

# A JOURNEY FOR CHANGE IN INCLUSIVE FINANCE AND SOCIAL BUSINESS

## Episode 1: From Engineer to Social Leader – Md. Ashraful Hassan's Vision for the Grameen Group

**Philippe Guichandut:** Hello, I am Philippe Guichandut, the General Secretary of the Foundation Grameen Crédit Agricole, and I am so honored to have you with me here today. I mean, you are the chairman of the Grameen Group, this very big group in Bangladesh, and you have been with them since birthplace. You have 40-years of journey from being an engineer, originally, as far as I know, to now a big social leader. I am quite interested to know what has been for you the Grameen approach, how it has evolved since the early days, and how, the complexity, what you have been able to build in Bangladesh. Can you tell us a bit more about it, please?

**Md. Ashraful Hassan:** Thank you, Philippe. Actually, I go back a little bit the history of Grameen Bank. In 1976, we all know the Nobel Professor Muhammad Yunus. He was the teacher of one university in Bangladesh, named the Chittagong University, and he started microfinance program in the village Jobra, which is near to the Chittagong University. Initially, he found that the poor people are suffering from the finance. They have no finance, are taking money from others, and doing things for them. But it requests very tiny money. So, he started, from his own pocket to keep some money, and form a group, especially from the rural women. And then the micro credit program started. Now, it's a global activity.

**Philippe Guichandut:** Yes, of course.

**Md. Ashraful Hassan:** So, from there, only started with the credit program, and focus on the women, to alleviate poverty, poverty alleviation. But actually, poverty is multidimensional.

**Philippe Guichandut:** Yes, for sure.

**Md. Ashraful Hassan:** Only the finance cannot solve and cannot make the livelihood better. Then the initial thought was "what is the barrier?" Then, Professor Yunus found that borrowers were taking money from the bank, not paying banks somehow. But what is the problem? Some case studies were there; they were suffering, either or their families' members were suffering from diseases. They are going to the doctor, and spending money for treatment. So, all the money gone. They took money from the bank, as a loan.

Then, Professor Yunus thought that we should give some healthcare facilities. So, we created one company called Grameen Kalyan, to support their healthcare. So, day by day, all the complexities coming, and then we created one company. We have seen that in the nighttime; there is no electricity in the village. So, after sunset, no work there. Then, he started installing a solar home system to our borrowers' houses with a loan and an installment, and their work time gradually increased. So, from the very beginning, 35 years back, we have started renewable energy in the village. Now, we are talking renewable energy things. We started 35 years back. So, he was the visionary guy. With this, different problem came, we solved the problem to set up a company. In this way, we now have 31 companies all together running.

**Philippe Guichandut:** I think it's by listening to the people that you have been able to set up all this framework. Right now, we are really focusing at the level of the Grameen Group, and not only on the Grameen Bank, but the three zeros. Zero Poverty, Zero unemployment, and Zero carbon emissions. How do you see that all of this will interact together and give a strong alliance for the fight against poverty?

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**Md. Ashraful Hassan:** Actually, this is a very, very burning issue, a global issue. It's not in Bangladesh or in local issues. But Professor Yunus advocating to bring all these people, to get this awareness. We need to create a world of 3 zeros. So, Zero poverty, Zero unemployment, and Zero net carbon emissions. These are integrated things. It is not individual issues.

If you go to say: poverty is coming from no work, so you need to give them work. You need to give them employment. If you give them employment, then automatically, poverty will reduce. Microcredit program, the last fifty years, we are reducing poverty through one tool. But now, we are thinking that the next generation, it should be bring up. The next generation of our borrowers, we are giving them finance to make them entrepreneurs.

**Philippe Guichandut:** So, you work more with the Nobin program.

**Md. Ashraful Hassan:** Yes, the Nobin program.

**Philippe Guichandut:** You made it more, not at group anymore, but it's more individual loans really for SMEs.

**Md. Ashraful Hassan:** Not individual, small, it is in the context of Bangladesh, it's 150,000 to 1 million Taka (*1200 – 8 200 USD*). It depends on their business size, their capability and capacity. So, Professor Yunus is telling that you will not be a job seeker, you will be a job giver. Then, we are giving finance to young entrepreneurs.

It includes some other people for help to help them; he's creating jobs for them. So, now, we have more than 200,000 new entrepreneurs. And on average, they are giving jobs to another two-three guys. So, how many jobs is created? In this way, Zero unemployment creates, eradicates Zero poverty. And net carbon emissions, we are focusing in our group everything will be in line with climate change issues we'll be addressed there. Even if we are developing a new company, we are addressing that. If we are making a building, it should be a green building.

