

To Mr.
Alex Counts
President and CEO
Grameen Foundation

1101 15th Street NW, 3rd Floor
Washington DC 20005, USA

Regarding: "Caught in Micro Debt" - your mail of jan. 29. 2011

Dear Sir.

We received your mail of January 29. containing a letter where You state that the TV-documentary "Fanget i mikrogjeld" – "Caught in Micro Debt" - contains "false and defamatory accusations" against Grameen Bank and Professor Muhammad Yunus. We are quite confident that this conclusion is based on misunderstandings about what the film actually has stated, and we will hereby do our best to clarify this.

NRK has been the producer of this film, which is directed by the independent Documentary maker and journalist, Mr. Tom Heinemann, as you well know. For more than a decade, the idea of microcredit in general and Grameen Bank/Dr. Mohammad Yunus in particular, has received overwhelmingly positive coverage in Norwegian media as an important way of helping millions of poor people out of poverty. Difficult and critical aspects of microcredit have been almost totally absent. And as you well know, Dr. Mohammad Yunus and Grameen Bank received the Nobel Peace Prize for this in 2006. According to our important democratic role as part of a critical press, we considered it as an important task to investigate whether this positive impression is really the whole truth.

We don't dispute the fact that microloans have been of help to many poor people. Neither the film has stated this. What the film "Caught in Micro Debt" states is that there is also another side to it.

It also reveals that this has been discussed and well known among the insiders for many years. There ARE critics. There IS research with different answers. There ARE individuals who tell a different story. The film also tells that Dr. Yunus, who has been solely portrayed as an uncontroversial receiver of Norwegian and international aid money, in fact was part of a serious controversy with Norwegian authorities in the late 90's. A fact that has been held secret, not only to the Norwegian Public, but even to members of the Norwegian government and parliament for all these years. This is what the film is about. And this is what we have the right and obligation to tell our viewers.

This of course does not free us of the duty to give the facts as true and correct as possible within our scope, and to convey the information we collect as precisely as possible.

This is why the director Mr. Tom Heinemann went through quite a lot of work to get information, interviews and statements from as many sources as possible.

In writing, we started contacting Mr. Yunus and Grameen Bank on June 16, 2010 - half a year before the broadcast - hoping they would help to shed a light over the issues we were interested in.

In total and to October 26, 2010, we have written numerous e-mails to Mr. Yunus and his employees/partners. In the e-mails we have in details explained and forwarded what kind of questions and critical points we would like to have answered.

Except one answer regarding the so-called "Grameen Kalyan-case", which was indeed referred in the film we have not received any answer/comment from Mr. Yunus and/or Grameen Bank. Being a selfproclaimed spokes person of Grameen Bank and Mr. Yunus, we find it strange that you apparently is unaware of this fact.

We even went to Valencia to try to get an interview with Dr. Yunus, but even then he turned his back on our crew.

You raise three points of special interest. Our answers follow below:

Norad Aid:

As you are aware, NRK aired the film November 30, 2010. In the making we went through several hundred documents which had been kept secret for 12 years by the Norwegian Aid Agency Norad. The documents reveal a serious controversy between Norway and Dr. Yunus. For a long time we tried to get answers/interviews with the people responsible for the Norwegian aid programmes to Bangladesh within the government and within NORAD. This seemed to be very difficult. Only five days before the film was aired, the present minister of foreign affairs, Mr. Erik Solheim, agreed to see the finished film and give his comments the next day in an

interview. He stated that Yunus had done many important things to help poor but that a lot of the critical points made in the film were correct and an important and true part of the story. Mr. Solheim also stated that the transfer of money between Grameen Bank and other Grameen-companies had been considered by Norwegian authorities not to be in compliance with the agreements and intentions between Norway and Bangladesh and as such unacceptable.

The film never stated or gave the impression that Dr. Yunus had done anything illegal. It simply stated that his actions at the time were highly criticized and considered not to be according to the agreements by the Norwegian aid authorities in 1998. This information led to questions in the Norwegian Parliament. This in turn led to the investigation by the Norwegian Ministry of foreign affairs. Their report was published on December 7. - one week after the documentary was broadcasted, and thoroughly covered in NRK news broadcasts. Thus it was of course impossible to include this report in the documentary itself.

Interest rates

At no point the movie says, claims or gives the impression that Grameen Bank charges between 30-200 % in interest rate. Referring to a study conducted by scientists from Bangladesh, the film states that several of Grameen Banks borrowers pay more than 30% annual, effective interest rate. This is followed by an interview with one of the scientists, *Mr. Q.K. Ahmad from Bangladesh who said:*

Quote: We found that most of the people have not added to their assets at all and their had been many – maybe about a third or more – who's assets in fact went down.

