

**Abstracts for DIRSI Junior Researcher's Poster Session**  
**LIRNE.NET – IDRC Meeting**  
23 June 2008 – IDRC Headquarters

**Telecommunications expenditure in Peruvian households**

Aileen Aguero

This study evaluates the importance of telecommunications expenditure as a share of total household expenditures, including the estimation of income elasticity and the likelihood that households will have telecommunications expenditures, when a limited supply of services is not a factor. This analysis involves examining evidence of the applicability of Engel's Law (comparing to food expenditure), and an estimate of an Engel curve, relating total expenditures to the share of telecommunications expenditure. For the three years under analysis (2003, 2004 and 2005), telecommunications have the characteristics of a luxury good, as expenditure on these services as a share of total expenditures increases in higher deciles of total household expenditure. The evidence supporting the fact that telecommunications are a luxury good is complemented by the results of the Engel curve for 2004, where parameters show an income elasticity of 1.97. These findings must be interpreted carefully, because telecommunications cannot be treated like other luxury goods, whose consumption is taxed. Given the potential and importance of telecommunications, measures implemented in this field must help make this service more affordable to all households.

**Use of Informal Mobile Telephony in Low income households in Colombia**

Luis F. Gamboa (co-author Luis H. Gutierrez)

Access to mobile telephony in Colombia exhibits rather interesting features compared to other countries. Colombia witnessed the beginning of a new alternative for communication consisting in the use of informal resale of minutes on the streets and small stores. We are interested in analyzing the main factors that determine the utilization of this kind of service. In a Logit model we find that people in small cities and in the modality of prepayment have a higher probability of using this alternative. We also show that this finding is the same when we include only owners or we include users.

**Cost-reduction strategies employed by mobile telephony users in low-income sectors in Mexico**

Fernando Ramirez (co-author Regina De Angoitia)

The growing importance of mobile telephony for low-income sectors, reflected in the high proportion of their incomes that they devote to this service (around 10%), and the experience in countries in Asia and Africa where users have developed long- and short-term strategies to minimize the costs of the service while continuing to enjoy the benefits of access to communication, have opened up new lines of research on this group of users. This study is aimed at understanding the strategic behavior of mobile telephony users in two metropolitan areas of Mexico. The main finding on long-term strategies reveals that the large majority of users choose to purchase a mobile phone, as opposed to renting or borrowing one, and that they rarely use it as a family phone. In terms of short-term strategies, there are marked similarities to Africa and Asia, particularly in the use of mobile phones only for receiving calls, and to a lesser extent, for beeping and SMS. The research also revealed that strategies to reduce costs are used more frequently by users with fewer unsatisfied basic needs.