

GRAMEEN DANONE FOODS LIMITED

A Unique Model of Social Business Enterprise



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BANGLADESH AT A GLANCE

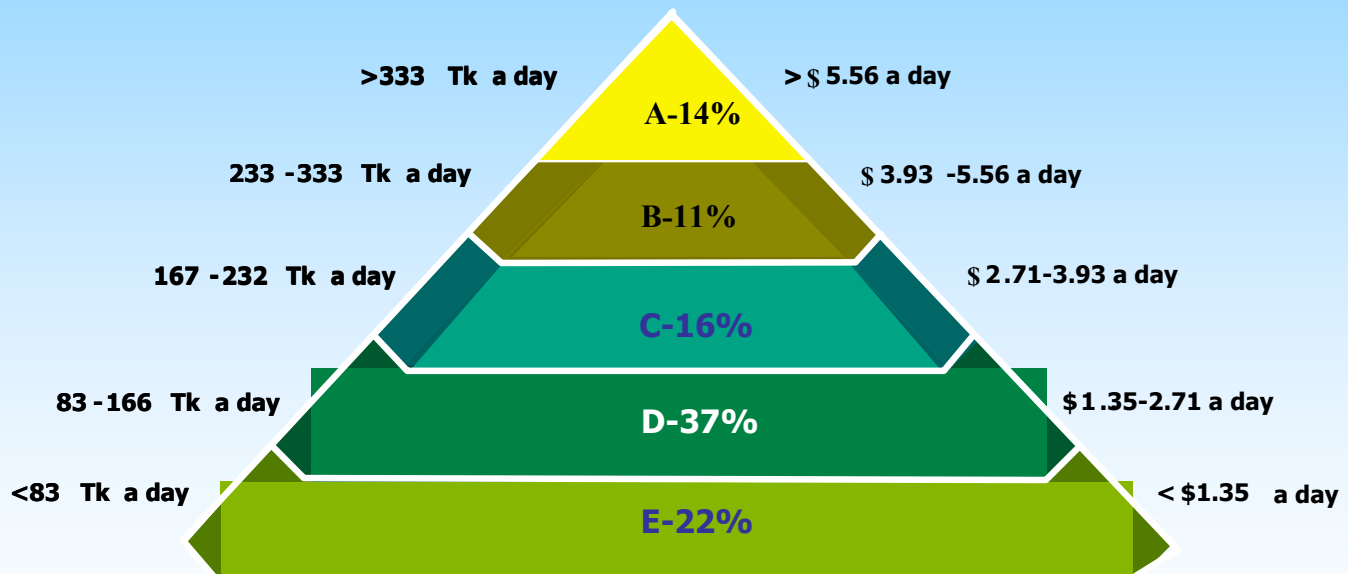


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|----------------------------------|---|-----------------------|
| 1. Area | : | 144,000 sq km |
| 2. Population | : | 150 Million |
| 3. Population Growth Rate | : | 2.056% |
| 4. Population below poverty line | : | 45% |
| 5. Literacy rate | : | 43.1% |
| | | Female 38.1% |
| | | Male 53.9% |
| 6. Life Expectancy | : | 63 years |
| 7. GDP- growth rate | : | 6.1% (2006 est.) |
| 8. GDP- per capita | : | USD 2,200(2006 est.) |
| 9. Children up to 14 years | : | 33.1% |

Source: <https://www.cia.gov/cia/publications/factbook/geos/bg.html>Econ

Percentage of Population by Household Income

POPULATION PYRAMID



(Source: 2004 statistical yearbook of Bangladesh)

GRAMEEN BANK AT A GLANCE

- The Largest Micro Credit institution.
- **Founded by Prof. Muhammad Yunus**, the Noble Laureate of 2006.
- Launched as an Experimental Project in **1976**.
- Established as a Bank in **1983**.
- It Reaches **7,062,088** borrowers of whom **97%** are women.
- Cumulative loan disbursed since its inception: **USD 6.127 billion**.
- Cumulative loan repaid since inception: **USD 5.459 billion**.
- Average monthly loan disbursement: **Over USD 50.00 million**.
- Total savings in various forms since inception: **USD 2.725 billion**.
- Balance in Savings: **USD 666.11 million**
- Total No. of Branches in operation: **2,399**
- The borrowers are 94% Stakeholders of the Bank.

