

Vortrag: "Frauenförderung und informelle Wirtschaft – Case Study"

Nachhaltiges Investieren in Afrika

23. November 2021

CRIC e.V.

in Kooperation mit dem Frankfurter
finanzethischen Forum



Contents

A wide-angle photograph of a savanna landscape. In the foreground, a dirt road with two distinct tracks leads from the bottom center towards the horizon. The road is flanked by tall, golden-brown grass. In the middle ground, a single, dark silhouette of an acacia tree stands on the horizon line. The sky is filled with large, dramatic clouds, some dark and some bright, suggesting a sunset or sunrise. The overall color palette is warm, dominated by yellows, oranges, and browns, with a touch of blue in the sky.

AfriKairos: Our Focus / Who we are

Why Financial AND Digital Inclusion is important

Case Study: Frauenförderung und informelle Wirtschaft

Contact



Our Focus

We create Investment Opportunities

We drive Circular Economy Business Models

Base of the Pyramid

Sustainable

Emerging Countries

Technology

Who we are

Dr. Ndidi Nnoli-Edozien

Sustainability pioneer focused on Circular Economy business models that engage the Base of the Pyramid. Academic Researcher, Entrepreneur, Advisor to public sector institutions and policy makers.



- Managing Partner, AfriKairos GmbH
- Founder, Rising Tide Africa, Lagos, Nigeria
- Member, Executive Committee of the Club of Rome
- Founder, Growing Businesses Foundation, Lagos, Nigeria
- Board Member, Interswitch Financial Inclusion Services Ltd., Lagos, Nigeria
- 7y IFC Board Rep, AB Microfinance Bank

Benedikt Hoffmann

Impact investing expert, accomplished executive bank manager with a strong interest in technology that improves financial access with a special regional focus on international growth markets.

