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Author / organisation	Ken Banks
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Under the Radar? Africa's Informal Development

Ken Banks, IDG News Service

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Is it just me, or are we seeing increasing numbers of books about Africa, African development, Africa's lack of development, beating poverty in Africa, disease in Africa and what we should be doing to solve all of the "problems" of Africa?

Looking through the shelves in my local bookstore, there certainly seems to be a strong African presence (by subject, if not by author). As someone with a professional and personal interest in the continent, it's becoming increasingly difficult to keep up. Recently, while reading a book about economic development in, you guessed it -- Africa -- it struck me how much was written at the macro, global, top level. Lots of big numbers, percentages, talk of GNP, GDP and FDI (foreign direct investment). But when I think, for example, what a 0.1 percent increase in GDP might look like for a rural villager in, say, Kenya, I get a little stuck. What does it look like? Is it even possible to look at it this way? Many studies of African economic development I get to read seem to focus on outside influences and interventions as the key economic drivers (or not, as the case may be) such as foreign aid, foreign direct investment, the colonial legacy and so on.

Clearly, each of these play a significant historical role in explaining much of where the continent finds itself economically and politically today, and forms the basis of much of Jeffrey Sach's and William Easterly's equally well-formed arguments. The fact that many authors tackle the subject from the "top down" may simply be a reflection of the reality over the past forty or fifty years, as one of an African majority as passive victims, or recipients, of outside initiatives, unable to do much for themselves or to release their own economic shackles.

If at any point in time this was true -- and that is debatable -- then I suggest that today it is rapidly becoming less so. What many of these books fail to touch on, and this is crucial in my view, is what I'd best describe as informal economic development, growth which has been possible because African entrepreneurs are beginning to find their way in a changing environment where they can remove those economic shackles for themselves, and not by being handed the key by a donor agency or international trade agreement as may have traditionally been the case. This is economic development that I can see.

For the past five years or so I have spent most of my time helping grassroots non-profits in developing countries take advantage of the latest technological revolution -- the mobile phone. With penetration rates standing in excess of 30 percent, and handset sales among the highest in the world, Sub-Saharan Africa has a lot to gain from the introduction of what is commonly referred to as a "leapfrogging technology."

Its impact has been clear, and not only economically. Farmers are now able to access market information through their phones, increasing income in some cases by up to 40 percent. Casual laborers are able to advertise their services, allowing them to take on more work and avoid down-time waiting on street corners for work to come their way. Unemployed youth can get job vacancies on their phones, alerting them when work becomes available. Mobile phones are also able to provide health information and advice, remind people when to take their medicine, and allow citizens to engage more actively in civil society by monitoring elections and helping keep governments accountable. Others can get wildlife early warnings, mitigating against livelihood- and life-threatening human-elephant conflict. The impact, and uses of, mobile technology in the developing world is nothing short of staggering.

The opportunities brought by the arrival of mobile technologies and services have not gone unnoticed, particularly by those sitting in, or uncomfortably close to, the so-called bottom of the pyramid. Indeed, mobile ownership is increasing there, too, and shared phone and village phone plans mean that those who are not yet able to afford a phone still have access to the technology. A single village phone lady in a rural Rwandan village, for example, may provide telecommunications services to hundreds of people in her area.

In "Mobile Telephony: Leveraging Strengths and Opportunities for Socio-Economic Transformation in Nigeria," Christiana Charles-Iyoha is clear about the value Nigerians placed on their mobile phones, many describing

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losing them as literally a matter of life or death for their businesses. At the same time, many -- not only in Nigeria but also many other parts of Sub-Saharan Africa -- have been quick to exploit the numerous opportunities they bring. More widely, the spread of mobile phones has brought significant casual (or informal) employment opportunities for people. In Uganda, for example, a recent report by the Uganda Communications Commission listed a formal (i.e. officially employed) national total for the IT sector, a majority of which consists of the mobile industry, at around 6,000 people. The informal sector, which engages in support activities (which I'll discuss in a moment) represents over 350,000. The numbers are staggering. If we ignore this informal sector then, clearly, a considerable amount of economic activity is slipping under the radar.

Anyone who's travelled to an African country in the past couple of years could not have failed to notice representatives of this "Ugandan 350,000." Women selling airtime on the streets, children dodging cars at main junctions selling chargers and phone covers, street vendors making a living charging people's phones and mobile phone repair shops helping people squeeze one last drop of life from their old phones. There is also a thriving second-hand market, with stalls selling all manner of new and recycled handsets. Entrepreneurs are even building their own mobile-mobile services, strapping phones and spare batteries to the front of bikes and travelling to where the business is.

In a now much-cited 2005 study, London Business School economist Leonard Waverman concluded that an extra ten mobile phones per hundred people in a typical developing country leads to an additional 0.59 percentage points of growth in GDP per person. From a government perspective, taxes and revenue generated by an insatiable demand for communications no doubt fuel a large part of this growth, but there's also little doubt a significant amount also comes from a growing and increasingly efficient informal sector. At the bottom of the pyramid, where micro-loans of just a few dollars are a proven catalyst in helping people work their own way out of poverty, we have a technology that has the clear potential to do the same.

As more and more people become connected, future studies of Sub-Saharan Africa and its economic potential will find it harder and harder to ignore the growing influence of mobile technology, and the power and spirit of African entrepreneurship to capitalize on it. There's little doubt that this spirit has always been there, but perhaps it's just taken mobile technology to create an environment in which much of it can thrive.

Ken Banks, founder of kiwanja.net, specializes in the application of mobile technology for positive social and environmental change in the developing world. He combines over 22 years in IT with over 14 years experience living and working throughout Africa in countries including Kenya, Nigeria, South Africa, Mozambique, Cameroon, Zambia, Uganda and Zimbabwe. His vision is to empower others to create social change, and he does this by developing and providing tools to mostly grassroots organizations that seek to better use technology in their work.

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