

GRAMEENPHONE & GRAMEEN TELECOM

Village Phone Program

Information & Communication Technology in Africa

Harmeet Gill

March 1, 2006

"The telephone is a weapon against poverty." -GrameenPhone

GrameenPhone

- ❑ Created by Grameen Bank
- ❑ Nov 1996- offered a cellular license in Bangladesh
- ❑ March 26, 1997- launched service on Independence Day
- ❑ November 2005- more than 5 million subscribers
- ❑ GrameenPhone's two purposes:
 - "to receive an economic return on its investments"
 - "to contribute to the economic development of Bangladesh where telecommunications can play a critical role."

The Strategy & The People

- ❑ Strategy: rather than connecting “islands” of urban areas, grow the network one cell phone at a time
- ❑ People: hires young people who are passionate and very well-educated from institutions in Bangladesh and abroad

Grameen Telecom (GT)

- ❑ Created by Grameen Bank
- ❑ Wholly-owned non-profit organization
- ❑ Initiative of Professor Muhammad Yunus
- ❑ Holds 35% share of GrameenPhone

Bangladesh



-144,000 sq km total (133,910 sq km land & 10,090 sq km water)

-Slightly smaller than Iowa

-Population: approx. 144,320,000

-Literacy rate:
total pop 43.1%
males 53.9%
females 31.8%

-main issues: extreme poverty & 1/3 of country gets flooded annually during monsoon season

Problem: 97% of homes and almost all rural areas do not have a phone (teledensity rate is 40 phones per 1000 people and almost negligible in rural areas)

Village Program (VP)

- ❑ Began in 1997
- ❑ More than 165,000 VP subscribers as of August 2005
- ❑ How it works:
 - a) Grameen Bank approves financing of a phone and gives a loan
 - b) GT buys a cell phone subscription, provides the connection, hardware, and training for the entrepreneur

Outcomes

- ❑ Average revenue per user of VP subscribers is twice average revenue of the GP business user
- ❑ Revenue in 1997: BDT 0.53 million
2002: BDT 1,114 million
2003: BDT 2,070 million
- ❑ Through VP, more than 60 million people have access to telecommunications facilities.
- ❑ On average, each operator serves a village with a population of 2,500
- ❑ Won the "GSM in the Community Award" in 2000 & Petersberg Prize in 2004

Benefits

- 95% of operators are women and so has improved the status of women and allowed them to contribute financially
- According to a study by the TeleCommons Development Group:
 - The consumer surplus from one call to Dhaka ranges from 264% to 9.8% of the average monthly household income
 - The phone call replaces a trip to the city which can be 2 to 8 times the cost of one call
 - Farmers and local businesses use the phone to reduce costs, get better prices, and plan shipments.

Challenges

- ❑ Government control of telecommunications market through monopolistic provider, BTTB:
BTTB unwilling to help connect mobile systems to fixed phone infrastructure, limiting expansion of the rural phone network
- ❑ Large fees for BTTB phone service
- ❑ GP's use of cellular technology for fixed phone centers. GSM is more expensive than fixed wireless local loop (WLL) systems. GSM towers cover 15 to 20 km while WLL towers reach areas within 50 km. WLL has better bandwidth and is less expensive.

The Future

- ❑ Continue helping more entrepreneurs and grow network
- ❑ Multi purpose telecenters which will offer phone, fax, e-mail, Internet, word processing, data entry, distance education, health assistance, adult education, and other IT benefits

Laily Begum

- ❑ Laily Begum and her husband Atiqullah, a day laborer began in poverty living in a tiny house in Patira outside of Dhaka
 - ❑ Encouraged by husband to join Grameen Bank to get loan to buy a cow.
 - ❑ Encouraged by branch manager to apply to VP to become the first Village Phone Lady of Grameen Telecom.
 - ❑ Began her business and began to earn enough to save BDT 3000 monthly.
 - ❑ Has set up 5 shops now
 - ❑ Children are in schools
 - ❑ Live in a brick-built home with two beds, two color TVs, one fridge, and one cassette player.
 - ❑ Now plans to diversify their IT business and have applied for an Internet line
-

Questions

- ❑ How else can this method using entrepreneurship and small business be applied to other problems?
 - ❑ Where else can this telecommunications initiative be applied?
-