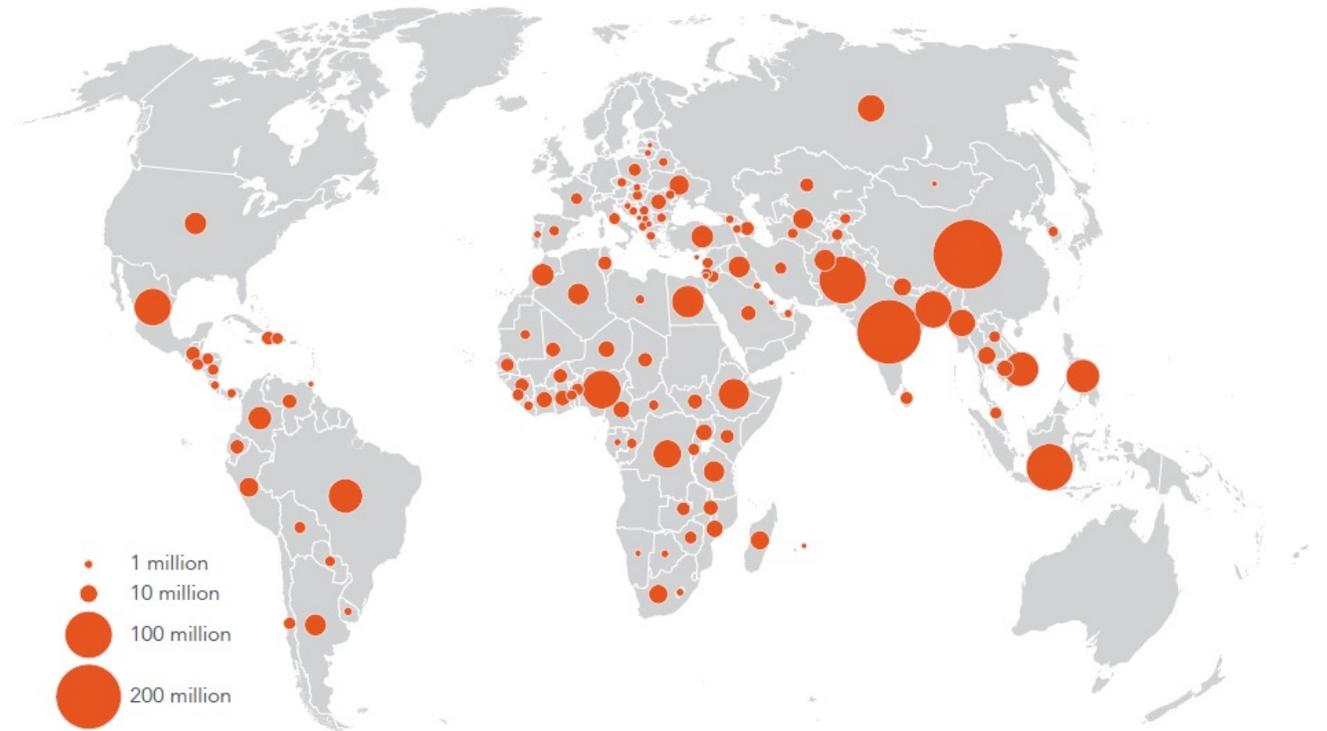


- Managing Partner AfriKairos GmbH
- Co-Chair, Research Group Finance and Economics at the Weltethos-Institute at the University of Tübingen
- Co-Founder, Circular Economy Innovation Partnership (ceipafrika.org)
- 10+ years CEO ProCredit Banks in Sub-Saharan Africa and Latin America
- CEO GB Capital, Lagos, Nigeria

Financial Inclusion

- *While 1.2 billion people have opened a financial account since 2011, there are still an estimated 1.7 billion adults worldwide (or 31% of adults) who don't have a basic transaction account.*
- *Fifty-six percent of all unbanked adults are women*
- *⅔ of adults without an account cited a lack of money as a key reason, which implies that financial services aren't yet affordable or designed to fit low-income users.*
- *Other barriers to account-opening include distance from a financial service provider, lack of necessary documentation papers and lack of trust in financial service providers.*
- *The financial opportunity from unbanked and under-banked customers across the globe was projected at US\$ 380 billion in annual revenues in 2018*
- *Economic growth has not reduced poverty, but rather inequality persists, and wealth has consolidated. For Example, in 2017, the top 10% of Nigerians earned 49.3% of national income, while the share of the bottom half earned just 13.3%. With every 1% increase growth, poverty declined by 0.6%*

Globally, 1.7 billion adults lack an account
Adults without an account, 2017



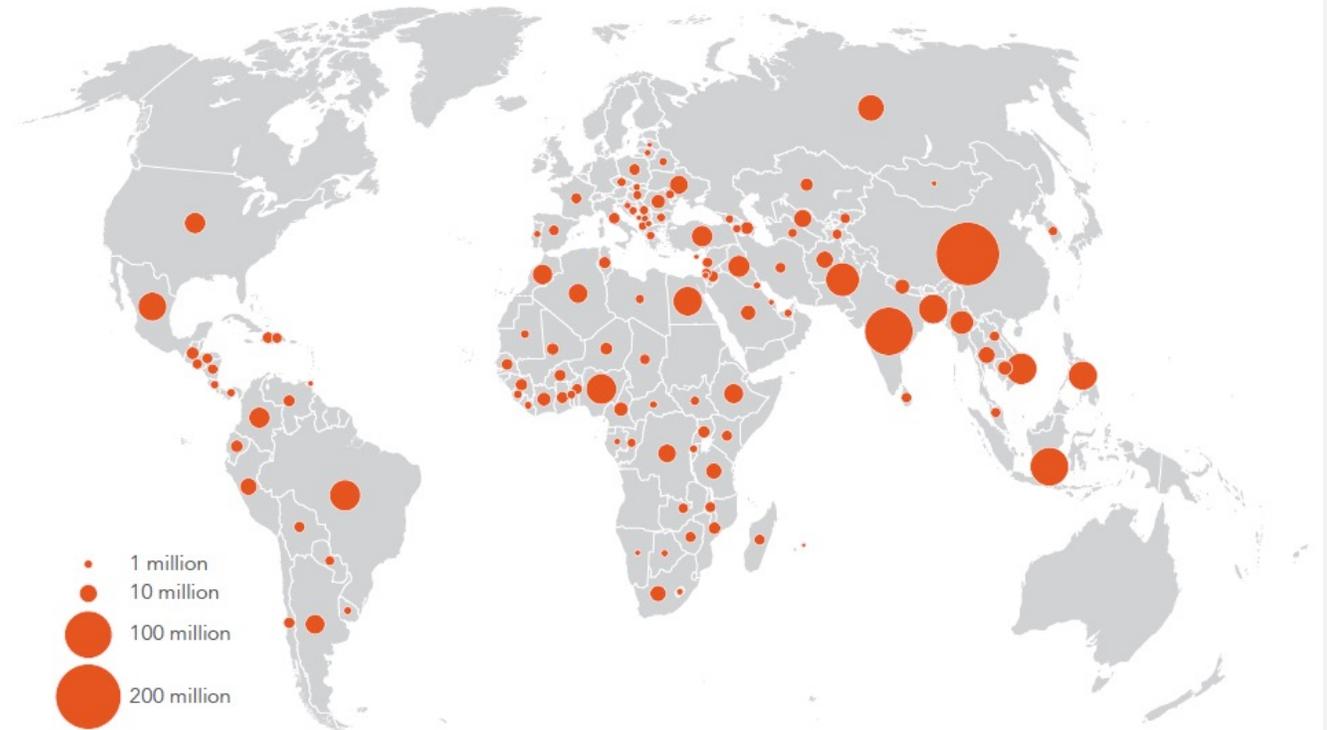
Source: Global Findex database.
Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less.

