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A calling plan to change the world

By Kristi Heim

Seattle Times business reporter

Like so many others who found their fortune with Microsoft, Peter Bladin left the company and embarked on a second career to try to make the world a better place.

From his office in Seattle, Bladin has set his philanthropic sights on Africa — much like his former boss, Bill Gates. But Bladin is not aiming to distribute vaccines and bed nets. He has a much different weapon for the war on poverty.

A mobile phone.

The idea: Lend an African entrepreneur \$200 to buy a cellphone; the entrepreneur then "rents" the phone to others in the village for pennies a call. The entrepreneur pays off her loan and begins to climb out of poverty. And the villagers have a way to find out the price of corn in the next town or warn neighbors of approaching rebel raids.

In a world with no paved roads, no electricity and no phone lines, the "Village Phone" takes on new meaning as both livelihood and lifeline. For some, buying a phone might even be better than buying a cow.

It allows "the very poorest rural people to communicate in a more efficient way, the way the rest of us are accustomed to," said Bladin, vice president of the Grameen Foundation.

For the first time, information technology is beginning to transform the lives of rural people all across the world, helping them keep in touch with relatives far away or check market prices to make a better profit on what they grow, he said.

In Uganda, it also saves lives. In part of the



GRAMEEN FOUNDATION

Josephine Namala owns a shop in Lukonda, Uganda, where residents gather to make paid calls on her Village Phone, which she bought with Grameen Foundation help. Before she set up the mobile business, they had to walk more than two miles to the nearest phone.



GRAMEEN TECHNOLOGY CENTER

Village Phone operator Roselyn Mondia reviews the ledger of her

country plagued by civil war, a woman operating a Village Phone business received a call warning her about a raid by guerrillas, who had massacred 200 people in a nearby refugee camp.

phone business, which she runs at her shop in Barangay Basak, a village on Negros Island in the Philippines.

She used the phone to call for help and alert neighbors, hiding in a field until she received a message that it was safe to return.

In another village, the phone gives voice to political opinions. People gather around a small shop to listen to a nightly radio show and use the mobile phone to call in and talk to a national audience. Before, they had to walk more than two miles to make a call.

Few people understand how information enriches the world better than Seattle's technology pioneers. Bladin, a Swedish native who spent 10 years at Microsoft, founded the Grameen Technology Center in 2001 and oversees its work developing mobile phones, software and other technology to support efforts to eliminate poverty.

From the top floor of a small building on North Lake Union, former developers from Microsoft and Amazon apply their skills to help rural communities on the other side of the world. With 18 employees and a \$4 million budget, the center is part of the Washington, D.C.-based Grameen Foundation, the U.S. nonprofit modeled on the work of 2006 Nobel Peace Prize winner Muhammad Yunus.

Yunus, a banker from Bangladesh, developed the system of "microcredit": helping poor people raise their standard of living by using tiny loans to start businesses. His Grameen Bank has reached millions of borrowers, mostly women, who would have no access to credit through traditional banks.

Reaching a new market

People outside the rich, industrialized world make up the next big market for many corporations, so reaching them means creating products suited to their conditions and needs, Bladin said.

Mobile phones are the first high-tech industry with more users in developing countries than in developed ones. The number of mobile subscribers is growing faster in Africa than anywhere else in the world.

Even so, phone companies typically take a long time to extend coverage to rural areas, the phones themselves are too expensive for poor people, and the airtime charges are high.

"As successful as the mobile-phone industry is, you still have 3 billion people who have no access," Bladin said. The Village Phone model, he says, can change that.

"If someone lives on a dollar a day, they can spend 10 or 20 cents on a phone call — they don't have to own the equipment," he said.

The technology center worked with the world's largest phone company, Nokia, to help design phones that could be shared and would work in poor, rural areas.

The phones make it easy for operators to track call times and calculate revenue. And they come with built-in flashlights and dust-resistant keypads.

The center — which counts former Microsoft Group Vice President Paul Maritz as a key adviser and wireless pioneer Craig McCaw as its biggest donor — sets up partnerships with mobile-phone

carriers in developing countries.

The extensive social networks established by microfinance give the phone companies a ready-made distribution channel in rural areas. The system has shown mobile carriers they can make a profit charging a lower rate per minute than for normal subscribers because they have such high-volume use. The Village Phone also helps them develop future customers.

Where it all started

The Village Phone originated in Bangladesh, where Grameen Bank and Norwegian telecom operator Telenor partnered to bid for a new mobile license in 1997 and formed a joint venture to run the first Village Phone system.

In 10 years, the number of operators has grown to more than 295,000.

"You can't go to a village in Bangladesh without being able to place a phone call now," Bladin said.

Grameen Technology Center director David Keogh studied the model, wrote an operations manual and began to replicate that success in other countries, including Uganda, Rwanda, Cameroon, Haiti and Indonesia.

In Uganda, he found a partner in MTN Uganda, which is part of Africa's largest phone company. In four years, they've doubled their original plan to set up 5,000 village phones within the first five years.

"What we've done is show them there is profit in rural markets and the business is a solid business," Keogh said.

Two other phone operators in Uganda have started competing with similar products.

"From a business perspective, that was painful, but from a mission perspective, it was like 'Bring it on,' " he said.

How it all starts

Village phone operators start by taking out a small loan through a local microfinance institution. They use that to purchase a "starter kit," which includes the mobile phone handset, an external antenna, an automobile battery to charge the phone, and marketing materials. The technology center negotiates with suppliers for discounts and passes equipment on at no additional cost.

Bladin and his team have been working on a solar panel to replace the car charger.

In Uganda, village phone operators take in about \$2.70 a day, which gives them about \$1 a day of profit. While that may not sound like much, on average Ugandans earn about 77 cents per day. The phone can also serve as an adjunct business for small shopkeepers. The operators make enough money to pay off their loans in about six months.

Where it's all heading

Besides mobile phones, the technology center has also created the first free software system tailored to support the growing microfinance industry around the world. Called Mifos, the open-source software takes microfinance into the modern age. Loans and savings that were tallied on paper ledgers can now be managed in a database.

Before Mifos, there was no standard software that worked well for tiny loans in a village setting, Bladin said. Now anyone can download Mifos' source code and customize it for local settings, fix bugs or add features.

Bladin and Keogh are hoping to build future applications on top of it, such as mobile-based banking transactions, health-care assessments and educational services. The goal is to create new business opportunities for people in developing countries and link them with the world economy.

Corporations are taking an interest in the project. IBM recently announced it would contribute its expertise. Teams of IBM programmers in countries like Kenya and Ireland are working to speed the development of Mifos.

IBM is helping pave the way for future customers. The company sells a variety of open-source products to banks, and those could work together with Mifos.

Microsoft employees have also volunteered their time. Individual developers have lent a hand writing code, even while working on proprietary software in their day jobs.

Those lines are not as rigid as they were in the past, said Maritz, a former top executive for Microsoft Windows and Office, who battled the company's open-source rivals in the 1990s. Maritz, who was born in Zimbabwe, is chairman of the Grameen Foundation's board.

"Microsoft has open-source projects, so they're less religious than you would think," he said. "Conversely, we're less religious about being purely open-source. Our vision is we want lots of people around the world to build businesses on top of this platform."

It's one of the ways technology and philanthropy can work together, he said. "Poverty reduction is an information-intensive business."

Kristi Heim: 206-464-2718 or kheim@seattletimes.com

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