

Mobile Phones Against Poverty: Grameen Telecom

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The pre-industrial setting of rural Bangladesh is the location of a high-tech enterprise tipped as a model for communication and poverty reduction for the entire Third World. To see it for myself I followed barefoot guides to a few of the 9,400 villages where Grameen Telecom have set up business with mobile phones, and to question if they can really make any difference to the rural poor. As I walked along a network of muddy paths, looking around at people bent double in paddy fields, I couldn't help thinking that mobile phones, if they're not a ridiculous idea, must be very low down the list of priorities in poor rural villages.

'Isolation and lack of information', says Mr Masud Isa, the Managing Director of Grameen Telecom, 'are very serious obstacle to poverty eradication'. Small-scale producers in rural areas cannot bargain for fair prices unless they know the market prices.

Without a telephone in a village it's impossible to call emergency services for fires, for police to deal with crimes or for doctors to attend accidents and other health emergencies. It may mean the difference between life and death to be able to make or receive a call in an area prone to floods, cyclones or tidal waves, and with a population so vulnerable to their effects.

With a phone in a village grievances can be communicated to authorities. Since there is so much labour migration, mobile phones can keep families in contact. Vital details about remittances from other areas and overseas can be transmitted in a secure and direct way.

The landlines in Bangladesh are very limited, only 450,000 fixed telephones for a population of more than 130 million, and a service so unreliable that only 20% of calls are successfully completed. It was clear that the only feasible way to overcome these information obstacles to development, and to achieve nationwide coverage, was to set up a serious mobile phone network. To do just that Grameen Telecom was established as a not-for-profit company.

'This is a successful Robin Hood enterprise' says Mr Isa, 'we take from the rich and give to the poor'. In 1997 GT started operations by forming a joint venture company called GrameenPhone with investment from Norway's Telnor, Japan's Marubeni and the US company Gonofone. The business has grown fast and this January GrameenPhone celebrated reaching 500,000 subscribers, more than 70% of the mobile subscribers in the country, and it is the success of this - mainly urban - business that supports the development of the Village Phones.

The Village Phones programme currently has 9,400 phones in nearly as many villages. In each village the phone business is set up with a poor woman who is one of the 2.4 million borrowers in Grameen Bank's micro-credit programme. They take a loan for the phone equipment and pay it back slowly with the money they make from charging villagers for phone services. The phone operators know everyone in their village and they rent the phone, take calls and pass on messages for anyone .

'There are plenty of people with enough money to buy the phones outright, and we could get far faster coverage by offering the phones openly on the market' says Isa, 'but we want this to be a business opportunity for the poor, especially poor women'.

Each phone has a coverage of about 2,500 people, so though 9,400 phones mightn't seem much they have a coverage of 23.5 million people. This year the expansion of the Village Phone network will more than double its current coverage and is planned to reach 50,000 phones by the end of 2004.

Mrs Begum has been running the phone in her village for three years and explained that she had paid back the loan to buy it in the first year. She uses the phone for about 1600 minutes a month, 600 minutes being outgoing calls and this has provided her with enough income to set up another small business - for her husband!

As we sat discussing the programme people passed by carrying pitchers of water from the pump, others crouched down chewing beetlenut and chatting, a lady nearby was cooking on an open fire and one caller arrived carrying a duck. Tongue-in-cheek I asked if I could make a call to the UK, having failed to do so from the capital city Dhaka I assumed it was an absurd request. To my astonishment Mrs Begum put me straight through on a perfect line.

The Grameen Bank model is already in use in more than 80 countries and some countries have asked for Grameen Telecom staff to act as consultants to help start programmes elsewhere, but so far they have mostly been too busy to accept. Mr Shawket, the Grameen Telecom Field Manager who accompanied the visit, said that they could barely deal with their own expansion and the development of new programmes such as community media centers, online health consultancy, e-mail and fax services.

In Shawkat's view one of the clearest successes of their work is that the programme is directed at very poor women. 'Nice idea' I said, 'but does it really work that way?' - Mrs Begum doesn't look very poor?. Mrs Begum laughed: 'I'm not poor?' she said, 'I was poor?.'

More Info:

A case study by CIDA is available at::

www.telecommons.com

Programme for Research on Poverty Alleviation have done extensive research: contact: gt_prpa@citecho.net