
Telenor in Bangladesh (A)

The Prospect of Doing Good and Doing Well?

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Telenor in Bangladesh: Doing Good and Doing Well? (A)

In late 1994, Tormod Hermansen, CEO of Telenor, the Norwegian telecommunications company, received a surprise phone call from his longtime friend His Excellency Mr. Tore Toreng, the Norwegian Ambassador to Bangladesh. After a few minutes of chitchat, the ambassador presented Hermansen with a strange but intriguing opportunity: would Telenor be interested in doing business in Bangladesh?

The proposal presented Telenor the unique opportunity for “doing well and doing good.” By being a first mover in the Bangladesh telecommunications market, Telenor could launch a successful new business venture and “do well” for its bottom line. In addition, through an alliance with the Grameen Bank, a non-profit organization in Bangladesh, Telenor could help modernize the telecommunications infrastructure in Bangladesh and bring telephony to remote rural locations, thus potentially “doing good” for the country’s social and economic development. Hermansen (see Exhibit 1), a financial analyst who had risen to head Norway’s Ministry of Finance, knew this opportunity represented a risky business proposition. However, his instinct, driven by Norway’s strong “socialist” ideals, told him to consider the challenge. Besides, the Grameen Bank was not just any non-profit organization; it was headed by Professor Mohammad Yunus (see Exhibit 2), a global leader in development economics, a personal friend of the former US President Bill Clinton, and a respected champion of the world’s poor. Yunus’ organization, the Grameen Bank (see Exhibit 3) was known internationally for improving the lives of millions of poor families. Hermansen also knew that the Norwegian Agency for Development Cooperation (NORAD) had in the past both assisted Bangladesh Railways to establish a fiber optic cable line and had supported certain Grameen Bank projects. Now, Yunus and the Grameen Bank wanted to develop telecommunication services in Bangladesh, especially in rural areas and were looking for an experienced telecommunications operator with which it could partner. Naturally, the ambassador, Mr. Toreng, thought of his good friend Tormod Hermansen at Telenor.

Although, Hermansen was intrigued by the possibility of being a key player in developing the telecommunications infrastructure of a developing country, he was unsure how profitable the venture would be and whether it would add to his company’s bottom line. In evaluating this opportunity in Bangladesh, Hermansen wondered if the traditional metrics of financial success were the only way to assess the prospective venture. Could Telenor think about going beyond these traditional metrics of defining success? Could Telenor consider the notion of pursuing multiple bottom lines?

Bangladesh: Country Overview

Bangladesh is a low-lying, riverine country located in South Asia on the northern littoral of the Bay of Bengal with a large marshy jungle coastline of 600 km. Formed by a deltaic plain at the confluence of the Ganges, Brahmaputra, and Meghna rivers and their tributaries, Bangladesh’s alluvial soil is highly fertile but vulnerable to flood and drought. Natural calamities, such as floods, tropical cyclones, tornadoes, and tidal bores affect the country almost every year.

Bangladesh is the most densely populated agricultural country in the world. In 1995, its population was 120 million, with an annual growth rate of 2%, and a per capita GDP of US\$233. Agriculture accounted for 37% of GDP and more than two-thirds of employment. The manufacturing sector's share of GDP was 11%, while the services sector had a growing 40% share. Bangladesh received the equivalent of 6% to 8% of its GDP in foreign assistance.

In 1995, 20% of Bangladesh's population lived in urban areas, 53% was illiterate and about 47% lived below the poverty line. Bangladesh ranked 144th on the Human Development Index, faring very poorly relative to other nations in economic and human development indicators. Poverty, hunger, malnutrition, illiteracy, and unemployment were pervasive. Since independence in 1971, the country had made major strides in increasing agricultural yields. Still, an estimated 10% to 15% of its people faced serious nutritional risk. Bangladesh's infrastructure in transportation, communications, and power supply systems was poorly developed. Rural areas remained largely inaccessible. While the country had very limited reserves of natural gas, coal, and oil, its unskilled labor supply was plentiful and inexpensive.

In 1995, Bangladesh's macro economy was relatively stable growing at 4.6% of GDP annually and this was predicted to continue at a rate of between 4.5% and 5%. Furthermore, the country had a balance of payments surplus, and inflation running at under 5%. The micro economy, however, was stagnant. Corruption was rampant. Politically motivated workers' strikes were frequent and the country's legal system was antiquated and inefficient. (For additional information on Bangladesh, see Exhibit 4.)

