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**From Bangladesh to Northern Norway –  
Women's Contribution to Community Development in the North.**

Tusen takk for invitasjonen – ållo githu ..... Thank you for inviting me here.  
I am very happy to be here to talk to you about micro-credit or networking credit as we prefer to call it in Norway. Network with everything that the word stands for - and credit that means trust.  
I will talk about one of my heroes, Muhammad Yunus, who got the Nobel Peace Prize together with Grameen Bank in 2006.

The announcement read:

“ The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2006, divided into two equal parts, to Muhammad Yunus and Grameen Bank for their efforts to create economic and social development from below. Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. Development from below also serves to advance democracy and human rights. ”

Just by looking at a picture of him, you can see that this man really cares. I have met him, and he really has an aura around himself that radiates trust.

**First some words about this man and the Grameen Bank.**

**Muhammad Yunus** was born the 28 of June in 1940 in Chittagong in India, now a part of Bangladesh. He went to Collegiate and College in Chittagong, he took a bachelor and master in arts in Dhaka, and his doctor degree (Ph.D.) in economics at Vanderbilt University in Nashville in 1969. After this he returned to Chittagong University as an economics professor.

In **1974** he found it difficult to teach elegant theories of economics in the university classroom, in the backdrop of a terrible famine in the country. He felt the emptiness of those theories in the face of crushing hunger and poverty. He wanted to do something immediate to help people, even if it was just one human being, to help them get through another day with a little more ease. That brought him face to face with poor people's struggle to find the tiniest amounts of money to support their efforts to make a living.

In **1976** the Grameen project started, because he saw that the ordinary banking system did not help people out of poorness. The first thing he did was to try to persuade the bank located in the campus to lend money to the poor. But that did not work. The bank said that the poor were not creditworthy. Yunus had discovered that very small loans really could help poor people to survive – and to make a better life.

The first loan was 27 US dollars from his own pocket to some women from a village called Jobra, close to the university in Chittagong, they produced furniture from bamboo. The poor paid back their loans, on time, every time! But still he kept confronting difficulties in expanding the program through the existing banks. Then he decided to create a separate bank for the poor, and in **1983**, he finally succeeded in doing that, Grameen Bank or Village bank.

Today, Grameen Bank give loans to nearly 7.0 million poor people, 97 per cent are women, in 73,000 villages in Bangladesh. Grameen Bank has 2,319 branches.

Grameen Bank gives collateral-free income generating, housing, student and micro-enterprise loans to the poor families and offers a host of attractive savings, pension funds and insurance products for its members. Since the introduction in 1984, housing loans have been used to construct 640,000 houses. The legal ownership of these houses belongs to the women themselves. We focused on women because we found giving loans to women always brought more benefits to the family.

In a cumulative way the bank has given out loans totalling about US \$ 6.0 billion. The repayment rate is 99%. Grameen Bank routinely makes profit. Financially, it is self-reliant and has not taken donor money since 1995. Deposits and own resources of Grameen Bank today amount to 143 per cent of all outstanding loans. According to Grameen Bank's internal survey, 58 per cent of our borrowers have crossed the poverty line.

This idea, which began in Jobra, a small village in Bangladesh, has spread around the world and there are now Grameen type programs in 23 countries.

### **Second Generation**

It is 30 years now since he began. The bank keep looking at the children of the borrowers to see what has been the impact of this work on their lives. The women who are our borrowers always gave topmost priority to the children. Grameen Bank encouraged them, and not before long all the children were going to school. Many of these children made it to the top of their class. They wanted to celebrate that, so they introduced scholarships for talented students. Grameen Bank now gives 30,000 scholarships every year.

Many of the children went on to higher education to become doctors, engineers, college teachers and other professionals. Grameen introduced student loans to make it easy for Grameen students to complete higher education. Now some of them have Ph.D.'s. There are 13,000 students on student loans. Over 7,000 students are now added to this number annually.

