



TECHNOSERVE

BUSINESS SOLUTIONS TO POVERTY



Proposal to the Rudy and Alice Ramsey Foundation

Prepared February 2017



ABOUT TECHNOSERVE

TechnoServe was founded in 1968 by Connecticut businessman, Ed Bullard, while working with farmers in Ghana. Ed witnessed the hard work and commitment of these farmers to build better lives for their families. Yet they remained entrenched in a cycle of poverty. Ed realized that a lack of access to information, technical knowledge and capital stood between these hardworking people and prosperity. He created TechnoServe to bridge this gap.

Our mission is to work with enterprising people in the developing world to build competitive farms, businesses and industries. Our success is measured by increased financial benefits for the people with whom we engage. These benefits enable them to improve their resilience and reduce their poverty.

In 2015, TechnoServe worked with enterprising people across 29 countries to build competitive farms businesses and industries. These efforts generated more than \$75.3 million in additional revenues and wages and helped to directly and indirectly improve the lives 1.6 million people. We work to strengthen market systems so that smallholder farmers can sustainably increase their incomes. We help enterprising women and men build and expand businesses that provide economic opportunity. And we target industries with the potential to create jobs on a large scale in poor communities. Last year, 319,000 farmers, businesses, and employees benefitted directly from TechnoServe's work and 34% of these beneficiaries were women.

BACKGROUND ON SMART DUKA INITIATIVE

Small “mom and pop” retail shops play a critical role in many developing economies, providing income for millions of microentrepreneurs and making everyday products accessible in low-income communities. These enterprises hold the potential to improve hundreds of thousands of lives, but due to limited business skills, poor financial management and limited inventory, shopkeepers struggle to make a profit. With targeted support these shopkeepers can reduce costs, increase profits and drive economic growth in their communities.

Kenya Context

“Mom and Pop” shops (known locally as Dukas) supply some 80 percent of consumer goods, mostly to low-income communities in Kenya. They provide a vital service that larger retailers and wholesalers cannot as the market is fragmented with high transaction costs. These retailers are mostly informal and operate on a cash basis. Restocking generally requires the owner to travel to a supplier, often a large retailer, with cash in order to make the purchase. This is expensive and time consuming, and results in periods of closure, limited inventory, stock depletion and ultimately relatively high prices for purchasers and low incomes for the store keepers. Overcoming these obstacles through shop management processes, accounting, marketing,



financing and technology presents an opportunity to unleash a wave of growth that would benefit low-income families with a wider range of goods at more affordable prices.

PROJECT IMPLEMENTATION

In partnership with the elea Foundation for Ethics in Globalization and Citi Foundation, the Smart Duka Initiative is working to increase the profitability of 840 high-potential small retail shops in Nairobi, Kenya. This will be achieved by improving the performance of duka businesses through in-depth training and mentorship that will result in better financial and operations management; strengthened marketing; adoption of digital solutions for payments and inventory management; improved relationships with lenders, suppliers, customers and supporting service providers; and better coordination and collaboration among duka businesses enabling them to benefit from economies of scale and increased buying power. The Smart Duka Initiative is a vehicle to improve the livelihoods of youth and women in particular. The majority of stores selected to participate are women-operated or women-owned.



Since launching the Smart Duka Initiative in 2016, the project has reached 570 beneficiaries (52% women): 363 shop owners, 129 shop managers and 78 employees. Shops are reporting a 19% average increase in revenues and a 22% increase in profits. So far, the initiative has also helped shops access over \$55,000 in credit.

By the end of 2018, we will reach 840 shops and assist them in increasing their revenues by at least 30% and profits by 6%. We anticipate that 30% of shop owners will obtain financing to expand their businesses, creating 120 new jobs. We expect 336 dukas to form a network under a unified name.

