Capitalizing on Social Networks and Economies of Scale for Local Market Development

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VITAL

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MICROFRANCHISES
A MARKET-BASED MODEL FOR INCOME GENERATION THROUGH SAVINGS GROUPS

Replicable ventures with low investment and high probability of sustainability, through private sector partnerships.
IED - VITAL COMMUNITY DEVELOPMENT MODEL

RURAL COMMUNITIES

SAVINGS GROUPS

GENERATION OF:
TRUST, EMPOWERMENT,
SOLIDARITY AND CAPABILITIES

INCOME GENERATION

INCLUSIVE BUSINESSES

FORMAL FINANCIAL INCLUSION

MANAGED BY
THE COMMUNITIES

MICROFRANCHISES
- Mobile airtime
- Bill payments
- Propane gas
- Photocopying
- Recycling
- Cleaning and household products

SHARED VALUE

PROCUREMENT AND MARKETING
LOCAL AGRICULTURAL PRODUCTION

URBAN COMMUNITIES
The Challenge

- Market diagnostic and identification of local business opportunities.
- Community participation
- Negotiation of prices and fair profit margins
- Resolve gaps in local supply
- Reduce logistical and transaction costs
- Community-company trust
- Results measurement and adaptive management
- Outreach to marginalized areas with underserved markets
Social Capital
Financial Capital.
Microfranchise Model

Coverage
- 65% women, 35% men and 22% youth
- 150 municipalities in areas of social conflict
- 208,000 members
- Maturity: 3 to 5 cycles
- 2008
- 12,000 groups formed since
- 12,000 Groups

Financial Capital
- Social fund = $2 million
- Outstanding Loans = $15 million
- Total assets = $45 million
- Total cash = $27 million
AMIGA
Methodology To Identify Local Business Opportunities

Local diagnostic tool applied to Savings Groups to collect and analyze information on business needs and opportunities in isolated communities.
### Microfranchise Map

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<th>Brand</th>
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Since 2012, 2,618 microfranchises have been created with more than $3m in transactions.

5-year projection: 5,000 microfranchises with $8m in transactions.
Environmental Point

- Profitability of the environmental Point
- Environmental Fairs
- Classification of Material
- Price List Records Payments Commission
- Commercial Agreement
- Material Pick-up
- Material Classification
- Recycling Cooperative
Mobile Network Agents

Profit margin: 5%

Agent Affiliation

Consignment (Purchase Of Airtime)

Mobile Banking

Activation Of Digital Products

Banking Correspondent

Commercial Agreement
Profit Margin: 7%
• Knowledge transfer through internships or exchange visits

• Technical assistance for replication

• Proposal development based on specific client needs

• Project management

• Costs depend on the scope and context