

The Economic Impact of Telecommunications on Rural Livelihoods and Poverty Reduction

Research Brief

Key words: Telephones, Livelihoods, Poverty Reduction, Digital Divide, Household Survey, Information Sources

The last five years have seen tremendous growth in telephone ownership and use in developing countries. Until the mid-1990s, telephones were only available in the urban centres of poor countries. Some African countries had telephone densities as low as one per thousand people. Since then, mobile telephone networks have spread rapidly in most low income countries. Many people, even in low income communities, now own telephones; and most adults make some use of them, wherever they are available, usually relying on public kiosks, phone shops or airtime bought from individual phone owners. The mobile phone has become a symbol of the use of new information and communication technologies (or ICTs) in the developing world.



These developments have occurred in parallel with a realization of a 'digital divide' existing between the developed and the undeveloped world. This has led to certain schools of thought promoting ICTs as a shortcut to development. The findings from this seminal study allow us to answer the question;

Do mobile phones – as a form of ICT – contribute to development as a whole?

Furthermore, the project asked what impact has the telephone had on livelihoods – on how people live their lives, protect themselves against vulnerability and take opportunities for a more prosperous future? Do people use the telephone for social or business purposes? How important is it to them in emergencies? Does it make a difference to how they obtain the information they need to run their lives? And how does it fit into the pattern of other communication channels they have available?

How the research was done?

Very little substantial or detailed research has been done so far on these questions. The research reported in this document assesses the impact of the telephone on the lives of the rural poor in three developing countries – in the state of Gujarat in India; in Mozambique; and in Tanzania. The survey was carried out in the second half of 2004. In each country, three research locations were chosen, and the research was undertaken in around thirty villages clustered around these locations – to ensure a wide variety of characteristics such as distance from markets and telephone facilities. In each location, about 250 adults – mostly heads of households – were interviewed at length about their household circumstances, communications requirements and behaviour, their use of telephones and their attitudes towards them.



Key Findings, Telephones are:

- considered very important for use in emergencies
- extensively used to maintain social networks, especially contact within the family
- valued more for saving money than for earning money
- valued more by richer and better educated people than by the poorer, less educated or more marginal members of society – especially where financial value was concerned
- considered unimportant for information gathering

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Findings from research of this kind are especially significant when they are consistent across different societies. Key findings from this study of the use of telephony were strongly consistent in all three research countries (India, Mozambique and Tanzania).

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Further research highlights

Telephone ownership is growing rapidly and is highly valued. In all three countries, at least 45% of phone owners had acquired their phones within the past year – and at least 33% of those without a telephone said that they wanted to acquire one within the next year.

In all three countries, it was clear that there was a distinct group of high intensity users – people who owned their own phone and used it more than once a day. These people tended to be high status individuals – in the highest income and educational groups. The poorest and least educated made least use of the telephone. Where telephones are valuable in improving livelihoods, the suggestion is that they are benefiting higher status groups most and the most marginalised groups least. The poorest groups also said that the telephone had a negative financial value for them (unlike the richest groups, who thought it beneficial).

Information and communication sources

- Telephones are the preferred means of communications for emergencies and family networking – though they are less dominant in Africa than in India.
- Mass media are the preferred ICTs for general information such as news and weather – the television and newspapers being preferred in India, and broadcast radio in Africa.
- Face-to-face communications is overwhelmingly the main method of communications for specific information in all three countries, including information about education, farming, business and government services.

The value of the telephone

Asked about their primary, secondary and subsidiary uses of telephony, people in all three countries strongly identified emergencies and social networking as their key uses of telephony.

In all three countries, respondents gave:

- very high value to the telephone as an instrument for social networking
- mixed value to the telephone as an instrument for economic activities
- and very low or negative value to the telephone as an instrument for knowledge-gathering.

Telephony and livelihoods

The impact of the telephone on social capital revealed by the survey is considerable. The telephone is important and considered to have high value in all three countries for social networking, particularly within the family. It is providing significant added value in this area, especially where family members live remotely (as migrant workers or in the diaspora), as well as substituting for some face-to-face communications.

The impact of the telephone on economic activities is mixed. The telephone is considered to have value by a high proportion of users when it comes to saving money (for example, by substituting for transport or postal costs), but it is not considered to have value by most users when it comes to earning income.

The full report is available to read at:
www.telafrica.org

For more information on Gamos and its activities please visit:
www.gamos.org



Commonwealth Telecommunications
Organisation
Clareville House
26 – 27 Oxendon Street
London SW1Y 4EL
UK
44 20 7930 5511
www.cto.int



Crown House
231 Kings Rd
Reading
RG1 4LS
UK
44 (0)1189297039
info@gamos.org



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