought-after consumer base, and they have been very involved in the development of all of our social business products.

Otto Grameen Trust

Otto Grameen Textile Company is an example of a Type II social business. It will be a for-profit company that will operate in the conventional market, producing clothing in Bangladesh for export sale. It is unique in that it is owned by a trust, the Otto Grameen Trust, and profits generated from the textile company will be held by the trust and used for a pre-determined cause that will benefit the employees and the local community. In addition to receiving the benefits of the Trust, the workers will have dignified working conditions and social services, representing a greater company investment in the employees.

Grameen Fibreglass

Grameen Fibreglass is a joint venture with IHS Fibreglass, which is owned by a Bangladeshi ex-pat who wanted to give back to his country in a sustainable manner through social business. It is the first Grameen partnership with a Bangladeshi business owner. (We hope many more will come forward.) This joint venture company will introduce fibreglass products to Bangladesh. The first product offered will be biogas tanks, to popularize the use of biogas as a sustainable, ecologically sound source of renewable energy. Grameen Fibreglass will also expand to produce fibreglass roof tiles, which can be assembled into a raft during the annual monsoon season. It will also produce pipes to improve sanitation and sewerage, as well as fibreglass building materials, boats, and furniture.

Grameen Intel

The Intel Corporation has created a social business company called Grameen Intel to bring information technology-based services to the poor in healthcare, marketing, education, and remittances. In two clinics in Savar, Bangladesh, mobile healthcare workers equipped with smart phones provided by Grameen Intel are using (11) technology to assess the risk profiles of pregnant mothers who have limited access to medical care in their home villages. Mothers at risk are then referred to neighboring hospitals for further diagnostics, bringing the mother into the health care system at an early stage in her pregnancy and increasing the chances of a favorable outcome for mother and infant.

Grameen Yukiguni Maitake

Grameen Yukiguni Maitake was created in partnership with Yukiguni Maitake, a Japanese corporation that is a major producer of mushrooms and mung beans. This joint venture with the Grameen Agriculture Foundation will train local farmers to produce mung beans for both export and domestic sale. Grameen Yukiguni Maitake will also employ rural women as mung bean sorters and processors. Beans larger than 4mm will be exported to Japan to create bean sprouts, while smaller seeds will be sold in the Bangladeshi markets as a more nutritious alternative to local lentils.

Grameen Felissimo

This joint venture company will produce clothing in Bangladesh with a specific pattern similar to Grameen Check for sale by Felissimo, a popular mail-order marketer of clothing. Earlier this year, Felissimo launched an international design competition where the winning design will be used as signature pattern for the clothing line. The Grameen Felissimo fabric will be hand-woven by impoverished rural women. This new initiative will create many jobs for people that have previously been considered—unemployable, giving them a change to lift themselves and their families from poverty.

Social Business for Eye-Care Products

There are many other social businesses in development between the Grameen family companies and international businesses. A leading French supplier of ophthalmic products and services around the world is in the process of setting up a social business for eye care products. A mobile eyesight clinic will travel to rural parts of Bangladesh equipped to test people for refraction deficiency and supply them with corrective prescription lenses within one hour. The proposed price for these corrective eye lenses will be less than 200 taka (under three U.S. dollars). A Bangladesh business research company is currently completing a market survey to test the concept.

Micro-Insurance Social Business

A Japanese insurance group is working with the Yunus Centre to create a micro (12) insurance social business in Bangladesh. The current plan is to start a pilot project in an area close to the capital city of Dhaka by mid-2011. The company is in the process of commissioning a market survey on micro-insurance need and awareness in the area, after which the decision will be made as to how best to develop and sell the product to the poor.

Children's Clothing and Early Education Social Business

Grameen was recently approached by a French company that focuses on providing clothing and educational products to children around the world. Early this year, the Yunus Centre signed a memorandum of understanding with them to create two social businesses. One of the social businesses will create a workshop that produces clothing for young children in Bangladesh. The social business will also provide technical training to the rural poor and generate employment. It plans to start production by the end of the year. The other social business will be a day care centre for children that will foster early childhood development.

