

## Step 2

# Consider the Socio- economic Benefits

Rural development is of primary importance to Third World countries since most of the economic potential is found in rural areas, where 80 per cent of the population lives and where a significant part of the gross national product is generated. Frequently, two or three primary commodities produced in rural regions earn most, if not all, of the foreign currency. A good part of these earnings should be returned to the areas that generate them.

### 2.1 Background

Unfortunately, in spite of their importance, rural areas are often neglected in medium- and long-term development strategies because urban requirements are often articulated with more urgency. In the past, foreign aid donors and national governments have tended to undertake prestigious projects in the capital cities rather than projects in the rural areas that would strengthen agriculture and other rural activities. This is one reason for declining rural activity and the growing need to import agricultural products and to receive food aid.

The development of rural potential faces many obstacles. The major ones are scarcity of human resources, inappropriate institutional frameworks, adverse climatic and geographic conditions, high population growth, poor health, and inadequate infrastructure and services.

Efficiency in productive sectors must be improved, particularly in agriculture. Programs must be undertaken to create an appropriate rural infrastructure for supplying basic services in transportation, energy, water and sanitation, and telecommunications. People are becoming increasingly aware that more attention must be paid to rural development to make better use of national resources. No alternative will improve economic performance more quickly and will benefit more people.

The need for telecommunications within a well balanced rural infrastructure is often overlooked. But, particularly now that developed countries are changing to information societies, it is essential that other parts of the world recognize the importance of telecommunications to social and economic activities.

Providing telecommunication in rural and remote areas costs more than providing it in high-density urban settlements. Telecommunications companies refrain from investing in rural areas because of an insufficient rate of return. Sometimes they are even bound to do so because their statutes require operations to produce a minimum profit level. But projects should be appraised, not only on the basis of direct returns, but also according to benefits that occur outside the sector in the national economy, as has been done with other elements of the infrastructure.

### 2.2 Socio-economic Benefits

The role of telecommunications in socio-economic development has been the subject of many studies. One undertaken by the International Telecommunication Union identified numerous potential benefits of telecommunications, the most important of which are summarized here.

- Reliable, cost-efficient rural telecommunications can enhance output levels, employment, and foreign exchange earnings (in export sectors) by the more efficient use of resources.
- Skilled personnel and other scarce resources — for example, petroleum and transportation capacity — can be used more economically when a basic telecommunication network is available to co-ordinate decision-making at different stages of production, distribution, and exchange.
- The rate of information flow and business transactions can be increased, and better use can be made of machinery and other capital goods.