**Philippe Guichandut:** So, you are an engineer, what does it means for you in Bangladesh a green building?

**Md. Ashraful Hassan:** A green building means, it's difficult, in terms of Dhaka city, because Dhaka city is very dusty and noisy. So, first of all if you make a building, there are two points. The building always needs some materials. When the material is producing, the carbon is generating. This is, some call, the immediate carbon of the building. There is an international standard how many tons of carbon per square meter you need to use during construction. We are reducing this. And then operational carbon, for example here there is huge light, we are trying to make natural light and natural ventilation. No need for air conditioning, nor heating system. Heating system is not possible in Bangladesh, but air conditioning is everywhere. So, if it is a natural ventilation that's why we are telling that we are creating building, we are making with hybrid ventilation. Hybrid natural light we are taking. This way we are creating green buildings in our country. And also, the new entrepreneurs, we are trying to give them the lessons, you can go for green economy, green business.

**Philippe Guichandut:** And it works?

**Md. Ashraful Hassan:** Yes, they do it. Because we are trying to find out which type of buildings should address the net carbon zero issue.

**Philippe Guichandut:** Ok very good, and for you, as the head of this big Grameen group, what are the next frontiers of development? What do you foresee is needed, and especially to address all the issues you mentioned. We are in a changing world, so what are the new frontiers for you?

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**Md. Ashraful Hassan:** Actually, you know that, as I already mentioned, 31 organizations is still running within the group in different fields.

**Philippe Guichandut:** And they are all social businesses.

**Md. Ashraful Hassan:** All social businesses, all not-for-profit companies, but some businesses are profitable concern.

**Philippe Guichandut:** Could you explain a little bit how it works, for our auditors? What do you mean by social business?

**Md. Ashraful Hassan:** For example, within the group, we have four types of organization. One is profit concerned organization to earn money. But there is a social goal. Earn money from a factory like we have a garment industry. We are running money from that because this is a traditional business. But there is a social goal. Lost of employment generation, we are generating because it's a factory. We give them proper wages, give them all the support for their better livelihood. So, 7 principles (of Social Business) one two principles is there. It's a profit concern company but there is a social goal, it's a money earning company. Several examples, we are the owner of the largest telephone operator in Bangladesh. We got money from them.

**Philippe Guichandut:** How many clients have you in the company?

**Md. Ashraful Hassan:** 80 million clients.

**Philippe Guichandut:** More than the French population.

**Md. Ashraful Hassan:** It's half the population. So, subscriber share is 45% of market share. And the revenue share is 50%. It's a huge company. Money is coming from there. We are using this money for lots of social activities. Several examples you told what is next. Next is a big project. It is a big thing. Already we have healthcare, education, agricultural program, health and nutrition, building social businesses, and lots of things in between. But now, we are concentrating focus on healthcare in the upper level and education in the upper level, financial inclusion, digital financial service, mobile banking, and work with youth. Entrepreneurship development is just beginning now. It's almost 10 years but it is going to scale up.

So, how are we going to set up? We are going to set up one big hospital. A 700- big hospital. It will be the biggest hospital for the country, because people have money. It is not just the poor people's issue. It's all Bangladesh issue. People are going abroad. Most of the people are going abroad for treatments, those who have money. We are trying to retain this money in Bangladesh. We are going to set up a hospital with international standard treatments for mass people. There will be two types of pricing. One is the subsidized pricing, and one is regular pricing. With this regular pricing, we will earn money and we will subsidy for the poor people or moderately rich people, those who can't afford. This way, this site will evolve and it will be a great initiative because we have primary care, secondary health care, eye care and tertiary care. So, this will be a chain.

So, healthcare, from the grassroot to the top level, this whole ecosystem we will cover. And now, another issue is digital health. It requires primary healthcare; we only have 150 centers. 150 centers can't serve the whole population, like 160 million people. Every village they're using a mobile phone, smart phone. We created a digital health platform. Now, we have 3.5 million subscribers, and 2.5 million paid services subscribers that taking health care services from us. If you have no doctor, if you have no clinic, you can call our platform, named Shukhi. Shukhi, it's a Bengali word. In English, it means happy. So, our apps is happy.

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**Philippe Guichandut:** To make people happy!

**Md. Ashraful Hassan:** With 15 dollars cents, you get a qualified doctor. Even if I'm telling you the 40% of Bangladeshi people have not seen or have not got any prescription from a qualified doctor. But we are trying to break this, you know, thing. It's really bad for the Bangladesh nationals. And another issue is financial transactions. I know time is a big problem, but I'm telling you, this is an interesting issue. 25 million people are in microfinance institutions, borrowers. They are taking loans. So, they are taking money from us or any microfinance institution and even back. Most are ash transactions. We are trying to make digital transaction. And hopefully within March we will start the pilot program has already been taken. It will be a huge change for digital money transactions. Our vision is , Bangladesh is a cash transaction country. We will make it cashless country, cashless transactions. This is our vision.

**Philippe Guichandut:** Thanks a lot. I mean I think it's very inspiring. When I was listening to you, I was wondering we should bring more people from our countries to see what is the economic model that has been developed by Grameen and the Grameen Group. I definitely want to thank you. I wish you a very nice trip back to Bangladesh. That is the end of our discussion. Thanks a lot.

**Md. Ashraful Hassan:** Thank you so much. Thank you for giving me this opportunity to share some thoughts from our side.