The Telecommunications Sector in Bangladesh

Upon gaining independence in 1971, the government of the Peoples' Republic of Bangladesh created the Ministry of Posts and Telecommunications (MOPT). This Ministry had overall responsibility for regulating the telecommunications sector. In 1976, the MOPT created the Bangladesh Telegraph and Telephone Department, which in 1979 evolved into a corporate entity: the Bangladesh Telegraph and Telephone Board (BTTB). The BTTB was entrusted with running the country's telecommunication services on a commercial basis. Its operations were governed by the Telegraph Act of 1985, which granted the government exclusive power to establish and provide all telecommunications services. The Wireless Telegraphy Act of 1933 governed the operations of one-way radio communications, paging, and radio services.

The BTTB was governed by a board of seven members who were appointed by the government, often on political considerations. The BTTB held monopoly rights and regulatory powers for issuing licenses for telecommunications and wireless services. Its status as a state-run monopoly was justified by the government on two grounds: first, the government argued that only a state-run monopoly would have the resources to develop a telecommunications infrastructure, given the high start-up investment and expenses in maintaining services; and second, the government believed that a monopoly enterprise could achieve economies of scale that would allow it to offer better services at low costs. However, the emergence of digital and cellular phone technologies in the late 1980s and early 1990s, and the BTTB's poor customer orientation, eroded the validity of these arguments. Gradually, the BTTB allowed more private sector involvement in the sector. In the course of Bangladesh's fourth plan (1990-1995), certain newly licensed private telecommunications

companies began operations. Among them, the Bangladesh Rural Telecom Authority (BRTA) was licensed to provide telecommunications services in 199 rural *Thanas* (an administrative unit comprising several villages).

Despite some progress, during the early 1990s, Bangladesh's telecommunications networks expanded very slowly. According to a World Bank Report, in 1995 the telecommunications scenario in Bangladesh was dismal:

the telephone density of 0.26 lines per 100 people is one of the world's lowest. The waiting time for a connection is more than 10 years. The installation charge of US\$450 for a new line is one of the highest in the world. On average, two of 10 calls are successfully completed and the complaint rate averages 50 complaints per 100 lines per year indicating the poor quality of services.

While the World Bank Report was sobering, it revealed an even more troubling statistic. In 1995, Bangladesh had approximately 500,000 fixed lines, with the majority of these telephone lines (91%) concentrated in urban areas (some 37% were in Dhaka alone), constituting an urban density of 1.09 telephones per 100 inhabitants. In stark contrast only 9% of main lines were in rural areas, though 80% of the population resided there, indicating a teledensity of 0.02 per 100 people. It was this prospect – the rural expansion of telephony – that enthused Professor Muhammad Yunus and his colleagues at the Grameen Bank.

The Grameen Bank

The Grameen Bank (the word “*Grameen*” means rural) was founded in Bangladesh in 1983 by Professor Muhammad Yunus (web address: <http://www.grameen-info.org/>). Its system was to lend small amounts of money (called micro-loans) primarily to poor women to enable them to earn a living through self-employment. Borrowers at the Grameen Bank owned 93% of the bank's total equity, with the Bangladeshi government owning the remaining 7%. To take out a loan, no collateral was necessary. Instead borrowers were organized into groups of five and each group member both had to repay his or her loan on time, while ensuring that other group members did the same. Failure for even one borrower to meet a payment jeopardized the future borrowing possibilities of all. The delicate dynamic between “peer-pressure” and “peer-support” among Grameen borrowers was at the heart of its success and the bank's loan repayment rate was 95%. The Grameen Bank provided three types of loans: income generating loans with an interest rate of 20%; housing loans with an interest rate of 8%; and higher education loans with an interest rate of 5%. By 1995, the bank had inducted 2.3 million members (94% were women) in 37,000 of Bangladesh's 68,000 villages. The bank also promoted an integrated set of social services among its members including literacy, reproductive health care services, home building, hygiene, and nutrition.

In the mid-1990s, the Grameen Bank began discussions with various international mobile telephony operators with a view to fulfilling its goal of placing at least one mobile telephone in each of the country's villages. At that time, the 80% of the population resident in rural areas, who accounted for 50% of the economic activity, had virtually no access to telephony services. The Grameen Bank strongly believed that there was a market for telecommunications in rural Bangladesh waiting to be served. In fact, Professor Yunus

argued that the lack of telecommunication facilities in rural areas posed a major obstacle to Bangladesh's social and economic development.