Social Business and Energy

Representatives from one of the largest energy companies in the world also visited Grameen recently to propose a partnership to provide safe energy for the rural population. They would work with Grameen to secure power for critical applications and energy efficiency solutions that reduce costs. The joint venture would build upon and strengthen the existing Grameen network in producing affordable solar systems for the rural poor of Bangladesh through social business.

Outlook

More and more companies worldwide are becoming aware of the difference they can and have to make in the fight against poverty and are attracted by the huge potential of the social business format as an entrepreneurial solution. Many show great interest and a desire to become partners or creators in social businesses as they feel that they can combine their entrepreneurial thinking with their core competencies and their desire to solve social and poverty related issues. Further examples include a German software company that is currently setting up a social business aimed at optimizing agricultural value chains in favor of the producers in Ghana, a European energy provider that wants to set up a social business aimed at providing decentralized energy solutions for rural India or a South African steel producer that intends to establish a large scale social business in the housing sector. (13)

Initiatives in Support of Social Business

The Yunus Centre

The Yunus Centre was established in August, 2008, to serve as the anchor of all Grameen-related social businesses worldwide. The Centre is located at Grameen headquarters in Dhaka, Bangladesh, and serves as the global clearinghouse for all information and resources pertaining to social business ideas; it monitors the progress of social businesses affiliated with Grameen and helps remove bottlenecks. It also keeps the global social business movement clearly focused through events, social media marketing, publications, and websites.

The Centre promotes the social business concept both within Bangladesh and outside. By educating local students, faculty, NGOs, and private companies about the benefits of social business, the Centre strives to ensure that the current generation of young people will be the ones to eradicate poverty from the world.

The Yunus Centre continuously welcomes interested parties to discuss opportunities in social business, develops and incubates social businesses, provides consulting and support for social business entrepreneurs, conducts workshops on the concept, and offers internships to individuals from all over the world who want to bring social business to their home countries.

The Grameen Creative Lab

The Grameen Creative Lab in Wiesbaden Germany (GCL) has become the engine for growth of global social business initiatives. It now also has offices in Haiti, Colombia and India with a team of professionals from consulting, banking and communication backgrounds. GCL itself works as a social business with three main tasks: to communicate about social business; to incubate its own social businesses; and to support the creation of new social businesses by others.

GCL works at several levels. It hosts the annual Global Social Business Summit, the premier forum for the worldwide social business movement. GCL offers regular Social Business Labs and intensive courses all around the world where those who are interested in social business can meet to learn about the topic and develop their own social businesses. GCL also works closely with universities to foster social business in research, teaching and practice. With its pool of former management consultants, GCL advises corporations (e.g. adidas, BASF, Otto, SAP), governments and civil society (14) organizations and implements large scale social business projects and funds from its local offices.

Social Business Funds and Trusts

To support the growth of social business, it will be important to create a number of investment funds committed to supporting social businesses. Such funds will offer a variety of services. They will study and evaluate fledgling social businesses, measuring their effectiveness in pursuing social goals and their financial and managerial efficiency, so that investment funds can be channelled to the most promising new ventures. They will serve as clearing houses for information and ideas about social business, as their managers will quickly become experts in what works, and what doesn't, in the social business arena. They will help to

create a common vocabulary and set of measurement tools for defining success in social business, making it easy for would-be social business investors to identify worthwhile companies to put their money into. And they will also provide a vehicle for instant diversification of social business investments: By writing a single check to a social investment fund, it should be possible to support dozens or even hundreds of social businesses that draw capital from that fund.

Groupe Danone has already established a fund, known as the Danone communities Fund, part of which will operate as a social business fund. The fund is financed through employee investment monies that are voluntarily earmarked for this purpose. If Danone can use its money to create a fund that will flow to social businesses, then other companies can too.

