

VIEW: Phones for the poor —Syed Mohammad Ali

Kenya is estimated to have three million cell phone users among its 30 million people while only 200,000 households have electricity. Indians are buying two million cell phones a month, despite the fact that 300 million of them live in poverty. Phone makers are lobbying for tax breaks arguing that the product is no longer a luxury item

With the increasing saturation of markets in developed countries and the simultaneous expansion of consumerism around the world, many business concerns are keen to identify investment opportunities in marketplaces once considered too risky and remote. While the growing presence of trans-national corporations in developing countries has its fair share of opponents, attracting business to emerging markets can be seen as a positive trend.

Besides ushering in foreign direct investment, opening up markets is said to increase access to cheaper and higher-quality products for consumers within developing countries. Leaving aside the debate concerning pros and cons of ushering in foreign investment, it is important to realise the potential development implications of increased access to the newer products being made available in poor countries.

While the utility of increased availability of products like safer and cheaper medicines would be obvious, even the growing profusion of cell phones can have a direct impact on the lives of poor people. For example, gaining access to cell phones can change the lives of poor women whose personal mobility is constrained by socio-cultural barriers. The spread of telecommunication facilities can widen the scope of access to information. This can be vital for a range of social development processes.

Several mammoth phone companies are already present in Africa and South Asia. Kenya, for example, is estimated to have three million cell phone users among its 30 million people while only 200,000 households have electricity. Indians are buying two million cell phones a month, despite the fact that 300 million of the country's population lives in poverty. These figures may even improve as some phone makers are working to introduce a single-chip mobile phone which will further bring down costs for the emerging markets and boost their sales. These companies are also lobbying for tax breaks on low-cost mobile phones, arguing that the product is no longer a luxury item. The right to information is after all recognised in the Universal Declaration of Human Rights.

Before examining specific development implications of increased telecommunications access, let us see why there is a growing market for cell phones in poor countries in the first place. After all it is not easy for the poor to waste money. An explanation is that cell phones can in fact offer their owners a chance to make money by charging others for its use. Used commercially, they can create a self-employment opportunity for those who can afford to buy them. A number of the rural calling centres in developing countries consist of just one cell phone, a table and a bench. Many people have purchased either cell or prepaid phone connections as an income-generating investment with small loans from NGOs or other sources. A cell phone can generate an average income of \$55 a month in a country like Nigeria.

Even in our part of the world, one does not have to look too hard to find Internet cafes not only in the big cities but also in many smaller towns. Public call offices are also increasingly visible in far-flung rural areas. Yet this increased access to telecommunication needs to be put in a context. There still exists a significant divide between people who have access to means of communication and those who do not.

Consider, for example, the case of Bangladesh. There are only four telephone connections for every 1,000 people. Compare this with New York which has more phone connections than all of rural Asia. The divide also prevails within developing countries. Both government and private telecommunication service providers are bent on increasing the tele-density in bigger cities rather than extending outreach more consistently. In attempting to bridge the digital divide, there is need for more innovative approaches which are relevant to the needs of the poor. Such an approach is vital for development and poverty alleviation.

There is an ingenious precedent for merging accessibility and applicability in the telecommunications strategy devised by Grameen Bank. The growth in the use of cell phones is evident in Bangladesh since Grameen Bank, famous for pioneering micro-credit programmes in the country, was given a licence to vend mobile phones. The price of a cellular phone, which earlier cost a hundred thousand taka, dropped down to less than a tenth of the price. Once considered a status symbol, the cell phone is no longer out of reach for the lower middle class or even the low-income class.

Grameen Bank has offered cell phones to rural women and beggars so they can also sell a roving service for cash. Of course it is hard to predict with certainty that all the people being provided access to mobile phones by Grameen Bank will be able to improve their economic circumstances. Those provided mobile phones by Grameen Bank do have to pay back the cost of the instrument in monthly instalments. They also have to pay the service charge for operating their phones. However, Grameen Bank has at least come up with a well thought out strategy which provides the completely marginalised segments of the population a chance to invest in a product for which there is a demand in the country. It is important to realise that for the poor, telecommunication products are not a status symbol or even a means of easy personal communications. Instead, a mobile phone meant for the poor must be used as a means of securing empowerment.

Although there is an identifiable niche for utilising telecommunications for development, this requires an integrated approach going beyond simply providing cheaper phones to poorer people. It is best to be wary of a sales pitch aimed at luring poor customers who do not have ample purchasing power and do not enjoy the luxury to purchase items without jeopardising their livelihood.

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