iSocial

'Implementing a business model that combines the use of a digital platform with training, skilling and business development support to build women business networks of digital financial services for UNCDF Bangladesh'

Project Completion Report

September-2020

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Project Title	'Implementing a business model that combines the use of a digital platform with training, skilling and business development support to build women business networks of digital financial services for UNCDF Bangladesh'
Objective	To implement a business model Tech+ that combines the use of digital technologies with training, skilling and business development support to build women business networks, thus enabling women to become micro-merchants providing products and services for women, children and adolescents.
Project Locations	Sirajganj & Sherpur
Lead Partner	UNCDF
Service Partner	iSocial
Timeline	13th January 2019 to 30th September 2020

BACKGROUND

UN Capital Development Fund (UNCDF) provides capital financing- in the forms of grants, soft loans and credit enhancement and technical expertise to unleash the sustainable financing at the local level. With the vision of implementing a women business network of digital financial services, UNCDF has chosen the service partner to implement the project objectives in the selected project areas (*Sherpur & Sirajganj*). UNCDF has been implementing **Shaping Inclusive Financial Transformations (SHIFT**) programme with two components: Policy & Regulation and Micro-Merchant (MM) in Bangladesh for accelerating uptake and usage of digital financial services to expand financial inclusions through digital pathways.

Bangladesh's labor force is growing at 3.1% per annum with an estimated 21 million people projected to enter the workforce between 2015 and 2025. Small & Medium Enterprises (SMEs) sector is among the largest employers with an estimated 34% of people employed in the services sector. Within the services sector, retail and wholesale growth averaged over 10% in recent years. Accelerating the shift from the low — skill low - return agricultural sector employment and informal work to more productive employment in the manufacturing and organized services sectors coupled with greater access to financial services, which is a key government strategy towards achieving the goal of becoming a middle—income country by 2021. And to reach out to the country's objective, policymakers and the financial services sector have prioritized Digital Financial Service (DFS) as the key mechanism specially to expand the digital financial Services platform.

Likewise, the project was designed to reach BoP households with no financial accounts, through the potential Women Micro-Merchants who will roll out the use of Digital Financial Services in rural areas. The project focuses on Women Micro-Merchant Entrepreneurship because Women-owned businesses can make a key contribution to household incomes and economic growth, as women generally invest a higher proportion of their earnings in their families and communities than men. Also, the reason behind choosing women to be involved in entrepreneurship is a study by UNCDF which shows that only 94,800 of more than 13 million retail micro-merchants in Bangladesh are women.

Infolady Social Enterprise Ltd. (iSocial) is an end-mile woman to women business network aiming to provide technology-enabled last-mile offerings of goods and services for women, children and adolescent girls in Bangladesh. iSocial's one of the core components is 'Kallyani model'. Kallyani is an educated woman in a rural community, who is trained (by iSocial) and digitally equipped (tablet PC with iSocial's own digital solutions named "Insight Suite+" to offer strategically impactful products and services along with behavioral change communication (BCC) at the door-step. These Kallyanis provide products and services of a wide range including nutrition, mental health, sexual and reproductive health, agriculture, data and connectivity, digital financial services e.g. MFS, mobile banking and also provide important information regarding government entitlement benefits to the rural households as well as accumulate valuable BoP individual and household level data under a digitally enabled platform.

iSocial is ''bridging the marginalized communities and market through digital innovation". The word "digital" is an integrated part of iSocial and its business model. The whole operation of iSocial is directly operated, monitored and designed through a digital eco-system. As the project focuses on "building up Women Micro-Merchant Network of digital financial inclusions, iSocial believes the model can uphold the project objective. So, to increase the capacity to reach the target of the project, iSocial moved forward with its innovative Kallayni Model in order to expand the business network which enabled Micro-Merchants to become experts in technology, providing doorstep products & services and connecting with the BoP community.