The Grameen Creative Lab has established the YY Haiti Social Business Fund which was conceived after the devastating earthquake in January 2010. The fund invests in local social businesses in Haiti. GCL is supported by its partners SAP and Accenture. The fund is financed through individual and institutional investors and is managed by the Grameen Creative Lab Haiti.

A number of other organizations of various kinds are now developing social business funds. An initiative is already under way from Japan to create a Social Business Fund in Bangladesh. The organizers are conducting a feasibility study for the fund at the moment. Based on the results of the study, the plan is to launch the fund and begin issuing loans to qualifying social businesses within this year.

Another large development bank based in the Middle East is also exploring the feasibility of a social business fund in Bangladesh. They are keen on developing (15) projects in the sectors of primary health care, renewable energy, and potable water systems.

Other social business funds either already in existence or in the planning stages include the Yunus Social Business Fund of Monaco, which will focus on encouraging the growth of social businesses in Africa. Similarly, the Grameen Credit Agricole Microfinance Foundation includes a social business component that will promote the development of social businesses in the field of agriculture. .

India is proving to be one of the greatest countries for social business development in the near future. The Yunus Social Business Fund Mumbai is slated to begin operation with an initial investment of 50 million rupees. Last year, during the annual Global Social Business Summit, I signed a Memorandum of Understanding with acclaimed film director Shekhar Kapoor, who intends to create a social business fund to invest in water-related social businesses in India.

Another exciting development in social business funds is that one of the largest companies in Bangladesh has expressed a commitment to social business as part of their CSR arm. They are also exploring the creation of a social business fund to provide capital and support for social business entrepreneurs in Bangladesh.

Social business trusts are being planned for a number of economically depressed areas around the world. These trusts will help launch social businesses using funding from many sources, including government support, corporate investments, and individual grants. Creation of microcredit organizations to provide affordable capital to poor micro-entrepreneurs will be one of the mainstays of the work of these trusts.

The Grameen Creative Lab has been invited to launch a social business trust in Colombia by Mario Aristizábal Muñoz, the Governor of Caldas province. While Caldas was once one of the country's biggest coffee producers, it has been experiencing a depression due to the collapse of the coffee market in the area, causing a sharp increase in unemployment. The trust will introduce a holistic social business movement, which will initiate a microfinance program in the area, and also educate borrowers about the social business model, providing them with the training and support needed to use their enterprises to fight poverty and other social problems in their communities.

Similar holistic social business movements are being set up in Haiti, Albania, East Timor, and the west Indian city of Kolhapur, Maharashtra with the partnership of (16) the governments of those countries and a leading entrepreneur in Kolhapur.

Academic Programs in Support of Social Business

Universities can play an important role in developing the future of social business. They are centers where enormous pools of expertise are located— knowledgeable professors and researchers who have studied and participated in practically every field you can imagine, from business and economics to health care, government, social services, engineering, information technology, and so on. Students are another valuable resource— young people filled with energy, idealism, and curiosity, many of whom are eager to explore new concepts in hopes of making a major impact on the world they will soon inherit. And universities are widely respected, nonpartisan civic institutions, giving them the ability to make fruitful connections among many kinds of organizations: government agencies, for-profit companies, charities, foundations, and citizens' groups. Today a number of universities around the world are stepping up to act as catalysts and bridge-builders in the next phase of social business.

Social Business Chairs

Social Business Chairs serve an integral role in the promotion of social business. The Chairs established at HEC in France, and the European Business School in Germany will educate students at the beginning of their business careers about social business, offering it to them as an alternative to the traditional business path.

Yunus Centre and Yunus Chair for Social Business and Health at Glasgow

Caledonian University

Recognizing that microcredit and social business are exemplars of potential

solutions for the problems of deprivation, unemployment, worklessness and financial exclusion in the poorest communities, Glasgow Caledonian University (GCU) has established the Yunus Centre to study the longer-term impacts of microcredit on health and well being. The Yunus Centre at GCU is led by Professor Cam Donaldson, who holds the Yunus Chair of Social Business and Health. Under Professor Donaldson's leadership, the primary concern of the Yunus Centre at GCU will be the evaluation of the impacts of social business on health and inequalities.