Financial Inclusion

- *The majority of the infrastructure is concentrated in urban areas. Reaching rural areas can be complicated. Most of these communities lack bank branches— but most do have other retail outlets such as convenience and grocery stores, gas stations, lottery kiosks, pharmacies, or post offices*
- *According to a 2010 McKinsey Quarterly article, approximately one billion people in emerging markets have a mobile phone, but no access to banking services*
- *McKinsey estimates that: “there are 100 million active mobile financial services customers in Africa dealing in transactions worth \$2.1 billion and mobile money is the key to growing Africa’s banking sector”.*
- *Without formal accounts, informal businesses perpetuate the use of cash. 2018 estimates suggest that 86% of Nigeria’s economic activity is transacted in cash.*

Two-thirds of unbanked adults have a mobile phone

Adults without an account owning a mobile phone, 2017



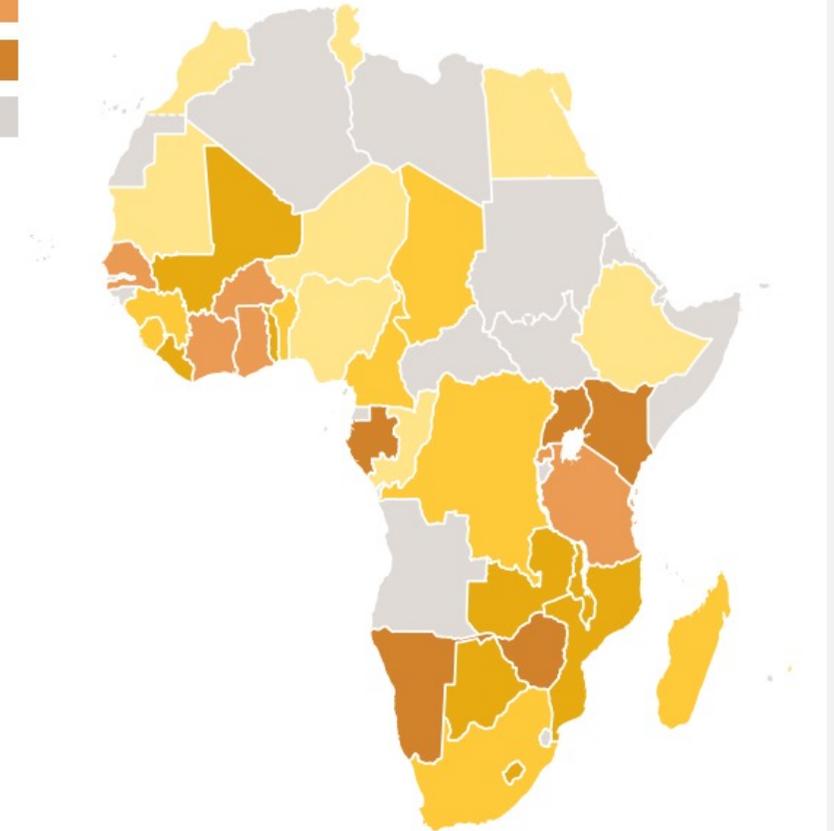
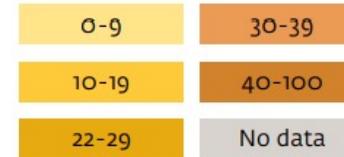
Sources: Global Findex database; Gallup World Poll 2017.

Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less.

Digital Inclusion

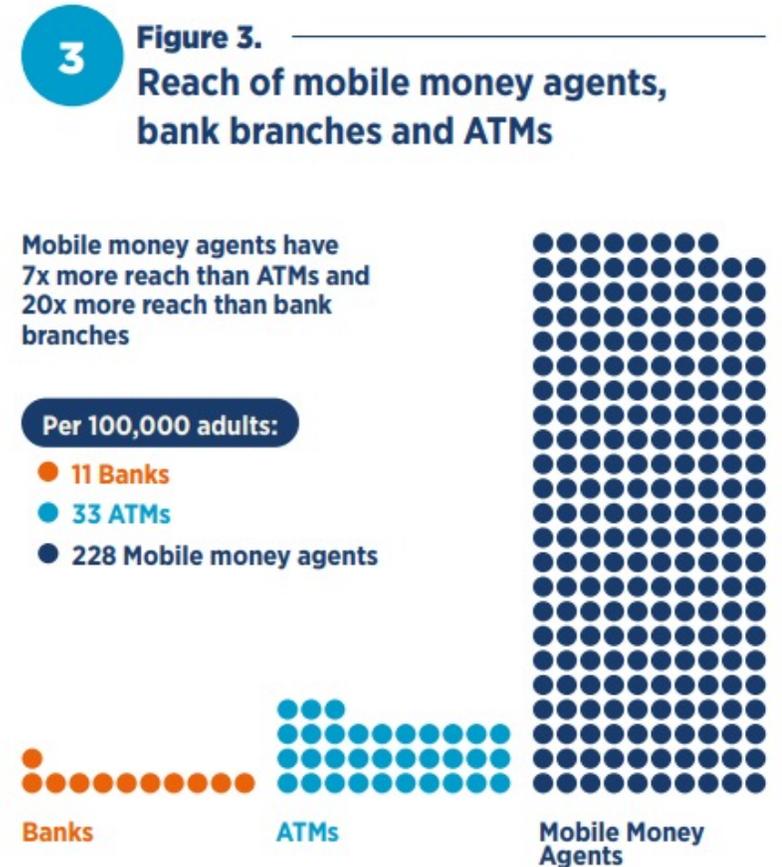
- *By 2025, 50% of the Sub-Saharan population will subscribe to mobile services*
- *Sub-Saharan Africa will have more than 130 million new subscribers by 2025, meaning nearly half a billion people will be using the mobile internet in Sub-Saharan Africa by 2025*
- *Mobile data consumption in Sub-Saharan Africa will grow more than fourfold over the next five years*
- *Sub-Saharan Africa is home to all eight economies where 20 percent or more of adults have a mobile money account only*
- *Digital finance has the potential to boost the annual GDP of emerging economies by US\$ 3.7 trillion by 2025*
- *Nigeria's informal economy accounts for approximately 65% of GDP*
- *Africa's overall mobile financial services market penetration is currently second only to China's. BCG estimates that the total value of global mobile financial services transactions is from \$15 trillion to \$20 trillion per year*

Mobile money accounts, percentage of adults, in Sub-Saharan Africa 2017



Digital Inclusion

- In 2019, \$176 billion (total value of cash-in transactions) was digitized by mobile money agents globally.
- A mobile money agent has seven times the reach of ATMs and 20 times the reach of bank branches.
- Total transaction values grew by 20 per cent in the past 12 months, reaching \$690 billion in 2019, which means the industry was processing close to \$2 billion a day in 2019. The GSMA forecasts that this strong growth in transaction values will endure, and by 2023 over \$1 trillion will be transacted via mobile money platforms on an annual basis, translating to over \$2.8 billion a day.
- While 226 million smartphones present in 2015 were expected to rise to 720 million by 2020, the cheapest smartphones are still relatively expensive, and many smartphone users have more than one device
- The high cost of smartphones, relative to average income levels, and limited digital skills among rural and less literate populations are the main barriers to mobile internet adoption



