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# ***Connecting Rural Uganda***

***Can mobile phones contribute to local empowerment?***

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## 1. Poor and isolated, but skilled in survival

Most countries in Africa are confronted with massive challenges related to unemployment, poverty and inequality, as well as economic challenges linked to globalization. Under pressure from global market forces and neo-liberal discourses, many states are undergoing transformations that reduce state authority in favor of market liberalization and transfer state power to the regional and local levels. Such reforms are coupled with development discourses that emphasize local partnerships between actors in state, market and society. These discourses emanate from powerful actors such as the World Bank, but also from ‘post-structuralist’ intellectuals as well as from left-leaning thinkers and groups. The common assumption is that “mutually enabling relations between decentralized state institutions, local businesses and civil organizations will generate economic growth, poverty alleviation and good governance” (Harriss et al. 2004: 8-9). This shift is due to a “concern with the *interests* and *agency of local people* and their *participation in processes of empowerment*” (Mohan and Stokke 2006: 1; emphasis added).

However, one can argue that in the development context, the primary issue is poverty – poverty of a sort that is severely impeding any kind of agency or participation. Moreover, poor people, particularly when living in local communities that are, taken together, very poor themselves, often remain trapped in their situation (Chamlee-Wright 2005: 8). This is not necessarily the case because they lack skills – a common assumption, according to Muhammad Yunus, ‘banker to the poor’ and Peace Nobel laureate. On the contrary: “The reality is that [the poor] possess extraordinary survival skills. A poor person must work hard just to stay alive in a country that provides no safety net. Unfortunately, these survival skills are often undercapitalized, with the consequence that the poor do not receive the full fruits<sup>1</sup> of their labor” (Yunus 1998: 409). This misconception is also somewhat visible in the term ‘social capital’, and the often postulated need to “construct it” in development countries that supposedly have a lack of it, a popular concept among development actors. The issue, as John Harriss argues, is in fact rather about establishing contexts in which more people are able to realize the potential of the ‘social capital’ they already possess (see Harriss 2001). Hence the better-suited term ‘empowerment’<sup>2</sup>, which appears to gradually replace the language of

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<sup>1</sup> That is, they cannot invest in raw materials to, for example, turn them into sellable goods, or must lend money at interest rates that are far too high to make such a thing truly profitable.

<sup>2</sup> Bebbington et al. (2004: 58) name four key elements of empowerment: (1) access to information; (2) inclusion or participation in decision making; (3) accountability of organizations to people; and (4) capacity to organize at the local level to resolve problems of common interest.

‘social capital at’ the World Bank and other relevant development actors (see Bebbington et al. 2004: 57).

However, while making funds available to the undercapitalized poor is clearly a necessity, helping, or empowering, them goes beyond simply lending money. Microfinance institutions (henceforth called MFI) are doing valuable work in the field already, assisting the poor in many ways; most notably by promoting investment in assets, protecting against income shocks and by improving quality of life (Shekh 2006: 179-180). But with their detailed knowledge at the village level, MFIs are in a unique position to reach further, either by themselves or in cooperation with others. Nurul Islam Shekh (2006: 201) argues that “there is a need for microfinance institutions to enter into strategic alliances with other development actors working in the same geographical areas and specialized in service provision” to make poverty alleviation more effective.

The focus in development politics appears to have shifted to the local level. This raises the question: *What is it that can be done at the local level? And is it enough to make a difference? What are these other services that could be provided, and what consequences do they have, what changes can they bring about?* To find some insight, I will first discuss some of the theoretical literature that deals with these issues and then cast a look at the case of Uganda, where the interplay between the government, locally-based microfinance institutions, and mobile telecommunications operators shows some interesting results.