In order to implement its vision, the Grameen Bank established a non-profit organization, Grameen Telecom, giving it the mandate to provide telephone connectivity to Bangladesh's rural population. Professor Yunus recognized that while it was not possible for each rural household to own a telephone, every villager could at least have access to a mobile telephone. The plan was to provide a loan to at least one Grameen Bank member in a village either to buy or lease a mobile telephone from Grameen Telecom. The villager would then establish a local business offering telephone services to the other village residents.

Grameen Telecom's search for a telecommunications partner proved to be daunting with many companies expressing little or no interest. Discussions took place at length with the Swedish group Telia, but ultimately fell through because the company felt that the political and regulatory risks of operating in Bangladesh were too high. (Telia instead opted to set up operations in the neighboring country of India, where the risks were thought to be relatively more manageable). Around that time during a meeting with the Norwegian Ambassador, Mr. Tore Toreng, Professor Yunus discussed his vision and dilemma. It was then that the ambassador promised to contact his good friend, Tormod Hermansen, the CEO of Telenor, back home in Norway.

The Telecommunications Industry in Norway

The Norwegian Market

In 1995, with a population of 4.4 million people, Norway had one of the world's highest standards of living. Its advanced telecommunications sector had a capacity of 2.9 million telephone lines and 1.5 million mobile phone connections. The market for telecommunication services was estimated at over US\$3 billion annually. Of this, US\$2.5 billion was accounted for by regular and cellular telecommunication services. Exhibit 5 provides further details of the telecommunications sector in Norway.

Norway's telecommunications equipment market remained limited to a few very large end-users. The most important consumer of telecommunications equipment and components was Telenor and its several marketing and sales subsidiaries. Some international corporations with production plants in Norway, as well as the military, were also major telecommunications users. In the fixed line sector, Telenor had monopoly in the Norwegian market. The rest were smaller regional players with very small market shares.

Norway was a pioneer in terms of mobile communications, boasting 30,000 subscribers by 1981 and a long history of mobile communications dating back to 1950. By 1987, Norway ranked third in the world after the US and Sweden in mobile telephone ownership, and growth in mobile subscriber numbers had registered steady average year-on-year increase of around 30%. Several telecommunications services companies entered the market and were able to gain share in this growing mobile sector in Norway. Some of these new competitors were international telecommunication giants with considerably greater financial resources than Telenor.

The History of Telecommunications in Norway

Telecommunications arrived in Norway in 1855 when the first telegraph line was opened and the Norwegian Telegraph Administration was created. By 1880 telephone systems were being installed, followed by the first automatic phone exchange (1918), Telex services (1946), and a transmitter network for television, which debuted in 1960. Mobile phone service was introduced in 1966 but it was not until 1969 that the agency's name was changed to the Norwegian Telecommunications Administration. By the mid-1970s, Norway had installed its first computer-controlled phone exchange, and in 1982, it opened the world's first fully automated coastal earth station. From the mid-1980s, the company was known as Norwegian Telecom, or 'Televerket'. In 1990, Televerket organized its mobile services under a single division (Tele-Mobil), which a year later became a limited company. In 1993 Televerket reorganized under the name Norwegian Telecom Group and joined a consortium of Nordic and Hungarian companies to win a mobile operator license in Hungary. A year later it became a state-owned company, wholly owned by the Ministry of Trade and Industry.

In 1995, the company's name was again changed to Telenor A/S. The name-change was in conjunction with a comprehensive reorganization, sparked by the deregulation of the telecommunications industry and increasing competition. A number of new business areas were formed during this reorganization, which led Telenor to begin implementing a more offensive international strategy. Until the mid-1990s, Telenor's business was mainly in the Nordic region. Soon thereafter, Telenor began to expand its activities in Europe. In 1995, Telenor had operations in Central and Northern Europe, but had not yet entered the Asian market. (See Exhibit 6 for Telenor's international operations.)

The group's activities were divided into four main business areas: Telenor Networks which managed infrastructure within telecommunications and data communication (telephony, data, broadband); Telenor Mobile which provided mobile services operations within voice, data, Internet, content services and electronic commerce; Telenor Plus which was responsible for sales and distribution of the group's communications, entertainment and information services; and Telenor Business Solutions which developed, sold and implemented the group's communication and IT solutions. Exhibit 7 gives details of Telenor's financial performance from 1994-1996.

