

Mobile Opportunities: Poverty and Telephony Access in Latin America and the Caribbean

DIRSI Research Cycle 2006-7

Rationale and Key Goals

Access to communication services, and telephony in particular, has long been recognized as an important development input. In Latin America and the Caribbean the level of penetration has grown exponentially in the past years, driven largely by mobile services. Access to telephony in the region is largely based on usage strategies around mobile telephony, particularly for the poor which for various reasons typically have limited access to traditional fixed services.

Nonetheless the debate about universal access, and more generally about how improved communications could help alleviate poverty in the region, continues to be focused around fixed telephony and related services (e.g., switched or xDSL Internet access). This not only ignores the realities of how the poor communicate but also risks misallocating public resources through the funding of access programs of little relevance to those that most need improved access to basic communication services.

The main goal of this research project is to understand the strategies employed by the poor in Latin America and the Caribbean to access and use mobile telephony services, and identify the major market and regulatory barriers to increased penetration and usage. We also seek to understand how mobile telephony access contributes to social and economic development by the poor – what we call *mobile opportunities*. A set of recommendations for policymakers and key stakeholders to help remove major access barriers is a key project deliverable.

Research Strategy

This project combines primary and secondary sources. The main instrument for primary data gathering is a regional survey of low-income mobile telephony users and non-users, to be conducted during the first months of 2007. This survey will be preceded by thematic background papers that review the existing literature and compile available data on relevant market and regulatory trends in the mobile telephony industry in Latin America and the Caribbean, as well as in comparable developing regions. These papers, which will be completed and published by the end of 2006, are expected to provide the background knowledge to develop the survey instrument and make informed choices about appropriate research design.

Background Papers

Paper #1: Regulatory Framework for Mobile Telephony in Latin America

Authors: Jorge Dussan

Mobile telephony growth in Latin America reveals an increment of connectivity for the entire society. This growth has been achieved in a soft regulatory environment for these services, concluding that the results of this regulatory framework are the result of the market rules. This assumption has not been proved and it is possible to derive opposite consequences of it. The objective in this paper is to identify the regulatory practices related with mobile services that contribute to enhance the connectivity conditions of the poorest population. For this purpose, all regulations applied in the region will be analyzed and also some models of mobile technology appropriation by the poor will be reviewed. Barriers or bottle necks that have limited the growth of these services will be studied, as they have reduced the growth of these services, reducing the benefits received by the users. Finally the regulatory framework will be analyzed in relation with the consumer protection regime.

Paper #2: Market Structure in Mobile Services in Latin America

Authors: Marlon Tabora and Judith Mariscal

In Latin America and the Caribbean the level of mobile penetration has grown in such magnitude in the past few years that it has left fixed telephony behind: today the penetration of mobile telephony is twice that of fixed telephony and the perspectives for growth seem to point towards a further increase in the gap between the two. Access to telecommunications in the region is largely mobile and not fixed; mobile services are a substitute and not a complement to other services. This phenomena has occurred parallel to a regional market structure where there is a growing consolidation of two grand carriers, Telmex and Telefónica.

The objective in this paper is to document this consolidation in the case of mobile services identifying recent trends in market shares. This document will provide a detailed description of mobile companies' market shares in the region using various indicators such as number, traffic and contract (post or prepaid) as well as market concentration indexes such as Herfindahl. It will also explore the possible impact technological convergence on mobile services, such as "triple play" and VoIP, may provide a competitive drive that may counteract market consolidation. The objective is to provide a map that may be useful in identifying future tendencies of mobile competition in Latin America and the Caribbean.

Paper #3: *Mobile Telephony Affordability*
Authors: Roxana Barrantes and Hernan Galperin

One of the key issues for understanding how the poor use mobile telephony is the question of affordability. It is also important to identify not only how much the poor pay for services, but the type and quality of service received. This paper seeks to define a basket of mobile telephony services used by the poor, its price in each of the countries involved in the study, and the level of expenditure this represents to different population segments. The emphasis will be on understanding the major components of mobile telephony prices in the regions, and defining what is a reasonable level of expenditure by the poor in mobile telephony services in the region, and what can be afforded with such expenditure.