## **2. The lubricants of empowerment**

The world’s economic history that is marked by increasing prosperity is, at the same time, also characterized by the development of methods and mechanisms that allow human beings to tap more effectively and make use of knowledge embedded within local contexts. Examples such as double-entry bookkeeping, insurance and credit bureau ratings, and flexible interest rates are just a few among many of how “dispersed and otherwise inaccessible knowledge can be summarized in forms that are ready at hand” (Chamlee-Wright 2005: 8). However, hundreds of millions of people with unmet demand for financial services indicate that there are many barriers that keep the informal sector and the knowledge embedded within it from connecting to national or global markets, or to what Friedrich Hayek has described as

the ‘extended order’<sup>3</sup>. In certain countries, where poverty is the norm, the sheer size of the informal relative to the formal sector makes the search for connections beyond the undercapitalized informal sector very difficult – it is in such cases that microfinance can be most effective (2005: 9). According to Hernando De Soto (2000, cit. in Chamlee-Wright 2005: 9), the lack of property rights on the informal level, or ‘dead capital’, is also an impediment, e.g. for contract credibility.<sup>4</sup> *A further barrier is tight control over telecommunications by governments.* Even in the most formal economic environment, ‘word of mouth’ plays an important role in conveying local knowledge, or skills, across markets. “Word of mouth is all the more important in the informal context in which so much of the useful knowledge is embedded within tight-knit social networks” (2005: 9). Emily Chamlee-Wright also argues that “in regions where cellular technology has been able to take hold, word of mouth can travel and inform others far more widely than it otherwise could” (2005: 9). One typical example is how cellular technology enables farmers and other producers distanced from larger markets to connect to the “knowledge flows of the extended order” (2005: 9), e.g., a city market. For those in search of the best price for supplies and the best markets for their output, the technology often “pays for itself, cutting down transportation costs by hours or even days and speeding up response time to fleeting market opportunities” (2005: 9).<sup>5</sup> Word of mouth may also help with regard to human capital supply and demand: A boy raised in a rural town has a better chance leveraging his local social network if his uncle can use a cell phone to tell his business associates in the city about his promising nephew. “Close-knit affiliations can be leveraged more effectively if the flow of communication outside the local network is made cheaper and easier” (2005: 9). However, state monopolies or excessive regulation makes the telephone communication prohibitively expensive and cumbersome (if not impossible when simply inexistent) for small-scale entrepreneurs, severing a powerful link between the informal sector and formal, more developed sector with its multiple economic opportunities (Chamlee-Wright 2005: 9-10).

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<sup>3</sup> *Extended Order* is an economics and sociology concept introduced by Friedrich Hayek. It is a description of what happens when a system embraces specialization and trade. The result is an interconnected web where people can benefit from the actions and knowledge, accumulated through time, of those they don’t know. This is possible and efficient because proper legal framework replaces trust. Trust is only practical in small circles of people who know each other socially (see Chamlee-Wright 2005: 7-8).

<sup>4</sup> Indeed, microfinance institutions such as the famous Grameen Bank do not demand so-called collaterals against their microloans when handing them out to borrowers (Grameen Bank 2007).

<sup>5</sup> Gary Marsden has been criticizing this ‘market myth’ of subsistence farmers using mobile phones to find the best market price. When he confronted fishermen on Lake Malawi with this concept, they laughed, telling him that “the catch isn’t worth the phone call” (Marsden 2007). Robert Jensen dismisses this argument with an example in India, where exactly this is happening (The Economist, 12.5.2007).

### 3. Africa, now you're talking<sup>6</sup>

Mobile phone use is growing twice as fast in developing countries as in developed countries, and nowhere as fast as in Africa (BBC 2005; Vodafone 2007). However, despite those access improvements largely made possible by the mobile phone, most of the people on the continent still do not own any kind of phone, and many more have no regular access to telephony. In terms of information communication technologies (henceforth called ICTs) African countries continue to lag global averages. The gaps between African and developed countries persist and may even have intensified throughout the last decade. This indicates a growing 'digital divide' (Gillwald 2005: 8). The complex and contradictory features of the globalization processes appear to "integrate some states, economies and societies into global networks and flows while marginalizing others" (Harriss et al. 2004: 8). The significance of this growing digital divide<sup>7</sup> is that as information becomes "ever more central to human activity, the lack of it could make other development gaps impossible to bridge" (Gillwald 2005: 8). The potential existence of a "poverty trap, where a certain threshold of national communications infrastructure rollout and skilled individuals have to be in place for the positive network effects of these technologies to reach a takeoff point and multiply through the national economies" (Rodriguez and Wilson 2000, cit. in Gillwald 2005: 8) may prove to become a serious growth inhibitor for countries falling behind in this digital divide. They may never reach the threshold point, thereby being permanently excluded from the numerous potential economic and social benefits of ICTs (Gillwald 2005: 8).

