

### Social media trends

The rise of mobile communications is driving a sharp rise in internet use, particularly social media. In every country, the use of social media, especially Facebook, was widely cited as the main use of the internet. This is driven by the large distances between islands, coupled with close family ties and the large number of people from these countries living abroad. Social media provides a virtual way to stay in touch through the sharing of pictures and videos. The number of Facebook users in the region grew from 157,000 in 2011 to 457,000 in 2014, and penetration rose from 8 per cent of the population to 20 percent (see PAC5 in figure above—Facebook penetration in the South Pacific).

The rise in Facebook users has been driven by wider access to mobile phones in the region -- over 80% of Facebook users in the region use their cell phones to access the social network -- triggering unprecedented changes in the way information is shared and spawning a new 'digital generation'.



### Recommendations for governments, operators, regulators and the development community

Taking maximum advantage of the opportunities that improved ICT services can offer requires good policies and regulatory systems as well as improving the skill levels of the public. The report makes several recommendations to this end:

- 1 Improving data collection and monitoring the health of the ICT sector
- 2 Strengthening competition
- 3 Leveraging international connectivity
- 4 Enhancing the mobile integration ecosystem
- 5 Fostering e-learning and digital skills
- 6 Supporting ICT enabled agricultural services
- 7 Stimulating e-Health
- 8 Using ICTs for public service delivery
- 9 Boosting tourism impacts
- 10 Making ICT access universal

### Economic and Social Impact of ICT in the Pacific

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Photos courtesy of World Bank. Cover photograph: Students from Tonga's Tailulu College making the most of new high-speed broadband services at the 2013 World Telecommunication and Information Society Day celebrations in the Tongan capital, Nuku'alofa. Photo: Tom Perry / World Bank.



# Economic and Social Impact of ICT in the Pacific

## REPORT SUMMARY

2015

This paper summarises a report, published by the Pacific Region Infrastructure Facility (PRIF), on the economic and social impact of information and communication technology (ICT) developments in the Pacific. It is based on the findings of research conducted in late 2014 in five countries -- Fiji, Samoa, Solomon Islands, Tonga and Vanuatu, and highlights impacts in sectors such as agriculture and fisheries, tourism, government, education and healthcare -- but its conclusions are relevant to most Pacific Island Countries (PICs). The report provides recommendations of 'intervention points' for development partners, donors, policy

makers, regulators to further leverage the benefits of ICT. Increasing access to ICT has the potential to trigger, through various mechanisms, social and economic benefits, such as greater productivity, entrepreneurship, innovation, financial inclusion, reduced transaction costs and improved public service delivery. Indeed, this change has begun, and the Pacific region is emerging as the new internet frontier, with an evolving 'mobile ecosystem' which stimulates new and innovative business models, contributing to economic growth and improved social services.

The **Pacific Region Infrastructure Facility** is a multi-partner coordination, research and technical assistance facility for improved infrastructure in the Pacific. PRIF members: Asian Development Bank, Australian Department of Foreign Affairs and Trade, European Union, European Investment Bank, Japan International Cooperation Agency, New Zealand Ministry for Foreign Affairs and Trade and the World Bank Group.

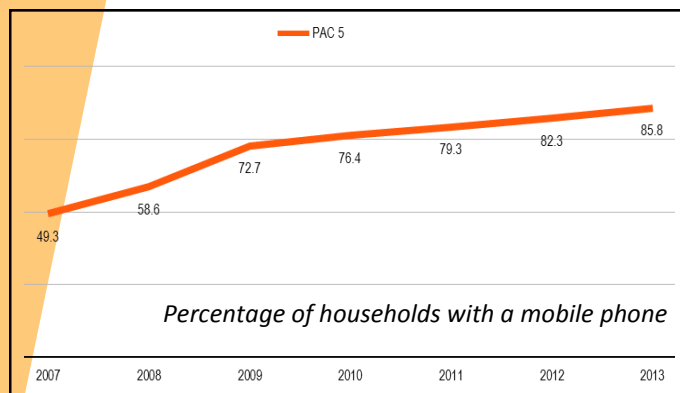




## Mobilising the Pacific

The report notes several Pacific Island Countries (PICs) have undergone significant liberalisation and privatisation in the ICT sector over the last decade, leading to a rapid increase in access to mobile voice and data networks, and international bandwidth has increased due to the deployment of undersea fibre-optic cables.

