How the mobile phone changed Kenya

In a country with limited banking and few landlines, cell phones are used to transfer funds by text, to send hungry people money instead of food, and to plan for emergencies.

The slum of Korogocho lies on the outskirts of [Nairobi](https://www.irishtimes.com/topics/topics-7.1213540?article=true&tag_location=Nairobi), the capital of [Kenya](https://www.irishtimes.com/topics/topics-7.1213540?article=true&tag_location=Kenya). More than 260,000 people live here, in shacks made of wood and corrugated steel, crammed between dusty paths and open sewers.

Inside one shack, mud walls and a spartan room are visible through the gloom. A tiny, sparrow-like woman sits passively. She wears a pink fleece and a yellow headscarf. Two children sit silently in a corner. When she speaks her voice is so quiet it is hard to hear.

Naomi Wanjiru Nganga is 34 and weakened by pneumonia. She has four children, aged from four to 16. Unable to work, she collects and sells cardboard boxes and sometimes washes clothes. In a good week she earns 600 Kenyan shillings – about €5, not enough for her or her children to survive. Nganga lives in extreme poverty. Yet when she speaks her overriding sentiment is hope in humanity and in the future. The world she sees is a good place.

From a drawer she produces a basic mobile phone. This basic technology has transformed Nganga’s life. It has also transformed Kenya, and in time it will do the same for many developing countries.

She uses the phone for M-Pesa, or mobile money. (Pesa is Swahili for money.) Every day she and millions of other Kenyans transfer money by mobile phone as easily as they send text messages.

Kenya leads the world in M-Pesa. A decade ago the gap between the developing and developed worlds was widening. Sub-Saharan [Africa](https://www.irishtimes.com/topics/topics-7.1213540?article=true&tag_location=Africa) had few landlines and little broadband. Most people had no access to banks; economies relied on cash.

Initially, mobile phones looked as if they would be as inaccessible to poor Africans as other technology had been. In 2002 Kenya had just two mobile phones for every 100 of its 38 million people. Ireland had 77 per 100. In Kenya that picture changed quickly.

Transnational telecom companies arrived and, with few planning restrictions, quickly erected mobile-phone masts, even in remote areas. Cheap handsets – often second hand, always basic – became available. Although the prepaid service that most subscribers used were costly for ordinary Kenyans, they enabled contact with villages half a day away, unreachable by road, and without water or electricity. This transformed both business and social and family life.

Between 2002 and 2006 the number of mobile phones in Kenya increased from one million to 10 million.

Few Kenyans have bank accounts; even fewer have credit cards. Transferring money was also a problem. Many city workers have moved from rural areas hundreds of km away. The only way they could send money home was by matatu, or minibus taxi, which was inconvenient, time consuming and open to theft.

M-Pesa started off as a social initiative within [Safaricom](https://www.irishtimes.com/topics/topics-7.1213540?article=true&tag_company=Safaricom), Kenya’s biggest mobile-phone company. Some people were already using their phones to move money informally, transferring mobile-phone credit, which could be cashed in, by text. Now software was written to set up a proper money-transfer system that could be used on the simplest phone.

It meant money could now be transferred by text message; the recipient could then use a Pin and identification to collect the cash from an agent. By 2015 almost 18 million Kenyans had accounts; they used it to pay for education, medicine and transport, including Matatus, and they used it so much that the system handled 20 per cent of Kenyan GDP. Today in Korogocho M-Pesa’s green and red logo is everywhere.

Fifty kilometres or so north of Nairobi, in the Rift Valley, is the village of Maai Mahiu, which is little more than a truck stop on the highway to Uganda. A roadside shack houses the Smart Lady Boutique, which displays modern and traditional African dresses. Its owner, Christine, pops to the M-Pesa agent next door to order clothes from Nairobi. She gives him cash and the details of her M-Pesa account. He lodges the money to her phone, and she then texts it to the wholesaler. Her order will be dispatched within hours.“I used to have to get a matatu into Nairobi to order clothes,” Christine says. “It took a full day each time, and I had to close the shop. I used to carry the money with me. Now I order and they send the clothes to me.”

A few months after M-Pesa was launched Kenya plunged into violence over a contested general election; 1,500 people died, and hundreds of thousands of people are estimated to have been displaced, particularly in the Rift Valley north of Nairobi, according to Human Rights Watch.

Anne O’Mahony, Concern’s country director in Kenya at the time, describes the crisis. “There was a complex mix of needs. We could not go out and buy anything and could not distribute plastic sheeting and corrugated metal for shelter. The most practical way of helping was to give money directly. But how could we distribute cash directly in a safe and secure way?”

M-Pesa transfers solved this and money could be transferred to people in poverty to pay for food and shelter. The scheme expanded. Families at risk of extreme poverty, usually in Nairobi’s slums, received a monthly transfer for eight or nine months. The monthly sum was modest – 2,000 Kenyan shillings, or about €17.50 – but “a cash transfer is better than a food transfer,” says Wendy Erasmus, O’Mahoney’s successor. “It gives people an independence and a power of decisionmaking. We saw a surprising increase in the number of meals people ate during the day as a result of this small cash transfer. The second thing we saw was that people were able to keep their kids in school or put them back in.”

Some women put money aside to set up small businesses, making bread or chicken soup to sell on the roadside. And when people spend the money at local shops it means that those funds stay in the community. “Cash empowers people,” says Erasmus. “When targeted properly it gives people the choice of doing something that makes their life more sustainable and lifts them out of extreme poverty.”

Back in Korogocho we meet Naomi Wanjiru Nganga again. Hers is one of 407 households taking part in an eight-month cash-transfer scheme. Clearly affected by her illness, she walks slowly to a nearby M-Pesa agent, as she has received a text with her monthly transfer. Nganga shows her phone to the young woman at a counter behind a protective grille, enters her code and shows her ID. Moments later the agent hands over her cash. What does she do with her 2,000 shillings? “My first priority is school fees for my children, and then food and then my medicine,” she says. “

Mobile phones and the epayments they have facilitated are powerful enough to have changed life for millions of Kenyans.

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