Project Summary

To summarize, the project is signed with iSocial in collaboration with UNCDF and represented by UNDP, to support the UNCDF's SHIFT SAARC in Bangladesh in its mandate to promote the uptake of innovative products and sustainable business models utilizing digital technologies and Digital/Mobile Financial Services (DFS/MFS) in Bangladesh. As part of the MDDRM component, one of the key activities is to build several user cases of digital innovations at the micro merchant level.

The project was designed with three major components:

a. Design and operationalization of an extended digital platform for relevant players of the micro-merchant ecosystem, focusing on women micro-merchant	b. Building a system for women to become micro-merchants with a reduced entry barrier	c. Integration of women micro-merchants to digital supply chain and payment system

PROJECT TARGETS & RESULTS: AT A GLANCE

In this section, the report will emphasis the "problem statements" which was primarily identified in the proposal development stage of the project; project targets, and the achievements of this project. This will help to understand the progress of the project from the start to end, as well as the overall successful implementation of reaching out to the project objectives. The descriptions are as follows:

Problem statement

1. Despite the transformational benefits of women's participation in entrepreneurial activities, due to several entry barriers like unsupportive family and community, lack of access to finance, fear of harassment, complicated administrative barriers, etc. have been restricting women to explore opportunities for economic empowerment.
2. There is a significant gap in sustainable and decent income opportunities for women at the base of the pyramid (BoP).
3. Despite a largely untapped market, the BoP market is under-served with essential products and services due to the high cost of penetration by individual enterprise or development agency.

Targets:

1. **Technology and Business Model Operationalization**

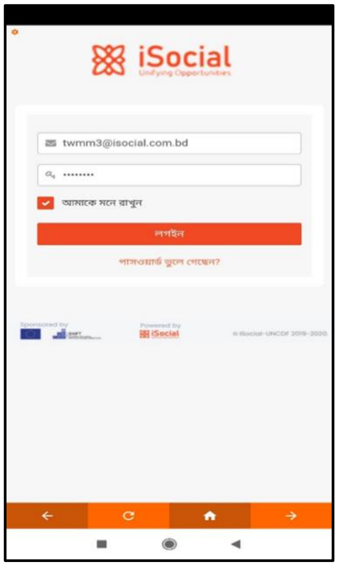
- Launching women's oriented micro merchant platform focused on bringing all partners of the value chain.
- Ensuring that services allow for digital transactions.
- Develop or integrate any existing solution which allows building credit rating to be used by FMCG or MFS providers with special credit limits and interest rates for retail micro-merchants' loans
    - Integrate and allow FMCG companies to connect to the platform for managing distribution to women micro—merchant
- Develop communication, distribution, digitization, and marketing strategies as needed
- Train internal staff on requirements for acquisition and supporting micro-merchants, effective use of stock ordering and payment platform and digital systems including, improving their ability to fulfill KYC7 requirements for onboarding them into the formal financial system.
- Develop field activation plan for promotion among female micro-merchants and linkage with at least one, preferably two local/regional FMCG suppliers and financial service providers.
- Design system to track and monitor progress.

2. Onboarding, Communication and Transaction services

- The initial rollout is in limited areas (e.g. minimum 30 micro-merchants having a combination of profiles) to fine-tune the functionality of the product/service, financial linkages, links with retail providers, etc. thus allowing for adjustments to be made before a wider rollout.
- Collate field data on user performance and satisfaction (feedback)
- Incorporate learning that addresses technical and process issues
- Full roll-out of the product/service in at least 2 of the selected districts:
    - At least 200 women micro-merchants are onboarded.
    - At least 50% percent of women place the order and pay to the distributors using a digital payment system.
- 70% of the Women micro-merchants remain as active users of the platform by the end of the program.
- Providing technical trouble-shooting and training to parties involved in the platform: women, FMCG company and financial service provider

Achievements:

