



ASBF Webinar Series: Transport & Logistics Technology Opportunities in Africa

Event Summary:

<p>Key takeaways shared by the speakers</p>	<ul style="list-style-type: none"> • The logistics infrastructure across Africa requires nuanced understanding and Singapore companies are encouraged to understand the individual landscape before entering the market. For example, Kobo360 had to supplement the use of radio signals with telco connectivity to enable a seamless transmission of GPS data throughout the country. Moreover, with the greater adoption of digital wallets (e.g. M-Pesa) over credit cards in Africa, companies should prioritise the deployment of digital solutions and USSD-based solutions. However, receptiveness in technology adoption is dependent on the level of smartphone penetration, the state of digital infrastructure and the purchasing power of the population. • The onset of COVID-19 led to an accelerated adoption of technology within the logistics sector in Africa. Consumers have shifted from physical documents for delivery invoices to online invoices. They also began to accept digitised approval for delivery and online tracking of drivers and vehicles. • The provision of real-time data on the movement of goods and people are increasingly pertinent in the continent. For cross-border transportation, real-time data allows for greater efficiency in resource utilisation, such as a more efficient management of fuel and routes. Further, data-driven insights ensure on-time delivery and timely adjustments if necessary. With data available, data analytics would allow for better planning and production strategies.
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| | <ul style="list-style-type: none">• Investment funds in the logistics sector tend to flow into Kenya, Nigeria, South Africa and Egypt, which are the major economies and manufacturing hubs in Africa. Generally, Kenya is a good testing ground for transport and logistics solutions. On the other hand, Nigeria is the largest market in the continent with over 200 million consumers, offering a sizeable regional consumer market.• Specific to financing, companies shared varying experiences. Gozem, as a B2C ride-hailing service, devoted more time to refine the financing framework that allows for Know-Your-Customer (KYC) and credit scoring system. While local African banks are currently supporting the framework, Gozem faced challenges in the early days with the banks and had self-financed the loans to their drivers. Kobo360 set up KoPay to provide the ecosystem with working capital loans. They have thus far raised US\$20 million (~S\$27 million) from banks and aim to raise US\$60 million (~S\$80 million) from local banks.• The Africa Continental Free Trade Area (AfCFTA) signals a concerted effort towards a more integrated economy. Its implementation has eased cross border movement policies which could increase cargo movement across borders. There are also changes anticipated in the local infrastructure and transport facilities to support the AfCFTA. Similar to the integration seen in the regional economic blocs such as East African Community, speakers were optimistic to see cargo moving from West to East Africa in the future. As a result of AfCFTA, local trading and mobility companies have been interested to venture into other regional countries.• While there has been an increase in investment in sustainable transport solutions (e.g. electrical vehicles) within Africa's logistics sector, there is a need to balance environmentally friendly solutions with the economic viabilities of the region. In a price-sensitive environment like Africa, drivers and consumers would pick the more affordable solution. Companies may also choose to address some of the more fundamental needs of their employees (e.g. insurance coverage for drivers) and require supporting infrastructure (e.g. charging infrastructure) prior to devoting more resources in sustainability efforts. However, companies in the panel have embarked on initiatives that contribute towards a greener economy. For instance, Kobo360 has deployed the use of fuel-efficient trucks while Gozem has also piloted the use of electric motorcycles. |
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