Beneficiaries

The entire population this project serves is low-income as defined by local standards and definitions. In Nairobi, 60 percent of the population lives in slums and levels of inequality are high, with negative implications for both security and economic development. The majority live on less than two dollars a day. The communities living in the slums are characterized by low levels of education: fewer children attend the later stages of school in Nairobi than in Kenya's rural areas and many slum areas have few or no public schools. Gender inequalities remain severe, with female slum-dwellers being five times more likely to be unemployed than males. Most individuals living in low-income settlements feel at risk from crime and violence and the dramatic increase in cost of food leads the majority of them to decrease the frequency and size of their meals. All of this pushes people into high-risk livelihood activities to meet their basic needs.

TechnoServe expects at least 50 percent of project participants to be women. The dukas are primarily run by women during the day. Typically their husbands, who own the shop because they have the capital and assets necessary for starting up, are involved in other opportunities such as casual labor or civil service jobs. When selecting shops to participate, TechnoServe will prioritize women-owned and women-led dukas. When scheduling meetings and training, TechnoServe will ensure that they are held on days and at times at which women can participate.

Project Activities

Our methodology combines individual in-store consulting, group training, association formation and innovative digital solutions. Through these tools we will equip shop owners with management skills and business knowledge; foster business support networks and connections; and optimize financial performance, aesthetics, product ranges and displays. The project will implement trainings and program aftercare for cohorts comprised of 165 shops each and the total timeframe of project involvement is 12-months per cohort.

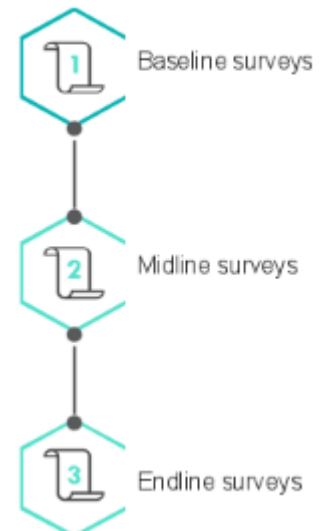
- **Formal group training (5 months):** The group format provides a unique forum for shop owners to establish support networks and share best practices. Training topics include personal effectiveness, shop improvement, supply chain management, business management, inventory controls and financial management.
- **Individual shop improvement:** Business consultants provide weekly one-on-one consulting to promote shop owners' deeper understanding of key drivers of business success. Our consultants conduct detailed diagnostics of each shop, create individual action plans in partnership with the shopkeepers, and offer hands-on support – for example, reorganizing inventory or calculating price points – at every step.
- **Networks and associations:** Once the five-month training is complete, we encourage the most promising store owners to form an association for collective bargaining that will improve their positioning with financial institutions and wholesale suppliers. In addition, we convene networking opportunities with local community leaders, financial providers, suppliers and other industry actors.
- **Innovative technology:** In partnership with Citi Foundation's Innovation Lab, the team is exploring the introduction of practical digital solutions that will enable more efficient inventory management and mobile payments.

Baseline Survey and Monitoring and Evaluation

Project Staff will utilize mobile phone platforms to monitor TechnoServe Business Consultants and follow up with participating dukas. At the beginning of training for each cohort, TechnoServe will conduct a baseline survey to collect information on participant background and business challenges. To assess the cohort's progress throughout training, we will also conduct a midline survey and endline survey.

In addition to the three project surveys, TechnoServe Business Consultants collect monthly progress updates from shop owners as part of the one-on-one consulting visits during the 5-month training period, and after monthly updates are collected at networking events designed to encourage the formation of business associations as part of the Aftercare portion of the program. The main means of data collection include: participant surveys, audits of duka businesses by the consultants, duka financial books, customer surveys, photos, contracts, bank documents, training attendance sheet and training comprehension exams.

Monitoring & Evaluation



Request and Project Budget

The Smart Duka Initiative is a three year pilot project (2016-2018) with a total budget of \$1,031,182. The elea Foundation for Ethics in Globalization has committed to providing 50 percent of the total project costs equaling \$515,591. An additional \$200,000 is being provided by the Citi Foundation and TechnoServe is actively seeking other funding opportunities. Funding from the Rudy and Alice Ramsey Foundation will enable TechnoServe to continue its work with the Smart Duka Initiative and complete the pilot as planned in 2018.

We respectfully request a grant of \$50,000 from the Rudy and Alice Ramsey Foundation to support the Smart Duka Initiative to empower women entrepreneurs in the slums of Nairobi by helping them increase the profitability of their small retail shops.

