

# **NUP: A New Frontier of Social Business**

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## **Introduction**

Nobin Udyokta Program (NUP) is an innovative program for turning unemployment into entrepreneurship. Father of Microcredit and Social Business, Nobel Laureate Professor Muhammad Yunus introduced this program in 2013. The program witnessed a significant progress in 2014. It has entered into 2015 with a great promise of identifying, supporting and promoting hundreds of Nobin Udyokta (NU) in the years to come.

NUP is a new frontier of Social Business (SB). Social Business is for solving social problems and NUP is for solving the problem of youth unemployment. NUP considers young people not as burden or liability but as asset and resources. Within the framework of NUP, an enabling environment is created for unleashing the creative capacity and the entrepreneurial ability of the youth.

Anyone who takes business initiative and is ready to take risks may be called an entrepreneur. He/She may be young or old, poor or rich, illiterate or literate. He/she may have business experience or not but must have ideas, ambition and determination for implementation.

NUP is a program designed and dedicated for the identification, incubation and promotion of new entrepreneurs from Grameen Bank (GB) families. Anyone within the age group of 18-35 years may be considered as a potential NU provided his/her mother is a member of GB for at least last three years or was a member of GB for at least seven years before. However, the age bar may be relaxed if the candidate is female.

In fact, Professor Muhammad Yunus, the Founder of GB introduced NU program in 2008 to inspire the children of GB families who enjoyed education loan/scholarship from GB and who were looking for job but suffering from frustration in the absence of it. He advised them to turn unemployment into entrepreneurship and asked them to become entrepreneur by taking loan from GB which is owned by their mothers. This is how the NUP got its root. But as the program was not catching up as was expected, Professor Muhammad Yunus developed another version of it which addresses the same target group but widens the scope and nature of support to all children of GB families.

In the new version of NUP, Yunus asks the youth to redirect their mind from traditional path of job hunting to creating jobs for themselves and for others through entrepreneurship. He invites them to keep repeating to themselves

that “We Are Not Job-Seekers, We Are Job-Givers”. In support of this, he redesigned NUP under his overall agenda of creating a world without poverty with Social Business.

## **Partnership Model**

Under this model, a partnership is developed between the investor and the NU. The investor invests the fund in the business of NU who also invests in the business. The partnership is for forging socio-economic progress and prosperity in the society.

At present the following four organizations are participating in NUP as investors:

- Grameen Trust (GT)
- Grameen Telecom Trust (GTT)
- Grameen Shakti Samajik Byabosha Ltd.(GSSB)
- Grameen Kalyan(GK)

For participating organizations it is a social business based on 7 principles of SB as defined by Yunus. But for NUs, the business is traditional.

## **NUP: Stages of Development**

NUP has a clearly defined goal. It has developed guidelines, principles and procedures for its implementation. For better understanding, the process of NUP development may be divided into three stages from initiation to a sustainable operation.

The stages may broadly be divided into the following:

**Preparatory stage**

**Selection Stage**

**Implementation stage**

### **Preparatory Stage**

To start a NUP there is the need for financial and human resources. Financial resources may be raised by creating SB funds where contribution may be made by Foundations, corporations, bilateral, multilateral, governmental and non-governmental agencies, individuals, development and other organizations. The fund is devoted to supporting NU projects in the form of equity or loans under specified terms and conditions.

For human resources, a team should be developed which will be responsible for implementation of the program. As the task is challenging, the team should

be well trained and motivated in order to be able to work in the rural areas with the children of GB families, communicate with them as friends and mentors and promote them as entrepreneurs of digital age.

## **Selection Stage: Recruitment and Training**

The point may be made clear by citing an example of NUP implemented by GT which is committed to the cause of poverty alleviation through Microcredit (MC) and SB. It has a Management Committee for the overall conduct and supervision of the program headed by the Managing Director. It has created a division and allocated funds for it. It has recruited young and energetic staff (male & female) for it who are University graduates.

GT conducts 24 days induction training for them at the Head Office and field levels. First two days and last two days are at the Head Office and 20 days in the middle at the field levels. The training program is well designed and training materials are meticulously prepared to develop the trainees as SB/NU professionals.

