

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The early '90s was the start of a digital transformation that accelerated swiftly all over the world, connecting nations and bringing people closer. The rise of the internet altered human history, resulting in the widespread use of technology, machines, and digital application like artificial intelligence (AI) in almost all walks of life. The global pandemic further super-charged this wave of digitalization, creating urgency around the proliferation of the internet and other technologies to ensure economic resilience. In a diverse continent like Africa, an estimated 900 million people remain unconnected to the internet. However, the continent is swiftly making progress and opening doors to new technological advancements and opportunities with the East-African country of Somalia emerging as a frontrunner despite the challenging environment for digital infrastructure.[1]

Today, Somalia offers some of the most technologically advanced and competitively priced telecommunications and internet services in the world, overcoming the traditional barriers to becoming a leading economy in the mobile-banking industry. In a bid to accelerate its digital transformation, the country is identifying economic and infrastructure challenges such as the lack of undersea cable connections. New initiatives, such as Facebook-backed 2Africa, are being planned to ensure cable landing stations that improve connectivity and bring more Somalis online. Hormuud Telecom's project with Vertiv to install an undersea cable landing station (CLS) in Somalia aims to bring the country to the forefront of technological breakthroughs that fuel further growth. The collaboration capitalizes on Vertiv's experience providing infrastructure for cable landing stations and its rapidly deployable solutions, along with Hormuud Telecom's extensive reach across Somalia.[2]

Somalia's infrastructure development in the telecoms sector has faced many ups and downs in the past from ongoing political and socioeconomic turmoil. The pandemic further impelled the need for economic resilience, cyber technologies, and advanced solutions that can substantially mitigate the pandemic's adverse effects on the country. The need to improve and enhance connectivity in Somalia, as well as put the country on the global stage of digital reformation is now more apparent than ever. The limited undersea cable connections held back the development of Somalia's internet infrastructure for decades. When cables began to land in the country, underdeveloped supply-chain networks meant they remained virtually stranded on the coastline, unable to provide the services necessary to push internet access inland. And proximity to the Indian Ocean brings its challenges. These cables are required to cross the ocean floor and are more susceptible to breakage and damage due to the water's salinity quotient. Thus, the right combination of technological know-how and experience is applied at these stations. The Hormuud Telecom team specifically needed pre-sales support and resources to help with the cable landing station design. The region lacked skilled and reliable vendors, which was especially challenging during the installation and commissioning phases. Other challenging project requirements include ensuring IT energy efficiency that supports low operational expenditure (OPEX), high availability, and high flexibility.[3]

Hormuud Telecom's mission is to introduce innovative and quality connectivity solutions in Somalia through the activation of a new open access CLS, thus envisioning a connected nation where every Somali citizen has access to the internet. The CLS project will be spearheaded by Hormuud Telecom and powered by Vertiv technology in partnership with Pure Earth International, a Vertiv authorized distributor across the horn of Africa. Founded in 2002, Hormuud Telecom has become one of the largest corporations in Somalia and has grown in line with the huge demand for wholesale and enterprise connectivity and data center services across Somali.

1.2 State of the Arts

Effects of Telecommunication On Economic Growth in Hormuud Telecom, Mogadishu, Somalia has been the subject of much research.

The following comparable research as the main reference is shown in Table 1.1.

Table 1.1 Main Reference Table

TITLE	AUTHOR	YEAR
Investment Value Proposition	Technology, Communications	2021
The Effects of EVC Plus on Firm's Sales Performance	Salad Warsame, Abdisalan	2022
Beyond the mogul: From media conglomerates to portfolio media	Noam, Eli	2018
The Impact of Digitalization on the Economic Growth of Bangladesh	Rana, Masud Rekha, Rebeka Sultana Islam, Hasibul	2022
CIRIEC: Recent Evolutions of the Social Economy in the European Union	Baturina, Danijel	2018

It may come as a surprise, but the cheapest data prices in Africa are in Somalia, which falls into the top ten countries with the cheapest rates globally. This is according to a 2020 study from Cable.co.uk which ranked Somalia as the seventh cheapest globally with 1GB of data costing on average just \$0.50. The amazing thing is the massive jump that Somalia made from the 2019 report where it ranked 133rd with an average price of \$6.19 per 1GB. Telecom services have grown substantially in Somalia over the past ten years and low data prices may be because of the strong competition in the market with at least 11 different providers operating locally. In 2020, the researchers measured 25 data plans in the country and found the cheapest price for 1GB was \$0.18 while the most expensive one would cost \$6.67.

Somalia's prices are far lower than its neighbors Kenya (\$1.05) which came 41st; Djibouti (\$1.12) which was in 48th place; or Ethiopia (\$2.44) which was in 94th place and where there is still a monopoly on telecom services. Other African countries did, however, feature on the cheaper side of the scale with Sudan (\$0.63) following in 13th place and Algeria (\$0.65) in 15th place. eight out of the top 50 cheapest countries in the world for mobile data are in Sub-Saharan Africa.