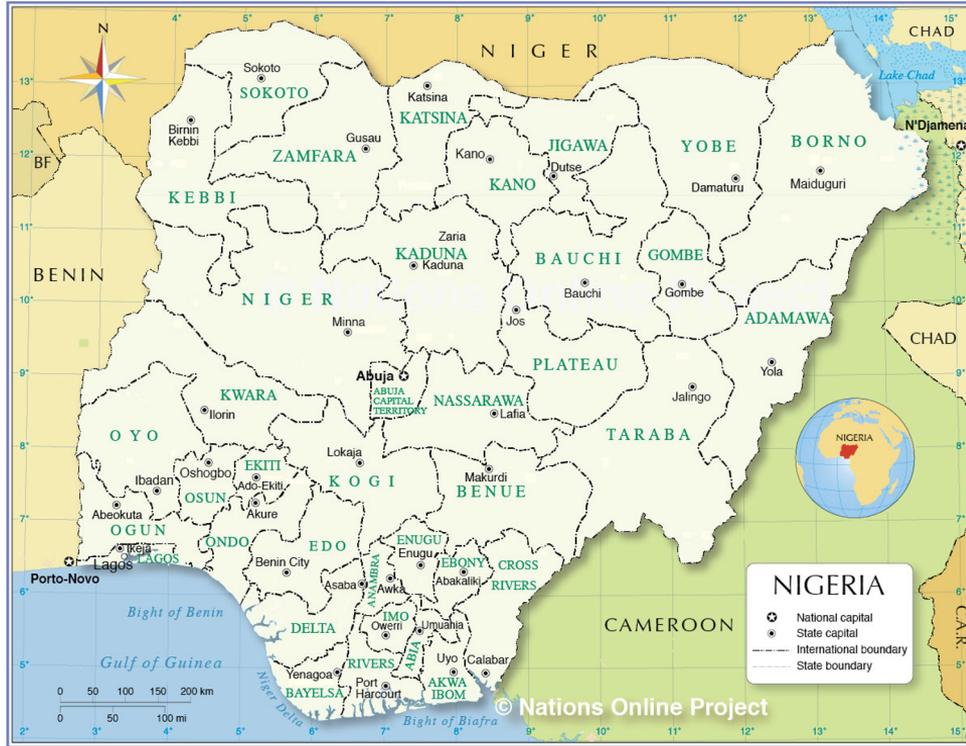
Boost

THE POWER TO GROW

Boosting small businesses
in Africa's digital economy.



The Nigerian Landscape



Nigerian Market

There are more than **300 FMCG** manufacturers servicing a fragmented network of over **1 million retailers**

This amounts to 70-90% of all retail trades, valued at over **\$12 billion**, remaining informal

While cities are increasingly saturated, the satellite and secondary towns still have little penetration

The time is right for tech disruption as there is increased smartphone use in secondary towns while 70% of the country now have data access

The Retail Landscape

300+
Manufacturers



Supplier Landscape

Cluttered route-to-market with layers of middlemen

Risky cash on delivery payment norms

Poor visibility and unreliable analytics on last mile sales

Retailer Landscape

Frequent and costly self procurement of stock from numerous wholesalers

High stock prices because of low level in distribution chain

Insufficient working capital with limited access to credit

Over 1 million
Retailers



Digitising retail ordering solves both their problems

Growing Business Foundation

The work of **GBF**

- Growing Business Foundation (GBF) was founded in 1999, and started the Shakti program in 2014 as an aggregated distribution and marketing partner focused on upskilling low income rural and semi-urban female retailers (Shakti Women)
- They are active in all 36 states and approximately 2300 communities, providing marketing and sales insight with further advisory services that help to increase revenue for the Shakti women
- In collaboration with Unilever, they empower Shakti women with a starter package [FMCG products that they eventually pay for] and handle the supply chain [delivery, logistics and warehousing] to these often remotely situated women
- Unilever Distributors are located across the country and are matched with Shakti women to provide a geographic spread that penetrates white spaces and sparsely covered regions