Rudy and Alice Ramsey Foundation Budget Annual Summary (April 2017 – March 2018)	
CATEGORY	PROJECT TOTAL
SALARIES	\$21,602
FRINGE & ALLOWANCES	\$10,062
CONSULTANTS/CONTRACTUAL	\$5,341
TRAVEL AND PERDIEM	\$530
WORKSHOPS AND TRAINING	\$9
OTHER DIRECT COSTS	\$3,810
SUPPLIES & EQUIPMENT < 5K	
CAPITAL EXPENDITURES > 5K	
SUBGRANTS/SUBAGREEMENTS & OTHER	\$0
TOTAL DIRECT COSTS	\$41,355
INDIRECT COSTS	\$8,115
TOTAL EXPENSES	\$49,470

SHARING THE JOURNEY: FROM SHOPKEEPERS TO SHOP MASTERS

In April 2017, a third cohort of participants will begin the five-month training portion of the Smart Duka Initiative Program. To capture the program's impact, TechnoServe will share frequent updates with the Rudy and Alice Ramsey Foundation. TechnoServe will identify 10 shop owners newly participating in the program's third cohort (>50% women) representing each of the 10 various settlements in which the project works following their progress throughout the 12-month grant period. The low-income settlements surrounding Nairobi often face different challenges due to varying cultures and geographies, thus following the progress of participants in each slum will give an accurate picture of the project's scope.

TechnoServe will share beneficiary profiles for each of the 10 highlighted shop owners compiled with information from the completed baseline surveys. The profiles will serve as a virtual introduction to each shop.

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Smart Duka Initiative
Shop Owner Profile
Lydia Wambui

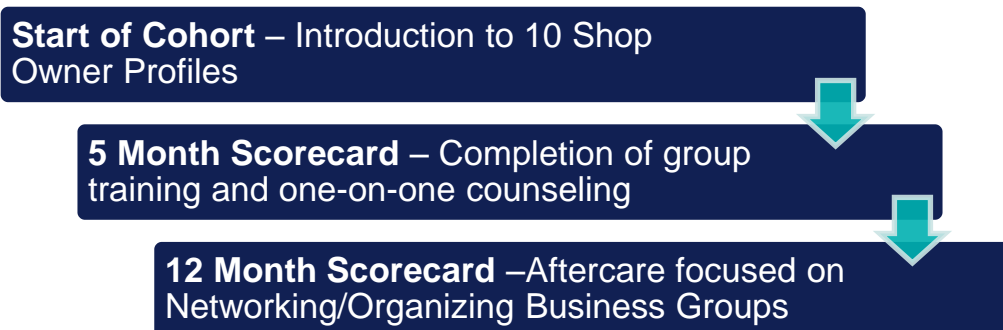
"I am a single mom of two. The best thing that happened to me was to join this program"

- Shop owner background
- Years in business
- Business finances
- Information on sales and customer base
- Product types and suppliers
- Specific challenges of running a business in her settlement community

In addition, TechnoServe will submit progress scorecards highlighting the successes and challenges faced by the 10 identified shop owners based upon data collected by TechnoServe Business Consultants throughout the full 12 months. Reports will include information on: specific achievements, challenges and lessons learned; tailored one-on-one trainings conducted in each shop; associations/networks developed; supplier to shop connections; growth in shop revenues; growth in shop profit; access to finance; and new employments and jobs created.

Scorecard Reporting Schedule

Program reports will be delivered at the following intervals from the start of the third cohort in April:



Other Opportunities

To complement the formal scorecards and written updates providing key insights into the Smart Duka Initiative's progress described above, we would also look for additional opportunities for the Rudy and Alice Ramsey Foundation to better understand how the project benefits individual beneficiaries. Such opportunities might include:

- Visit the project staff in Kenya to observe impact firsthand and speak with beneficiaries
- Remote, real-time interaction with beneficiaries and/or program staff via Skype
- Periodic video "drop-ins" to see what's happening in individual dukas or at training or mentoring sessions

HEADQUARTERS

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