Glasgow Caledonian University is already a strong supporter of social business, partnering with the Grameen Healthcare Trust to create a nursing college in Dhaka. In (17) March of 2010, the Grameen Caledonian Nursing College was launched with an inaugural class of 38 girls, the daughters of Grameen Bank borrowers. Over a year later, the student body has more than doubled in size, and they are looking to move to a larger campus to house the increasing student population. The establishment of this college, intended to be the first of a series, will help to alleviate the severe shortage of nursing professionals that impedes the delivery of health care services throughout Bangladesh. (18)

Social Business Institutes

The Yunus Centre for Social Business at the Asian University of Technology in Thailand and the Institute of Social Business at the California State University, Channel Islands, both offer students and faculty the chance to partner within the University and the greater community to use social business to tackle local problems.

They will also link this practical knowledge to their research and development work, uniting the theory of social business with the practical application of developing and nurturing social business ventures.

Universities in Japan have shown great interest in pioneering social business education in the region. Kyushu University in Fukuoka, Japan houses both a Grameen Creative Lab@Kyushu and a Grameen Technology Lab, where students and faculty will work together to find unconventional ways to apply social business and technology to societal problems. The Yunus Centre also has a partnership with Rikkyo University to promote social business as a tool to fight against poverty and its consequent social ills.

In addition to this, the Grameen Creative Lab partnered with the National University of Singapore in order to establish the GCL@NUS, which will incubate innovation-based social businesses.

Social Business Centre at the University of Florence

A Yunus Social Business Centre was launched early this year at the University of Florence in Italy. Created with the partnership of the Yunus Centre, it will operate as a social business. The Centre will be dedicated exclusively to promoting the concept of social business, doing consulting, outreach, and research on social business, and teaching classes on social business, and it will establish itself as a major hub for social business promotion and development in Italy and Europe.

Social Business Earth

Social Business Earth is a social business centre based in Lugano, Switzerland, that aims to raise awareness of Social Business. Social Business Earth interacts with universities, the private sector, NGOs, doctors, artists, media, private individuals and investors who believe that creating a world without poverty is possible through the implementation of a new economic model based on Social Business.(19)

Social Business Earth aims to become a social business in itself, though at the moment it is a non-profit organization. It will provide a great example for other NGOs that are looking to transform themselves into a social business or add a social business entity alongside existing operations.

Social Business Plan Competitions

Many universities have taken the initiative to participate in social business plan competitions. For the first time, students are getting the opportunity to create sustainable social businesses that can solve the problems plaguing their communities.

A social business plan competition was launched in partnership with North South University for university students in Dhaka, and it's been conducted a number of times with SHARE, an international student organization, Wharton School of Business at the University of Pennsylvania, and the Indian Institute of Technology. In March of 2011, the Yunus Centre wrapped up a competition amongst high school students in Dhaka. A social businesses does not require a lot of capital to start, and can be conceived to start as a tiny project to address a mighty problem. This can be of a size that the students can easily handle.

Social Business Summit

The Global Social Business Summit is the annual global communication platform for the social business community. It highlights successes, possibilities, and future prospects, and helps to define concrete goals for social business for the coming years.

The second annual Global Social Business Summit took place November 4-5, 2010, in the Autostadt in Wolfsburg, Germany. This summit addressed the experiences of social business, its structure and management, and lessons learnt from existing social businesses. There were expert meetings, social business panels, and a marketplace for social businesses. Approximately 300 participants from all over the

world attended the summit. Notable participants included Emmanuel Faber (Co-CEO of Danone Group), Herbert Hainer (CEO, Adidas AG), Dr. Juergen Hambrecht (CEO of BASF), Dr Michael Otto, Chairman of Otto Group, best-selling author Paulo Coelho, Film director Shekhar Kapur, and Grand Duchess Maria-Teresa of Luxembourg, as well as delegations from several governments, including ministers, governors, and mayors.