Inside Telenor

After chatting with his diplomat friend and with his interest sufficiently piqued, Hermansen began discussions with his management team about a possible business venture in Bangladesh. Most of them were skeptical. Undeterred, Hermansen pushed for a feasibility study to be undertaken. Led by Berit Elden, a small team of Telenor professionals arrived in Bangladesh to conduct the study. They were in unfamiliar, uncharted territory. Would the traditional methods of benchmarking new markets used in the telecommunications industry, based on per capita GNP, disposable income, teledensity, and other such criteria, also apply to Bangladesh?

The team conducted separate analyses of the urban and rural markets. In the urban market, its "worst case scenario" analysis suggested that only about 100,000 potential subscribers existed. If this turned out to be the case, it was clear Telenor should not do business in

Bangladesh. However, in the “best case scenario” analysis, the team estimated that in a country of 120 million people, at least 5% would be able to afford a mobile phone. This would work out to approximately 6 million potential mobile subscribers, which was more than the entire population of Norway! (Exhibit 8 provides a summary of the main findings of the feasibility study conducted by Telenor in the Bangladeshi market.) Besides, no other mobile phone operators were present in the country at the time, although the government was contemplating awarding contracts to three or four operators (of which Telenor would be one, assuming it won its contract bid). Overall, the Telenor team developed a favorable view of both the potential market and the future opportunities for growth and profitability in the urban market, but it was less enthusiastic about the short to medium-term opportunities.

A major reason for this tempered response was the team’s assessment of the overall business climate in Bangladesh. This analysis highlighted several potential drawbacks to operating in the country, specifically corruption and political concerns arising from the government’s perceived instability. In addition, no regulatory regime existed in the sector. The Telenor team further felt that debt collection (or, the inability of consumers to make timely payments on mobile charges) could be problematic. Finally, they worried whether the Bangladeshi government would ever allow Telenor to expatriate profits in order to pay dividends to their Norwegian shareholders.

The rural part of the proposed business venture made the Telenor team even more nervous. It quickly became apparent that the rural market by itself could not be commercially viable. The “best case scenario” projected a total rural market of between 100,000 to 150,000 subscribers, with each village having one or two telephones. Further, the rural market was likely to be even more expensive to serve because of the lack of existing telecommunications infrastructure, the need to install transmission towers that would serve only a handful of subscribers, and the relatively lower population density in the villages.

On the plus side of the rural business venture was the local partnership with Professor Yunus and the Grameen Bank. The use of the “Grameen” brand would give any new business venture name recognition and legitimacy in Bangladesh, and perhaps help open political doors. Moreover, the Grameen Bank, recognizing the financial infeasibility of doing business solely in the rural market, proposed a reasonable partnership solution to Telenor. Telenor could focus its efforts on the urban operations while the non-profit Grameen Telecom would focus on the rural business. In this partnership, Telenor would sell its mobile cellular services to Grameen Telecom in bulk and at a significantly reduced price, leaving Grameen Telecom to assume all further financial and operational responsibility. The Telenor team estimated that with this arrangement, rural operations could be expected to generate approximately 3% to 4% of total revenues. This would be sufficient to cover the network costs meaning that Telenor would not make any profit from the rural operations. Thus the urban operation would hold the key to Telenor’s profitability.

Dilemma

While Hermansen was intrigued by Yunus’ idea of placing a village telephone in each village, the feasibility study showed that this rural component was not in itself likely to be a commercially viable business venture. He, however, believed that Bangladesh, with only 500,000 fixed line telephones in urban areas, presented a significant business opportunity for

Telenor. After all, why should a city-based Bangladeshi household have to wait 10 years to get a telephone connection, and an unreliable one at that. Telenor could potentially fill a vast unmet need with its mobile technology.

While Hermansen saw the opportunity and the possibility of gaining significant “first-mover” advantages, the business risk was extremely high, given the unpredictable nature of Bangladesh’s political and regulatory environment. Telenor had not previously conducted business in a developing country or in Asia, and Bangladesh seemed worlds away from Norway. While Bangladesh’s flat delta terrain would pose little technical difficulty for Telenor engineers, its uncertain economic, political, and legal environment remained troubling.

Added to these concerns was the social and cultural “distance” between Norwegians and Bangladeshis. Would the two be able to work together? Furthermore, both Telenor and Grameen Bank seemed to be emphasizing different bottom lines. While Telenor’s management focused on the metrics of revenues, profits, and growth, Grameen’s objectives were more steeped in serving the poor, rural, and illiterate citizens of Bangladesh badly placed on the wrong side of the digital divide.