The digital divide is not only "a gap between the North and the South" (Gillwald 2005: 8), but also one within countries. Domestic digital divides, which mainly means urban-rural ones, often mirror existing inequities and carry the risk of being reinforcing over time – a potential source of conflict. Indeed, the characteristic ICT user is often young, male, well-educated, financially better-off, likely to live in the capital and at the same time to be a member of the respective country's dominant ethnicity (2005: 8). To best understand the significance of ICTs, looking beyond their immediate impact is crucial. One needs to understand that "they make possible the access to information that lies at the heart of most human activity" (2005: 8). The very nature of ICTs is pervasive; it cuts across all sectors and is applied by individuals, businesses and governments and is inherently adaptable to custom needs. Increasingly, ICTs are "viewed as a prerequisite for modern human development" (Digital

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<sup>6</sup> "Now you are talking" or "connected" is widely used by Ugandans as a slang term to refer to a new mobile phone owner, especially among the youth (Tsubira 2005: 174).

<sup>7</sup> It consists not only of ICT *products* and *outputs* such as internet access and mobile phones, but also ICT *inputs*, or in other words: engineers and scientists (see Rodriguez and Wilson 2000, cit. in Gillwald 2005: 8).

Opportunity 2002, cit. in Gillwald 2005: 9). *Mobile phone technology* in particular has a number of characteristics that makes it very attractive in current attempts to bridge the digital divide. These characteristics include its ability to overcome geographic barriers – e.g. mountains, wetlands, and deserts; the lower installation costs and shorter payback periods compared to landlines; its scalability – “simply” add antennas as the number of users grows; no (steady) requirement of electricity<sup>8</sup>, lower social entry barriers than the Internet, e.g. because illiteracy is less of a problem; and finally the innovative pricing, e.g. pre-paid solutions (Dholakia and Kshetri 2003: 248). Indeed, Vodafone, a large global mobile operator, claims that the rapid spread of mobile phones in Africa has been aided by pre-paid options that allow users to control their spending. In addition, the number of mobile users is often much higher than the actual number of phones, as several people may use the same handset (Vodafone 2007).

In an adequate regulatory environment, and with the right policies (see Baudrier 2001: 4-9), telecommunications has long been understood as an enabler of economic growth<sup>9</sup>, not just as a sector in itself but also more generally as a vital service to business and industry. The rationale for seeking investment in the telecommunications infrastructure, which undercapitalized governments have attempted through privatization and liberalization, is not only rooted in the direct economic returns it generates. In fact, the economic returns are far greater than investment itself: the positive effect on transaction costs between businesses and customers is potentially very high (Gillwald 2005: 9; see also *The Economist*, 12.5.2007). Higher teledensity has been linked to social effects as well, as countries with more phone lines per capita can also expect significantly higher rates of life expectancy and literacy (Gillwald 2005: 10; see also Kenny 2001).<sup>10</sup>

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<sup>8</sup> This refers to the handsets, which conveniently can be charged at a point where electricity is available. In rural Bangladesh, solar panels are used to charge the handsets of the “phone lady” businesses (James 2000: 773). In Malawi, handsets are in some places charged with the use of muscle-powered bicycle dynamos (Marsden 2007).

<sup>9</sup> Interestingly, the question has long been whether such infrastructure generates economic growth or whether economic growth creates demand for upgraded telecommunication infrastructure. In a study, Röller and Waverman (2001; see also Waverman et al. 2005) concluded that the causality is in fact two-way: telecommunication infrastructure and economic growth catalyze one another. It seems, however, that the critical mass of the network for economic growth to kick in is near 40% teledensity - which is almost universal access. Teledensity in non-OECD countries remains on average around 4%.

<sup>10</sup> Both Gillwald and Kenny cite a World Bank paper by Kenny, Navas-Sabater and Quiang (2001) which I unfortunately was unable to retrieve from the World Bank’s website.

#### 4. A friendly place

Uganda is, according to its official motto for visitors<sup>11</sup>, “Africa’s friendliest country”. It is also very business friendly, at least in the telecommunication sector, which has been liberalized fairly well, with some good aspects. Among these are: good regulation, a relatively competitive and vibrant market, and declining prices, mainly in mobile telephony. It has also a well-implemented rural development program (see UCC 2007b). There are still some challenges to overcome: access and competition is still limited, prices are high (despite the downward trend), and Internet penetration is almost negligible<sup>12</sup> (Tusubira et al. 2005: 162).