We also found that the health and sanitation situation is not good. Their children going to a school, but they are dropping out after a while and their food intake also have not improved very much.

The reason being – they told us – that they have to pay instalments every week.

So the main thing they are trying to do is to find money for paying the instalment – disregarding other needs of the family. Because instalments have to be paid otherwise their maybe is punishment awaiting them or their colleague members of the groups.

A point of interest here is the fact, that Mr. Ahmad today is chairman of the Bangladeshi organisation, PKSF where also Mr. Yunus is sitting at the board. We specifically asked Mr. Ahmad whether he had talked about the study with Mr. Yunus. He replied us, that Mr. Yunus never have commented it - and it had never before been challenged by either Grameen bank or other.

In your letter you state, that you and others have made calculations saying that the interest rate is 22,84. According to Tom Heinemann you and Mr. Roodman have sent an email with this information to him.

However, on October 26, 2010 Heinemann wrote to Mr. Yunus asking him specifically about the study that was conducted by Mr. Ahmad in 2007 concluding that the average interest rate in Grameen Bank (APR) was between 26-31 %. He asked if this was correct. Again, he got no reply.

Regarding 200% interest rate, here is the exact wording on from the film:

Speak: It's not only in Bangladesh where the interest rates on microloans are sky high. Research shows than in Africa 100% interest rate is not unusual. In Mexico it (the interest rate) may even pass 200%.

The film made no mention of Grameen Bank in this part of the film.

The Jobra Interview

In your letter you state that Mr. Heinemann has interviewed a person who is not whom he claimed, named Narrunahar Begum from Jobra. You also claim that we have said that a person named Sufiya Begum, who has been referred to as one of the original borrowers of microloans by Dr. Yunus, died in 1998 when she according to you is in fact alive.

This is of course a very serious accusation. We have no reason whatsoever to believe that Mr. Heinemann gives people false names or states that people who are alive are dead. Mr. Heinemann has no motives in stating such serious accusations, since it would question the professional reputation of him as an independent and multiple award winning filmmaker.

According to our documentation, and even partly according to the short clips by Ms. Gayle Ferraro, the woman we interview in the film is indeed Narrunahar Begum, her mother's name is indeed Sufiya Begum, the family has indeed been referred to as having been among the first receivers of microloans i Jobra.

Narrunahars mother died indeed in 1998 in poverty and this was extensively referred to in local media and Dr. Yunus himself has indeed repeatedly written about the loan he gave to Sufiya Begum. Even the neighbouring villagers in Jobra obviously believe that the person we interview is the person in question.

Finally - we have numerous websites, scanned copies of local newspaper articles etc. that over the years has described the exact same story as we told in our program. To our knowledge - the many news stories with the same content as in our documentary have never been challenged by Mr. Yunus or Grameen Bank. On the contrary, up to recently Mr. Yunus still does lectures where he is talking about one Sufiya Begum.

We find it very odd then that, at this time you explain that the original borrower's name was NOT Sufiya Begum but a completely different name, Chaba Katun, and that she is alive. We have no reason to believe that this woman is lying. Maybe she also took a loan from Dr. Yunus. Maybe she has indeed been on 60 minutes as one of

the first borrowers. But in this case it is Dr. Yunus himself who has initialized the confusion by giving such an important person a false name in his writings. We find it difficult to understand why this was necessary and why Dr. Yunus up until recently has kept using the name Sufiya Begum.

Of course Dr. Yunus might have solved this issue himself before the film was aired if he had chosen to answer the questions he was asked by mail six weeks before the film was aired. But he never answered our requests.

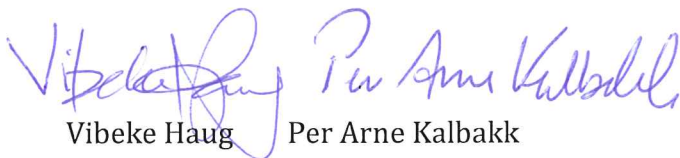
Thus we had all reason to be in good faith, and this is probably not something we can be blamed for. But it is of course regrettable if we have presented erroneous information on this point and something we are ready to rectify when we receive more substantial documentation.

We would also like to receive information who engaged Ms. Ferraro and who paid her trip to Jobra. We would also request you to forward the full contact details on the interpreter that assisted Gayle Ferraro when she was in Jobra.

We would finally like you to clarify if you are appointed as an official spokesperson of Mr. Yunus and Grameen Bank, if you are paid for this and by whom or if this is an initiative solely on behalf of Grameen Foundation."

We look forward to hearing from you.

With kind regards



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