In his heart, Hermansen realized that while the potential gains from the Bangladeshi venture did not neatly fit the traditional financial metrics of a corporation’s success, they were no less important. Telenor could achieve significant gains in its corporate image and prestige by partnering in a unique commercial and social experiment with an internationally acclaimed local partner. A substantial amount of experience in overseas operations would also be gained by doing business in a distant country and unfamiliar market, and the experience would help Telenor build its intellectual and structural capital for future ventures in the rapidly expanding Asian markets.

Hermansen’s top advisors were torn about whether or not to enter Bangladesh. They were unsure whether an established, affluent, Norwegian corporation, on the cutting-edge of telecommunications technology, adept at doing business in a stable political and regulatory environment, and in a country with one of the highest tele-densities in the world could successfully and profitably establish itself in a far-away, fledgling and underserved Asian market. Added to this the fact that Bangladesh had one of the lowest telephone densities in the world, and a relatively unstable political and regulatory environment and it was clear to all that they had a dilemma on their hands.

The Key Challenge

Hermansen was conscious of the need to shape Telenor for long-term sustainable growth. Thus, though the short- to medium-term focus in Bangladesh would be profitability, developing Telenor’s strategy and capabilities for entering into new markets, and extracting potential corporate marketing and publicity gains, he was also thinking about the company’s long-term goals.

Hermansen believed that Telenor had the unique opportunity to experiment with pursuing multiple bottom lines and integrating the notion of “doing well and doing good” into its business operations. He would have liked the move into Bangladesh to be a catalyst for

shaping Telenor's corporate identity, culture, values, and global vision. Hermansen also wondered whether the corporate social responsibility (CSR) notion of "doing well and doing good" could be a platform for brand differentiation and whether this could be sustained to globally achieve long-term business profitability.

As he thought about these larger issues, he was pressed with a more urgent question: was Bangladesh the right strategic direction for Telenor? Should Telenor submit its bid for the telecom license in Bangladesh? And how should the Bangladesh operations, assuming Telenor got the license, be organized, particularly its partnership with Grameen Bank and Grameen Telecom?

Exhibit 1*Profile of Tormod Hermansen, CEO Telenor*

Tormod Hermansen was born on 23 April 1940 in Botne, Vestfold County in Norway. He earned a degree in Social Economy in 1964. Hermansen's professional career began as a financial consultant and analyst. In 1967, he joined the Regional Development Research office of the United Nations in Geneva, followed by teaching stints at Norwegian colleges and universities in Kristiansand and Bergen. From 1973 to 1975, he was appointed to the Governmental Main Committee for Research after which he started his career as a civil servant, first in the Ministry for Social Affairs, then the Ministry for Local Administration, and finally as secretary general in the Ministry of Finance from 1986 to 1990. In 1990, he was appointed CEO of Telenor.

While heading Telenor, Hermansen was head of the State Bank Insurance Fund during the Norwegian banking crisis from 1991 to 1994. He also served as the Chairman of the state-owned Post Bank and a board member of the national oil company Statoil.

Exhibit 2

Profile of Professor Muhammad Yunus



Professor Muhammad Yunus is the Managing Director and founder of the Grameen Bank in Bangladesh. He originated the concept of the banking without collateral for the poorest of the poor. His ideas coupled capitalism with social responsibility and have changed the face of rural economic and social development. Professor Yunus is responsible for many innovative programs benefiting the rural poor. In 1974, he pioneered the idea of *Gram Sarkar* (village government) as a form of local government based on the participation of rural people. This concept proved successful and was adopted by the Bangladeshi government in 1980.

Professor Yunus studied economics in the US from 1965 to 1969 while on fellowships from Fulbright and from Vanderbilt University, where he received his Ph.D. in Economics. He returned to Bangladesh in 1972 and started his professional career at the University of Chittagong as Professor of Economics and Head of its Department. He started the Grameen Bank Project as an action-based research project in 1976 and saw it to its realization in 1983, and he continues to hold the post of Managing Director.