The communications sector was considered to contribute 1.4 % to the total GDP of Uganda in

Tab. 1 Uganda Indicators<sup>13</sup>

Population	30'262'610
Population density	120/km <sup>2</sup>
Poverty; living with less than 1\$ a day	26.8 %
Adult literacy rate, age 15 and older	69.9 %
Urban population	14.9 %
GDP per capita (PPP)	1'800 USD
Surface area	236'000 km <sup>2</sup>
Uganda Shilling UGX / 1 USD	1'700

2003. In terms of job creation, it was held responsible for the direct creation of 5'000 jobs and an estimated indirect one of 125'000 jobs – via outsourcing of the three major operators MTN, Celtel, and UTL, provision of access services (cybercafés and telekiosks), support services, equipment assembly, sales, installation, maintenance and training (Tusubira et al. 2005: 163-164). The three major operators now cover most of the country, particularly the urban centers and the more densely populated rural areas (GSM 2007; Tusubira et al. 2005: 164). The number of

mobile phone subscribers has skyrocketed from 3000 to over 3 million between 1996 and 2006, while the country still has a “minuscule amount of fixed line access” (Gillwald and Esselaar 2005: 21): landline subscriptions have only increased from 45'000 to roughly 137'000 in the same period (UCC 2007a). A number of reasons are attributed to this tremendous mobile communications growth, among others the poor, inefficient and unreliable provision of landlines; the pre-paid model that provides the freedom to make calls and spend money according to need and income patterns; the ease of getting a connection and the resulting mobility – indeed, the large *informal sector* in Uganda is considered to have

<sup>11</sup> Uganda’s official motto for visitors. See [www.visituganda.com](http://www.visituganda.com).

<sup>12</sup> Uganda is currently disadvantaged for being ‘e-landlocked’. There is no terrestrial, i.e. optical fiber, access to the international fiber backbone. Its only available means is via satellite, which is very expensive (Tusubira et al. 2005: 166 and 168). Several East African countries and telecommunication operators with the same problem are working on building the East Africa Submarine Cable System (EASSy). Far from being an “eas(s)y” project, it is way behind schedule. See <http://en.wikipedia.org/wiki/EASSY> or [www.eassy.org](http://www.eassy.org) for more information.

<sup>13</sup> Data collected from CIA Factbook (2007), except: population density (UN 2006); Uganda Shilling ([www.xe.com](http://www.xe.com)); poverty rate and urban population (Tusubira 2005: 162).

particularly benefited from mobile services while being a significant source of user growth (Tusubira et al. 2005: 164).

## **5. Off the beaten track, but still on the network**

The Ugandan government's awareness with regard to the effects of the planned telecommunication sector liberalization was high from the start; they had a clear understanding that the envisaged policies would marginalize the poorer sections of society. (Tusubira et al. 2005: 167). Most Ugandans – over 85% – live in rural areas, and about 83% of them belong to the lowest income group.<sup>14</sup> To counter this expected problem, the Ugandan authorities set up the Rural Communications Development Fund (RCDF). The results have so far been impressive, as the ICT infrastructure has been improved in virtually all rural areas with, among others, internet cafés, related training centers, district websites, and payphones (UCC 2007b). The project has gained a lot of international attention and Uganda's policy as well as its implementation is generally considered as being 'best practice' (UCC 2005).

The efforts aiming at universal access, and thus empowerment and development, have not come from the government's side only. In addition to their program, which may be characterized as a top-down effort, another movement at the local level, with international help, has been carrying out programs to provide the rural periphery with the benefits of affordable telephone access. The driving force behind this was Grameen Foundation.<sup>15</sup> Its mission is, as they word it, "to empower the world's poorest people to lift themselves out of poverty with dignity through access to financial services and to information. With tiny loans, financial services and technology, we help the poor, mostly women, start self-sustaining businesses to escape poverty" (GFUSA 2007). The particularly interesting, and, to the author's knowledge, innovative aspect is the emphasis on *technology*.<sup>16</sup> Grameen Foundation argues as follows: "To help microfinance reach its full potential, we are driving industry-changing innovations that increase the efficiency of microfinance institutions' operations, create new microbusiness opportunities for the poor, and provide telecommunications access for the world's rural poor." In this sense, Grameen Foundation tackles what Emily Chamlee-

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<sup>14</sup> An income of less than 100'000 UGX, ca. 55 USD, per month. In cities, slightly less than half the population belongs to this income group as well (Tusubira et al. 2005: 169).