1. Technology and Business Model Operationalization

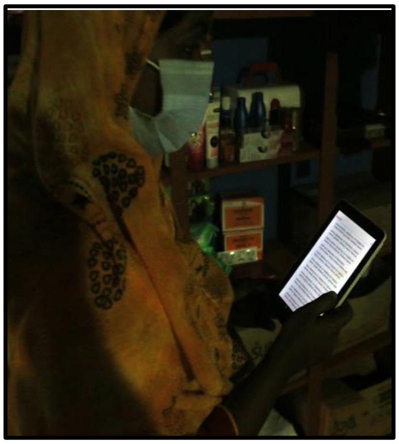


- The development of the digital WMM platform was completed. Associated staff and WMM training were conducted. We also completed a field pilot.
- Insight Suite+ soft Launch took place and software training and field deployment began.
- We developed partnerships with two FMCG companies, Square and ACI Group. We built a partnership with two financial service providers- Nagad and Bank Asia, have also been onboarded. The project target was to partner with one DFS provider.
- We have developed marketing and distribution strategies in collaboration with Value-chain Partners.
- We deepened cooperation with our FMCG and MFS partners, getting feedback from the former about their usage of the Insight Suite+ platform, and technical support from the latter for API integrations.

2. Onboarding, Communication and Transaction services

- We recruited, onboarded, and trained 200 WMM with Kallyani Shops in the following Upazila of Sirajganj district: Ullapara & Belkuchi and in the following Upazila of Sherpur district: Sribordi & Sherpur Sadar.
- All 200 Kallynis are working with their k-shops. However, 76% of the women micro-merchants are currently active users of the platform. The remaining will be on board soon. The project target was 70%.
- MFS gateways of Nagad and bank Asia are integrated into the digital platform.
- We have provided training on the digital platform to the parties involved in the platform: WMM, FMCG company, and financial service provider

Project Achievements



Case Study

A story of WMM who is successfully using "*Kallyani App* "

Ranu Akhter, is an ordinary housewife who was looking for alternative income opportunities to improve her financial condition. In 2017, her husband opened a shop on their premises and Ranu started joining him after completing all her household chores. She was actively contributing to the business along with her husband.

In order to expand, she promoted their business to her community and had a conversation with the different customers to identify their demands for different products. After gathering all the feedback, comments and requirements, she discussed with her husband about her plan for the expansion of the business. In the beginning, they were using "Tali khata" (a type of register book, popularly used by local business owners to secure account calculations) to maintain their transactions. But due to the manual system of maintaining records sometimes transactions or required information were not being recorded properly causing a significant loss in their business. In September 2019, Ranu Akhter joined iSocial to explore new business opportunities.

During her inception training, she was curious to learn about Insight Suite+ (Shujog) and she was very excited to see the benefits of using this platform for her business. This gave her the assurance to maintain the business transactions in a systematic manner that would allow her to understand the exact financial state/need and requirements of her business. Since then she uses the app instead of Tali khata which helps her to see and access all her previous as well the current sales data. This made her more confident and empowered.

Ranu Akhter

Age: 32 Years Old

Location: Sherpur

Education: Secondary School Certificate (SSC)