### **Information Technology for the Poor**

Information and communication technology (ICT) is quickly changing the world, creating a distance-less and borderless world of instantaneous communications. It is quickly becoming less and less costly. As a first step to bring ICT to the poor, Grameen created a mobile phone company, Grameen Phone. They gave loans from Grameen Bank to the poor women to buy mobile phones to sell phone services in the villages.

The phone business was a success and became an important enterprise for Grameen borrowers. The telephone-ladies quickly learned the telephone business, and it has become the quickest way to get out of poverty and to earn social respect. Today there are nearly 300,000 telephone-ladies providing telephone service in all the villages of Bangladesh. Grameen Phone has more than 10 million subscribers, and is the largest mobile phone company in the country.

Grameen Phone is a joint-venture company owned by Telenor of Norway and Grameen Telecom of Bangladesh. Telenor owns 62 per cent share of the company, Grameen Telecom owns 38 per cent. Grameen Telecom's vision was to ultimately convert this company into a social business by giving majority ownership to the poor women of Grameen Bank. They are working towards that goal.

### **We Can Put Poverty in the Museums**

Yunus believes that we can create a poverty-free world because poverty is not created by poor people. It has been created and sustained by the economic and social system that we have designed for ourselves; the institutions and concepts that make up that system; the policies that we pursue.

He firmly believes that we can create a poverty-free world if we collectively believe in it. In a poverty-free world, the only place you would be able to see poverty is in the poverty museums. When school children take a tour of the poverty museums, they would be horrified to see the misery and indignity that some human beings had to go through. They would blame their forefathers for tolerating this inhuman condition, which existed for so long, for so many people. Grameen has given me an unshakeable faith in the creativity of human beings. This has led me to believe that human beings are not born to suffer the misery of hunger and poverty. All it takes to get the poor people out of poverty, is for us to create an enabling environment for them. Once the poor can unleash their energy and creativity, poverty will disappear very quickly.

### **Networking Credit in Norway**

The first project in Norway started in the northern part of Norway in 1992, and was called Kvinnebank – or Womens bank.

It started in Lofoten, in Flakstad and Moskenes municipality. Woman in these areas saw the problems their society got when the fisheries went bad – and that this had an effect on the whole society. People had to move to other parts of the country, families got big problems and they had to look for other solutions to bring food and money to their families.

They had heard about Grameen Bank, made an application and got the money for a 3 years project.

They started to work out the roles, ask women who had started their own business for advice, to spread information, to meet and to find out how to do this in Norway. It was hard work to find out everything, but the project resulted in 3 groups.

AND when the project was over they still had the groups and the money – and the groups are still going. Some of the ladies who became members in 1992 are still there – not only with their old ideas, but new ones or an idea together with another lady. These ladies are the grandmothers and NK in Norway, and 4 of them were invited to

the celebration of Yunus in Oslo last December. Yunus has been visiting them twice in Lofoten and he also went to Oslo – last time in 1998.

In the beginning these projects were financed from different authorities, but in 1998 the government decided that this should be a part of Innovation Norway. When Yunus was in Norway in 1998, we had several meetings with him. He helped and educated us in how to take manage the new way of lending out money - in a big organisation.

In 1998 there were 130 groups in Norway, and they had 2.8 million NOK in loan capital, or 350000 €

It became a project. I was the project leader – the national coordinator for NC in Norway. I worked with this project for almost 7 years, and now each county in Norway are responsible for this arrangement.

Now, almost 1,5 year since I left Oslo, I can see that when you do not have anyone at the main office of Innovation Norway fighting for money, talking with the politicians and governmental decision makers to explain and show results from this bank system - there are not so many new groups starting. And there is still a real need for these money to help start this groups!! It is small money, and in Norway we still have to fight strongly to get money to women's entrepreneurship.

Today there is around 240 groups, they have 4.8 million NOK or 600.000 € in loan capital.

Nowadays, men can also participate in Networking Credit groups in Norway.

The model from Bangladesh is adjusted to Norwegian conditions, and became the starting point for today's Networking Credit model in Norway. This is now a policy instrument that applies in every part of Norway.