The Features of Grameen Bank Credit Delivery System

- ☞ Exclusive focus on the poorest population.
- ☞ Borrowers are organized into small homogeneous groups.
- ☞ Special loan conditionality which are particularly suitable for the poor.
- ☞ Simultaneous undertaking of a social development agenda addressing basic needs of the clientele. This is reflected in the "sixteen decisions" adopted by Grameen borrowers.
- ☞ Design and development of organization and management systems capable of delivering program and resources to the targeted clientele.

Grameen Danone Joint Venture

- The idea came from an informal meeting between Mr. Frank Riboud, Chairman & CEO of Groupe Danone and Prof. Muhammad Yunus, during October 2005 in France.
- In November 2005 a high level delegation from Groupe Danone visited Grameen.
- During the visit of Danone delegation and after several meetings Grameen and Danone both agreed on the principle to establish a Joint Venture.
- Subsequently surveys and feasibility studies were undertaken.
- On March 16, 2006 a MoU was signed between Prof. Yunus and Mr. Riboud with the agreement of establishing **Grameen Danone Joint Venture, a Social Business Enterprise.**

SOCIAL BUSINESS ENTERPRISE (SBE)

- Prof. Muhammad Yunus termed Social Business Enterprise (SBE) as—

“Social benefit maximizing kind businesses which are created to do good to people, not paying any attention to making personal gain.”

- **Prof. Yunus featured a SBE**

- ☑ to be designed and operated to pass on all the benefits to the consumers.
- ☑ to be operated without incurring losses.
- ☑ to be operated competing with Profit Maximizing Enterprises (PMEs).
- ☑ making profit by an SBE shall be consistent and desirable because:
 - ➔ to generate enough surplus to pay back the invested capital to the investors as early as possible.
 - ➔ to generate surplus for—
 - Expansion
 - Improvement of quality
 - Increasing efficiency through introducing new technology
 - Innovative marketing to reach the deeper layers of low-income people and disadvantaged communities.
 - Undertake research and experimentation to improve and diversify products and services.

☑ **Dividend Policy of SBE:**

- Investors capital out of the profit will be paid back within a time period agreed upon by the investors.
- After the capital amount is paid back, SBEs may even give a nominal annual fixed dividend (not above **5%**)
- Bottom line for an SBE will always be to deliver benefits to people, rather than to earn money for the investors.

☑ **Share Transfer**

- If an investor wants to withdraw his investment from an SBE at any point of time, he may do so, provided he sells his shares to the existing shareholders, or to a new shareholder who accepts the philosophy, practice and conventions of a SBE.

Grameen Danone Foods Limited (GD)

- ✍ A no loss Company
- ✍ A Social Business Enterprise.
- ✍ Established in collaboration between **Groupe Danone** and four Grameen Companies called
 - (a) **Grameen Business Promotion Services**
 - (b) **Grameen Welfare**
 - (c) **Grameen Energy** and
 - (d) **Grameen Telecom.**
- ✍ Ownership 50:50 by Groupe Danone and four above Grameen Companies.
- ✍ Authorized Capital is USD 3.67 million and the Paid up Capital is USD 1.103 million.
- ✍ The Company is registered under Companies Act of Bangladesh.

Groupe Danone

- ✎ A world leading Food Company.
- ✎ The global leader of fresh dairy products and joint leader in bottled water, biscuits and cereal products market.
- ✎ Its' famous brands include Danone, Evian and LU.
- ✎ It is present in 120 countries.
- ✎ 88,000 employees are working in Danone all over the world.
- ✎ In 2006 its turnover was 14 billion Euros.
- ✎ Since it was founded, Groupe Danone has built its growth on its ability to offer consumer products that combine health and well-being.