<sup>15</sup> This Washington-based microfinance institute was founded in 1997 and claims to serve 3 million families in 22 countries (GFUSA 2007).

<sup>16</sup> This they may have inherited from Grameen Foundation USA's founder and great source of inspiration, Muhammad Yunus who is himself very keen on technology and its potential (see Yunus 1998). Grameen Foundation USA was founded on the grounds of the success story of the eponymous Grameen Bank of Bangladesh, which, along with its founder Muhammad Yunus, won the Peace Nobel Prize in 2006.

Wright identifies as the two foremost problems of the poor – the inability to communicate with the outer world and to tap into financial markets. The result is MTN villagePhone, small-scale rural mobile phone businesses, or “phone shops”, run by local women. How does it work? Iqbal Qadir, the concept’s inventor, once drew a simple analogy:

*“In a typical example [of microfinance projects], a woman borrows enough money to buy a cow, and then repays the loan using the profits that result from selling its milk. The loan is repaid, the woman earns an income from the cow, and her neighbors can buy milk. Mr. Qadir looked at this model and realized that ‘a cell phone could be a cow’”* (The Economist, 11.3.2006)

Instead of milk, the woman sells airtime to other people in her neighborhood. The income she generates can then be used to pay back the loan and people in her village can make calls without having to, for example, waste time and money on long journeys to urban areas where public phones are more prevalent.

Replicating a tremendously successful program<sup>17</sup> that was first pioneered in Bangladesh by Grameen Bank (see Richardson et al. 2000), MTN villagePhone’s initial goal in 2003 was to establish 5’000 new mobile phone businesses in five years. By 2006, the number was already closing in on 7’000 and growing at a rate of over 150 businesses a month.

In Uganda, Grameen Foundation served as a catalyst and created the linkage between the telecommunications sector and the microfinance sector to enable microfinance clients to borrow the money to purchase a ‘village phone business’. In an attempt to capitalize on local institutions already in place, Grameen Foundation collaborated with MTN Uganda, the country’s largest mobile operator<sup>18</sup>, as well as with eight independent MFIs throughout Uganda, to establish MTN villagePhone<sup>19</sup> (GFUSA 2007).

The economic and social impact of village phones in Uganda’s rural communities has been significant. With regard to profitability, Grameen Foundation claims that on average, the village phone operators sell five times more airtime than a typical urban customer uses on his personal mobile phone (GFUSA 2007), which may explain why MTN – apart from the positive media coverage it receives for showing such corporate responsibility – has shown

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<sup>17</sup> By 2005, there were more than 110’000 village phones covering over 100 million people throughout Bangladesh (Stanley 2005: 2).

<sup>18</sup> 52 % of its shares are owned by MTN South Africa, an innovative mobile telecommunication company, and one of the continent’s largest, with subsidiaries in a number of African and Middle Eastern countries; see also [www.mtn.co.za](http://www.mtn.co.za) or [www.mtninvestcom.com](http://www.mtninvestcom.com) for more details.

<sup>19</sup> As a part of the initial agreement, Grameen Foundation sold its stake to MTN Uganda in late 2006 and claims that the company is now locally-owned and managed (GFUSA 2007).

great interest in this project. MTN also benefits through fulfillment of governmental public access requirements (Stanley 2005: 2; see also UCC 2007b) and through additional traffic on the network from areas that would otherwise be unlikely to contribute, such as “where electricity is unavailable and [...] the MTN network can only be accessed with booster antennas” (MTN 2007). The social impact is also considerable. It empowers the women<sup>20</sup> who operate village phones by enhancing their social status, improving access to information (e.g. by increasing her contact with a wide range of people), reducing their financial dependency from their husbands, and generally making them more assertive in household and community affairs (Stanley 2005: 4). In Uganda and other African countries, this is quite relevant. Women are usually more vulnerable to poverty because of their weaker basis of entitlements, while at the same time, they bear a disproportionate burden of responsibilities and costs associated with the care of family members. Diseases, such as HIV/AIDS, can exacerbate this unequal division of labor and responsibility when family members are affected (see Stanley 2005: 6-7).