### **How?**

The standard is that the group must consist of 5 to 7 members. This means that the group must find a replacement for the leaving member if they only are 5 members. The Networking Credit group gets an approved Process leader.

### **Money**

Every group gets €25,000 as a loan capital, and €12,500 to pay the Process leader. In addition to this, every group gets €6,250 to competence purposes. The money shall mostly be used on training for the whole group, but also on individual courses directly aimed at the individual's business activity.

### **The process in the group**

The groups can start in many different ways; after an entrepreneur training, just people wanting to work together, young people who needs help to make a business-plan. What they have in common, is that they want to start their own business.

The Process leader is leading the group in the start-up phase. It is important that the individuals get a good understanding of the Networking Credit system before they enter a group. It is equally important that the person really wants to be a part of a group, and that they really understand the value of such a membership.

As a starting point, the Process leader is connected to the group for until 2 years. The group is supposed to manage itself after this.

This may be hard for some groups, so some counties have started an umbrella organization where they can get help after the Process leader period too.

It is a goal that this should be a user-controlled system. This is in fact a bottom-up made system. The users really know the local market and this is very useful for them while giving loans to the members.

### **The group**

The group decides how high loans they want to give, the interest and other repayment terms. It is custom to set a maximum for how much each member can loan, and the set of rules set this amount to maximum €10,000.

When one of the members wants a loan, this member writes an application to the group. It is the content of the application that determines whether the group approves the loan or not, or perhaps the business idea needs more work.

A member can take up loans several times, but must always repay/redeem the first loan before a new can be given. Sometimes there can be members who do not loan at all, or waits a long time before taking a loan.

### **Rules**

Every Networking Credit group must set up certain rules for their activity; how often they are to meet, the agenda for the meetings and so on.

The groups must also save some money. There are wide variations of how this money is spent: Some use them on social events like trips and Christmas dinner, and other use them for educational purposes. These savings are also seen as a security for the loans. Regardless of this: The important thing is that the group starts saving money from day one, and that they establish good routines for this activity.

And, at last, the new group will not get their capital before they have accepted the current set of rules set by Innovation Norway, and have signed the Networking Credit contract.

In Norway, the Networking Credit system is regulated through national rules and regulations, and is managed by a state company called Innovation Norway. In every county they decide how much money they will use for Networking Credit, and today I can say that there is only 6 counties that really makes an effort to use this banking system for their entrepreneurs.

This organization model gives room for desirable local modifications, but it also leads to, in part, large differences from county to county with regard to the Networking Credit.

### **Network**

Network building is important for all our courses and gatherings. By setting of time and focus on network building, we experience that the members exchange information and new contacts are being made. Having an organization like ours creates a platform

where members from the different groups can come together, be network builders and develop their businesses. This is a very important factor for us.

Working in the groups

Every group has a leader, a secretary and a paymaster.

### **The group leader:**

- The group-leader is leading the meetings.
- The leader is the group's contact person outwards, for instance towards Process leader, the County organization or the firm which administer the Networking Credit system.
- The group-leader has to make sure that the group's financial situation is being taken up at every meeting.
- The leader has to make the agenda for every meeting. Some groups choose to follow a standard agenda for their meetings. The leader must then ask, at the start of each meeting, for incoming issues. Some groups have agreed that new issues and applications must be sent to the leader and then distributed to all the members ahead of the meeting. The way to solve this is being discussed in the individual group.
- Most groups have half-yearly meeting-plans. If there are changes in this plan, the group-leader often takes care of this.
- The leader has the main responsibility for the joint courses the group attends.
- The leader can be given the task to remind the other members about the next meeting, usually a few days ahead. This is often done by SMS or email.

### **The secretary**

The rules make it clear that the secretary makes all the reports after the meetings, and calls the meetings which are outside the determined program.

