In the hands of people
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Information and communications technologies can foster much needed broad-based economic development in poor countries. They are opening up new possibilities for empowering a large number of people. One example is the spread of mobile phones in my native Bangladesh, from a few thousand in 1997 to more than three million today.

I woke up to the potential communications technology ten years ago, when I worked in a small investment firm in New York City. Our firm’s productivity had gone up when we adopted a rather rudimentary computer network. We simply updated each other more frequently as our ideas evolved, getting to action plans more quickly.

One day, when this network went down and I waited for someone to fix it, I remembered one of my childhood days in 1971. That year, there was a war in Bangladesh, and my family had left the small town where we lived and moved to a relatively more peaceful but infrastructure-poor rural area. One time my mother asked me to get some medicine for a sibling from someone about eight-to-ten miles away. I walked all morning to get there, but when I got there, the medicine man wasn't there and I walked back home in the afternoon. Sitting in New York in 1993, I put the two experiences together and concluded that connectivity is productivity -- whether it's in a modern office or in an underdeveloped village.

This meant that telephones could be a powerful engine for weak economies. They help people save time in connecting with others, time that can be put to productive use. They help people coordinate with others to accomplish complex tasks, without which an economy can remains stuck at a lower level. The net result is higher productivity or increased income. Part of this increased income can pay for a telephone service even if the initial purchasing power is low.

In 1993, there were only two telephones per one thousand people in Bangladesh, and almost all of them were confined to a few urban pockets. In the rural areas of the country, where 100 million people lived, there were virtually no telephones. The need was so great that I felt compelled to do something about it. I established Gonofone Development Corp. (Gonofone means “People’s Phone” in Bengali) in New York in 1994 with seed funds from American investors to help me organize a company to provide nationwide phone service in Bangladesh.

I realized that a project serving all urban areas in Bangladesh and its 68,000 villages would require large resources and credible backers. The difficult-to-reach rural areas where other infrastructures were non-existent or poor were precisely the places of acute need, calling for a practical and dependable way to distribute services there.

This drew my attention to micro-credit programs such as that of Grameen Bank which was serving in more than half of those 68,000 villages then. I realized that small entrepreneurs, backed by micro-credit, could retail telephone services to their surrounding communities. Because Grameen Bank already had branches throughout the rural areas and its repayment records were excellent, its borrower network would be an excellent means of penetrating the rural market. This practical scheme helped me organize a global consortium of businesses and funding sources including the Grameen family, Telenor AS (the primary telephone company in Norway), and Gonofone which I established earlier in the US. With their support, GrameenPhone was established in late 1996 that started building a new cellular network and providing services to the public soon thereafter.
To date, GrameenPhone has built the largest cellular network in the country with investments approaching $500 million and a subscriber base of nearly two million. Its rural program is already available in more than 40,000 villages where 55,000 micro-entrepreneurs retail telephone services, providing telephone access to more than 50 million. These micro-entrepreneurs make after costs $2 per day in profits, nearly twice the per capita income in Bangladesh.

This project sees poor people as contributors, not targets for aid. Citizens are not just receiving but producing services. Their involvement lowers costs while improving their own knowledge and skills. Their increase in productivity and improvement in knowledge and skills are, I believe, what we mean by development.