Paper #4: *Pro-Poor Mobile Capabilities: Service Offering in, and Application Possibilities for Latin America and the Caribbean*
Authors: Kim Mallalieu

This background paper defines, distinguishes between and categorizes key supply side parameters of the ICT sector such as services and applications. These parameters are further categorized in terms of consumer-centric operational parameters such as Quality of Service, which in turn are correlated back to network resource costs. In this way, a comparative measure of the cost to provide various services to the poor, at various performance levels, is explored. The focal point of the paper is mobile technologies, both contemporary and emerging.

The paper also explores the possibilities for ICT applications, enabled through mobile service, that already and potentially impact poverty alleviation. As a prerequisite to this study, the paper clarifies the boundaries between provider-centric ICT services and user-centric ICT applications. It also maps services onto various classes of pro-poor applications which they can support. The mobile capabilities in Latin America and the Caribbean is reviewed. The objective of this study is to establish a supply-side reference point and baseline for the contemplation of pro-poor mobile access in Latin America and the Caribbean.

Paper #5: *Genderstanding Mobile Telephony: Women, Men and their Uses of the Cellular Phone in the Caribbean and Latin America.*
Authors: Hopeton Dunn and Leith Dunn

Telephony has undergone dramatic transitions over the last five years. From an overwhelming presence of wire-line technology, the global industry is now dominated by wireless technology operated mainly through satellites and interlocking national networks of cellular sites. This trend is also evident in the Americas. The mobility spawned by this wireless revolution has had differentiated impacts on how men and women now utilize the telephone. The paper will examine these trends as they are reflected through personal, domestic and business practices among men and women of differing ages and social classes in rural and urban areas of the region.

The term ‘genderstanding’, borrowed from the work of Meryl James Sebro, describes a nuanced understanding of gender relationships as they affect people in domestic, community and cultural contexts. The logic of ‘genderstanding’ is to deepen and share understanding and sensitivity to unequal power relations between women and men. The concept can be extended to develop a better understanding of the social divide between the rich and the poor and their relationship to technologies such as the mobile telephone. The objective of the project is to provide a baseline study of how men and women use mobile communication devices in the Caribbean and Latin America within the contexts of rural and urban settings and across different age ranges.

Paper #6: *Mobile use/adoption by MSMEs in LAC, particularly by small-scale entrepreneurs working in the informal sector.*

Authors: Antonio José Junqueira Botelho

In Latin American and the Caribbean (LAC), although informal firms constitute the majority of micro and small enterprises in the larger and more advanced economies of the region and the majority of the firms in the smaller and more backward economies, overall they represent the major source of employment in the region. It seems that the skill requirements of these firms is relatively low, as they generally do business in traditional, technologically mature industrial sectors and in low entry barriers service segments. In general, the market and institutional environment in which these firms operate does not generate incentives for them to take up ICTs. Although fundamental engines for job creation and economic growth in the LAC region, MSMEs – particularly micro-enterprises – have not yet caught up the same benefits of experiences brought about by mobile telephony in India and a few African countries.

The main objective of the proposed background paper is then to review existing data available in the LAC region, to summarize findings and to suggest new ways by which new data could be collected so that to pave the way for a better understanding on the importance of mobile telephony for increasing competitiveness (and, consequently, social quality conditions) of LAC MSMEs operating in the informal sector.



Project Schedule 2006-7

2006												
	January	February	March	April	May	June	July	August	September	October	November	December
Research planning												
Background papers												
Review and discussion												
Fieldwork planning												
Plenary meeting												
Publication of results												



2007												
	January	February	March	April	May	June	July	August	September	October	November	December
Survey tool development												
Pre-testing												
Data collection												
Data entry												
Data analysis												
Draft report												
Review and discussion												
Final report												
Publication and dissemination												