

Mobile Phone Voluntary Solidarity Contribution (VSC)

What is it?

The proposed Mobile Phone Voluntary Solidarity Contribution (VSC) would allow individuals and corporations to make voluntary donations via their monthly mobile phone bill.

Mobile phone users who opted into the programme would pay a fixed additional amount, ranging from the equivalent of €1.5 (China) and €6.5 (Ireland), with their monthly bill.

This VSC is tied to mobile phones rather than to landline or internet services for several reasons including:

- the high number of mobile phone users worldwide (3.5 billion);
- the high worldwide revenues from postpaid mobile phone service (\$750 billion in 2008);
- the continuing growth of the industry; and
- the highly concentrated nature of the business of providing mobile phone services – the top six operators having almost 80% of market share for postpaid subscriptions.

The opportunity of the mechanism is currently under assessment by the Millennium Foundation for Innovative Finance for Health.

The Millennium Foundation estimates the service should generate about 650 million Euro yearly, 4 years after launching the service. Most revenues are expected to come from Japan (40%) and the United States (31%), but a significant amount is expected from middle-income countries, including China (9%).

At present, the Mobile Phone VSC proposal is less concrete and less advanced than the VSC on travel products. The details are being worked out for how to pilot and implement the mechanism. The planning phase is expected to take one to two years. Full rollout is likely to take another three years.

Set-up and running costs would be around 1-3% of revenues.

An effective marketing campaign is essential, as funds raised will depend on the number of participating mobile phone subscribers.

Why is the Taskforce supporting it?

Voluntary contributions from users of mobile phones are a promising way to raise substantial additional funds from a new source. Other comparable existing mechanisms, such as (PRODUCT) RED, have demonstrated success in a relatively short period of time.

The Mobile Phone VSC scores high on both sustainability and predictability because contributions would be linked to recurrent mobile phone bills and the industry's number of customers and revenues are expected to grow.

An additional benefit is that it would raise awareness of the importance of health systems in poor countries.

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