The training program includes the discussion on SB concepts and its principles, methodology, NU selection, clarification of information sheet and how to fill it in, preparation of Business Plan (BP) and its presentation at the Design Lab, provisions of agreement to be signed by the partners, preconditions for fund disbursement, receipt and payment, daily SMS, weekly and monthly reporting, closing of accounts, balance sheet, monitoring, evaluation and other issues related to the ownership and operation of NUP and transfer.

## **Implementation Stage**

For implementation of the program, the identification of the area of operation comes first. As the program is for the children of GB families, GT has selected GB areas in Chandpur, Lakshipur, Dhaka, Narshingdi, Tangail and Manikganj districts and opened unit offices in Chandpur, Ramganj, Dhamrai, Singair and Manikganj. It has posted unit managers with specific job responsibilities and performance target.

The NU staff report to their work station, meet the GB staff, explain the SB/NU program to them and seek their cooperation and advice. They collect information on GB borrowers and their family members, prepare a map of the locality, meet people from different walks of life, visit market places and know about business activities in the area.

The staff invite interested children of GB families to a meeting where they explain the rules and requirements of NUP and interact with them through Q & A. They distribute information sheet/application form to the participants who

want to join the program. The meeting is known as screening camp. In addition, they also organize mini meetings for potential NUs as a part of their NUP campaign.

The number of potential NUs attend screening camp varies from 50 to 60 or more in addition to unit staff and some senior staff attending from the Head Office. There is friendly exchange of ideas and clear clarification of concepts to ensure that the NUs really understand the objective and the spirit of the program, their rights and responsibilities so that they commit themselves to the joint venture with confidence and dedication.

The information provided by the potential NU is verified by visiting his/her house, talking to his parents, checking the GB passbooks and also visiting his business place if he is already independently doing something for earning.

### **Business Plan**

The NU and the staff work together to develop a business plan on the basis of the information provided by the NU and verification made by the staff. The Business plan is submitted to GT with the photographs of NU, his parents and business. The proposal is first appraised by a technical team under the SB division of GT. It is then presented to the management committee which is responsible for close scrutiny, verification and recommendation.

The proposal includes personal profile of NU, history of GB loan used by his family, his business information, breakdown of his present and proposed investment, financial and cash flow projection of his Business Plan. It also includes Strength, Weakness, Opportunities and Threat (SWOT) analysis in addition to the analysis of sustainability and payback schedule.

### **Social Business Design Lab**

Once the proposal gets through in-house tests, it is submitted to the Social Business Design Lab (SBDL) which is a platform for BP presentation in front of a larger audience. It is the last stage in the selection process. The Design Labs are of two types. One is known as the Internal SB Executive Design Lab (EDL) and the other is known as the open SB Design Lab (ODL).

### **Executive Design Lab**

Executive Design Lab is organized by each investing organization almost every week. Every organization has a committee for evaluating BPs presented at the Lab. The Committee consists of the senior members of the host organization as well as SB experts from other organizations in the Grameen family.

In the Internal Design Lab on an average 15 NU projects are presented. Committee members attend this Lab for hearing. They make comments and ask questions for testifying the merit of the project. This is for the first time that NUs come to Dhaka to present and defend their BPs. Once the proposal is approved, the process of signing agreement and taking follow up steps starts.

### **Open Social Business Design Lab**

The Open Social Business Design Lab (ODL) is generally organized once a month by the Yunus Centre with Professor Muhammad Yunus in the chair. Six NU business plans recommended by participating organizations are presented in this Lab. These may include SB proposals as well.

ODL is participated by a cross section of people representing different segments of the society including experts on different subjects, successful entrepreneurs, business executives, NGO and civil society leaders, intellectuals, researchers, University teachers and students from home and abroad. This is a Lab which is live streamed by Grameen Communication. Viewers from more than 70 countries watch this.