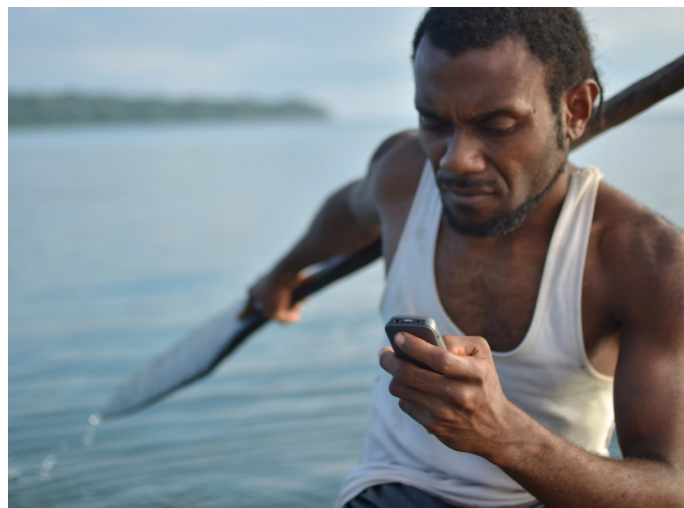
From 2007 to 2013, the penetration of cell phones in households rose from 49% to 86% - (see figure below). Meanwhile, the average monthly cost of a basket of mobile calls and texts declined by a third from 2005 to 2014 from US\$28 to US\$18.



Average mobile coverage in the countries studied jumped from less than half the population in 2005 to 93 per cent in 2014 - (see PAC5 in the figure below).

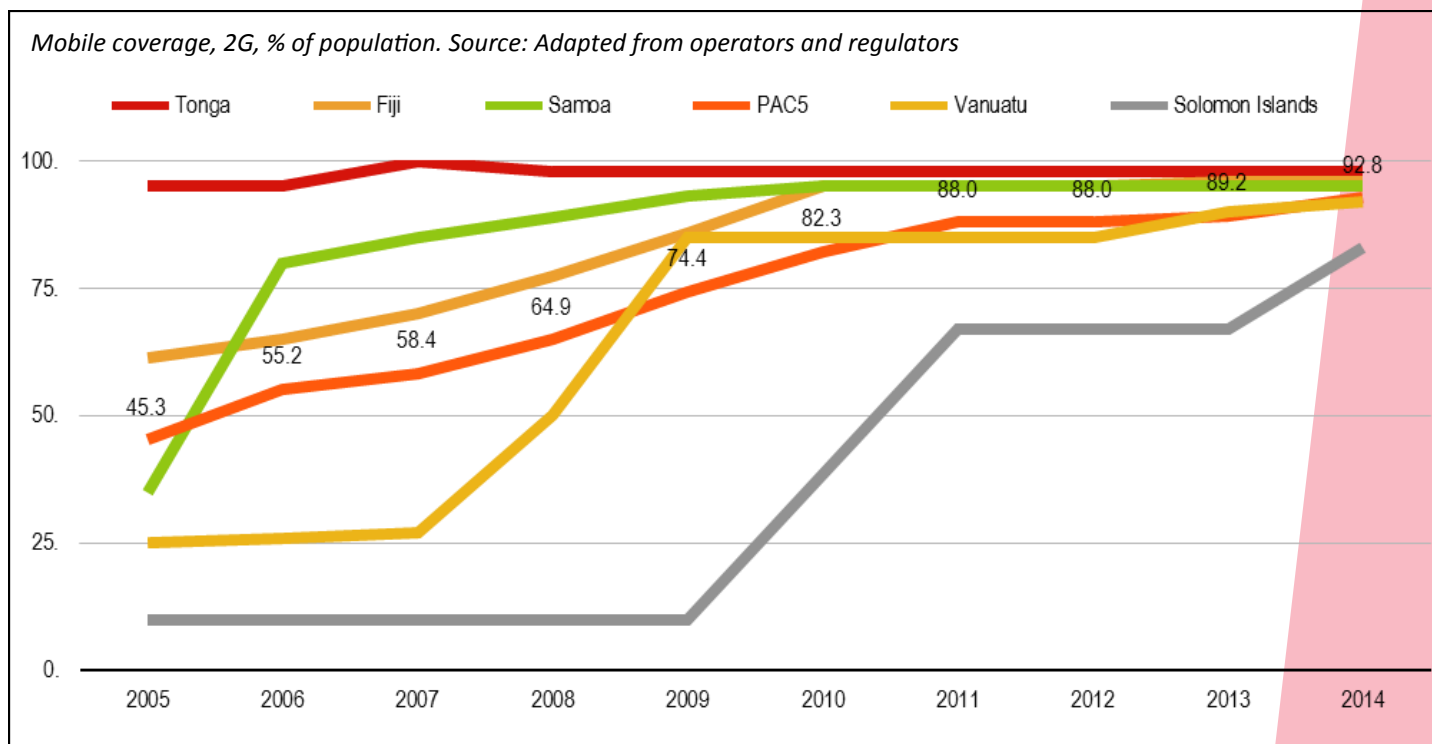
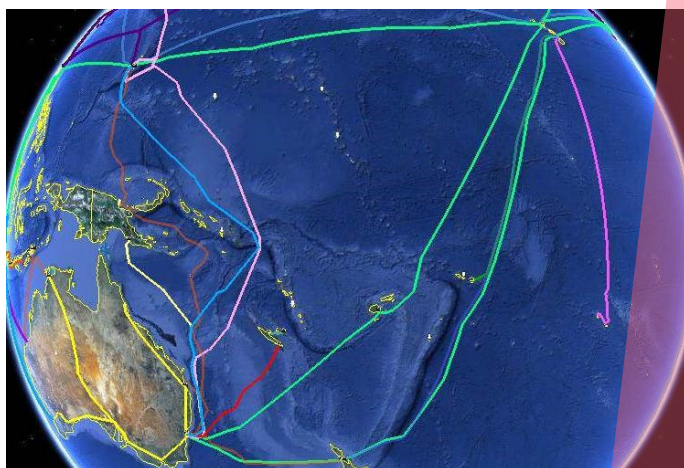
## Impact of fibre-optic cables