- The secretary writes the meeting reports. This can be sent out via email if the group wants, or the secretary can bring it on the next meeting and read through it. It is important that this report contains information about who were present, financial status and other issues that is being discussed. It can also contain a brief summary of the individual member's situation.
- The secretary calls extraordinary group-meetings. It is important that the group has agreed on how this is to be done.

### **The paymaster**

The rules say that the paymaster is to maintain overview over the members' saving- and loan-situation.

And this is how it is done in our groups:

- The paymaster has to set up different accounts for the group. Many groups choose to have 3 accounts: one for the loan capital, one for the savings and one for the administration of the group (Process-leader capital).
- The paymaster shall observe the members' saving. The group must agree about how the saving is to be done. Many groups are putting the saving directly to the savings account at a certain date of the month. The paymaster can then check who has paid and give an orientation about this on the meetings. It is an advantage to

keep a separate savings-overview (account) which shows the individual members savings.

- Q The paymaster has to have control over the loan-situation in the group. The paymaster is paying out approved loans. She also keeps an eye on the repayments, and reports about this at every meeting. It is smart to make a plan for the down-payment, which shows how much part payment and interest are to be paid every month. This makes it easier to register the loan-account.
- Q The paymaster is to have control over the groups' competence means.
- Q The paymaster takes care of the expenses: to the Process leader, to joint courses, to individual members who have gotten competence money and other expenses.
- Q The paymaster must give an orientation on every meeting about the group's financial situation.
- Q By the end of each year, the paymaster must set up an overview over loans, repayment and interest for the members. This information is needed in the income tax form.

### **The meeting agenda**

I am now going to talk about the agenda. As I just said, some groups use a standard agenda for every meeting, and some sends a new agenda ahead of their meetings. Regardless, there are some things that have to be included in all the group meetings:

- Q It is important that a report is being made after the meetings. It becomes easier to go back and find information about different issues. The report must also include information about who was presence and absent. The report must also contain a piece of information if the Process leader was present, in case there should be a control of the use of the Process leader capital.
- Q The individual member's progress and situation should be a theme at every meeting. There are several ways to organize this: Some shares the time equal between the members, some takes a short round with all the members and focus especially on one person at every meeting. This will also vary with how much is going on with the person's company.
- Q The economy must be an issue at every meeting. The paymaster makes an orientation about the savings, who has been saving and how much is on the savings account right now. She must also inform about payback of loans and other financial conditions.

### **System and structure**

Our experience tells us that this is a very important area. It is of vital importance that the group has a good system of their documents.

We always recommend that the group-leader has a book or a portfolio where she keeps all the documents the group sends and receives.

In the same way, the paymaster should collect all the financial documentation and have them in a solid system.

The secretary, of course, collects and has control over the reports from every meeting.

All these books or portfolios must be kept in such a way that it easily can be delivered to the next person that gets this duty.

## **RESULTS**

It is important to see what results we have after this years. We had a survey in 2000, in 2002 and in 2004. The results are really good. 98% of the money are paid back, they get training, become a part of a network – not only the group, but in county and in Norway.

### **From Norway to the Baltics and to Russia**

Innovation Norway are working with an 3 year Intereg IIIB project :FEM- female meetings in the Baltic region. I am the coordinator and are responsible for networking credit. In Estonia they are working very well, and they use the Norwegian model. Latvia has also started some groups, but they have not got money from the Government but from one Bank – so their rules are very different. But the Government have promised money to a project with rural women, and then they will use our model. In Lithuania and Poland we just have had some information and trainings, and they want to start – but as in Norway, they need money.

SEG are now working with to different projects in Russia, and we are planning to introduce the Norwegian Networking Credit model here.

### **Closing remarks**

Norway is one of the richest countries in the world, but it has still got the need for Networking Credits that it has adopted from Bangladesh. A lot of work has been done, but there is still a lot remaining. Hard work is needed to get the funding from the government.

Women have seen the need and benefits of working like this. Through the work in Norway, men have joined the groups. One could ask – bringing more men into the groups – will it make the access to government funds easier. ?

Thank you for listening.