The ODL starts with opening remarks by Nobel Laureate Professor Muhammad Yunus and an update on SB/NU Program. BPs are presented by the NUs themselves in Bengali. These are translated into English for international participants. The participants make their comments and questions and the NUs respond, explain and defend their proposals. They attend the group discussion immediately after where all participants are divided into six groups.

Each group closely examines the BP following the guidelines provided by YC and makes recommendations for approval or review. There is a group leader and a rapporteur in each group. The rapporteur reports at the plenary session which is participated by all the participants and where the projects are finally approved. If there is any suggestion for any modification or change, the NUs go for another round of finalization exercise in collaboration with the investing organization after which the project is set to start.

The SBDL presents an exciting experience. It is amazing to see that young boys and girls with poor background in terms of asset, education, skill, exposure and experience, present their ideas and proposals with great confidence without any fear or hesitation. The lessons they learn from learning by doing and mentoring they receive from the investing organization give them the strength to take risk and get going even when the going gets tougher.

## **Joint Social Business Design Lab**

In addition to Internal Executive Design Lab (EDL) and Open Social Business Design Lab (ODL) there is a Joint Design Lab(JDL) organized by YC once or twice a month. This is where the summary presentation of the projects selected at the EDL is made and the challenges that may be faced in the course of implementation are discussed. An update on the BPs uploaded in the SB pedia is also given in the JDL.

## **Partnership Agreement**

Once the project is finally selected, the agreement is signed between GT and the NU on non judicial stamp after NU confirms his understanding of the provisions of the agreement and readiness for signing.

The agreement includes the clauses regarding ownership, management, investment period, ratio of investment, distribution of dividend, sale and purchase of shares, ownership transfer, SMS reporting, book keeping, NU nominee, provision for resolution in case of any misunderstanding or dispute arises between the parties. The period of agreement may vary from one to five years as per the convenience of the NU.

The investor, the first party is responsible for releasing the investment fund as per the investment schedule, appointing the NU as the Manager of the business, supervising and monitoring the business operation, tracking business transactions and its growth, profit and loss.

The NU, the second party is responsible for completing all the legal requirements for the business including trade license in his name and regulatory compliance. He must have national ID or birth registration certificate.

He should open a bank account exclusively in the name of the partnership business.

In this partnership, GT follows the principle of starting small and growing big as one grows in experience. That is why GT has a preference list in which the NU who has Tk 1 lakh(\$1300) or less as business capital gets the first priority, the second priority is for the business capital up to Tk 3 lakhs (\$3900) and the third priority is for the business capital which is between Tk 3 (\$3900) to 6 (\$7800) lakh. Obviously GT has preference for those who have less or nothing as they have no access to institutional finance. Given the number of projects approved, most of GT equity support (76%) has gone for NUs who have business capital equal to or less than Tk 3 lakhs.

Until the end of April 2015, GT and other organizations have approved 860 NU projects and supported business which are categorized under agriculture and forestation, handicrafts, trade & business, fisheries & livestock, shop keeping, service, transportation and manufacturing. The four organizations (GT, GTT, GSSB and GK) are working in different areas of Bangladesh without any overlapping following the same principles and guidelines of NU selection and support developed by Professor Muhammad Yunus.

## **Monitoring & Evaluation**

In addition to individual day to day close monitoring by each investing organization, Grameen Communication (GC) has developed an elaborate MIS and accounting software for all NU projects. Each and every NU is required to send SMS to Grameen Communication every day following the format: D---S--R---P---E----C where D stands for Date, S stands for today's Sale, R stands for today's Receipts from investing organization, P stands for Purchase today, E stands for today's Expenses and C stands for Cash in hand today. All the information received through SMS from NUs are accumulated in the central server of Grameen Communication.

Grameen Communication on the basis of SMS received from NUs, prepare weekly reports for investors, NUs and Professor Muhammad Yunus on a regular basis. This enables the parties concerned to remain aware of the performance of the business and to take immediate corrective measures if anything goes wrong. The report classifies SMS reporting into no response, irregular, fair and regular. GT on its part makes sure that its NU partners send SMS on a daily basis. But sometimes some NUs fail because of some technical or other problems. There is also a monthly reporting requirement for NUs which is closely monitored by investing organizations and consolidated by Grameen Communication for circulation.