## **6. Growth and better lives, but no political effects?**

Looking at the case of Uganda with the assumption, as mentioned earlier on, that “mutually enabling relations between decentralized state institutions, local businesses and civil organizations” will generate “economic growth, poverty alleviation, and good governance” (Harriss et al. 2004: 8-9), one can attempt to make a range of conclusions. In terms of private sector logic, the rapid and comparatively far-reaching expansion of mobile networks in Uganda may be taken as an indicator of profitability. Hence I assume considerable economic growth within telecommunications and related services.<sup>21</sup>

The economic success of the MTN villagePhone and its impact on the rural poor still remains somewhat unclear, though. Other than the village phone operator, who gains income and social status, signs of poverty alleviation among other villagers have yet to be demonstrated. Village-level research in Bangladesh (see, for example, Richardson et al. 2000) has brought some evidence of the actual social and economic impact of village phones. Improving finances and social relations of families, who had a relative abroad for migrant work, were some of the study’s revelations. The reason was that the village phone helped to stay in touch and better channel remittances sent home. So far, these aspects remain unclear in Uganda.

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<sup>20</sup> Owning a mobile phone is still a gender issue in Uganda, where 60% of handsets are owned by men (Gillwald and Esselaar 2005: 25).

<sup>21</sup> Gary Marsden (2007) highlights a case where the shift of priorities to mobile phones hurt other businesses, because people had to make choices on how to spend the same amount of money available to them.

There is, however, a study on the impact of village phones in poverty alleviation in Uganda under way, which will be published this year (GFUSA 2007).

The aspect of good governance cannot really be answered, as local “decentralized” state institutions or administrative bodies remain, to the author’s knowledge, largely unmentioned in the literature. Whether they are ineffective or irrelevant, their role appears to be taken up by other organizations such as local MFIs, which in turn receive support from international organizations and donors. Moreover, the telecommunications liberalization and the rural communications development program, never mind the district coverage programs, have their locus in the central, not the local government. That is no great surprise. In the case of infrastructure that is of crucial importance for the local economy – such as roads, water, and electricity, and, as we have seen, telecommunications (particularly in the absence of such things as roads, water, and electricity), local political authorities in Africa usually have neither the capacity nor the legal powers to take action. Nor is the fate of disadvantaged groups, such as women, part of popular political discourse (Crook 2003: 82). Here, non-governmental organizations can make a difference by stepping in with expertise, financial means, and social commitment.

I argue that without the political and financial clout of Grameen Foundation and some of the actors backing this international MFI<sup>22</sup> it is rather unlikely that MTN (and, ultimately, the Ugandan government) would have joined so enthusiastically into this project. Catalysts such as Grameen Foundation are greatly needed, also because the availability of mobile phones can be as much a political problem as an economic one. Governments’ willingness to open the market for competition and make investment in mobile sector is partly influenced by their perception about the appropriateness and usefulness of mobile phones, and other ICTs, for different sections of the society. Although this may be changing, many Third World governments for example still view mobile phones as luxury items appropriate only for business executives and rich people (Dholakia and Kshetri 2003). Here, organizations such as Grameen Foundation that have acknowledged the large-scale potentials of technology and capable of convincing others to embrace it can make a real difference.<sup>23</sup> In the case of

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<sup>22</sup> One of Grameen Foundation’s key supporters is USAID, the principal U.S. foreign aid agency, gives Grameen Foundation, along with Muhammad Yunus’ prestige, some extra weight. USAID contributed over half a million USD in 2005 (GFUSA 2007).