Professor Yunus has also served on the Global Commission of Women's Health (1993-1995), the Advisory Council for Sustainable Economic Development (1993-present), and the UN Expert Group on Women and Finance. He also serves as the chair of the Policy Advisory Group (PAG) of Consultative Group to Assist the Poorest (CGAP). Professor Yunus also sits on the board of the Calvert World Values Fund, the Foundation for International Community Assistance, and the National Council for Freedom From Hunger, RESULTS and the International Council of Ashoka Foundation, all of which are located in the US.

Professor Yunus' many international awards include the Ramon Magasaysay Award (1984) from Philippines; the Aga Khan Award for Architecture (1989) from Switzerland; the Mohamed Shabdeen Award for Science, Socio-Economic (1993) from Sri Lanka; the World Food Prize (1994) from the US; and the Simon Bolivar Prize (1996) from Venezuela. Within Bangladesh, he received the President's Award (1978); the Bank Award (1985); and the Independence Day Award, the highest national award (1987).

Exhibit 3

Grameen Bank

The origin of the Grameen Bank can be traced back to 1976 when Professor Muhammad Yunus, launched an action research project to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor. The Grameen Bank Project (Grameen means "rural" in the Bangla language) came into operation with the objective of extending banking facilities to poor men and women; eliminating the exploitation of the poor by money lenders; and reversing the age-old vicious circle of "low income, low saving and low investment", into virtuous circle of "low income, injection of credit, investment, more income, more savings, more investment, more income". In October 1983, the Grameen Bank Project was transformed into an independent bank by government legislation. Loans were small (from US\$60 to US\$300), but sufficient to finance the micro-enterprises undertaken by borrowers: rice husking, machine repairing, purchasing of rickshaws, buying of milk cows, goats, cloth, pottery etc. The interest rate on all loans was 16%.

A bank branch was set up with a branch manager and a number of center managers and covered an area of about 15 to 22 villages. The manager and the workers started by visiting villages to familiarize themselves with the local milieu in which they would be operating and identifying the prospective clientele, as well as explaining the purpose, functions, and mode of operation of the bank to the local population. Groups of five prospective borrowers were formed; in the first stage, only two of them were eligible for, and received, a loan. The group was observed for a month to see if the members were conforming to the rules of the bank. Only if the first two borrowers began to repay the principal plus interest over a period of six weeks, did the other members of the group became eligible themselves for a loan. Because of these restrictions, there was substantial group pressure to keep individual records clear. In this sense, the collective responsibility of the group served as the collateral on the loan.

Exhibit 3 (Cont'd)
Grameen Bank Financial Performance

Description	1993 (Million US\$)	1994 (Million US\$)	1995 (Million US\$)
Yearly Loan Disbursed			
a) General	260.24	352.12	343.80
b) Housing	42.09	33.53	17.82
Total Disbursement for the Year	302.33	385.65	361.62
Cumulative Total Disbursement	848.56	1,234.21	1,595.83
Cumulative Amount Repaid	618.84	941.18	1,293.31
Balance of Group Fund Savings	40.83	60.81	75.19
No. of Houses built	258,194	295,702	331,201
Coverage:			
Members	1,814,916	2,013,130	2,065,661
Groups	372,298	412,145	424,993
Centers	57,649	59,921	61,156
No. of Villages covered	33,667	34,913	35,533
Employees	11,459	12,230	12,420
No. of Branches	1,040	1,045	1,055
No. of Area offices	110	110	111
No. of Zonal offices	12	12	12

Source: Company website (www.grameen.org).

Exhibit 4
Bangladesh Country Statistics 1995



Geography

Area: 143,998 sq. km. (55,813 sq. miles).

Cities: Capital—Dhaka (pop. 7 million). Other cities – Chittagong (2.8 million), Khulna (1.8 million), Rajshahi (1 million).

Terrain: Mainly flat alluvial plain, with hills in the northeast and southeast.

Climate: Semitropical, monsoon.

People

Nationality: Bangladeshi(s); Population: 120 million; Annual growth rate: 2.1%.

Ethnic groups: Bengali 98%, tribal groups, non-Bengali Muslims.

Religions: Muslim 83%; Hindu 16%; Christian, Buddhist, others 1%.

Languages: Bangla (official, also known as Bengali), English.

Exhibit 4 (Cont'd)

Education: Attendance – 73% (primary school), 17% (secondary school). Literacy – 47% for males; 22% for females.

Health: Infant mortality rate – 118/1,000. Life expectancy – 55 years (male), 54 years (female).

Work force: 50 million. Agriculture – 74%; Manufacturing – 11%; Services – 15%.