## **NUP Replication: Universal Application**

NUP is now a reality. It has become a highly promising program. The Youth who lack resources but have entrepreneurial dream, see the possibility to come their dream true through NUP.

NUP which is exclusively designed for the children of GB families may be promoted anywhere in any community where youth unemployment is a problem and the young people do not see any hope in life.

NUP will provide them the impetus to discover themselves and their power to take care not only of themselves but also of others by becoming entrepreneurs.

Youth is a powerful force. They have unlimited potential, they can change the world for good if there is an enabling environment for them. NUP is an attempt to create that.

The lesson that has been learnt from the operation of NUP with the children of GB families in Bangladesh can be applied for other children in Bangladesh and elsewhere to turn the problem of unemployment into entrepreneurship following same principles and using same methodology.

Youth unemployment and unemployment in general are not only the problem of Bangladesh but also problems of many other countries. The rate of youth unemployment for instance, in Spain and Greece, is more than 50%. There are millions of unemployed youth in underdeveloped, developing and developed countries. This is a sheer wastage of human resources which could be used for better by giving them the opportunity to be on their own and to try their best to be the asset for the society.

There are so many works to be done and there are so many people without work. This is a dilemma. This can be addressed in SB way following the partnership model as in practice under NUP.

Human beings are selfish by nature. They should be so for their own survival and wellbeing. But they are also selfless. They care for others. This they do because of their altruistic nature. They make donations, participate in philanthropic activities, establish foundations and charitable organizations and get satisfactions by helping others and spending for them. These are highly appreciable steps. But these do not provide sustainable solution. These are one stop service. In these, the fund is not revolving. It is exhausted with each payment. It could have far reaching non exhausting impact if it would have been used in SB way.

In the case of NUP which is a new frontier of SB, the investment fund comes back but no profit is received by the investor. It revolves in the system. The NU can become the sole owner of the business by paying the ownership transfer fee which is 20 percent of the investment made by the investor. It helps the business grow and creates more opportunities for more NUs. Anyone who wants to support this initiative and help unleash the creative power of the youth may learn from the operation of NUP and start such a program by establishing a SB Fund. Business houses may also do the same and support the youth in materializing their entrepreneurial dream. This will help develop the

entrepreneurial hub for the youth in different places in order to meet the growing demand for different kinds of goods and services with the change of time, taste and technology. It is great to see how NUs are rising to the occasion with their commitment, courage and creativity.

Once such initiatives get multiplied in different areas by connecting creative minds there may be organized NU communities under the framework of SB village as advocated by Professor Muhammad Yunus.

## **Conclusion**

**“We Are Not Job-Seekers, We Are Job-Givers”** has become a slogan not only of potential NUs but also of those who want to see the youth as an effective agent of change. The slogan introduced by Professor Muhammad Yunus has crossed the national boundary and become international as it touches the heart of the youth and reflects their dreams. The slogan is not only repeated by NUs but also given by social activists and leaders to inspire the youth to believe in themselves to change the society.

It is believed that youth unemployment is the cause of many social evils worldwide. They can neither take care of themselves nor others. They are burden for themselves as well as for the society. They find no scope to escape from this.

NUP which targets the children of GB families shows the way to the youth that they can turn their unemployment into entrepreneurship. They can fulfill their dreams, if there is scope and space for that. The slogan that truly represents the voice of the youth and reflects their hopes and aspirations can be translated into reality if programs like NUP are started and supported everywhere.

The youth needs opportunity but not charity. If the opportunity can be created for support services like financing, training, counseling, networking, information technology, marketing, the youth can take risks to generate employment not only for themselves but also for others.

The NUP has already demonstrated that given the proper care and support, NUs can grow and set examples for others to follow. Anybody who wants to free the youth from the curse of unemployment and help them materializing their entrepreneurial dream can consider replicating the partnership model of NUP. They can invest in NU business as partners and help create a better world. NUP provides them a choice whether to remain a silent observer or become an active player in building a world without poverty.