But it's a continent of contrasts and Africa also boasted five out of the ten most expensive countries, with the island of Saint Helena the most expensive in the world (\$52.50), joined by São Tomé and Príncipe (\$28.26), Malawi (\$27.41), Benin (\$27.22) and Chad (\$23.33). Cable.co.uk gathered data from 5,554 mobile data plans in 228 countries in early 2020 and found that the cheapest prices were in India (\$0.09), Israel (\$0.11) and Kyrgyzstan (\$0.21).

Mobile Money culture Somalia also has a strong culture of using mobile money. A 2018 World Bank report found that almost three-quarters of the Somali population aged 16 and older use mobile money. In urban areas, mobile money penetration is at around 83% and at about 72% in camps for internally displaced people. Even in rural areas, 55% of the population uses mobile money and it has "become an essential and widespread part of Somalia's economic eco-system" the World Bank said. Somalia's biggest telecoms operator, Hormuud Telecom, recently said it plans to expand its mobile money financial services to reach all of the Somali population. Hormuud's CEO, Ahmed Mohamud Yuusuf, said that the low data prices are a testimony to the huge strides that the country has taken to increase its digital infrastructure. "The next step in our journey is to reach 100% mobile money penetration. We know that mobile money is vital to Somalia's post-COVID development, allowing urban and rural communities to flourish, empowering the most vulnerable and widening financial inclusion," he said in a statement. "More recently we've also seen how incredibly important access to telecoms and Internet has been to public health during the COVID-19 outbreak." Mobile money is popular in the country where over 95% of the local currency – the Somali Shilling – is believed to be counterfeit. For a country long affected by civil war and unrest, mobile solutions have provided the foundations for business and trade to once again emerge in the country.

1.3 Problem Statement

Access to the internet is a human right. It is an essential instrument to developing nations that enables vital services such as aid and international remittances, whilst underpinning day-to-day business and educational activities.

1. To bring trusted telecoms and broadband services to the four corners of Somalia.
2. To Connecting Somalis and the world, is essential to building our budding modern economy.
3. To make sure that 70% of Somalia's 15 million population now have access to 4G internet.

1.4 Objectives and Benefits

Hormuud is delighted to announce Hormuud's ambition to bring broadband speed, 4G data, to every Somali citizen by 2023. increasing access to 4G internet is critical to Somalia achieving its goal of becoming a cashless economy.

1.4.1 Objectives

1. To introduce innovative and quality connectivity solutions in Somalia through the activation of a new open access CLS, thus envisioning a connected nation where every Somali citizen has access to the internet
2. To lead the telecommunication industry with reliable and efficient services, fulfilling every need for to the communication of Somali people.
3. To deliver superior products and services that create value for all of our customers and stakeholders while improving the lives of the communities in terms of telecommunications

1.4.2 Benefits

a. The first company in the country to provide internet services

In 2009 Hormuud Telecom introduced the country's first type of mobile phone internet called GPRS and it continues to bring the latest innovations to the country ever since. During the past few decades, Hormuud Telecom has been a pioneer in providing the latest Internet services throughout the country and has consistently provided the most advanced technology used by the most developed countries in the world.[4]

According to a survey conducted in 2020 by the British technology research firm Cable, Somalia overtook many African countries about internet accessibility despite the political and security challenges, and is now considered as one of the countries in the world with affordable internet, ranking number one in Africa, and seventh worldwide in 2020.

b. Providing reliable services to over millions of people and installing over 800 towers

Hormuud Telecom is renowned throughout the southern and central parts of Somalia as the leading provider of reliable and timely services to more than four million people regularly and is also known for its introduction of the latest technologies to those communities.

During the past two decades, Hormuud Telecom has managed to deliver a world-class telecommunications service to every place with 50 households in the south and central parts of Somalia, and has installed more than 800 towers or antennas, making it the country's largest network.[5]

c. Somalia's most popular mobile money platform

The introduction of EVC Plus in 2011 is yet another landmark achievement for Hormuud Telecom and a reason for you to celebrate our 20th anniversary with us. With EVC Plus is a unique option to send and receive mobile money, and it is the country's most popular mobile money wallet.

1.5 Scope of the problem

this research will deeply be focusing on the following points and areas.

