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GTC VILLAGEPHONE

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Ken Banks offers coaching, mentoring and strategy support.

The Village Phone

The Village Phone Program has continued its rapid growth.

VP Program began from a social commitment made by the shareholders of GrameenPhone that "good development is good business". The program is implemented by Grameen Telecom (GTC) in cooperation with Grameen Bank, the internationally renowned micro- credit lending institution.

The program facilitates women borrowers of Grameen Bank to the GSM technology through the village phones. They become effectively mobile public call offices. This not only provides rural poor with new, exciting income-generating opportunities, but it also helps to enhance the social status of women from poor rural households.

The VP works as an owner-operated pay phone. It allows the rural poor who cannot afford to become a regular subscriber, to avail of the service with loans from Grameen Bank. The loan usually is for BDT 12,000 and pays for a handset, the subscription and incidental expenses. The VP operator receives training from GTC about mode of operation, user charges etc.

Initiated in 1997, the VP Program has continued to grow at a robust pace over the years. As of September 2006, there are more than 250,000 VP subscribers.

The average revenue per user (ARPU) of VP subscribers is double that of the average GP business user. The revenue growth has been significant over the years. Beginning with BDT 0.53 million in 1997, the figure has risen to BDT 1,114 million in 2002 and to BDT 2,070 million at the end of 2003.

The VPs in operation now provide access to telecommunications facilities to more than 60 million people living in rural areas of Bangladesh.

This unique venture has gained widespread global recognition and has been featured extensively in international media. The success of the program won it the "GSM in the Community Award" given by the GSM Association in 2000. Former U.S. President Bill Clinton also lauded the innovative VP Program during his visit to Bangladesh in the same year. According to some research studies, the introduction of VPs has made a tremendous social and economic impact in the rural areas, creating a "substantial consumer surplus" for the users.

One of the studies was jointly conducted by Jahangirnagar University and the Center for Development Research at the University of Bonn in Germany. The other study was conducted by the TeleCommons Development Group (TDG) of Canada for the Canadian International Development Agency. "The Village Phone Program yields significant positive social and economic impacts, including relatively large consumer surplus and immeasurable quality of life benefits, The consumer surplus from a single phone call to

Dhaka, a call that replaces the physical trip to the city, ranges from 264 percent to 9.8 percent of the mean monthly household income. The cost of a trip to the city ranges from 2 to 8 times the cost of a single phone call, meaning real savings for poor rural people of between BDT 132 to BUT 490 (USD 2.70 to USD 10) for individual calls," noted the TDG multi-media case study on the Village Phone Program."

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Village Phone not only changed the life of Laily Begum and her family, but it also brought about a remarkable change in the attitudes of the people of Patira. Now she is one of the most-talked about persons in the village. Laily Begum has become a role model for the people of Bangladesh as well, demonstrating clearly how information and communication technology can help the poor to come out of poverty

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