Government

Type: Parliamentary democracy; Independence: 1971, from Pakistan; Political parties: 30-40 active.

Economy

GDP (1995): US\$28.2 billion; Annual growth rate (1995): 4.4%; Per capita GDP (1995): US\$233

Agriculture (37% of GDP): Products–rice, jute, tea, sugar, and wheat.

Industry (17% of GDP): Types–garments and knitwear, jute goods, frozen fish and seafood, textiles, fertilizer, sugar, tea, leather, ship breaking for scrap, pharmaceuticals, ceramic tableware, newsprint.

Trade (1995): Merchandise exports–US\$3.1 billion: garments and knitwear, frozen fish, jute and jute goods, leather and leather products, tea, urea fertilizer, ceramic tableware. Merchandise imports–US\$5.9 billion: capital goods, food grains, petroleum, textiles, chemicals, and vegetable oils.

Domestic Economy (Millions US\$):	FY 1993	1994	1995 (est.)
- Current GDP	24212	25884	28071
- Real GDP Growth Rate (%)	4.48	4.61	5.00
- GDP Per Capita (US\$)	208.5	218.3	233.0
- Govt. Spending (%GDP)	17.6	18.00	20.40
- Inflation (%)	1.3	1.8	4.1
- Unemployment (%)	26	27	N/A
- Foreign Reserves	2125	2771	3469
- Avg. Exchange Rate (TK/1US\$)	39.15	40.00	40.20
- Foreign Debt	13,048	13,859	14,516
- Debt Service Ratio	12.1	11.5	N/A
- US Economic Aid	73.5	105.9	62.7

Notes:

a) Bangladesh fiscal year (1 July to 30 June)

b) Figure of unemployment is a measure of unemployment and underemployment

c) Foreign reserves as at end of fiscal year, 1995 figure is as at end of April 1995.

Source US Department of State Bangladesh 1996 Country Commercial Guide

Exhibit 5
Telecommunications Sector in Norway (1995)

GDP (US\$ billion)	146.6
Growth % change year-on-year	3.8
GDP per capita (US\$)	33,594
Inflation % change year-on-year	2.5
Population (millions)	4.4
Telecommunications Revenue (US\$ billion)	3.2
Telecommunications Revenue (% of GDP)	2.2
Main lines in service ('000)	2484.2
Main lines % change period-on-period	1.7
Main line digitalisation (%)	82
Main line penetration (teledensity)	57.8
Connection capacity of local exchanges ('000)	2,929
Cellular subscribers ('000)	981.3
Cellular subscribers % change period-on-period	0
Cellular penetration (%)	22.8
Estimated Internet users ('000)	280
Internet users % change period-on-period	55.6
Internet penetration (%)	6.5
ISDN Subscribers ('000)	12.3
ISDN Subscribers % change period-on-period	534.8
ISDN Penetration (%)	0.3

Exhibit 6
Telenor International Operations in 1995

	Currency	Share Capital (in 000s)	Number of shares (in 000s)	Telenor's holding	Book value (in NOK)
TELENOR INTERNATIONAL:					
Marinor AS, Norway	NOK	6 082	243 279	14%	3 500
Telenordia AS, Sweden	SEK	300 000	102 000	33%	84 600
Internordia AS, Sweden	SEK	5 000	50 000	50%	2 200
Telenor BC AS, Denmark	DKK	10 000	100 000	50%	5 700
NorthWest GSM, Russia	RUB	31 000 010	3 100 001	20%	21 389
Pannon GSM, Hungary	HUF	18 500 000	18 500	16%	170 264
Norcom, USA	USD	7 500	12 000	50%	35 947
ESAT Digiphone, Ireland	IEP	52 000	5 200 000 000	38%	1 007
UAB Nelte, USA	USD	1 300	5 200	44%	2 510
Neva-Nor Telekom AS, Norway	NOK	100	1 000 000	50%	4 278
TELENOR PLUS:					
Lokaldelen i Sverige AB, Sweden	SEK	67 580	6 758	34%	52 867