1. The services of the company in terms of telecommunications such as evc plus, mobile money, and nasiye.
2. The role of hormuud telecom on telecommunication and the standard of people living
3. Reaching some customers of the company to know the satisfaction and reliability of the company in terms of telecommunication services.
4. Reaching some people through an interview and asking them some questions related to this research and also sending them some questionnaire to know their feedback

1.6 Framework of Thinking

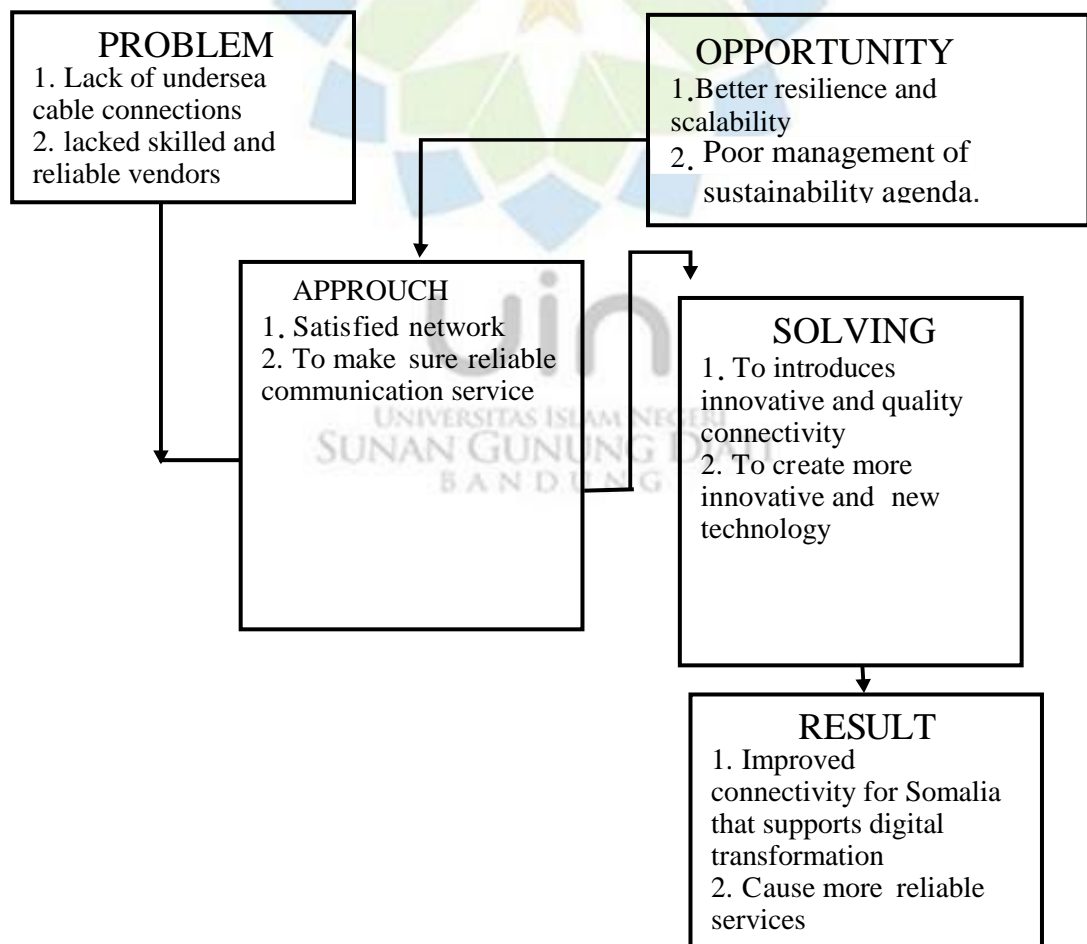


Figure 1.1 Framework of Thinking

1.7 Writing system

To facilitate understanding in writing this research proposal it will be divided into 3 (three) chapters and each chapter is divided into several sub-chapters with the following explanation:

CHAPTER ONE INTRODUCTION

This chapter describes the background, problem formulation, objectives, problem boundaries, academic benefits, practical benefits, state of the arts, framework, and systematics of writing.

CHAPTER TWO BASIC THEORY

This chapter contains the basic theory used in the research and provides an overview of the equipment used in this research.

CHAPTER THREE RESEARCH METHODOLOGY

This chapter provides a research flowchart and research schedule for a research proposal entitled " Effects of Telecommunication On Economic Growth in Hormuud Telecom, Mogadishu, Somalia ".

CHAPTER FOUR DESIGN AND IMPLEMENTATION

This chapter describes the Assessment of Telecommunication Infrastructure, Evaluation of Telecommunication Services Provided by Hormuud Telecom, Impact on Business Productivity and Efficiency, Socio-economic Effects of Telecommunication Services

CHAPTER FIVE TESTING AND ANALYSIS

This chapter describes the Demographic Distribution of the Respondents, Role of Telecommunication in Improving Standard of Living, The Role Telecommunication in Creating Job Opportunities, The Relationship between Telecommunication and Economic Growth,

CHAPTER SIX CONCLUSION AND SUGGESTION

This chapter describes the Conclusion, Suggestions