The third annual summit will take place in Vienna, Austria, from November 10-12, 2011. (20)

Social Business Day

Social Business Day is an annual event held on June 28th all over the world. Its purposes are to encourage the participants to discuss the critical features of social business, and its merits, achievements, and challenges; to discuss plans for upcoming social businesses; to explore future social business opportunities; and to inspire individuals, entrepreneurs, students, foundations, and companies to create their own social businesses.

What Can Microcredit Summit Participants Do?

The idea of social business emerged from the experience of developing Grameen Bank. I wanted to deal with financing the poor in a business-minded way. The most critical element in banking to the poor is to delink banking from collateral. Once we succeeded in building a banking system without collateral, reaching out to the poor became easy. Then I brought the social business dimension to it by making the bank owned by the borrowers.

Over the years, people have been skeptical, disbelieving the achievements of Grameen Bank because their minds were blocked by theory and its practice. I unblocked my mind and tried doing the opposite of convention. It worked.

This experience encouraged me to do other things in a different way. I tried to perform traditionally non-profit activities using business methods. Whenever I wanted to address a social or economic problem I came out with a business solution. I started creating a series of companies to address social problems. This is the first step toward removing another blockage in another theory. This time I challenged the inseparable link between business and personal profit.

I delinked business from personal profit and designed business to solve human problems alone. That opened up a whole new world of possibilities - possibilities of using our creativity within business framework to solve all our problems.

Participants in this Microcredit Summit have long experience of running microcredit programs. Understanding, designing and running social businesses should not be too much of a problem for them. One can start by experimenting with a small social business of his or her choice. It can be a joint venture with a conventional business that spends money in CSR programs. It can be a collaboration with social business funds, foundations, or donors.(21)

A number of question will naturally be raised at this point - How do I find out the basic steps for creating a social business? How do I get connected with the existing social business to learn from their experiences? How do I connect with social business funds for financing my project? Which university in my area is organizing workshops, short courses, seminars, and labs ?

The best place to get a full exposure on all aspects of social business is to attend the Social Business Summit which is held every year in the first half of November. It is a global event. You meet almost all the top social business leaders, practitioners, academics, young activists in this event.

For information on any issue regarding social business you may visit the homepage of Yunus Centre (www.yunuscentre.org) or write to Yunus Centre (info@yunuscentre.org).

Welcome to the Exciting World of Social Business!

Creativity is the heart of social business. Human beings have unlimited creative capacities. Our job is to create a framework within which these capacities can be unleashed and utilized to solve all the massive problems that we've created over centuries. We have the potential; we simply need the conceptual framework, institutions, and technology. Social business makes the entry to this new world easier.

To connect investors with social businesses, we will need to create a social stock market where only shares of social businesses will be traded. An investor will come to this stock exchange in order to find a social business which has a mission to his or her liking, just as someone who wants to make money goes to the existing stock market.

To enable a social stock exchange to perform properly, we will need to create rating agencies, standardization of terminology, definitions, impact measurement tools, reporting formats, and new financial publications. Business schools will need to offer courses and business management degrees to train young managers how to manage social businesses in the most efficient manner, and, most of all, to inspire them to become social business entrepreneurs themselves.

These goals may sound impractical—but no one would have predicted the current success of microcredit back in the 1970s. Like social business, microcredit started small. It began in one village, and today it's a global phenomenon because (22) many of us worked to develop that seed.

Social business is the same way. As this report shows, the first seeds have already been planted in many places around the world; some are already sprouting and producing wonderful fruits. Now our challenge is to spread the seeds to villages, cities, regions, and countries everywhere so that the benefits of social business will have a chance to take root wherever social problems remain unsolved.

We have a powerful concept. The question lies before us – are we willing to use this power to change the world?

Welcome to the exciting world of social business!

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