Shakti Pain Points

- Tedious reconciliation of manual stock replenishment ordering process for both Unilever and Shakti women
- An absence of records make it impossible to secure proper loans for Shakti women
- Lack of digital route updates results in fractured last mile view and loss of records of retailer interaction

The Shakti Woman

Profile

- Women aged 25-50 years old with an entrepreneurial mindset
- Located in rural and semi urban areas with small to medium sized businesses
- Completed basic primary education so is numerate and literate

Retail Basket

- Given 10-15% margins on 94 SKUs of Unilever products
- Generate a bi-weekly/monthly order size of approximately N20-40k [\$50-\$100]

Shakti Program

- Size: 4,000-5,000 Retailers
- 30% of Shakti Women have mobile phones
- Location: Semi-urban and rural across Nigeria
- This entire process is 99% cash based
- There are no loans currently given



The Boost Digital Solution



A retailer ordering platform that delivers efficiency, analytics and affordable credit

- WhatsApp based - Low data usage
- Ensures sales team are productive
- Real time trade data visibility
- Performance analytics & insights
- Credit based on retailer history

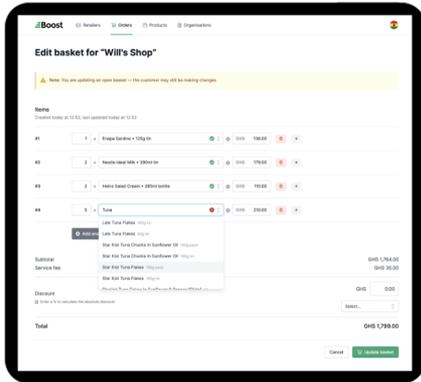
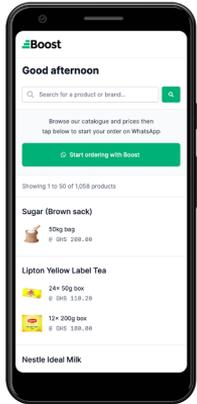
Value Proposition

GBF gives the ability, capacity and credibility to launch cost effective and impactful rollouts in semi urban and rural areas. **Boost** brings the credit and digital capacity to scale using analytics to enable targeted commercial expansion

Shakti Women	Unilever
<ul style="list-style-type: none">● Mobile stock ordering - WhatsApp	<ul style="list-style-type: none">● Cost savings on distribution
<ul style="list-style-type: none">● Hassle free digital integration	<ul style="list-style-type: none">● Increased sales
<ul style="list-style-type: none">● Competitive wholesale prices	<ul style="list-style-type: none">● Improved brand loyalty
<ul style="list-style-type: none">● Boosted working capital - Credit	<ul style="list-style-type: none">● Data on last-mile retail sales

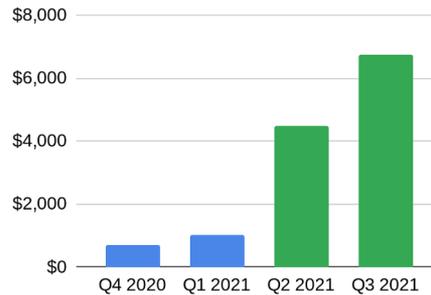
In 2022, we will digitise the 5,000 Shakti Entrepreneurs, extend their access to credit and increase their basket of goods by 50% by on-boarding additional FMCG partners.

Radically Easy Digital Ordering



Stock Boost Credit to fuel Growth

Boost Order Value - Martha



Analytics & Insights for last-mile visibility



Contact

Dr. Ndidi Nnoli-Edozien
Managing Partner
ndidi@afrikairos.com

Benedikt Hoffmann
Managing Partner
benedikt@afrikairos.com

AfriKairos GmbH
Richard-Wagner Strasse 8
61440 Oberursel / Germany
info@afrikairos.com
<https://afrikairos.com>