Grameen Companies

- ☑ **Grameen Business Promotion Services:** Established for promoting micro and small enterprises for low and lower-middle income families through financial and technical support.
- ☑ **Grameen Welfare:** For dedicating welfare activities to Grameen Bank beneficiaries, employees and for extending support to the Grameen Companies.
- ☑ **Grameen Energy:** A not for Profit Company, created to develop and popularize renewable energy and technologies in remote areas. Its two main programs are Solar PV Technology and Biogas Technology. Grameen Energy is one of the first companies that successfully developed a market-based approach to serve the energy needs of the rural people through Solar PV Technology.
- ☑ **Grameen Telecom:** As a not for Profit Company, Established for improving the standard of living and eradication of poverty. Under its Village Phone Program, it provides Grameen Bank Members with access to mobile telephones for generating income by selling services.

Grameen Danone Foods Limited

A unique model of Social Business Enterprise (SBE)

Grameen Danone Foods Ltd. is a unique model of Social Business Enterprise as lying in its following mission and objectives:

Mission:

Reduce poverty by a unique proximity business model that brings daily healthy nutrition to the D & E class.

Objectives:

- To bring daily health nutrition to low income (D & E class) and nutritionally deprived population of Bangladesh.
- To alleviate poverty through the implementation of a unique proximity based business model.
- To contribute in creating independent business and job opportunities in the farming, processing, sales and distribution sectors.
- To provide easily affordable dairy product especially developed to fulfill the nutritional needs of children,
- To protect the environment relying on solar & biogas energy and develop innovative, environment friendly packaging solutions for its products.

Other Unique Features :

- Investors will not take profit from the business.
- They will help using the Profit for expansion and development of the business.
- Investors will provide/ arrange technical and expert support for the benefit of the Company.
- They will arrange support of professionals to facilitate development of business.
- The investors will keep continued support for sustainable and smooth growth of the Company.

Current Operation of GD

First plant	At Bogra, a northern district of Bangladesh, 220 km from Dhaka, the capital of the country
Inauguration of First Plant:	The plant inaugurated on 7 th November 07 by Football icon Zinedine Zidane.
Plant Size	Very small only 800 sq m Factory Building
Present Product	Yogurt from fresh milk that includes cornstarch, date molasses, sugar and micro nutrients (vitamin, iron, protein, iodine, zinc, calcium, etc.) A single 80-gram cup provides 30% of a child's daily requirements of vitamin, iron, zinc and iodine.
Production Capacity:	3,000 kgs yogurt/day and maximum 10,000 kgs/day.
Product brand	"SHOKTI DOI"- means 'Energy Yogurt'
Cost of the Plant	USD 1.00 million approximately
Product Selling :	Grameen Ladies (Village Ladies) & tiny shops in rural areas are engaged in product selling process.
Cost of Product:	7 Cents / 80 gms Cup
Milk Supply:	The company is actively considering developing about 500 mini dairy farms with 3-5 cows each. Such farms will be supported with micro credit by Grameen Companies and The Grameen Bank.
Production:	Production and Marketing are underway on trial basis.
Short Term Plan:	Two more plants to be established by 2008

Global Alliance for Improved Nutrition (**GAIN**)'s Participation

- ❖ GAIN is participating with the Company since its inception.
- ❖ It is helping in developing proximity marketing.
- ❖ Within a couple of months GAIN will undertake an efficacy study about the impact of the product on children.

Thank You

Sixteen Decisions

1.	We shall follow and advance the four principles of Grameen Bank --- Discipline, Unity, Courage and Hard work – in all walks of our lives.
2.	Prosperity we shall bring to our families.
3.	We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses at the earliest.
4	We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus.
5.	During the plantation seasons, we shall plant as many seedlings as possible.
6.	We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
7.	We shall educate our children and ensure that they can earn to pay for their education.
8.	We shall always keep our children and the environment clean.
9.	We shall build and use pit-latrines.
10.	We shall drink water from tubewells. If it is not available, we shall boil water or use alum.
11	We shall not take any dowry at our sons' weddings, neither shall we give any dowry at our daughters wedding. We shall keep our centre free from the curse of dowry. We shall not practice child marriage.
12	We shall not inflict any injustice on anyone, neither shall we allow anyone to do so.
13	We shall collectively undertake bigger investments for higher incomes.
14	We shall always be ready to help each other. If anyone is in difficulty, we shall all help him or her.
15	If we come to know of any breach of discipline in any centre, we shall all go there and help restore discipline.
16	We shall take part in all social activities collectively.