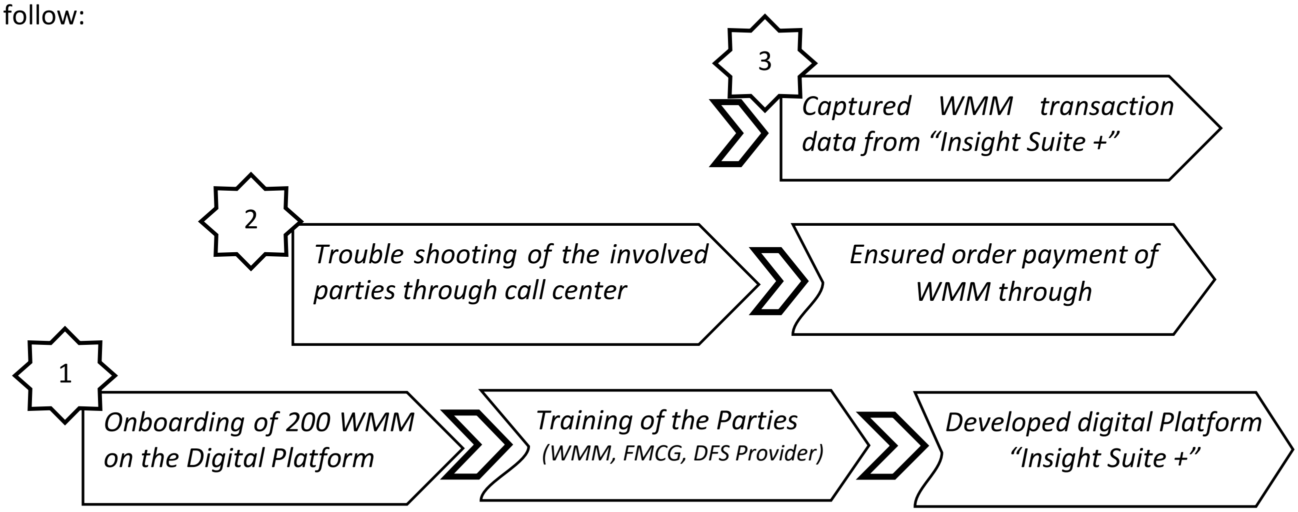
Marital Status: Married

Husband's Name: Md Murad

Duration of journey: 12 Months

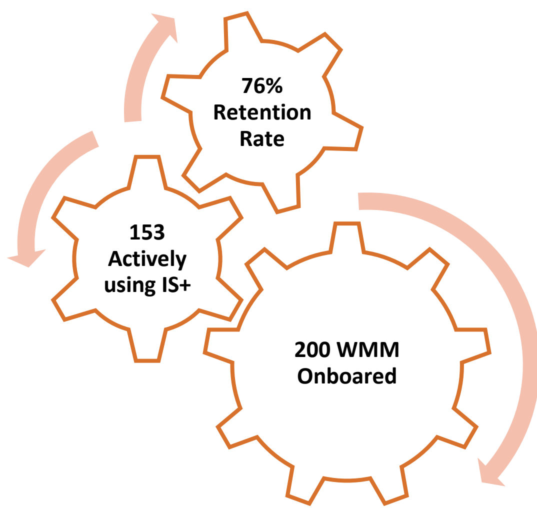
PERFORMANCE ANALYSIS

The section illustrates the analytical results of the achievements. The statistical results will help to understand the progress of the WMM under this project as well as the impact of the project activities. The descriptions are as follow:



