



Africa: The Impact of Mobile Phones

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Mobile and Economic Growth

- Telecommunications rollout boosts economic growth and enhances consumer well-being in poor countries. The growth impact of mobiles is large in both developed and developing countries, but around twice as important in the latter group. Once developing countries such as Hong Kong, Korea and Singapore used telecommunications as a key part of their economic development strategy. As wireless technologies require much lower cost to roll out over large areas than fixed line systems, mobiles can potentially play a vital role in economic development.

Economic and Social Impacts of Mobile

- There is a positive correlation between teledensity and quality of life indicators. It has been found that mobile communications contribute significantly towards enhancing income and improving quality of life – specially in rural areas. There are now several studies documenting the improvement in prices received by farmers as a result of better access to mobile telephony in developing countries of Asia, Africa and Latin America.
- One particularly nice example is the case of fishermen in India using mobile phones to get information about prices at different ports before deciding where to land their catch. This specific example was confirmed in a study of fishermen off the Tanzanian coast.

Mobile networks and FDI in developing countries

- The relationship between mobile penetration (mobile only and not fixed lines) and FDI in developing countries was examined. It was found that there exists a statistically



significant relationship between mobile penetration and FDI flows. The study indicates that a 1% increase in mobile penetration rates results in 0.5-0.6% higher rates of FDI.

Mobile use by rural communities & small businesses

- A survey was conducted, to analyze the socio—economic impact of mobile communications on rural communities and small business in Africa. Individual respondents from rural areas highlighted savings in travel time and costs as one of the most important benefits of mobile phones. It was found that mobiles also help in improving services such as taxi and transport service, in rural areas.
- Similarly, use of Mobile phones by small businesses resulted in reduced traveling cost and an increase in efficiency which was a widely cited impact by small businesses. Some specific examples included being able to run errands without closing the store, placing orders from the premises without having to visit the supplier etc.

Social capital and mobile phones

- Studies have indicated that use of mobile phones enhances social capital and thereby significantly improves business, training and education opportunities. Research suggests that there are some links between social capital and mobile phone usage in rural communities in South Africa and Tanzania.
- In both countries there was a high degree of sharing mobiles for free with friends and family. This indicates that mobiles may be acting as a social amenity, a tool to be shared for social activity and communications including business and education related communication.