<sup>23</sup> The lack of an integrated development strategy needed to realize a maximum of the benefits mobile and other information technologies have to offer, often leads to low valuation of the potential ICTs have in transforming economies and societies. Due to these unsuitable strategies, implementation in many developing countries has often – in nearly 80% of the cases – resulted in unsustainable community projects or short-lived government initiatives (Gillwald 2005: 12). In this respect, a replication of the successful case of Uganda with its unusually early and complete liberalization of the telecommunications sector is, albeit being an encouraging, and hopefully

Uganda, it was also MTN upon its entry in the market in 1998 that redefined the mobile as not being the sole preserve to the rich, but a tool for everyone – including businesses and poor people (Mureithi 2001).<sup>24</sup>

On the other hand, right at the local level, the logic of village phone businesses makes them, almost inevitably, bound for success. This can be derived from the simple fact, as Jeffrey James (2000: 774) notes, that the business operator has a natural incentive to diffuse the service as widely as possible, to ensure that the prices of telephone calls are affordable by as many people as possible, including the poorest, and to keep the phone and the connection in good working order. With this in mind, it is no surprise then that Grameen Foundation has introduced the village phone concept in other African and Asian countries – current activities include Rwanda and Cameroon, as well as the Philippines (GFUSA 2007). In addition, a freely downloadable ‘Village Phone Replication Manual’ has been published. It has already inspired the creation of village phone initiatives in Senegal (GFUSA 2005; GFUSA 2007). However, as Deryke Belshaw writes, “tackling the material base of poverty in such struggling, predominantly agricultural economies heavily dependent on foreign aid, requires improving the productivity of and returns to agriculture, as well as increasing urban employment – basic facts often forgotten in this new emphasis on human development and community empowerment. There is little evidence that purely local programs, if they ignore the need for macro-economic investments and at least regional technical support, can do more than scratch the surface of rural poverty” (Belshaw 2000: 100, cit. in Crook 2003: 82).

Finally, I would like to stress the one question that, so far, remains unanswered: whether or not the village phone program has any *political consequences*, be it with respect to ‘good governance’ or ‘civil society’. Local governments in the chosen case appear to be absent, while the village phone projects are largely satisfied with primarily aiming at basic

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sustainable example, rather unlikely to happen to this degree in other African countries. Particular to Uganda is also its high population density of 120 inhabitants per square kilometer, four times as much as the African average. Bangladesh, home to the first village phone project, has an even higher one of 1064; Rwanda has one of 351. World average is at 48, while in Europe it lies at 32 (UN 2006). This factor, of course, has an additional positive effect on mobile network deployment and usage per unit of equipment, such as antennas. Other, more sparsely populated African countries may have more difficulties to extend telecommunication services to rural communities.

<sup>24</sup> The rapid, successful, and profitable deployment of mobile communication to all kinds of social strata in MTN’s home market South Africa may have contributed to this attitude. The author remembers how as early as in 1999, it was possible to send free text messages to practically every mobile network in the world via MTN’s website. This great service was unfortunately shut down later, as it grew too popular – as even Europeans began to use it.

improvements of daily livelihoods. However, once people succeed in improving their situation, and at the same time gain better access to information, social change becomes a possibility. Ignoring some of the social and political implications – good and bad – of increased connectivity would mean to underestimate the potential that lies in it. So far, little seems to be known on how political activists make use of mobile phones in Uganda. The potential for this is considerable, as events in Eastern Europe and some African countries have shown.<sup>25</sup> However, the literature dealing with socio-political consequences of increasing connectivity in developing countries, i.e. by means of ICT, is “extraordinarily slender” (Mudhai 2003: 2). This indicates a need for further research with regard to mobile technology’s socio-political impact in developing countries.

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<sup>25</sup> Besides the well-known cases such as the Ukraine and the ‘Orange Revolution’ in 2004, or in Serbia by the ‘Otpor’ youth movement earlier on, where popular unrest, and even outright revolt, was greatly facilitated by the use of mobile phones and text messaging (see Radio Free Europe 2005; Van Zon 2005: 387), politically motivated use of mobile phones has also occurred in African countries. During Senegal’s 2000 presidential elections, reporters ‘armed’ with mobile phones stood by the polling stations and transmitted the results instantly to radio stations, from where they were announced. Allegedly, plans of the incumbent president, Abdou Diouf, to rig the votes were thereby thwarted. He lost the elections (Abel 2000). Other election monitoring by means of mobile phones reportedly happened in Zambia in 2001 and in Kenya in 2002 (Mudhai 2003: 7). Some argue that Ethiopia’s authoritarian regime switched off text messaging on mobile networks precisely for this reason. It remains unavailable (information received from personal conversation with Norwegian journalist Tarjei Olsen, May 2007).

## 7. References<sup>26</sup>

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<sup>26</sup> For practical reasons, all sources regardless of type and origin, are listed in alphabetical order.

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