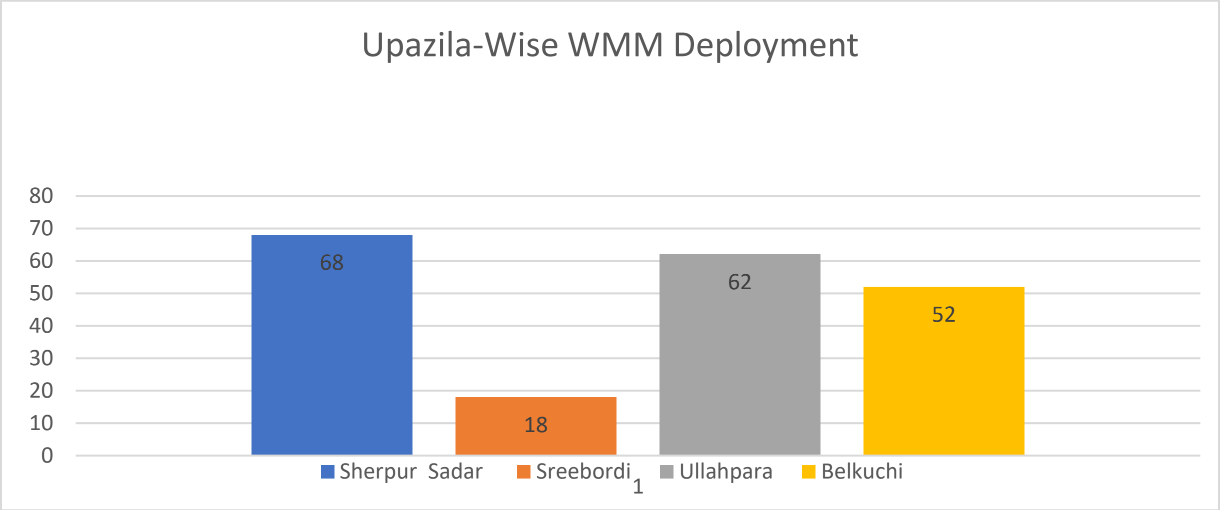
WMM Acquisition and Active Status

Salient Feature



District and Upazila -Wise WMM Acquisition

District	***Sherpur***		***Sirajganj***	
Upazila	*Sadar*	*Srebardi*	*Ullahpara*	*Belkuchi*
Number of Kallyani Deployed	*67*	*19*	*62*	*52*
Sub Total	***86***		***114***	
Total	***200***			



Result Framework:

Situations →	Inputs →	Activities →	Output results →	Outcomes/impact
WMM perspective				
Lack of participation of rural women in the entrepreneurship space, particularly in wholesale and retail trade	• Research • Case studies • Feedback from field • Consultation with partners • Human resource • Financial resource • Content, kits, and materials • Software and technical resource	• Upgrade existing digital eco-system to integrate the market players into one platform • Partnership with FMCG, Financial institutes and service providers • Community engagement • Capacity building training on business skills, financial literacy and digital literacy • Mentor and monitor WMM	• Trained and equipped WMM • Demand-driven product and service portfolio • Digitization of transactions, payments and banking • A business model with integrated value chain partners	• Created sustainable women entrepreneurs as last-mile service delivery point. • Created women agency changing society's preconceived notions of women's capabilities. • Ensured Higher participation of women in economic activities

Situations →	Inputs →	Activities →	Output results →	Outcomes/impact
Community perspective				
Lack of access to information and allied services for community women for informed choice and a better lifestyle.	• Research • Feedback from field • Consultation with partners • Human resource • Financial resources • Marketing resources	• Identification and formation of women group • Group sessions/yard meeting/campaign • Product and service transaction at the doorstep	• Community covered at their doorstep • Community with knowledge, skills information and technology	• Improved access to information powered services and products at the doorstep. • Improved income and benefit of the community.
Situations →	**Inputs →**	**Activities →**	**Output results →**	**Outcomes/impact**
Value-chain partners perspective				
Despite huge demand, an untapped market at the BoP, hard to reach because of operational inefficiency, lack of digitization and high cost	• Consultation with partners • Human resource • Financial resource • Training resource • Software and technical resource	• Partnership development with potential FMCG and DFS and/or MFS partners and financial institutions • Promote the customized digital eco-system to integrate the market players in one platform • Provide the partners with the required technical know-how and training to ease the integration process • Pilot the customized solution with the operators utilizing digital platform networks reaching BoP consumers	• Expansion of the existing customer base of the partners by the inclusion of women micro-merchants in the micro-retail eco-system • Increased business revenue for the partners	• Fulfilling the corporate and social responsibility towards women empowerment • A business model with integrated value chain partners

Transaction Sales & Commission Trend

TOP SELLING PRODUCTS

MFS (NOGOD)

Powdered Milk (Dano)

Hand Soap (Savlon)

Sanitary Napkins (Joya, Senora)

Saline (OR-Saline)

Soap (Merill)

Contraceptives (Femicon, Femipill)

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Active WMMs on IS+	34	47	65	90	153

Sales volume is generally upwards trending and outpaces the recruitment rate of new WMMs, when considering that new WMMs usually get off to a modest start then gradually generate greater sales volumes.