Undersea fibre-optic cables have had a significant impact on international internet bandwidth in the region. In 2007, total capacity in the region was less than 100 Mbit/s (excluding Fiji which had already



connected to a submarine cable in 2000). By 2014, it exceeded 1 Gbit/s.

The sharp rise in capacity and access in Tonga and Vanuatu following deployment of submarine cables is particularly impressive. This results from steep falls in wholesale prices as operators move from previous reliance on satellite connections to undersea fibre-optic cables.



## Economic and sectoral impacts

Economic impacts have been rapid, with the size and contribution of the communications sector usually increasing following the introduction of competition. New mobile operators have increased employment, and downstream jobs have also been created in resale of airtime, outsourcing of construction, marketing and advertising activities.

Important sectors such as tourism and financial remittances, which contribute significantly to GDP, are making strong use of ICT. All the countries have tourism web sites marketing a range of accommodation and tourist services, increasing exposure for locally run establishments. Mobile operators are also benefitting from tourists - almost a million in 2013 - bringing their phones and buying local SIM cards or using roaming services. All the countries now have mobile money or banking services, expanding financial inclusion and reducing overseas money transfer costs.

The region has experienced a first wave of rapid growth in ICT access, particularly mobile communications. It now needs to leverage the growing access by introducing a second wave of transformational initiatives primarily revolving around electronic applications and services as well as sustaining sector liberalisation. PIC governments, operators and the development community might consider the recommended interventions, detailed in the report conclusions, in order to help grow and strengthen the ICT ecosystem in the South Pacific and improve the measurement of impacts.



## Increased access to ICTs lead, through various mechanisms, to social and economic benefits

### Labour force productivity

Improved education and workforce skills and higher degrees of specialisation.

### Entrepreneurship

New domestic and international business opportunities through access to new markets but also from specialisation, division of labour and new combinations of products and services.

### Financial intermediation

Enhanced access to financial services such as mobile money, micro insurance, micro venture capital, unlocking the entrepreneurial potential of the unbanked and reducing the cost of transactions through point of sale systems, online banking and mobile banking.

### Innovation

Enables new organisational models and business processes.

### Transaction cost

Enhanced speed and quality of information flows result in higher price transparency, reduced transaction costs within households, businesses and public institutions and also enhances transactions between these entities.

### Service delivery

Electronic service delivery increases transparency, reducing opportunities for bribery and saves time and money for citizens and businesses.