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Connecting the Rural Poor to the World: Grameen's Village Phone in Bangladesh

Before launching the project when we presented the Village Phone Project to the professional people, they expressed serious doubt about the capacity of the illiterate women to understand this state-of-the-art telecommunication technology. They argued that the poor women are good only for handling traditional activities, such as, raising chicken and cow, making baskets, selling vegetables.¹

Professor Muhammad Yunus
Founder of Grameen Family of Enterprises
2006 Winner of Nobel Peace Prize

Faridul Huq slowly put down his issue of Asiaweek and allowed himself to savor a moment of satisfaction. The cover story, titled "Heroes of the Digital Divide," was about how the developing world, including the rural poor, was overcoming its lack of access to information technology and more actively participating in the digital age. The issue carried a glowing mention of Grameen Telecom, Huq's employer, and its story of bringing the cellular phone to the most impoverished parts of rural Bangladesh. The organization had come a long way since it was founded in 1995 with the intention of providing telephone connectivity to rural Bangladesh as a part of the Grameen Family of Enterprises.

He recalled holding discussions with several leading global companies, most of which thought the idea to be idealistic but economically infeasible. After all, Bangladesh had the least-developed telecom infrastructure in the region, far lower than neighboring India or Pakistan. Bangladesh's teledensity² was 0.34 compared to 2.22 in Pakistan and 3.2 in India. Telephones, especially mobile phones, were considered a privilege and beyond the reach of common Bangladeshis. In fact, Iqbal Qadir,³ who originally proposed the idea of village telecommunication to Grameen, had almost shelved the plan after nearly three years of pursuing potential partners, investors and the government. Then, in November 1996, GrameenPhone was awarded one of the four cellular phone licenses granted by the Bangladesh government.

As of July 2006, GrameenPhone had 8.6 million customers. Furthermore, the Grameen's Village Phone initiative had an installed base of more than 233,000 village phones across 50,000 villages in the country, and annual revenues of approximately US\$93 million.⁴ The company estimated that revenues from serving the rural poor in Bangladesh would soon exceed US\$100 million.



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