During the project the average order size was **BDT 852**. The average gross margin was **7%.** Given the experimental nature of the activity, commission earnings per WMM were at levels consistent with early-stage businesses. At the end of the project, the average total monthly gross margin earned by each WMM was approximately **BDT 1100.**

Order frequency was generally observed to be between 1 and 2 orders per month amongst active WMMs. This was negated during the pandemic when most WMMs were unwilling or unable to continue as usual. Drop-outs were also accelerated during the pandemic leading to reductions in overall sales trends.

Order placement and payment were predominantly made through the Insight Suite+ which was the primary outcome of the project. Making clients of Kallyanis pay using MFS or DFS is the next step for iSocial.

We also observed that there was more interest in providing MFS services than in using the MFS wallet as a means to store money. iSocial will have to work to motivate Kallyanis for this.

Case Study

 **Shah Mukta** **Age: 31 years old** **Location: Sherpur** **Education: Higher Secondary School Certificate (HSC)** **Marital Status: Married** **Husband's Name: MD JAKIR HOSSAIN** **Duration of her Journey: 13 Months.**	Mukta's Story of being successful: Since her childhood, one of the major goals of her life was to achieve "*financial solvency*". Besides her studies, she was also involved in poultry cultivation. And after completing the S.S.C examination she used to teach the school-going children in her community. In spite of being married off at such an early age, she managed to continue both her studies and work from her in-laws house. Against all odds and negativity she pursued with her dream. She completed her Diploma in Medical Assistant and also completed a certified course on Pharmacy. She started her business in 2014. Shah Mukta joined iSocial in August 2019 as a kallyani for expanding her business. Currently, she is running her own Kallyani Shop with "*Products & Services*" delivered by iSocial; She has also worked with *Medicines* and some *Primary health Services*. During the Covid-19 lockdown, she was able to continue with her business. Her shop is located inside the village community. And as people couldn't go to their usual marketplace for their regular requirements, they preferred Mukta's shop for their regular shopping which was within the community. She followed and maintained all the Covid-19 safety protocols such as drawing circle for the customers to maintain distance while shopping, keeping a bottle of sanitizer in front of her shop for both her personal use and for customers. She also kept a jar of water and handwash beside her shop. She kept safety equipment i.e. Sanitizer, Handwash, Mask, in her shop for sale as there was a demand for these products and also the community people can get those easily. Currently, Mukta stores all the products and services in her shop which she is able to order from iSocial; She is able to earn a minimum of **7000 BDT to 10,000 BDT** per month from her iSocial portfolio. Her best-selling products are Sanitary Napkins and Saline. The day we sat with her to record her story for our case study, she informed us that on the same day by noon only she sold products worth of **BDT 1,200.** She spends a part of her profit her own and her children's studies & contributes to her family as well. She has received the "*Best Kallyani Award*" for her performance. She also motivated new Women entrepreneurs who joined iSocial to start their business. Her excitement for becoming a WMM was being reflected in every step while he was sharing her story with us.

PROJECT OUTCOMES

The major objective of this project is to create a Women Business Network of Digital Financial Inclusion. Since its journey started from January'19 to the present, the effect is really visible in WMMs life in the rural community. The project has enabled the WMMs to become an entrepreneur with which they have achieved their own identity in the community.

If we look at the achievements of the WMMs very closely and review the case studies, we can say that the project was successful in making rural women in becoming successful entrepreneurs in their own community. But during the implementation phase of this of this project, the scenario was different and bleak with lots of social and mental barriers for the rural women in becoming WMMs. This project has helped them overcoming most of the barriers and move forward. The onboarded WMMs have shared their own struggles they faced in the beginning of their journey. However, the scenario is no longer the same. This project has not only helped the rural women become financially independent by starting or expanding their businesses but also created a positive impact in the minds of the people of those communities. The community people of WMM has not only accepted the women entrepreneurs as one of the social changers and but also support them by taking the doorstep and K'shop services. It's a matter of pleasure and pride that, the society who refused or was ashamed to accept the women as an entrepreneur is now depending on them more than any other renowned shop of the market. The WMMs are being considered the most "*trustworthy*" sources of products and services in their communities.