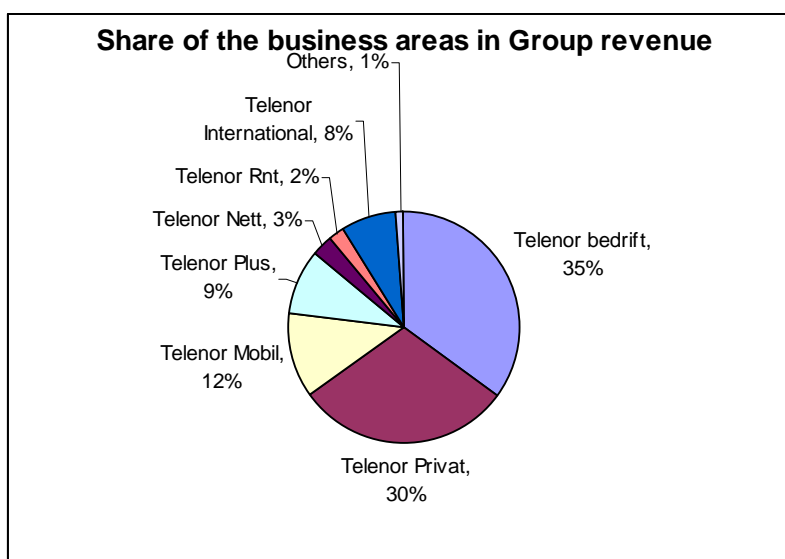


Exhibit 7
Telenor's Three-Year Balance Sheet (in NOK million)

THREE-YEAR ANNUAL BALANCE SHEET

ASSETS	1996	1995	1994
Cash And ST Investments	713,00	1 033,00	1 605,00
Receivables (Net)	4 206,00	3 713,00	3 129,00
Total Inventories	607,00	473,00	469,00
Other Current Assets	948,00	691,00	531,00
Current Assets – Total	6 474,00	5 910,00	5 734,00
Other Assets	23 106,00	21 568,00	20 337,00
Total Assets	29 580,00	27 478,00	26 071,00

LIABILITIES & SHAREHOLDER EQUITY

Accounts Payable	2 322,00	2 343,00	1 756,00
ST Debt & Current Portion of LT Debt	333,00	58,00	15,00
Income Taxes Payable	571,00	333,00	14,00
Other Current Liabilities	4 161,00	3 852,00	2 653,00
Current Liabilities – Total	7 387,00	6 586,00	4 438,00
Long Term Debt	7 094,00	9 044,00	10 636,00
Other Liabilities			
Total Liabilities	29 580,00	27 478,00	26 071,00

Shareholder Equity

Minority Interest	95,00	69,00	3,00
Preferred Stock			
Common Equity	14 671,00	11 721,00	10 979,00
Retained Earnings			
Total Liabilities & Shareholder Equity			

Exhibit 7 (Cont'd)
Telenor's Three-Year Income Statement (in NOK million)

THREE-YEAR INCOME STATEMENT	12/31/1996	12/31/1995	12/31/1994
Net Sales or Revenues	22 170,00	19 859,00	18 444,00
Cost of Goods Sold	5 052,00	4 339,00	3 827,00
Depreciation, Depletion & Amortization	3 887,00	3 562,00	3 362,00
Gross Income	13 231,00	11 958,00	11 255,00
Selling, General & Admin Expenses	10 566,00	9 339,00	8 529,00
Operating Expenses – Total	19 505,00	17 240,00	15 718,00
Operating Income	2 665,00	2 619,00	2 726,00
Non-Operating Interest Income	252,00	231,00	260,00
Earnings Before Interest And Taxes (EBIT)			
Interest Expense On Debt	(563,00)	(747,00)	(934,00)
Pretax Income	2 354,00	2 103,00	2 052,00
Income Taxes	(441,00)	(603,00)	(173,00)
Minority Interest	(3,00)	(19,00)	(4,00)
Equity In Earnings	n/a	n/a	n/a
Net Income Before Extra Items/Preferred Div	1 910,00	1 481,00	1 875,00
Extra Items & Gain (Loss) Sale of Assets	n/a	n/a	n/a
Net Income Before Preferred Dividends	1 910,00	1 481,00	1 875,00
Preferred Dividend Requirements		-	-
Net Income Available to Common	1 910,00	1 481,00	1 875,00

Exhibit 8
Summary of Bangladesh Feasibility Study

Key elements from feasibility report done in Bangladesh in 1996:

	“Most Likely” (by 2002)	“Most Likely” (by 2006)
# of Subscribers: Urban	275,000	500,000
# of Subscribers: Rural	20,000	40,000
Earnings Ratio	25%	35%
Time to Operating Break-even	3 years (end of 1999)	NA
Time to Pay-back on Total Investment	4 years (end of 2000)	NA