On the other side, the WMM has achieved their own identity in both, their families and society. They have become successful entrepreneurs around the community as well as among the community women, children and adolescents. Along with that, WMMs are also becoming experienced in using technology while using the 'Kallyani' app regularly for all their business transactions. During the case studies many WMMs have also mentioned that their dependency on the male members of the family for any kind of business/financial transaction has also gone down as they can take care of these transactions on their own now.

The business model for WMM has been proven to be on the right track based on the data form the project period. Kallyanis income increased along with their attachment to the network and from approx. **BDT 500** at the beginning of joining the network, it grew to approx **BDT 7000** per month at the end of the project. The project shows that along with the growth of investment, the gross margin also grows.

For iSocial, the income from the sales commission through K-shop is not a major part of the income, as expected, the major part of the income comes from B2B services. The total income for iSocial was **BDT 57,770,281** through B2B service from the project duration, which is **43%** in terms of gross margin and above average.

Case Study

 Khukumoni Akhter **Age: 28 years old** **Location: Sirajganj** **Education: Secondary School Certificate (SSC)** **Marital Status: Married** **Husband's Name: Md. Mohiuddin** **Duration of her Journey: 28 Months.**	Kallyani khukumoni is being with us from the beginning of the Kallyani program in Sirajganj. One of her acquaintances introduced her to the program and she started her business when she also had her first child. It was easy for her as her husband already had a grocery shop and she started using that as her sales center as well. People started to know about her business and products through the shop and she gradually became known to everyone. Since then, people of her community would come to her daily needs. Khukumoni was selling the product from home most of the time and her mother-in-law also helped her in this work. In this way, she also got her mother-in-law into her business. Like many, Khukumoni has faced many obstacles since she started working as a Kallyani. But eventually, with the support of her family, she got her confidence back and succeeded in her business. She got married after her S.S.C exam and now besides becoming an entrepreneur she is also pursuing her Masters. While sharing her experience she also mentioned that support from families plays a vital role in attaining success. Khukumani is currently trading in products worth around BDT 2,400 a month. However, she stated that her business has been somewhat affected by Corona's time. Products are not taken more than twice a month. Moreover, the demand for other products such as grocery items is higher now. Khukumani is grateful to iSocial for helping her stand firm by creating job opportunities. Khukumani's self-confidence has been created by this welfare work. With two and a half years of work experience, Khukumani has no complaints. And her goal is to work for welfare in a self-sufficient way. Khukumoni believes that integrity, honesty, modesty and good behavior are the keys to build trust and expand the business.

KEY CHALLENGES FACED DURING THIS PROJECT:

1. It was challenging for iSocial to motivate Kallahynis to collect a complete client profile, which is critical for generating critical data for consumer behavior analysis. With financial incentives it is possible.

2. Some BoP clients are not willing to provide after-sales information, necessary for more sophisticated data analytics on the platform. It will be a challenge to encourage the clients to provide WMMs with all the necessary data. To encourage clients, we have contemplated various incentives for them to share their information.

3. WMM income growth depends on investment. Greater access to finance would increase working capital and WMM incomes.

4. Insight Suite+ development has been technically complex and of a broader scope than anticipated, leading to delays in the piloting schedule.

5. While we have onboarded two FMCG companies to be part of the platform, at this point they will use the interface prepared for them. API-based integration will take place subsequently.

6. Severe flooding during monsoon in Sirajganj and Sherpur, made it difficult and at times impossible to operate for field staff and WMMs.

7. COVID-19 pandemic and associated lockdowns created significant income losses at the BoP, hence leading to a general contraction in demand. Furthermore, restrictions on mobility reduced foot traffic to the K-Shops.

KEY LEARNINGS OF THE PROJECT:

1. It is important that we engage both, a woman (WMM) and a male member of the household for the successful outcome of the expansion of the k-shop network country-wide.

2. The incentive design is important for the Kallyanis for capturing client data and iSocical design a robust incentive package for the coming days.

3. A significant portion of the value proposition of the Insight Suite+ platform is based on the active usage by WMMs. It is crucial that adequate training and technical support be provided to WMMs to ensure widespread adoption and active usage of the app. To ensure this we have focused on the user-friendliness of the system, built-in customer support, and integrated an eLearning solution for on-demand learning.

4. A combination of face-to-face training and remote training (digital) is the way for the growth of the k-shop network. It allows reducing the cost of doing business without losing efficacy, given that user-friendly communication happens during the online training sessions. There is a scope for self-learning augmented by remote support.

5. Insight Suite+ is designed to improve the internal processes of our partners (e.g. FMCG companies) and help them reach the BoP, however, without adequate training of related partner staff and technical support, it may be difficult to get widespread and active adoption of the system. Developing practical proofs of concept for the partner and focusing on usage by the field staff may be useful in mitigating this risk.

6. For future scale-up of the k-shop network, it is important that we try out the ‘uber model’ for onboarding men on the network, which will facilitate iSocial to operate in locations without full-fledged ‘Hub’, where the men counterparts play an important role in supplying the products in time to the k-shop.

7. It is important to provide access to credit and iSocial is actively working to bringing in the digital credit moel for Kallyanis in the next phase of its activities.

8. There are many opportunities available for WMM offered by a number of ecosystems player. iSocial plans to make the information and reference for opportunities available to the Kallaynis.

9. In the mid-term, WMMs may experience stagnation in their business, should they not be able to secure loan capital. Significant work remains to develop an alternative credit scoring model, which will require collaboration with financing partners, favorable financing terms since the micro-merchants are women, and capacity development of WMMs.

RECOMMENDATIONS:

The section covers further recommendations for this project based on the observations during the implementations. Moving forward, iSocial recommends the following tasks to carry out the successful impact of the project all over the country-

- **Project Webinar:** A webinar can be arranged to share the overall project briefing with the relevant parties and organization. This can promote more projects with similar concepts in the future with which the expansion of Digital Network is possible.
- **Geographical Expansion:** Spreading the wing of this network can bring fruitful outcomes in the lives of rural women. The expansion can result in more effective changes like we have seen in our current project. We can think further to move in other geographical with more developed ideas along with the existing.
- **Opportunities for Rural Women:** The rural women have a keen interest to become tech-expert. But due to a lack of financial support, many are lagging as they can't buy smartphones. In such a situation, iSocial has come up with the idea of "EMI Based Smartphone Options". Where women can buy phones on EMI and can repay after a certain period of time. iSocial is developing the concept for further expansion of the concept.
- **Joint submission on the idea for international Funds:** iSocial and UNCDF can jointly submit proposals for international funds or in competitions which will help us to get the international recognition of the project concepts and further expansion as well.
- **New Partnerships for the expansion**: iSocial- is in the continuous process of development of the concept as the organization itself works for women empowerment. With this purpose, iSocial is developing new partnerships, who will help us to bring more developed facilities for women. UNCDF can also recommend value-chain partners with whom we can move forward.
- **Presentations, Brochure, and Video Vlog:** The project overview along with the results can be prepared in PPT so that we can present it anywhere the concept fits with. Besides, a brochure or short magazine can also help the audience to understand the project goals, achievements and outcomes in near future. Moreover, the experience of sharing videos by WMM can be used as promotional material that can be shared on social media platforms.
- **Launching of 'Shujog':** Based on the experience of the project and lessons learned, iSocial is planning to expand the platform further and universalize the platform with a mobile app available in the app stores. The name of the new product, by having three major components 'learn', earn' and 'connect'. This app will allow any woman and man to become part of the country-wide network and start earning by choosing an appropriate portfolio. The addition of men and partnership with institutions country-wide for hub level micro-franchise will allow iSocial to spread the network and operate country-wide cost-effectively and in the quickest possible time. iSocial would like to work together with UNCDF for this new design.